

## Public report for 2 quarter of the year 2011

### Balance sheet

(all amounts in thousands of Lats)

Item	30/06/11		31/12/10	
	Group Audited*	Bank Audited*	Group Audited*	Bank Audited*
Cash and demand claims on central banks	57,504	57,504	68,177	68,177
Demand claims on other credit institutions	13,829	13,762	12,209	12,137
Financial assets held for trading	2,802	2,601	3,434	3,236
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	53,276	77,145	71,504	108,710
Loans and advances, net	474,626	471,913	491,741	470,534
Held-to-maturity investments	29,851	25,467	33,179	29,169
Interest risk protected portfolio share`s fair value changes	-	-	-	-
Prepayments and accrued income	1,060	1,389	1,182	2,049
Tangible assets	6,182	5,692	6,583	6,074
Investment property	15,310	1,159	10,574	1,159
Intangible assets	1,601	1,224	1,811	1,447
Investments in subsidiaries	-	818	-	818
Tax assets	-	-	-	-
Other assets	4,564	2,632	5,659	2,298
<b>Total assets</b>	<b>660,605</b>	<b>661,306</b>	<b>706,053</b>	<b>705,808</b>
Due to Central Bank	-	-	-	-
Demand liabilities to credit institutions	122	122	110	110
Financial liabilities held for trading	57	57	13	13
Financial liabilities at fair value through profit or loss	-	-	-	-
Financial liabilities at amortised value	544,899	547,486	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	1,552	1,200	1,686	1,224
Provisions	266	266	1,054	1,054
Tax liabilities	22	-	50	-
Other liabilities	24,593	25,251	24,903	24,308
<b>Total liabilities</b>	<b>571,511</b>	<b>574,382</b>	<b>620,318</b>	<b>622,127</b>
Shareholders` equity	89,094	86,924	85,735	83,681
<b>Total liabilities and shareholders` equity</b>	<b>660,605</b>	<b>661,306</b>	<b>706,053</b>	<b>705,808</b>
<b>Off-balance sheet items</b>				
Contingent liabilities	16,222	18,824	16,081	18,466
Commitments	21,433	53,585	23,033	84,631

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

## Income Statement

(all amounts in thousands of Lats)

Item	6 months to 30 June 2011		6 months to 30 June 2010	
	Group Audited*	Bank Audited*	Group Audited*	Bank Audited*
Interest income	21,321	20,940	21,859	21,325
Interest expense	(8,941)	(8,942)	(16,073)	(16,082)
Dividend income	-	-	-	-
Fees and commissions income	1,961	1,531	1,866	1,644
Fees and commissions expense	(393)	(443)	(469)	(470)
Net realised profit/loss from financial assets held at amortised value	-	-	(34)	(34)
Net realised profit/loss from financial assets available for sale	18	18	151	151
Net realised profit/loss from financial assets held for trading	57	57	151	118
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	400	406	965	963
Profit/loss from derecognition of property, equipment and machinery, investment property and intangible assets	-	-	-	-
Other operating income	1,647	456	1,996	1,141
Other expenses	-	-	-	-
Administrative expenses	(8,642)	(6,421)	(7,773)	(6,866)
Depreciation and amortisation	(864)	(785)	(971)	(886)
Impairment charge for credit losses	(3,371)	(3,750)	(40,970)	(40,278)
Impairment losses	-	-	-	-
Corporate income tax	(10)	-	(21)	-
<b>Profit/(loss) for the reporting period</b>	<b>3,183</b>	<b>3,067</b>	<b>(39,323)</b>	<b>(39,274)</b>

\*The data of income statement are provided based on audited financial statements.

## 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 „Hipolizings”	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 financial instruments

Investments in financial instruments are described at length in the audited financial statement for the period of 6 months ended on June 30, 2011 (pages 17 – 18) published on the Bank's home page. The total balance value of investments made in any country does not exceed 10% of the equity capital of the Bank, except for investments in the Republic of Latvia T-bills and government bonds.

[http://www.hipo.lv/ufiles/File/parskati/6.menesu%20parskats\\_30.06.2011\\_auditetie\\_ENG.pdf](http://www.hipo.lv/ufiles/File/parskati/6.menesu%20parskats_30.06.2011_auditetie_ENG.pdf)

## The performance ratios of the Bank

Item	Accounting period	Previous accounting year
Return on equity (ROE) (%)	7.19%	-68.30%
Return on assets (ROA) (%)	0.79%	-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> and link to the audited financial statement for the period of 6 months ended on June 30, 2011.

[http://www.hipo.lv/ufiles/File/parskati/6.menesu%20parskats\\_30.06.2011\\_auditetie\\_ENG.pdf](http://www.hipo.lv/ufiles/File/parskati/6.menesu%20parskats_30.06.2011_auditetie_ENG.pdf)