

## Public report for 3 quarter of the year 2011

### Balance sheet

(all amounts in thousands of Euro)

Item	30/09/11		31/12/10	
	Group Unaudited	Bank Unaudited	Group Audited*	Bank Audited*
Cash and demand claims on central banks	69,954	69,954	97,007	97,007
Demand claims on other credit institutions	11,060	10,976	17,372	17,269
Financial assets held for trading	5,434	5,152	4,887	4,604
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	90,690	135,839	101,741	154,680
Loans and advances, net	654,446	645,810	699,684	669,510
Held-to-maturity investments	55,219	48,070	47,210	41,504
Interest risk protected portfolio share`s fair value changes	-	-	-	-
Prepayments and accrued income	1,609	2,336	1,682	2,915
Tangible assets	8,694	7,944	9,367	8,643
Investment property	25,731	1,649	15,045	1,649
Intangible assets	2,160	1,628	2,577	2,059
Investments in subsidiaries	-	1,164	-	1,164
Tax assets	-	-	-	-
Other assets	9,283	3,835	8,052	3,270
<b>Total assets</b>	<b>934,280</b>	<b>934,357</b>	<b>1,004,624</b>	<b>1,004,274</b>
Due to Central Bank	-	-	-	-
Demand liabilities to credit institutions	98	98	157	157
Financial liabilities held for trading	36	36	18	18
Financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities at amortised value	769,721	772,262	843,055	847,203
Financial liabilities resulting from transfer of financial assets	-	-	-	-
Interest risk protected portfolio share`s fair value changes	-	-	-	-
Accrued expenses and deferred income	2,668	2,055	2,399	1,742
Provisions	344	344	1,500	1,500
Tax liabilities	229	-	71	-
Other liabilities	34,813	35,656	35,434	34,587
<b>Total liabilities</b>	<b>807,909</b>	<b>810,451</b>	<b>882,634</b>	<b>885,207</b>
Shareholders` equity	126,371	123,906	121,990	119,067
<b>Total liabilities and shareholders` equity</b>	<b>934,280</b>	<b>934,357</b>	<b>1,004,624</b>	<b>1,004,274</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	20,381	25,273	22,881	26,275
Commitments	31,288	57,054	32,773	120,419

\*The balance sheet data are provided based on audited financial statements.

## Income Statement

(all amounts in thousands of Euro)

Item	9 months to 30 September 2011		9 months to 30 September 2010	
	Group Unaudited	Bank Unaudited	Group Unaudited	Bank Unaudited
Interest income	43,126	43,053	46,672	45,623
Interest expense	(17,941)	(17,945)	(31,975)	(31,986)
Dividend income	-	-	-	-
Fees and commissions income	4,454	3,339	3,997	3,465
Fees and commissions expense	(915)	(1,005)	(989)	(1,000)
Net realised profit/loss from financial assets held at amortised value	(98)	(98)	(94)	(94)
Net realised profit/loss from financial assets available for sale	21	21	461	461
Net realised profit/loss from financial assets held for trading	(95)	(95)	(57)	(57)
Net profit/loss for financial assets and financial liabilities at fair value through profit or loss	-	-	-	-
Changes in fair value due to risk minimization accounting	-	-	-	-
Profit/loss from dealing and revaluation of foreign currencies	709	764	2,040	2,005
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible assets	-	-	-	-
Other operating income	8,167	899	4,099	2,457
Other expenses	-	-	-	-
Administrative expenses	(19,663)	(13,943)	(16,561)	(14,662)
Depreciation and amortisation	(1,821)	(1,641)	(2,070)	(1,875)
Impairment charge for credit losses	(11,397)	(8,662)	(55,094)	(54,099)
Impairment losses	-	-	-	-
Corporate income tax	(285)	-	(27)	-
<b>Profit/(loss) for the reporting period</b>	<b>4,262</b>	<b>4,687</b>	<b>(49,598)</b>	<b>(49,762)</b>

## Consolidation Group

No	Name of commercial company	Code of place of registration, address of registration	Type of activity of commercial company *	Share of fixed capital (%)	Voting rights in commercial company (%)	Justification for including in the Group**
1.	SIA „Hipotēku bankas nekustamā īpašuma aģentūra”	LV –Latvija 40003426895	CKS	100	100	MS
2.	SIA „Hipolīzings”	LV – Latvija 40003616329	CFI	100	100	MS
3.	SIA „Risku investīciju sabiedrība”	LV – Latvija 40003952445	CFI	100	100	MS
4.	IPS „Hipo fondi”	LV – Latvija 40003403040	IPS	51.31	51.31	MS
5.	SIA „Rīgas Centra namu pārvalde”	LV – Latvija 40003266805	CKS	100	100	MS

\* IPS – investment management company, CFI – other financial institution, CKS – other commercial company.

\*\* MS – subsidiary; KS – joint venture.

## Investments in securities

As at 30.09.2011 2011 the total book value of investments made in any country does not exceed 10% of the equity capital of the Bank, except for investments in securities of Latvian issuers.

Book value of the Bank's investments in securities of Latvian issuers displayed by type of issuer as at 30.09.2011.

(all amounts in thousands of Lats)

The issuer	Trading	Held to maturity	Available-for-sale	Total
<b>Latvia</b>				
Central government	948	-	58,343	59,291
Credit and other financial institutions	1,754	2,869	10,451	15,074
<b>Total</b>	<b>2,702</b>	<b>2,869</b>	<b>68,794</b>	<b>74,365</b>

Book value of the Group's investments in securities of Latvian issuers displayed by type of issuer as at 30.09.2011.

(all amounts in thousands of Lats)

The issuer	Trading	Held to maturity	Available-for-sale	Total
<b>Latvia</b>				
Central government	948	-	59,005	59,953
Credit and other financial institutions	1,754	2,869	3,535	8,158
<b>Total</b>	<b>2,702</b>	<b>2,869</b>	<b>62,540</b>	<b>68,111</b>

## The performance ratios of the Bank

Item	Accounting period	Previous accounting year
Return on equity (ROE) (%)	5.14%	-68.30%
Return on assets (ROA) (%)	0.57%	-7.65%

## Risk management

Risk analysis is available from the audited financial statement for year 2010 (pages 27 to 32) published on the Bank's home page.

[http://www.hipo.lv/ufiles/File/parskati/ENG/2010\\_gada\\_parskats\\_auditets\\_ENG.pdf](http://www.hipo.lv/ufiles/File/parskati/ENG/2010_gada_parskats_auditets_ENG.pdf)

## Shareholders

The Ministry of Finance of the Republic of Latvia is 100% shareholder of the Bank.

[http://www.hipo.lv/en/investor\\_relations/shareholders\\_structure](http://www.hipo.lv/en/investor_relations/shareholders_structure)

## Ratings

Information about the ratings assigned by rating agencies is available on the Bank's home page.

[http://www.hipo.lv/en/about\\_the\\_bank/bankas\\_reitings](http://www.hipo.lv/en/about_the_bank/bankas_reitings)

## Council and Management Board

Information about the Council and Management is available on the Bank's home page.

[http://www.hipo.lv/en/about\\_the\\_bank/management](http://www.hipo.lv/en/about_the_bank/management)

For more information about the Bank and its activities follow the link to the Bank's home page

<http://www.hipo.lv/en>.