



Public Report of the Bank

FOR 3 QUARTER OF THE YEAR 2007

norvikbanka



Risk analysis

Management of financial risks, 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 is the risk of 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 Committee state general liquidity risk management criteria by regulating the volume, terms and directions of the Bank's activities. During the III quarter 2007 the Bank's liquidity ratio was 44-47% while the minimum requirement set by FCMC is 30%.

Credit risk includes the risk of untimely or incomplete settlement of debtor balances. The credit risk management system includes approval of methods for evaluation of credit risks of partners, creditors and issuers, regulations for different types of lending and investments in securities, setting of lending limits regarding volumes and maturities. 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 30 September 2007 the amount of special provisions was 621.5 thousand lats or 0.21% 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 is the risk of incurring losses as a result of decreases in prices, arising as a result of changes 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 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 the total amount of the net open position of foreign currencies, and the Risk Management Division controls 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 on a certain future date) and SWAP (sale of earlier purchased volume of currency on a certain date)

Operational risk is the risk of incurring 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 operational risk occurrences (employees' mistakes, incorrect operation of IT systems, etc.) are 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)	15 582 793	51.09	15 583
J. Šapurovs	6 028 476	19.77	6 029
A. Svirčenkova	6 028 474	19.77	6 028
Other (individually less than 10%)	2 860 185	9.37	2 860
Total	30 499 928	100.00	30 500

NORVIK BANKA JSC

Supervisory Council as of 30 September 2007

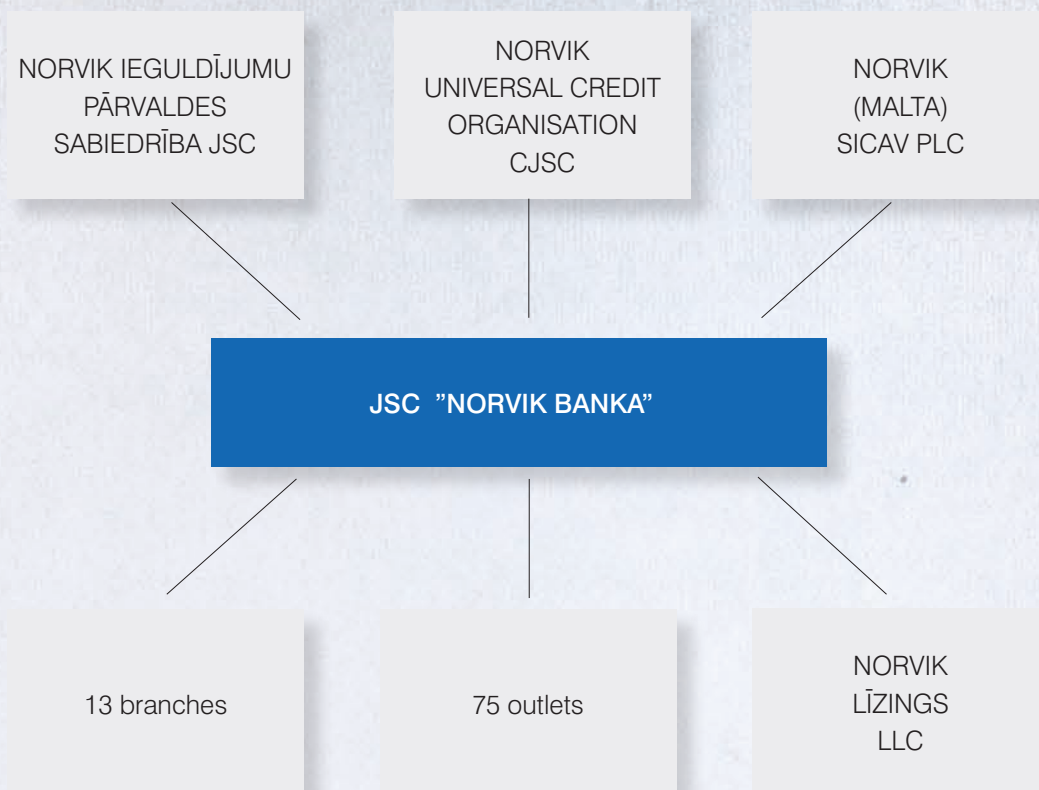
Chairman of the Supervisory Council	Jon Helgi Gudmundsson
Deputy Chairwoman of the Supervisory Council	Brynja Halldorsdottir
Members of the Supervisory Council	Hjalti Baldursson
	Valentīna Keiša
	Jelena Svirčenkova
	Baiba Strupiša

NORVIK BANKA JSC

Management Board as of 30 September 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
	Vahram Kamalyan

Organisational structure





Strategy and goals

Short-term strategy –

to put strong focus on domestic market

- Strengthening of business with residents
- Restructuring of the funding base through increase of local deposits and borrowing in international financial markets
- Personnel development through of educational and incentive measures

Medium-term strategy –

to achieve high international standards in all aspects of business

- Substantial expansion of the range of product
- Innovative solutions supported by advanced technology
- Best possible service quality
- Highly professional staff

Long-term strategy –

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



Ratings assigned by rating agencies

Name of rating agency

FITCH RATINGS

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

MOODY'S INVESTORS SERVICE

<http://www.moodys.com>

Types of rating assigned

FITCH RATINGS

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

MOODY'S INVESTORS SERVICE

Long-term deposit rating	Ba3
Short-term deposit rating	Not-Prime
Outlook	Stable
Bank financial strength rating (BFSR)	D-

Short description of rating assigned

Long Term 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. Assessment of the bank, taking into account its independence and lack of external support.

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

Bank financial strength rating - bank's internal stability and security assessment.

Changes in ratings assigned

FITCH RATINGS	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
MOODY'S INVESTORS SERVICE	27.06.2007		
Long-term deposit rating	Ba3		
Short-term deposit rating	Not-Prime		
Outlook	Stable		
Bank financial strength rating (BFSR)	D-		

Appendix 1 to Financial and Capital Market Commission Regulations No. 145 of 15.09.2006.

Balance Sheet

September 30, 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	37	590	28	094
Demand claims on credit institutions	63	896	22	343
Financial assets held for trading	67	203	42	313
Financial assets at fair value through profit or loss	1	389		0
Available-for-sale financial assets	8	244	5	681
Loans and receivables	319	526	197	439
Held-to-maturity investments		0		0
Interest risk protected portfolio share's fair value changes		0		0
Deferred expenses and accrued income		954		282
Fixed assets	2	745	5	304
Investment property	4	005		0
Intangible assets		594		436
Participation in the share capital of associated and related undertakings	2	976	1	544
Tax assets		0		0
Other assets	1	365	1	351
Total assets	510	487	304	787
Liabilities to central banks		0		0
Demand liabilities to credit institutions	2	595	5	679
Financial liabilities held for trading	3	199	1	288
Financial liabilities at fair value through profit or loss		0		0
Financial liabilities at amortised value	433	756	263	871
Financial liabilities resulting from transfer of financial assets	24	898		0
Interest risk protected portfolio share's fair value changes		0		0
Deferred income and accrued expenses		529		524
Provisions		149		170
Tax liabilities		305		107
Other liabilities	1	261	1	302
Total liabilities	466	692	272	941
Capital and reserves	43	795	31	846
Total capital and reserves and liabilities	510	487	304	787
Commitments and contingencies	53	332	38	260
Contingent liabilities	5	403	2	958
Liabilities to customers	47	929	35	302

Profit/Loss Statement

September 30, 2007 (last date of the reporting period)

Item	Reporting period LV'000	Respective period of the preceding reporting year 30.09.2006 LV'000
Interest income	22 867	11 799
Interest expense	(11 841)	(4 286)
Dividend income	2	4
Fee and commission income	4 816	3 982
Fee and commission expenses	(994)	(841)
Net realised profit/loss from financial assets and financial liabilities amortised value	(10)	0
Net realised profit/loss from financial assets available for sale	0	(304)
Net profit/loss from financial assets and financial liabilities held for trading	(1 436)	(281)
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	1 615	1 876
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible assets	0	0
Other income	1 874	363
Other expense	(255)	(186)
Administrative expenses	(10 461)	(8 826)
Depreciation and amortization	(716)	(619)
Provisions for debts impairment and liabilities	(556)	(182)
Impairment losses	0	0
Income tax	(950)	(445)
Profit/loss of the reporting period	3 955	2 054

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

September 30, 2007 (last date of the reporting period)

Item	Reporting period	In the preceding reporting year 30.09.2006
Return on equity (ROE) (%)	13,9	11,65
Return on assets (ROA) (%)	1,26	1,07

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

September 30, 2007 (last date of the reporting period)

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	NORVIK ieguldījumu pārvaldes sabiedrība JSC	LV, Latvija, 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	CFI	99,90	99,90	SC
4	NORVIK LĪZINGS SIA LLC	LV, Latvija, Rīga, E. Birznieka-Upīša 21	CFI	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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