

Public report for 3 quarter of the year 2011

Balance sheet

(all amounts in thousands of Lats)

Item	30/09/11		31/12/10	
	Group Unaudited	Bank Unaudited	Group Audited*	Bank Audited*
Cash and demand claims on central banks	49,164	49,164	68,177	68,177
Demand claims on other credit institutions	7,773	7,714	12,209	12,137
Financial assets held for trading	3,819	3,621	3,434	3,236
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	63,737	95,468	71,504	108,710
Loans and advances, net	459,948	453,878	491,741	470,534
Held-to-maturity investments	38,808	33,784	33,179	29,169
Interest risk protected portfolio share`s fair value changes	-	-	-	-
Prepayments and accrued income	1,131	1,642	1,182	2,049
Tangible assets	6,110	5,583	6,583	6,074
Investment property	18,084	1,159	10,574	1,159
Intangible assets	1,518	1,144	1,811	1,447
Investments in subsidiaries	-	818	-	818
Tax assets	-	-	-	-
Other assets	6,524	2,695	5,659	2,298
Total assets	656,616	656,670	706,053	705,808
Due to Central Bank	-	-	-	-
Demand liabilities to credit institutions	69	69	110	110
Financial liabilities held for trading	25	25	13	13
Financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities at amortised value	540,963	542,749	592,502	595,418
Financial liabilities resulting from transfer of financial assets	-	-	-	-
Interest risk protected portfolio share`s fair value changes	-	-	-	-
Accrued expenses and deferred income	1,875	1,444	1,686	1,224
Provisions	242	242	1,054	1,054
Tax liabilities	161	-	50	-
Other liabilities	24,467	25,059	24,903	24,308
Total liabilities	567,802	569,588	620,318	622,127
Shareholders` equity	88,814	87,082	85,735	83,681
Total liabilities and shareholders` equity	656,616	656,670	706,053	705,808
Off-balance sheet items				
Contingent liabilities	14,324	17,762	16,081	18,466
Commitments	21,989	40,098	23,033	84,631

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

Income Statement

(all amounts in thousands of Lats)

Item	9 months to 30 September 2011		9 months to 30 September 2010	
	Group Unaudited	Bank Unaudited	Group Unaudited	Bank Unaudited
Interest income	30,309	30,258	32,801	32,064
Interest expense	(12,609)	(12,612)	(22,472)	(22,480)
Dividend income	-	-	-	-
Fees and commissions income	3,130	2,347	2,809	2,435
Fees and commissions expense	(643)	(706)	(695)	(703)
Net realised profit/loss from financial assets held at amortised value	(69)	(69)	(66)	(66)
Net realised profit/loss from financial assets available for sale	15	15	324	324
Net realised profit/loss from financial assets held for trading	(67)	(67)	(40)	(40)
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	498	537	1,434	1,409
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible assets	-	-	-	-
Other operating income	5,740	632	2,881	1,727
Other expenses	-	-	-	-
Administrative expenses	(13,819)	(9,800)	(11,640)	(10,304)
Depreciation and amortisation	(1,280)	(1,153)	(1,455)	(1,318)
Impairment charge for credit losses	(8,010)	(6,088)	(38,720)	(38,021)
Impairment losses	-	-	-	-
Corporate income tax	(200)	-	(19)	-
Profit/(loss) for the reporting period	2,995	3,294	(34,858)	(34,973)

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
Latvia				
Central government	948	-	58,343	59,291
Credit and other financial institutions	1,754	2,869	10,451	15,074
Total	2,702	2,869	68,794	74,365

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
Latvia				
Central government	948	-	59,005	59,953
Credit and other financial institutions	1,754	2,869	3,535	8,158
Total	2,702	2,869	62,540	68,111

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

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

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

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

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

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