

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 management policy approved by the Board and the Council of the Bank, as well as with other normative documents that comprise the Bank's risk management system.

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 correspondentbank accounts, short-term interbanking transactions), in order to always have sufficient funds for fulfilment 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 2008 the Bank's liquidity ratio was 42-58% while the minimum requirement set by the FCMC is 30%.

Credit risk is the risk of untimely or incomplete fulfilment of debtor liabilities. The credit risk management system includes approval of methods for evaluation of credit risks of partners, borrowers and issuers, setting of limits for types, volumes, and maturities of lending and investment into securities of the Bank's portfolio, regular assessment of assets and off-balance sheet liabilities. The Bank makes special provisions for doubtful debts, calculated as a difference between future discounted cash flows from returnable bank's assets and the nominal value of those assets. As of 30 September 2008 the amount of special provisions was 3102 thousand lats or 0.88% of the total loan portfolio. The Bank's Board and the Credit Committee ensure credit risk management and the Credit Division constantly supervises over efficient performance of internal control of credit risk management.

Market risk is the risk of incurring losses by the Bank as a result of unfavourable changes in the market interest rates, exchange rates and prices of trade portfolio securities. By analyzing differences in the maturity and adjustment of interest rates of assets and liabilities, as well as the net interest margin and yield in relation to currencies and areas of business, the Board and the Assets and Liabilities Committee set the basic interest rates for deposits and loans for each currency group and period.

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 positions 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 open foreign exchange position, and the Risk Management Division controls the compliance with the restrictions of foreign currency positions. To manage the position, the Bank widely uses derivatives, 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 inadequate or improper performance of internal processes, inappropriate actions of personnel or systems, or as a result of external circumstances. Operational risk management is based on well-established procedures describing all the operating processes, proper segregation of fulfilment and control functions, regular audit by the Internal Audit Service; all the events of operational risk occurrence (employees' mistakes, failures in the IT systems, etc.) are registered in the database and analyzed in order to improve operating processes and enhance internal control system.



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

JSC "NORVIK BANKA"

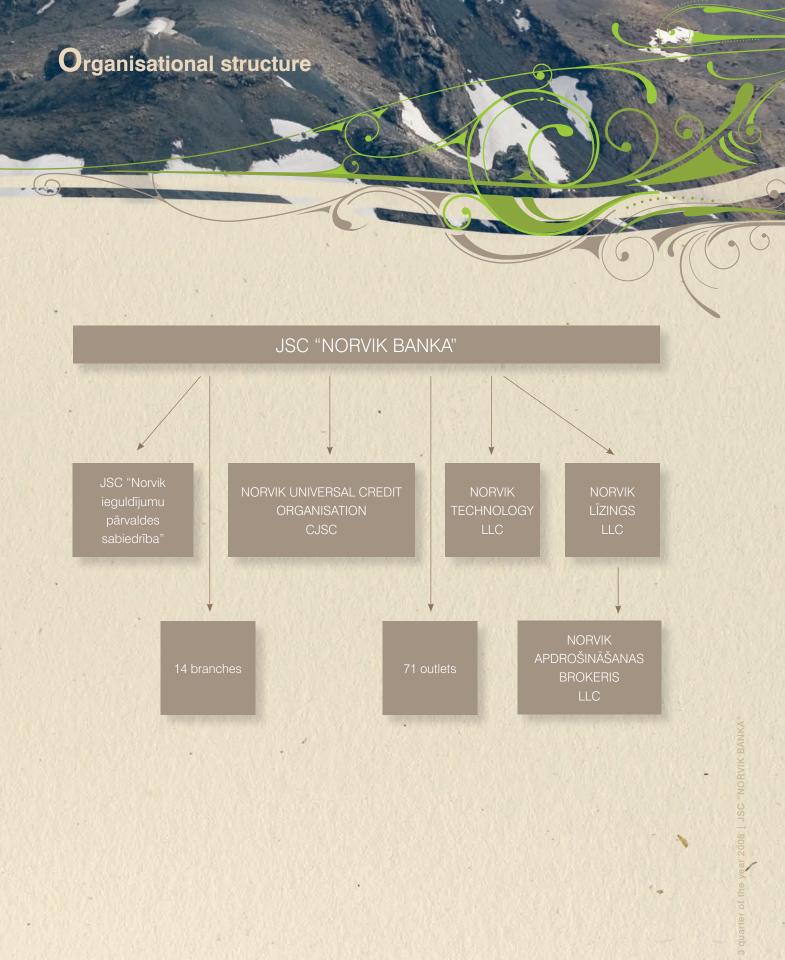
Supervisory Council as of 30 September 2008

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

JSC "NORVIK BANKA"

Management Board as of 30 September 2008

Chairman of the Management Board Deputy Chairman of the Management Board Members of the Management Board Andrejs Svirčenkovs Jurijs Šapurovs Sergejs Gusarovs Aldis Upenieks Laima Saltuma





Short-term strategy – to put special focus on domestic market

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

Medium-term strategy – to maintain high international standards in all aspects of business

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

Long-term strategy -

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



Name of rating agency

FITCH RATINGS

FITCH RATINGS

http://www.fitchratings.com/

MOODY'S INVESTORS SERVICE

http://www.moodys.com

Types of rating assigned

Long Term Issuer Default Rating	B+
Short Term Rating	В

Outlook Stable Individual D Support 5

MOODY'S INVESTORS SERVICE

Ba3
Not-Prime
Stable
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 estimation

Changes in ratings assigned

FITCH RATINGS	22.12.2003	22.08.2005	25.10.2006	15.01.2008	14.08.2008
Long Term Issuer Default Rating Short Term Rating Outlook Individual Support	B+ B Stable D 5	B+ B Stable D 5	B+ B Positive D 5	B+ B Stable D 5	B+ B Stable D 5
MOODY'S INVESTORS SERVICE	27.06.2007	04.07.2008			
Long-term deposit rating Short-term deposit rating Outlook Bank financial strength rating (BFSR)	Ba3 Not-Prime Stable D-	Ba3 Not-Prime Stable D-			

Public Report for 3 quarter of the year 2008 | JSC "NORVIK BANKA"

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Balance Sheet* | Appendix 1 |

September 30, 2008 (last date of the reporting period)

Item	Reporting period (LVL' 000)	Preceding reporting year (LVL' 000)
Cash and demand claims on the central bank	50 935	42 157
Demand claims on credit institutions	70 772	39 542
Financial assets held for trading	38 123	43 239
Financial assets at fair value through profit or loss	1 046	1 454
Available-for-sale financial assets	12 852	9 238
Loans and receivables	368 532	470 811
Held-to-maturity investments	0	0
Interest risk protected portfolio share's fair value changes	0	0
Deferred expenses and accrued income	276	455
Fixed assets	2 438	2 665
Investment property	4 189	4 224
Intangible assets	595	600
Participation in the share capital of associated and related undertakings	3 574	3 115
Tax assets	0	0
Other assets	830	630
Total assets	554 162	618 130
Liabilities to central banks	0	0
Demand liabilities to credit institutions	1 709	4 847
Financial liabilities held for trading	14 596	4 974
Financial liabilities at fair value through profit or loss	0	0
Financial liabilities at amortised value	472 601	550 065
Financial liabilities resulting from transfer of financial assets	0	0
Interest risk protected portfolio share's fair value changes	0	0
Deferred income and accrued expenses	367	1 020
Provisions	222	222
Tax liabilities	516	446
Other liabilities	2 044	1 735
Total liabilities	492 055	563 309
Capital and reserves	62 107	54 821
Total capital and reserves and liabilities	554 162	618 130
Commitments and contingencies	38 737	46 585
Continuent liabilities	3 926	4 680
Contingent liabilities	3 320	4 000

^{*} excluding the data of bank's subsidiary companies



Profit/Loss Statement* | Appendix 2 |

September 30, 2008 (last date of the reporting period)

item .	Reporting period (LVL' 000)	Respective peri of the preceding reporting year 30.09.2007 (LVL' 000)
Interest income	32 423	22 867
Interest expense	(16 049)	(11 841)
Dividend income	4	2
Fee and commission income	6 236	4 816
Fee and commission expenses	(1184)	(994)
Net realised profit/loss from financial assets and financial liabilities amortised value	0	(10)
Net realised profit/loss from financial assets available for sale	0	0
Net profit/loss from financial assets and financial liabilities held for trading	4 102	(1 436)
Net profit/loss for financial assets and financial liabilities at fair value through profit or loss	(437)	0
Changes in fair value due to risk minimization accounting	0	0
Profit/loss from dealing and revaluation of foreign currencies	1 071	1 615
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible assets	0	0
Other income	983	1 874
Other expense	(504)	(255)
Administrative expenses	(13 302)	(10 461)
Depreciation and amortization	(830)	(716)
Provisions for debts impairment and liabilities	(3 766)	(556)
Impairment losses	0	0
Income tax	(1129)	(950)
Profit/loss of the reporting period	7 618	3 955



^{*} excluding the data of bank's subsidiary companies

Performance Indicators of Bank* | Appendix 3 |

September 30, 2008 (last date of the reporting period)

Item	Reporting period	In the preceding reporting year 30.09.2007		
Return on equity (ROE) (%)	17.13	13.9		
Return on assets (ROA) (%)	1.81	1.26		

^{*} excluding the data of bank's subsidiary companies

Consolidation Group Composition | Appendix 4 |

September 30, 2008 (last date of the reporting period)

Seria No.	I 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, Latvija, Rīga, E. Birznieka-Upīša 21	AMC	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 LĪZINGS LLC	LV, Latvija, Rīga, E. Birznieka-Upīša 21	OFI	100	100	SC
4	NORVIK TECHNOLOGY LCC	LV, Latvija, Rīga, E. Birznieka-Upīša 21	OC	100	100	SC

^{*}BNK – bank, AMC - Assets Management Company, PF – pension fund, OFI – other financial institution, FHC – financial holding company, OC – other company.



^{**} SC - subsidiary company; JV - joint venture; PC - parent company.

