

## OPERATION OF INVESTMENT FIRMS

### GENERAL INFORMATION

At end-Q1 2010, seven investment firms operated in Latvia four of which were subsidiaries of banks. The share of foreign capital in the share capital of investment firms did not change in the reporting quarter and still was 7.4%.

At the end of reporting quarter, the amount of assets of investment firms 3.4 million lats, while capital and reserves totalled 3.1 million lats or by 1.8% and 0.8%, respectively, less than at end 2009.

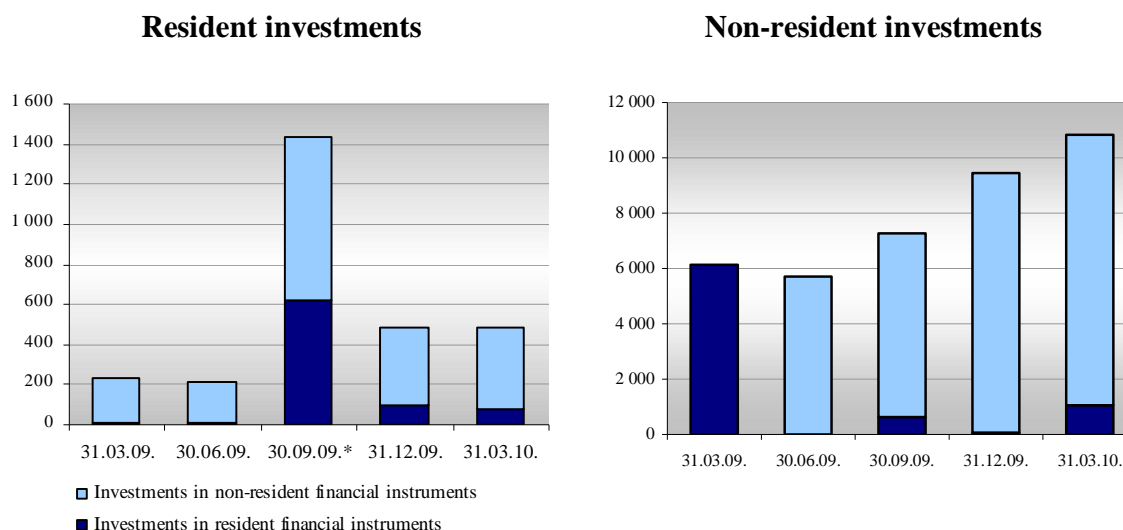
By end of reporting quarter, the most substantial asset items of investment firms were claims on credit institutions (69.4%), while the largest share in the structure of liabilities constituted capital and reserves (90.7%) (compared to 65.9% and 89.8% at end-2009).

### PERFORMANCE INDICATORS

In the reporting quarter, the total amount of assets of investment firms grew by 1.4 million lats or 13.8%, amounting to 11.3 million lats at end-March, of which 95.7% were client - non-resident asset investments. A greater part of non-resident investments, or 90.2% were non-resident asset investments in non-resident financial instruments (see Figure 1).

Figure 1

#### INVESTMENT STRUCTURE OF INVESTMENT FIRM CLIENT ASSETS (thousand lats)



\* Impact of activities of clients of one investment firm

By the end of the reporting quarter, greater part of resident assets (73%) were invested in non-resident financial instruments of which investments in debt securities constituted only 25%, while other assets were placed in deposits with credit institutions.

Overall, the investment firms ended Q1 2010 with a 15.9 thousand lats after tax<sup>1</sup>. Three investment firms ended reporting quarter with profit while four other firms reported a loss 130.7 thousand lats in total.

At the end of reporting quarter, of total income sources for investment firms, 77.6% were income from commission (and similar income from services rendered to clients, for instance, brokerage in the financial instruments market, issuance or guarantees and suretyship), while administrative expenses were the most substantial item of expenses for the investment firms (59.2%).

On 31 March 2010, capital adequacy ratio of investment firms was 71.4% (regulatory minimum capital adequacy requirement – 8%).

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<sup>1</sup> Non-audited data.