

(Unofficial translation)

LATVIJAS BANKA

16 May 2014
Riga

Regulation No. 134

Regulation for Compiling the "Report on Adjustments in Respect of Write-Offs/Write-Downs of Loans and Price Revaluations of Securities"

Issued pursuant to
Paragraph 2 of Article 39 of the Law
on Latvijas Banka"

I. General issues

1. The Regulation provides for the procedure for compiling and submitting the "Report on Adjustments in Respect of Write-Offs/Write-Downs of Loans and Price Revaluations of Securities" (Appendix; hereinafter, the Report) and the reporting timeframe to Latvijas Banka with regard to a credit institution registered in the Republic of Latvia and a branch, registered in the Republic of Latvia, of a credit institution registered in another country (hereinafter, a credit institution).

2. Terms used in the Regulation:

2.1 adjustment item – an item of the monthly financial position report of monetary financial institutions to which the adjustment in respect of write-offs/write downs of loans and price revaluations of securities applies;

2.2 adjustment in respect of write-offs/write-downs – those changes in an adjustment item that arise from a write-off/write down of a loan from the balance sheet;

2.3 counterpart – a book entry corresponding to the adjustment that is made to comply with the double entry accounting;

2.4 adjustment in respect of price revaluation of securities – those changes in an adjustment item that arise from fluctuations in the market price of securities or from the amortisation of premium or discount.

3. Other terms are used in the same meaning as in the Regulation of Latvijas Banka establishing the procedure for compiling and submitting the monthly financial position report of monetary financial institutions.

4. The Report has been developed to collect information on those changes in certain items of the monthly financial position report of monetary financial institutions (excluding Latvijas Banka; hereinafter, MFIs) that do not result from financial transactions; such information is necessary for compiling and analysing monetary and financial statistics, as well as compiling the national balance of payments and financial accounts in compliance with the requirements of the European Union, including the European Central Bank, legislation.

5. Latvijas Banka may disclose the information provided in the Report to the institutions referred to in Paragraph 2 of Article 40 of the Law on Latvijas Banka subject to the requirements stipulated in this Law.

II. Procedure for compiling and submitting the Report and the submission deadlines

6. The credit institution shall compile the Report for the calendar month and submit it to Latvijas Banka within six business days after the end of the reporting month in electronic form in accordance with the Regulation of Latvijas Banka stipulating the procedure for electronic exchange of information with Latvijas Banka.

III. Procedure for filling out the Report

7. The Report shall include adjustments in respect of write-offs/write-downs of loans and price revaluations of securities in the reporting month.

8. The reporting shall be done in the breakdown by residents, residents of other euro area countries and residents of other foreign countries.

9. The adjustment in euro, USD and other foreign currencies shall be reported separately.

10. The adjustment shall be reported in whole euro.

11. The adjustment for exchange rate changes in respect of loans granted in and securities denominated in foreign currency shall not be reported.

12. The adjustment in respect of write-offs/write-downs of loans refers to the items "Loans" and "Claims on MFIs, except Latvijas Banka" (hereinafter, loan items) of the monthly financial position report of MFIs. The write-offs/write downs with respect to syndicated loans shall be reported separately.

13. The adjustment in respect of price revaluations of securities refers to the items "Debt securities and other fixed-income securities", "Shares, investment fund shares or units and other variable-yield securities", and "Holdings in the share capital of associated and affiliated companies" (hereinafter, securities items) of the monthly financial position report of MFIs.

14. The counterpart of the adjustment in respect of write-offs/write-downs of loans and price revaluations of securities shall be reported either under the item "Capital and reserves" or the item "Provisions for liabilities and charges".

15. The reporting credit institution shall report the adjustment in respect of a write-off/write down of a loan at the time that the write-off/write-down takes place.

16. Under the loan items, the adjustment in respect of write-offs/write-downs of loans shall be reported with a negative sign and at the value at which the loan is written off the balance sheet. Where the loan has been previously provisioned for in the amount of 100%, the corresponding counterpart shall be reported with a negative sign under the item "Provisions for liabilities and charges". Where the loan has not been provisioned for in the amount of 100%, the counterpart that corresponds to the adjustment in respect of the provisioned part of the loan shall be reported with a negative sign under the item "Provisions for liabilities and charges", and the counterpart of the adjustment in respect of the part of the loan not previously provisioned for shall be reported under the item "Capital and reserves".

17. The adjustment in respect of price revaluations of securities is calculated as the difference between the end-of-month stocks of securities in the current and previous reporting months minus the difference between the value of securities purchased and the value of securities sold within the reporting month. The credit institution shall calculate the adjustment for securities that:

- 17.1 were held by it at the end of the previous month and the end of the reporting month;
- 17.2 were held by it at the end of the previous month and were disposed of within the reporting month;
- 17.3 were purchased within the reporting month;
- 17.4 were purchased and disposed of within the reporting month.

18. Where the book value of a security has increased, the revaluation adjustment reported under the securities items is with a positive sign, and where the book value of a security has decreased, the revaluation adjustment is negative and is to be carried on the report with a negative sign. The corresponding counterpart calculated as a total of all revaluation adjustments in respect of securities included in the report shall be reported under the item "Capital and reserves".

19. The revaluation adjustment in respect of securities denominated in foreign currencies shall first be calculated in the respective foreign currency in compliance with the provisions under Paragraph 19 of the Regulation and then translated into euro, using the average exchange rate for each respective currency in the reporting month; the average exchange rate is calculated using the accounting rate for the respective foreign currency for each day of the reporting month.

20. Adjustments in respect of write-offs/write-downs of loans and price revaluations of securities shall be reported in the breakdown by maturity: under the loan items, they shall be broken down by the original maturity or the notice term of the respective financial instrument agreed upon at the beginning of the transaction, but under the item "Debt securities and other fixed-income securities" by the original maturity. Each maturity band shall include the longest maturity, for example, the maturity band "up to 1 year" shall include maturity of 1 year, but the maturity band "1-2 years" shall include maturity of 2 years.

IV. Final provisions

21. Latvijas Banka's Regulation No. 103 "Regulation for Compiling the "Report on Adjustments in Respect of Write-Offs/Write-Downs of Loans and Price Revaluations of Securities"" of 16 May 2013 (*Latvijas Vēstnesis*, 2013, No. 103) shall be deemed invalid.

22. The Report for November 2014 shall be submitted to Latvijas Banka by 8 December 2014. Latvijas Banka's Regulation No. 103 "Regulation for Compiling the "Report on Adjustments in Respect of Write-Offs/Write-Downs of Loans and Price Revaluations of Securities"" of 16 May 2013 shall be applied for this purpose.

23. The Regulation shall take effect on 1 December 2014.

Appendix
to Latvijas Banka's Regulation No. 134
of 16 May 2014

Report on Adjustments in respect of Write-offs/Write-downs of Loans and Price Revaluation of Securities

Date _____ 20____
(month)

VSPARK 27002079
To be submitted to Latvijas Banka

Name of the credit institution

Code | | | |

Adjustment in respect of write-offs/write-downs of loans

(in whole euro) **KNK**[illegible]

A	B	01	02	03	04	05	06	07	08	09
incl. loans to sole proprietors	64164									
Residents of other euro area countries										
Claims on MFIs	63200									
incl. syndicated loans	63201									
Loans										
Government	64220									
Non-MMF investment funds and alternative investment funds	64204									
Other financial intermediaries	64205									
Financial auxiliaries	64206									
Captive financial institutions and money lenders	64207									
Insurance corporations	64208									
Pension funds	64209									
Non-financial corporations	64240									
Households and non-profit institutions serving households										
Loans for house purchase	64252									
Consumer credit	64253									
Other loans	64254									
incl. loans to sole proprietors	64264									
Residents of other foreign countries										
Claims on MFIs	63300									
Loans	64300									
Subtotal*	61999									

* Arithmetical sum of figures in a column.

Adjustment in respect of price revaluations of securities

Item	Item code	In euro			In US dollars			In other foreign currencies		
		Maturity			Maturity			Maturity		
		up to 1 year	1–2 years	over 2 years	up to 1 year	1–2 years	over 2 years	up to 1 year	1–2 years	over 2 years
A	B	01	02	03	04	05	06	07	08	09
Residents										
Debt securities and other fixed-income securities										
MFIs	75110									
Central government	75121									
Local government	75122									
Other financial intermediaries	75105									
Financial auxiliaries	75106									
Captive financial institutions and money lenders	75107									
Insurance corporations	75108									
Pension funds	75109									
Non-financial corporations	75140									
Non-profit institutions serving households	75190									
Residents of other euro area countries										
Debt securities and other fixed-income securities										
MFIs	75210									
Central government	75221									
Local government	75222									
Other financial intermediaries	75205									
Financial auxiliaries	75206									
Captive financial institutions and money lenders	75207									
Insurance corporations	75208									
Pension funds	75209									
Non-financial corporations	75240									
Non-profit institutions serving households	75290									
Residents of other foreign countries										
Debt securities and other fixed-income securities										
MFIs	75310									
Government	75320									
Non-MFIs, excluding government	75375									
Subtotal*	75999									

* Arithmetical sum of figures in a column.

Item	Item code	In euro	In USD dollars	In other foreign currencies
A	B	01	02	03
Residents				
Shares, investment fund shares or units and other variable-yield securities				
MFIs, excluding money market funds	76110			
Other financial intermediaries	76105			
Financial auxiliaries	76106			
Captive financial institutions and money lenders	76107			
Insurance corporations	76108			
Pension funds	76109			
Non-financial corporations	76140			
Non-MMF investment fund shares or units, and shares or units of alternative investment funds	76104			
Money market fund shares or units	76134			
Holdings in the share capital of associated and affiliated companies				
MFIs	77110			
Other financial intermediaries	77105			
Financial auxiliaries	77106			
Captive financial institutions and money lenders	77107			
Insurance corporations	77108			
Pension funds	77109			
Non-financial corporations	77140			
Residents of other euro area countries				
Shares, investment fund shares or units and other variable-yield securities				
MFIs, excluding money market funds	76210			
Other financial intermediaries, financial auxiliaries, captive financial institutions and money lenders, insurance corporations, pension funds, and non-financial corporations	76270			
Non-MMF investment fund shares or units, and shares or units of alternative investment funds	76233			
Money market fund shares or units	76234			
Holdings in the share capital of associated and affiliated companies				
MFIs	77210			
Other financial intermediaries, financial auxiliaries, captive financial institutions and money lenders, insurance corporations, pension funds, and non-financial corporations	77270			
Residents of other foreign countries				
Shares, investment fund shares or units and other variable-yield securities	76300			
Holdings in the share capital of associated and affiliated companies	77300			
Subtotal*	70999			

* Arithmetical sum of figures in a column.

Counterpart of adjustment

VSPARK 27002079 (continued)

KPV

Item	Item code	Total
A	B	01
Provisions for liabilities and charges	88400	
Capital and reserves	89400	

Manager of the credit institution _____ / _____ /
 (signature) (name, last name)

Prepared by _____
 (name, last name; phone number)

Submission date _____

Governor of Latvijas Banka

I. Rimšēvičs