

**MACROECONOMIC  
DEVELOPMENTS  
REPORT**

**2012**



**JULY**

# MACROECONOMIC DEVELOPMENTS REPORT

## July 2012

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## **Abbreviations**

CIF – cost, insurance and freight at the importer's border  
CIS – Commonwealth of Independent States  
CPI – Consumer Price Index  
CSB – Central Statistical Bureau of Latvia  
EC – European Commission  
ECB – European Central Bank  
EMU – Economic and Monetary Union  
ESA 95 – European System of Accounts 1995  
EU – European Union  
EU12 – countries which joined the EU on 1 May 2004 and on 1 January 2007  
EU15 – EU countries before 1 May 2004  
EU27 – current EU countries  
EURIBOR – Euro Interbank Offered Rate  
FCMC – Financial and Capital Market Commission  
FOB – free on board at the exporter's border  
FRS – Federal Reserve System  
GDP – gross domestic product  
IMF – International Monetary Fund  
JSC – joint stock company  
MFI – monetary financial institution  
NA – no answer  
RIGIBOR – Riga Interbank Offered Rate  
SEA – State Employment Agency  
UK – United Kingdom  
US – United States of America  
VAT – value added tax  
WTO – World Trade Organisation

## Executive Summary

The economic situation in Latvia's major trade partners has improved quarter-on-quarter more than expected, and for many countries the growth prospects for 2012 have been revised upwards. In the first quarter of 2012, the euro area GDP remained unchanged quarter-on-quarter, but declined by 0.1% year-on-year. GDP recorded a positive quarterly growth in Germany, Estonia, Finland and Belgium, whereas in Spain, Italy, the Netherlands and Portugal the GDP growth remained negative.

Aggravating problems in the euro area have not dampened Latvia's economic growth. Latvia's exporters were resilient to external shocks: in the first quarter, export and import volumes reported a notable year-on-year expansion. Latvian exporters' competitiveness is also confirmed by the on-going expansion of export market shares in the overall EU27 imports and in that of almost all major trade partners' imports, excluding Sweden, Germany and Lithuania, in the first quarter.

The EC confidence indicators for the second quarter weakened for the assessment of both export orders and competitiveness, which is likely to be shortly reflected in the manufacturing output and export data.

Political uncertainty in Greece and bank problems in Spain continued to trigger anxiety in the market, giving rise to concerns about the capability of other financially weaker euro area countries to overcome potential financial market turmoil. Against this background, the prices of risk assets followed a downward trend, the euro weakened against the US dollar, stock market indices decreased and oil price fell.

Large volume of deposits with the ECB testifies to the EU credit institution prudent behaviour and reluctance to lend financial resources to other market participants, however, the situation may change on account of the ECB changing the relevant interest rates in July.

In March–May 2012 credit institution liquidity was higher than in the previous three months in Latvia as well, and reduction in the credit institution reserve ratio by 1.0 percentage point as of 24 January 2012 and declining government's deposit in lats with the Bank of Latvia in comparison with February accounted for the above development. Moreover, the Bank of Latvia reduced the marginal lending facility rate as of 24 March. All interest rates set by the Bank of Latvia will be lowered as of 24 July.

As the lats money market liquidity remained ample, in March–May interest rates continued to decelerate and reached the level observed prior to the suspension of the JSC *Latvijas Krājbanka* operations. However, the ECB's current monetary policy has also facilitated a fall in EURIBOR, hence the spread between the lats and euro money market indices narrowed insignificantly. With EURIBOR and RIGIBOR gradually declining, loans with a floating interest rate and an initial interest rate fixation period of up to 1 year became cheaper.

Loans continued to contract in the last three months, mainly on account of formal reasons (on 15 March the FCMC cancelled the licence for the activity of a credit institution granted to JSC *Parex banka* and on 10 May – the licence for the activity of a credit institution granted to JSC *Latvijas Krājbanka*). Loan portfolio of operating credit institutions shrank moderately, primarily on account of a gradual repayment of loans granted to households for house purchase. In April and May, industrial credit was on a rise. In May, consumer credit reported a minor expansion.

At the beginning of 2012, Latvia's economy continued to develop dynamically and Latvia became the EU leader in terms of GDP growth. From the second half of 2011, investment

became the main driver of Latvia's economic growth, outperforming the exports. At the same time, the increase in private consumption was relatively subdued. The population has become more cautious in its spending and savings behaviour. With the easing of the tax burden, an improvement in the sentiment and also consumption could be expected going forward; nevertheless, the economic problems troubling the countries of Southern Europe could dampen the export growth and its positive impact on the creation of new jobs, thereby reducing the population's income and private consumption.

With the economic recovery in Latvia gaining momentum and commencement of the seasonal employment, the number of vacancies and job opportunities expanded. The number of unemployed persons registered with the SEA has been declining again since spring. Overall, it may be concluded that the rate of businesses that single out the labour shortage as the main obstacle for business growth follows a gradual upward trend and has currently reached the level of 2008.

In the future, labour shortage in some sectors may result in an inflationary pressure; however, currently inflation tends to decrease: annual inflation in Latvia continued on a downward path in the first six months of 2012. It was mainly attributable to the declining overall global food prices and expiry of the base period of higher electricity tariffs raised in April 2011. In May and June, declining global energy prices were observed, affecting fuel prices positively in Latvia.

The food and energy price risks related to global price fluctuations have currently lessened; however, they can be assessed as balanced throughout the year as the impact of the new harvest on prices is not yet known, but the changes in the oil market are closely related to the outcome of further negotiations between Iran and Western countries and evolving political developments in other oil-producing countries.

The GDP growth forecast for 2012 has been revised upwards to 4.0%, taking into account the successful Latvia's economic development at the beginning of the year. As it is expected that Latvia's economic activity will not to be so pronounced in the second quarter on account of unfavourable external factors, currently risks to the above forecasts predominantly remain on the downside.

Table 1  
GDP FORECASTS  
(%)

	2012 <sup>1</sup>	2012 <sup>2</sup>	2012 <sup>3</sup>	2013 <sup>3</sup>
Denmark	1.5	n.i.	0.5	1.2
Sweden	3.8	n.i.	0.9	2.3
Finland	2.2	n.i.	0.6	1.8
Germany	1.3	0.3	0.6	1.5
UK	1.6	0.6	0.8	2.0
Estonia	4.0	n.i.	2.0	3.6
Lithuania	3.4	n.i.	2.0	2.7
Poland	3.0	n.i.	2.6	3.2
Russia	4.1	3.3	4.0	3.9
Euro area	1.1	-0.5	-0.3	0.9
US	1.8	1.8	2.1	2.4
Total global economy	4.0	3.3	3.5	4.1

Sources: October 2011 (1), January 2012 (2) and April 2012 (3) *World Economic Outlook* (IMF).

# 1. External Sector and Exports

## 1.1 External economic environment

Since the previous quarter, the economic situation in Latvia's main partner countries has proved to be better than planned, with many countries unexpectedly boasting strong GDP growth in the first quarter. Consequently, in the IMF report published in April, the growth outlook for 2012 has been revised upwards for many countries (see Table 1).

In the first quarter, the euro area GDP did not record any overall growth. The largest positive contribution to the GDP growth came from exports (including net exports), while investment accounted for the strongest negative impact. The distinctions between euro area countries were still notable. On a quarterly basis, the GDP growth rate was positive in Germany, Estonia, Finland and Belgium, yet still negative in Spain, Italy, the Netherlands and Portugal. The GDP growth projections for 2012 published by the ECB in June 2012, were within the previous range (between -0.5% and +0.3%). Strained financial markets and thereby potential repercussions for the real economy exerted the strongest downward pressure on the euro area economy. From a longer perspective, possibly returning global price hikes raised concerns as well.

In the first quarter, Lithuania retained a stable rate of GDP quarterly growth. Private consumption continued as a significant positive driver behind the economic advance. As the economic recovery was more solid than expected, the central bank of Lithuania adjusted the GDP growth forecast for 2012 upwards, to 2.9%. However, in the second quarter, the GDP quarterly growth might lose some momentum primarily due to seasonal factors.

In Estonia, GDP recorded positive changes in the first quarter. The rising income level and employment rate improved confidence and pushed up consumption. Nevertheless, the strengthening in private consumption is deemed to be short-lived and most probably with no substantial impact on growth in the quarters to come.

The GDP growth in the UK remained negative in the first quarter primarily on account of the shrinking construction output. The monetary policy stimulus is likely to support private demand, yet the tight lending standards, fiscal consolidation and the euro area

sovereign debt crisis were still exerting downward risks on the UK economy.

Rising oil prices, which had an expanding effect on nominal exports and the budget revenue, as well as the government expenditure, which was increasing in the pre-election environment, affected positively the economy of Russia in the first quarter. At present, however, when the oil prices are on a downward trend, the Russian economy is expected to decelerate somewhat. In addition, the administered tariff raises planned for the second half of the year incited an allegedly faster pace of inflation.

The growth rate of Poland's GDP slowed down in the first quarter. Consumption grew steadily, yet investment, exports and imports advanced slower than in the previous quarter. The April data for manufacturing, construction and retail trade also suggest some economic deceleration in the future.

In Sweden, changes in quarterly GDP became positive. Nevertheless, *Sveriges Riksbank* corporate surveys point to differing business views on Sweden's future economic outlook. Since January 2012, the situation has notably improved in construction, retail trade and, in part, also the services sector; nonetheless, uncertainty about the euro area economic development in the future is still affecting export-oriented companies negatively.

The quarterly growth rate of Finland's GDP accelerated in the first quarter primarily on account of a steep rise in private consumption. Both exports and investment grew, while imports contracted. In June, *Suomen Pankki – Finlands Bank* revised upwards the 2012 forecast for Finland's GDP, to 1.5%. *Suomen Pankki – Finlands Bank* also noted that Finland's economic policy should be aimed at lowering the government and household debt and improving the current account.

In the first quarter, the GDP in Denmark grew at a positive rate, with all GDP components, including government and private consumption, inventories, investment, exports and imports, increasing. Yet, in general, the recovery of the Danish economy from the crisis was still fragile, and *Danmarks Nationalbank* lowered its base rate to 0.45%.

## **1.2 Latvia's competitiveness and commodity export growth**

The changes in the lats real effective exchange rate were favourable for the strengthening of



Chart 1.1  
COUNTRY GOODS EXPORT SHARES IN GLOBAL EXPORTS  
(2002 = 100)

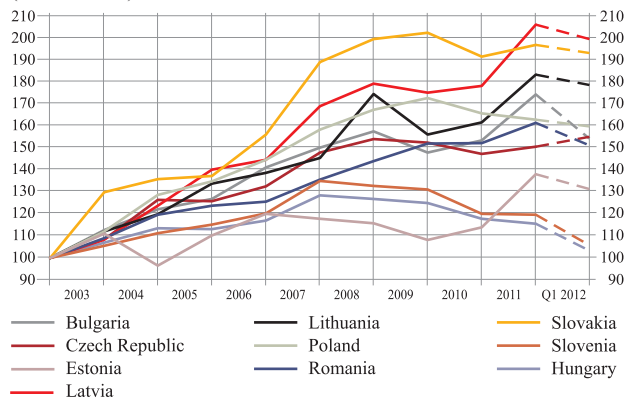


Chart 1.2  
EXPORTS OF GOODS  
(year-on-year; %)

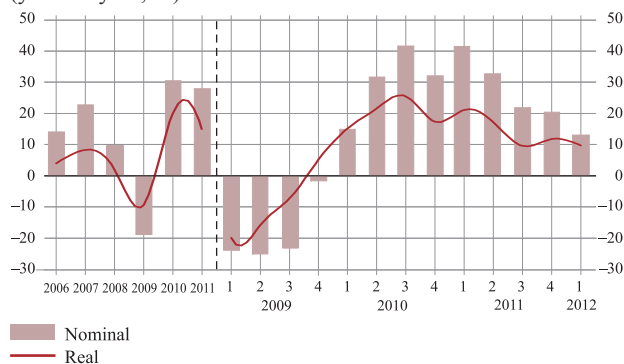
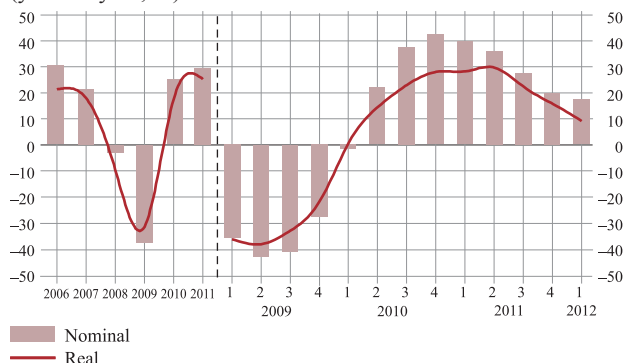


Chart 1.3  
IMPORTS OF GOODS  
(year-on-year; %)



competitiveness in the first months of the year; they, were positively impacted by shifts in prices (producer prices in particular) in Latvia vis-à-vis its main trade partners. The share of Latvian nominal exports in total world exports in the first quarter contracted somewhat on par with the other EU12 countries (see Chart 1.1); however, none of these countries is an oil-producing country, but the value of global exports can be substantially affected by oil price hikes.

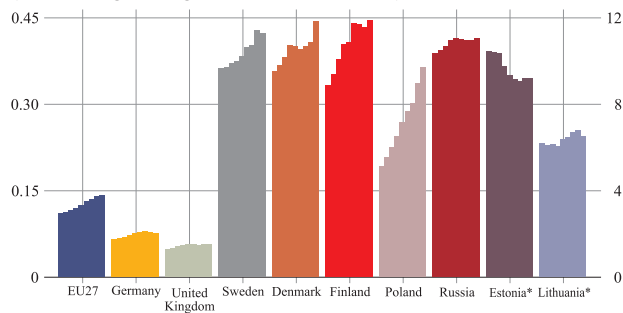
The euro area aggravating problems have not impaired Latvia's economic growth, and, in the first quarter, the turnover of foreign trade in Latvian goods increased by 15.6% year-on-year, including a 13.0% rise in export value over the year (see Chart 1.2). The Latvian exporters have demonstrated their resilience in coping with external shocks: in real terms, export and import volumes grew by 9.6% and 8.8% respectively over the year (see Chart 1.3).

On an annual basis, the deceleration in foreign trade indicators' growth rate can be associated with the high basis of the previous year and a slower economic progress in Latvia's main trade partner countries, while the quarter-on-quarter shrinkage in commodity exports and imports in the first quarter was primarily on account of seasonal abating of foreign trade activity, typical for the beginning of the year, and aggravation of economic problems in certain euro area countries.

Of commodity exports, mineral products recorded the highest year-on-year growth rate (43.7%) in the first quarter. Exports of base metals and articles of base metals expanded, recording a 14.0% annual growth, as following the reconstruction of the biggest company JSC *Liepājas metalurģis* metal production volumes increased notably. Such expansion in exports of base metals can be associated with the new credit line (8.5 million euro) opened by JSC *SEB banka* for *TOLMETS Ltd.*, the leading scrap ferrous and non-ferrous metal processing company in the Baltics, to boost its exports to Turkey, India, Vietnam and Taiwan. Exports of wood and articles of wood posted a 12.6% gain in the first quarter, which is likely to be associated with investment in the wood industry made last year to boost sector's productivity and capacity.

In the first quarter, a year-on-year decline was recorded only for export prices of transport vehicles and vegetable products, while a slight quarter-on-quarter drop was observed for the products of the chemical and allied industries, wood and articles of wood, and transport vehicles. In the first quarter,

Chart 1.4  
LATVIA'S EXPORTS AGAINST MAJOR TRADE PARTNERS' IMPORTS  
(%; moving average; 2010 Q1–2012 Q1)



\* Estonia and Lithuania – right-hand scale.

faster import price rises determined some worsening in overall terms of trade (by 2.6%). In the breakdown by industry, the terms of trade deteriorated for almost all categories of export goods, except animal products, base metals and articles of base metals, textiles and textile articles, plastics and articles thereof, and building materials (stone, plaster, cement, etc.) whose terms-of-trade dynamics was favourable.

Similar to other countries, the market share of Latvia's exports in world exports contracted in the first quarter on account of deteriorating situation in the euro area and a downturn in the global economic growth. However, the sustainability of the Latvian exporters' competitiveness was attested by expanding export market shares, such expansion continuing also into the first quarter with regard to both overall imports of the EU27 countries and imports of practically all main trade partners (except Sweden, Germany and Lithuania; see Chart 1.4).

Manufacturing and foreign trade posted positive results at the beginning of the year; in April, the assessment of export orders deteriorated but in May remained unchanged. The EC confidence indicators for the second quarter weakened for the assessment of both export orders and competitiveness, which is likely to be shortly reflected in the manufacturing output and export data.

## 2. Financial Market Developments

### 2.1 Foreign financial markets

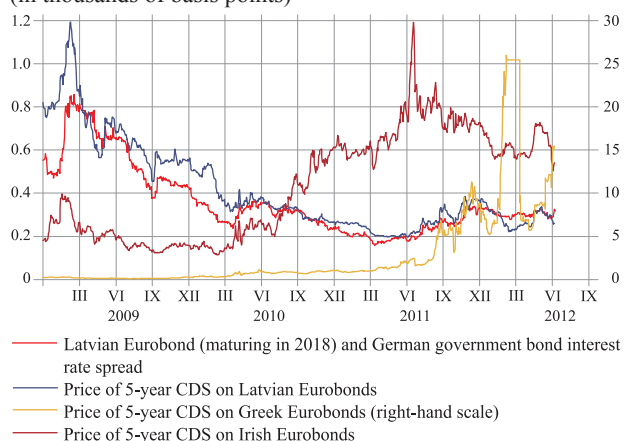
The financial market was adversely affected by the sovereign debt crisis in the euro area, as a number of countries with high public debt and budget deficit levels recorded soaring government bond yields that were approaching their critical highs. The sovereign debt crisis triggered such bank problems as capital attraction difficulties and deposit outflows. The financial market turmoil was amplified by a higher political risk and inability of the major EU countries to reach a unanimous position.

The euro area had succeeded in finding a successful solution to the Greek solvency problem, and it spurred a prompt improvement in Greek credit risk assessment and a temporary rise in the government bond yields. Political uncertainty and statements of ruling parties about the revisions needed to agreements reached on international bail-out for Greece gave momentum to market participants' speculations about the country's eventual exit from the euro area. This trend moderated when, after a repeat general election in Greece, the country managed to form a government that supported both its sustained participation in the euro area and the launching of restrictive fiscal measures. In June, also Cyprus, whose credit institutions had invested their finances in Greece, was compelled to request support for its financial system.

In May, the Spanish banking sector was the next to incur problems. The government was forced to provide financial assistance to the banking sector and afterwards to nationalise *Bankia*, one of the largest Spanish banks focusing on servicing the resident customers. Likewise, extra capital injections were needed for some other Spanish banks. That is why in early June, Spain formally applied for an EU rescue package of up to 100 billion euro for recapitalisation of its ailing banks.

Political uncertainties in Greece and banking sector problems in Spain gave rise to market participants' concerns also about the ability of other financially likewise unstable euro area banks to overcome eventual financial market shocks that could affect them, if the situation in Greece and Spain continued to aggravate (see Chart 2.1). A rise in Italian bond interest rates made market participants suspicious of the country being in need of financial support in

Chart 2.1  
RISK PERCEPTION INDICATORS OF LATVIA, GREECE AND IRELAND  
(in thousands of basis points)



the future. Similarly, to comply with the tightened standards, the bank capital positions need to be strengthened in Slovenia. This uncertainty was reinforced by the lack of unanimity among the major EU country leaders regarding the future evolution of the euro area and the ways of addressing possible crises. Market participants were pinning their hopes on the EU summit organised at the end of June, which discussed a number of important solutions to the euro area sovereign debt crisis; however, the debate showed that certain discord among the euro area countries was still in place. In this context, the spread between the Italian, Spanish and Greek 10-year government bond yields on the one hand and the respective German government bond yield, on the other hand, tended to widen. Meanwhile, the yields on government bonds in safer-deemed countries decreased. For instance, the yield on the US 10-year government bonds dropped from 2.3% to 1.5% between 15 March and 10 July, while that on the respective German government bonds went down from 2.0% to 1.3%.

Market participants were worried about uncertainty in the euro area and the risk of its financial market turmoil's adverse effects not only on the economic growth in the euro area but also on other world regions; hence risk asset prices were more inclined to go up. The euro depreciated against the US dollar from 1.31 to 1.23. Stock price indices were on a downward trend in the global stock market. Between 15 March and 10 July, the price of *Brent* crude oil fell from 128 US dollars to 100 US dollars per barrel. In addition to the euro area uncertainty, the oil price declines were driven by an expansion in the global oil supply, with the demand for oil remaining rather subdued. The contracting oil exports from Iran were offset by larger oil exports from other countries. The downward trend in oil prices was supported by market participants' speculations about the release of strategic oil reserves.

From April to June, the ECB hesitated to change the euro base rate, on several occasions leaving it unchanged, at 1.00%. The ECB resolved not to lower the base rate due to uncertainty surrounding the actual situation within the euro area economy and the effects of the already implemented ECB extraordinary policy measures. In the period between the second half of June and the beginning of July, the preliminary indicators of the euro area economy pointed to decelerating economic activity not only in the peripheral but also major euro area countries.

The tensions heightened also in the financial market where the yields on the Italian, Spanish and other euro area country government securities were rising. Consequently, on 5 July the ECB resolved to lower the ECB base rates, i.e. those of the main refinancing operations, the deposit facility and the lending facility, by 25 basis points, to 0.75%, 0.00% and 1.50% respectively. Market participants anticipate the ECB to hold to these latest rates for at least one year.

At its June meeting, the ECB Governing Council resolved to extend the period for conducting its main refinancing operations via fixed rate tender procedure with full allotment from July of the current year to 15 January 2013. The ECB decided to conduct several additional 3-month long-term refinancing operations (on 25 July, 29 August, 26 September, 31 October, 28 November and 19 December), using fixed rate tender procedure with full allotment. The amount of credit institution funds deposited with the ECB via its deposit facility after the ECB second 3-year refinancing operation decreased only moderately, testifying to credit institutions' prudent behaviour and reluctance to lend financial resources to other market participants. Having reduced its deposit facility rate to zero, the ECB is expected to encourage the euro area credit institutions to use financing for other purposes, like more active lending, as well.

On 5 July, the Bank of England decided to increase its asset purchase programme by 50 billion British pound sterling (to 375 billion British pound sterling) and to leave its base rate unchanged, at 0.5%. The FRS, likewise, left the base rate unchanged, at 0–0.25%, and in June extended the term of the programme under which it intends to sell the short-term securities to finance the purchases of long-term securities.

## **2.2 The Bank of Latvia's operations and credit institution liquidity**

In March–May 2012 credit institution liquidity was higher than in the previous three months. The reduction in the credit institution reserve ratio by 1.0 percentage point as of 24 January 2012 and declining government deposit in lats with the Bank of Latvia in comparison with February accounted for the above development.

The average balance of currency in circulation and government's lats deposits with the Bank of Latvia shrank and minimum reserve requirement set for banks was also downgraded in comparison with the

Chart 2.2  
AVERAGE BALANCES OF THE BANK OF LATVIA'S  
MONETARY OPERATIONS AND GOVERNMENT LATS  
DEPOSITS

(in billions of lats)

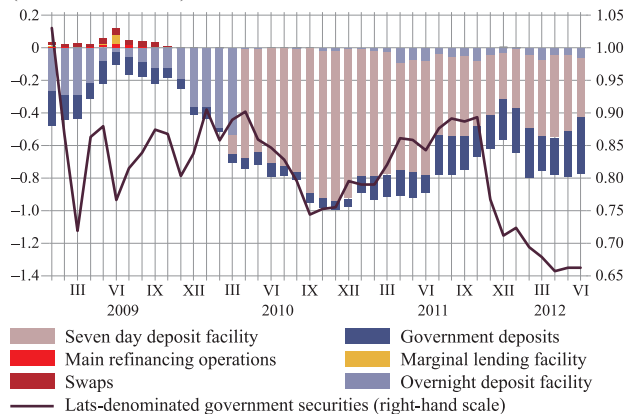
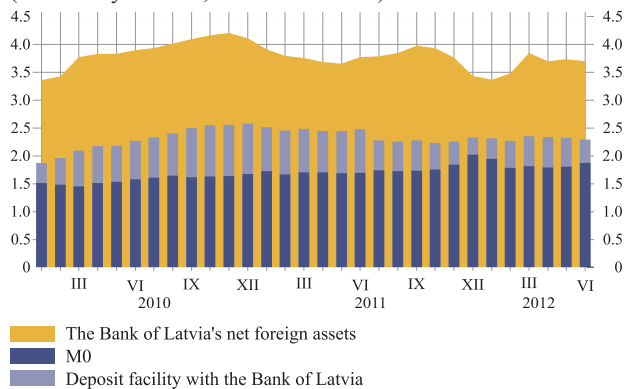


Chart 2.3  
NET FOREIGN ASSETS, MONETARY BASE AND BANK  
OF LATVIA DEPOSIT FACILITY

(end-of-day balance; in billions of lats)



previous three months, increasing the lats liquidity by 111.1 million lats overall.

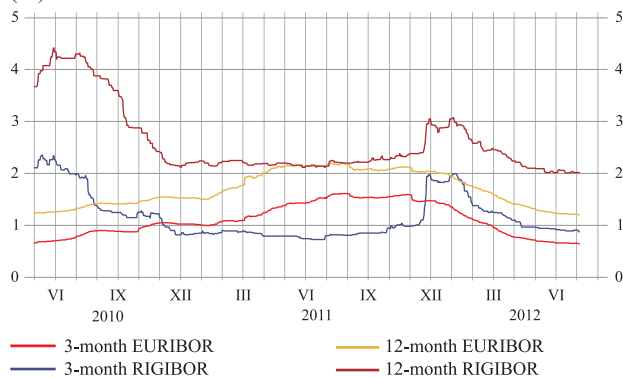
With surplus liquidity persisting, the Bank of Latvia's overnight and seven day deposit facility averaged 532.1 million lats (37.7% higher than in December 2011–February 2012; see Charts 2.2 and 2.3). Credit institutions did not resort to the Bank of Latvia's liquidity-providing operations (the balance of the above operations resorted to in the previous period was minimal). Credit institutions had not engaged in foreign exchange transactions with the Bank of Latvia since September 2011, as the amount of foreign currency supplied by the Treasury satisfied the credit institution demand for foreign currencies.

The Bank of Latvia reduced its marginal lending facility rates as of 24 March: from 7.5% to 5.0%, in case a credit institution had resorted to the lending facility no more than 5 working days within the previous 30 day period; from 15.0% to 10.0%, in case a credit institution had resorted to the lending facility 6–10 working days within the previous 30 day period; from 30.0% to 15.0%, in case a credit institution had resorted to the lending facility for more than 10 working days within the previous 30 day period.

On 12 July, the Council of the Bank of Latvia decided to reduce interest rates further. As of 24 July, the refinancing rate will be reduced from 3.50% to 3.0%, the overnight deposit facility rate – from 0.25% to 0.1% and 7-day deposit facility rate – from 0.375% to 0.125%. The marginal lending facility rate will be reduced from 5% to 4%, in case a credit institution has resorted to the lending facility no more than 5 working days within the previous 30 day period; from 10.0% to 7.0%, in case a credit institution has resorted to the lending facility 6–10 working days within the previous 30 day period; and from 15.0% to 10.0%, in case a credit institution has resorted to the lending facility for more than 10 working days within the previous 30 day period. It has been decided to lower the interest rates, considering the medium-term risks to price stability to be contained and inflation continuing to ease as well as the projected impact of the EU sovereign debt crisis on Latvian economy to be negative. Credit institutions will thus be given an extra stimulus to channel their excess lats funds into the economy.

The marginal lending facility rate was at a high since December 2008, when interest rates in the interbank market also edged up at the onset of the financial crisis. Interest rates remained low in the interbank

Chart 2.4  
THE LATS AND EURO MONEY MARKET RATES (%)



market for more than two years; however, it was uncertain, whether under the impact of new turmoil the financial market would react as rapidly as at the end of 2008, since uncertainty prevailed in a number of EU Member States. In Latvia, the developments of December 2011 suggested that the tension observed in the Latvian financial market had been overcome and more effective functioning of the interbank market was provided, enabling the central bank to reduce its marginal lending facility rates.

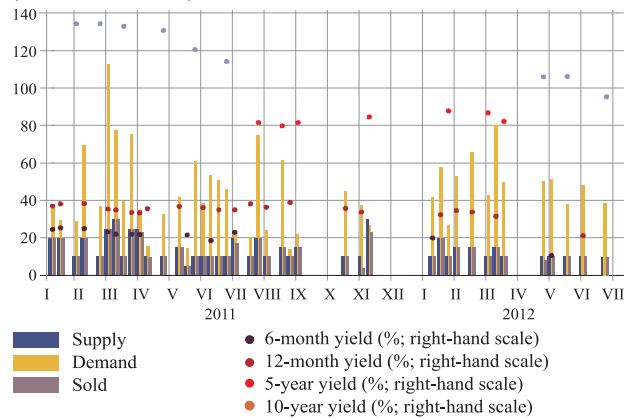
In March–May, the lats money market rates continued to decrease and reached the level observed prior to the suspension of the JSC *Latvijas Krājbanka* operations. As a result of persisting lats liquidity in the money market, the weighted average interest rate on interbank overnight transactions was 0.31% (the overnight deposit facility rate set by the Bank of Latvia stood at 0.25% and seven day deposit facility rate was 0.375%). 3- and 6-month RIGIBOR declined from 1.25% to 0.93% and from 1.83% to 1.43% respectively. The ECB's monetary policy has also facilitated a fall in EURIBOR, hence the spread between the lats and euro money market indices narrowed insignificantly (see Chart 2.4). In the months to come, the prolonged attempts of the euro area countries to resolve the financial problems of peripheral euro area countries will be focused on.

At the beginning of July, credit institutions engaged in foreign exchange spot transactions with the Bank of Latvia for the first time since the beginning of the year, selling to the Bank of Latvia the amount of euro worth 6.4 million lats in the first 10 days of the month. The increasing credit institution demand for lats was attributable to the decision taken by the ECB to lower the key ECB interest rates by 25 basis points (in effect as of 11 July) since, as a result, the spread between RIGIBOR and EURIBOR widened.

### 2.3 Securities market

The Treasury held primary auctions of 6-month and 12-month Treasury bills and 5-year and 10-year Treasury bonds (see Chart 2.5). The securities were supplied in the amount of 57.0 million lats, with the demand 4.9 times exceeding the supply. The average yield on 6-month Treasury bills declined substantially: from 1.00% in January to 0.53% in May. The average yield on 12-month Treasury bills shrank from 1.69% in February to 1.58% in March, and the average yield on government 5-year bonds declined from 4.34% in February to 4.11% in March. The Treasury resumed

Chart 2.5  
AUCTIONS OF LATS-DENOMINATED GOVERNMENT  
DEBT SECURITIES  
(in millions of lats)



issuance of 10-year government bonds after a one-year break, and their average yield stood at 5.31% at the auction held in May (5.71% a year before). The bonds were issued with the actual maturity of 10 years and 6 months (the above maturity was set in order to enable the use of such bond for the assessment of compliance with the Maastricht criterion of long-term interest rates in spring 2013). At the end of June, the yield at the government 10-year bond auction declined by 56 basis points (to 4.75%). At the above auction, the Treasury did not change the supplied total amount (10 million lats); however, the proportion of the supply at the competitive auction and non-competitive auction was changed from 4 : 1 to an equal amount supplied at both auctions, thus contributing to the demand outstripping the supply at the competitive auction where the bond yield was set.

The declining yield rates in the primary and secondary markets were attributable to the regained access to international markets, Latvia's sound macroeconomic indicators in comparison with the euro area countries and relatively sound resilience to the deteriorating financial indicators of some peripheral euro area countries. On 2 May, the international rating agency Standard & Poor's upgraded Latvia's sovereign credit rating (from BB+ to BBB-) and gave a stable future outlook. The credit ratings assigned currently to Latvia by all three major international credit rating agencies are consistent with the investment level.

According to Bloomberg, the bid rate of the Latvian government bonds, denominated in US dollars and maturing in 2021, was volatile and stood at 6.40% at the beginning of February, contracting notably to 4.80% on 13 March. Sound data on the US economy and financial sector and positive evaluation of the situation by the FRS contributed to the above decline. The implication was that it might choose to refrain from buying the government securities, and thus prices for the US government securities could decrease. At the end of February, the ECB injected ample resources in the EU financial markets for the second time by conducting the refinancing operations with a maturity of 36 months, and also providing a short-term solution to Greece's problems. Therefore the demand for more risky assets by financial market participants increased, and they deemed the securities of East European countries to be underestimated. Later the bid rate of the Latvian government bonds, denominated in US dollars and maturing in 2021, rose again and reached 5.80% at the end of May. The deteriorating situation in Spain accounted for the above increase which was the highest in May.



The East European countries have established close economic and financial relationship with the West European countries; hence the forecast for the future situation in the East European countries deteriorated boosting investors' demand for less risky assets. Later, in June and July, the bid rates of the Latvian government bonds, denominated in US dollars and maturing in 2021 and 2017 contracted by 103 basis points and 116 basis points respectively, while those of the US government bonds of the respective maturity declined merely by approximately 10 basis points. The demand for the government bonds of the developing countries rose since the bid rates of the US government bonds were low and opportunity to earn profit was limited; however, those of the government bonds of the developing countries were attractive and macroeconomic indicators were sound.

Between the end of February and May, NASDAQ OMX Riga share price index OMXR fell by 5.5% (the above index rose by 5.9% in the previous period). Indices declined by 4%–16% on the major global stock exchanges. Domestic data remained positive and Latvian businesses continued to develop and penetrate into new markets. However, the global developments contributed to negative stock price developments in Latvia. The intensification of the sovereign debt crisis and weakening banking sector in the EU will affect financial indicators of businesses; hence corporate stock prices were revised downwards. At the beginning of June, the international credit rating agencies notified of their intention to downgrade credit ratings of a number of countries in the event of Greece's exit from the euro area. Moreover, in such a case a negative future rating outlook will be projected for all euro area countries for six months. The above information also affected corporate stock prices. On 10 July, NASDAQ OMX Riga share price index OMXR was 2.6% higher than at the end of May.

## 2.4 Interest rates

In March–May, the dynamics of interest rates on MFI loans to and deposits from households and non-financial corporations was most affected by a moderate decline in the lats and euro money market indices. With RIGIBOR and EURIBOR gradually descending, loans with a floating interest rate and an initial rate fixation period of up to 1 year became cheaper.

However, the effects of the falling money market indices on interest rates on loans with a longer

Chart 2.6  
INTEREST RATES ON MFI SHORT-TERM LOANS IN EURO (%)

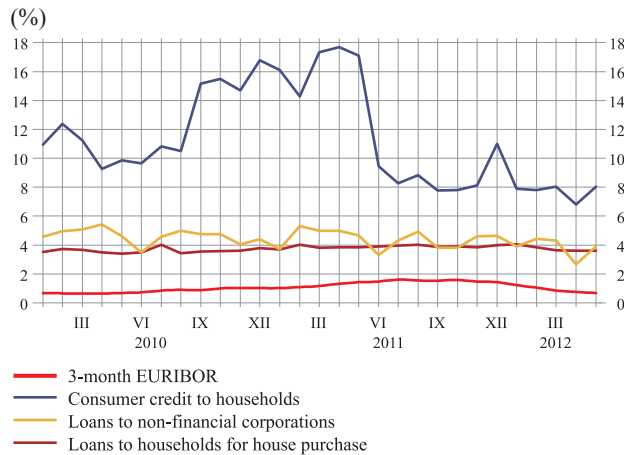


Chart 2.7  
INTEREST RATES ON MFI SHORT-TERM LOANS IN LATS (%)

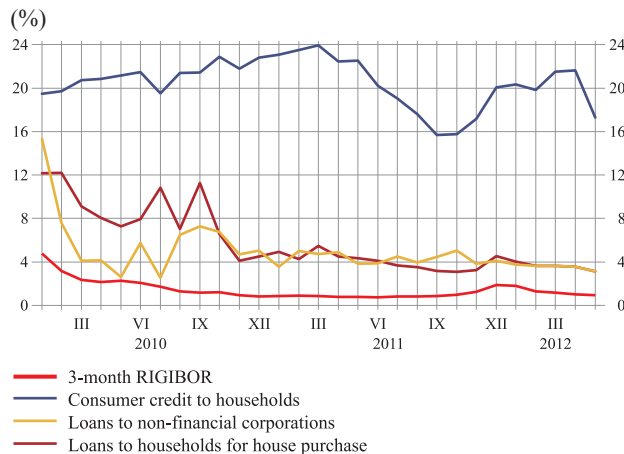
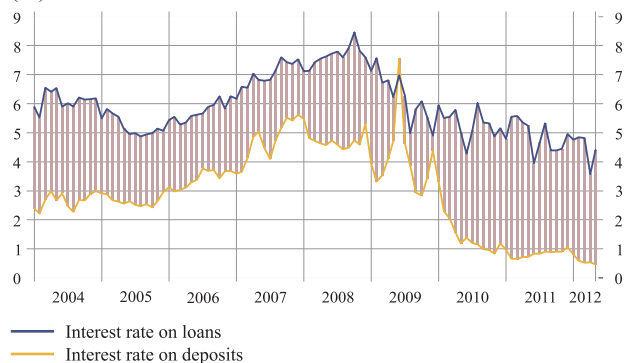


Chart 2.8  
SPREAD BETWEEN INTEREST RATES ON NEW LOANS AND NEW DEPOSITS (%)



initial rate fixation period were not homogenous. For non-financial corporations, interest rates on new loans in euro decreased between March and May (see Chart 2.6). The average weighted interest rate on new loans in lats increased (see Chart 2.7), yet this rise was associated with the fact that MFIs granted more expensive small- and medium-amount loans in relatively larger numbers, while the share of cheaper large-amount loans in new loans in lats to non-financial corporations contracted. In general, non-financial corporations are granted fewer loans with a longer initial rate fixation period, hence the corresponding interest rate is notably affected by decisions of individual credit institutions. However, rising interest rates can also suggest that, with the EU financial market uncertainty escalating, a higher risk premium is included.

Floating interest rates and interest rates with the initial rate fixation period of up to 1 year on new loans to households for house purchase reflected a drop in money market indices. For loans in lats with a floating interest rate and initial rate fixation period of up to 1 year, the spreads over the money market indices remained broadly unchanged, while those for loans in euro widened slightly.

From March to May, interest rates on new deposits attracted from non-financial corporations declined only slightly, whereas the changes in higher interest rates on household deposits in response to the downside in money market indices were more pronounced. Interest rates on new household deposits hiked most in May when Easter marketing campaigns ended (see credit and deposit interest rate spreads in Chart 2.8). The interest rates on new household deposits in lats have been on a gradual downward trend since early 2012, yet in May, they had not reached the level of the period prior to JSC *Latvijas Krājbanka* suspension and other transitory domestic market shocks.

## 2.5 Money supply

The money supply dynamics has been relatively stable in recent months. Generally, the money supply contracted slightly; however, this contraction in all monetary indicators (in loans most) was primarily driven by formal reasons: on 15 March, the FCMC annulled the licence for the operation of a credit institution issued to JSC *Parex banka* and on 10 May that issued to JSC *Latvijas Krājbanka*. In March and May accordingly, the indicators of these credit

Chart 2.9  
ANNUAL RATE OF CHANGE IN MONETARY  
AGGREGATES  
(%)

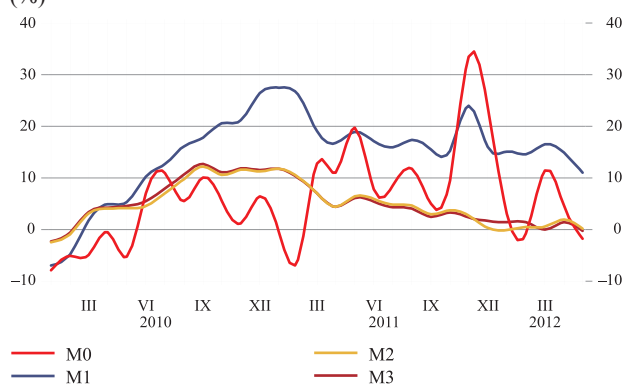
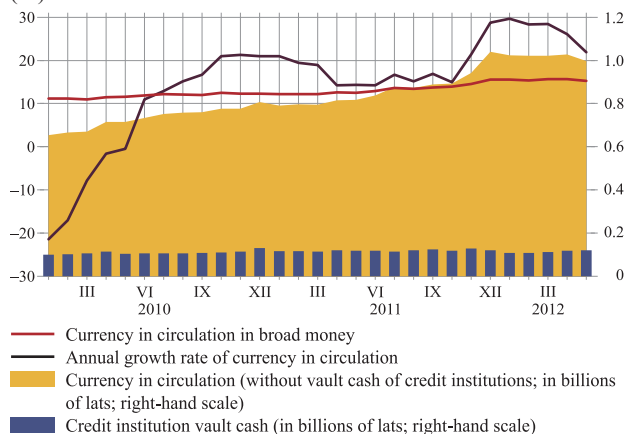


Chart 2.10  
CURRENCY IN CIRCULATION  
(%)



institutions were excluded from the MFI consolidated balance sheet. Meanwhile in April, the amount of deposits attracted by credit institutions and money supply in general increased. Following a moderate upturn in March and April, currency in circulation decreased in May due to the provision under the Law "On the Property Status and Disclosure of Undeclared Income by Natural Persons" to pay, by 1 June 2012, into an account of a credit institution the cash savings in excess of 10 000 lats.

Currency outside MFIs again returned to a record low of the last six months. The total money supply, which shrank somewhat in March and May, still hovered below the high level of December 2011 and slightly below that in May 2011 (see Chart 2.9).

In March–May, broad money M3 contracted by 1.7% but was still 0.3% lower year-on-year. Of M3, its component M1, the most liquid one of money supply, continued to post substantial increases, despite its annual growth rate decelerating from 14.5% in February to 11.0% in May (see Chart 2.10 for dynamics of currency outside MFIs). Amid abating inflation, market participants' attitudes towards longer-term saving softened. With the negative real profit level falling, deposits with an agreed maturity of up to 2 years kept increasing for the last six months in the run, while deposits redeemable at notice were also expanding for the last four months; in May, their annual rate of decrease decelerated to -15.6% and -14.5% respectively.

The annual rate of change of deposits of resident financial institutions, non-financial corporations and households had been negative for seven months (-3.0% in May). The annual rate of decrease of euro and lats deposits was 5.4% and 5.7% respectively in May, while deposits in other currencies picked up 31.2% over the year (see Charts 2.11 and 2.12 for deposit dynamics).

The funding base for credit institutions kept on the domestic track: the contribution of resident deposits in financing domestic loans increased from 48.6% in February to 51.7% in May, as funds received from foreign parent banks continued on a downward trend (see Chart 2.13).

In the last three months, loans continued to shrink mostly due to formal reasons (mentioned above). Meanwhile, the loan portfolios of operating banks contracted only somewhat, primarily as a result of gradually repaid loans granted to households for

Chart 2.11  
NON-MFI DEPOSIT DYNAMICS  
(in billions of lats)

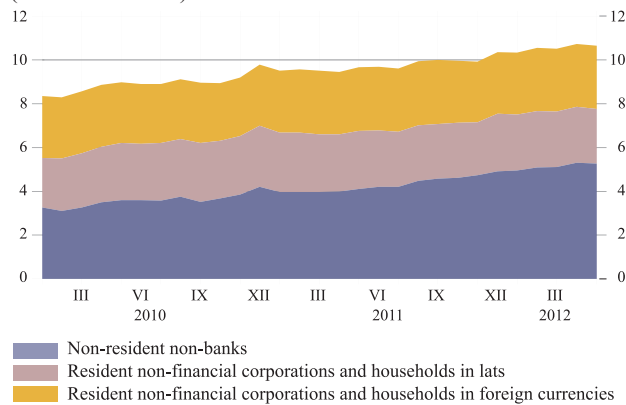


Chart 2.12  
RESIDENT DEPOSIT DYNAMICS  
(in billions of lats)

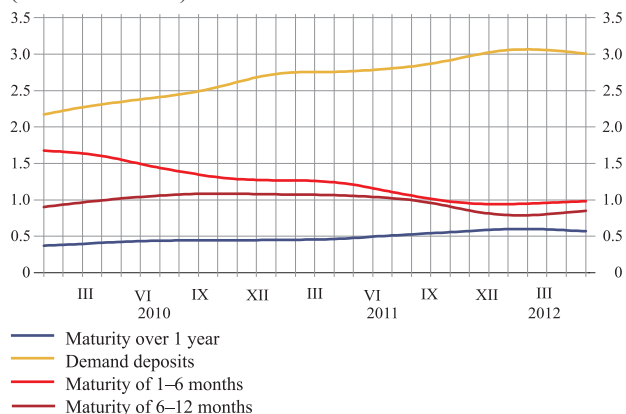
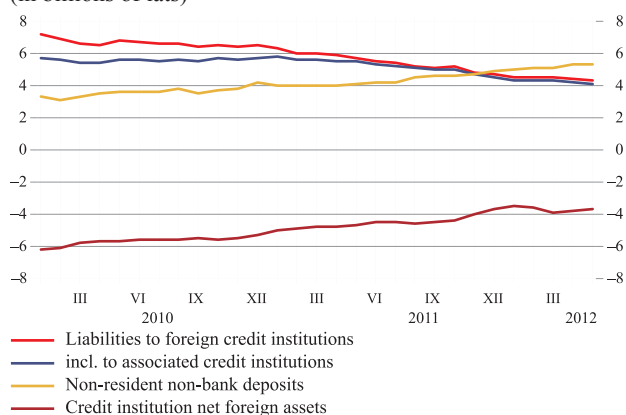


Chart 2.13  
CREDIT INSTITUTION FOREIGN LIABILITIES  
(in billions of lats)



house purchase. In April and May, a rise in industrial credit was observed, while in May, also consumer credit returned to a moderate upward trend.

The overall lending activity remained sluggish, for market participants' creditworthiness did not change notably. The annual pace of decrease of credit institutions' loan portfolio reached 12.7% in May; yet, with the data of credit institutions with annulled licences excluded, it improved to -6.8% (-8.2% in February; see Chart 2.14). Overall, from March to May, loans to the private sector shrank by 7.4%, while loans granted by operating credit institutions contracted by a mere 0.8%.

In the breakdown by sector, in the recent months, increases in loans were observed for wholesale trade (except motor vehicles and motorcycles; 7.6% in March and April), manufacture of chemicals and chemical products (4.1%), crop and animal production (2.6%), mining and quarrying (8.4%) as well as (to a lesser extent) manufacture of food products, forestry, electricity, gas, heat supply and air conditioning, and financial and insurance activity. The annual growth rate of lending remained positive for such significant sectors as manufacture of wood and products of wood and cork (except furniture), manufacture of articles of straw and plaiting materials, crop and animal production, manufacture of food products, and transportation by road and pipeline.

Depreciation of the euro and lower lats interest rates boosted the amount of loans granted in lats (at operating credit institutions, it increased by 6.7% in three months, with the annual growth rate rising to 24.8% in May). The overall contraction of loan portfolio, in turn, was determined by a decrease in euro loans (in March-May, the respective decrease was 2.1%, with the annual rate of decrease at 11.4%). The share of loans in lats in total loans to residents rose from 11.2% in February to 11.9% in May.

In the months to come, loans are likely to contract only modestly, primarily on account of a gradual repayment of household loans for house purchase. If the euro area sovereign debt crisis is addressed step by step and the external risks do not aggravate, the dynamics of both investment and exports is likely to improve, and the inflow of funding into export-oriented sectors will augment, thus enhancing also the demand for consumer credit. However, the overall lending is unlikely to increase, because the debt accumulated during the lending and real estate market boom remains significant.

Chart 2.14

ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS

(%)

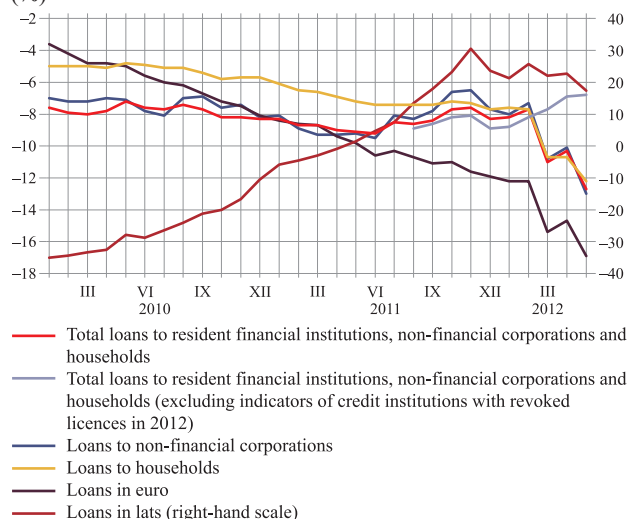


Table 2

MONETARY AGGREGATES

(quarterly figures are averages)

	Outstanding amount as percentage of M3	Annual growth rates (%)								
		2012 V	2011			2012				
			Q2	Q3	Q4	I	II	III	Q1	IV
<b>M1</b>	64.6	17.6	16.3	18.3	15.3	14.5	16.6	15.5	14.9	11.0
Currency in circulation	15.3	14.2	16.3	21.7	29.7	28.3	28.4	28.8	26.1	21.9
Overnight deposits	49.3	18.5	16.3	17.4	11.4	10.9	13.4	11.9	11.7	8.0
<b>M2 – M1 (= other short-term deposits)</b>	34.3	-8.2	-10.7	-19.2	-21.6	-19.6	-21.5	-20.9	-16.2	-15.5
Deposits with an agreed maturity of up to 2 years	31.1	-9.3	-11.5	-20.2	-21.5	-19.7	-21.6	-20.9	-16.1	-15.6
Deposits redeemable at notice of up to 3 months	3.2	4.5	-2.2	-9.6	-22.6	-18.8	-19.7	-20.4	-17.5	-14.5
<b>M2</b>	98.9	5.6	4.1	2.3	-0.1	0.5	0.5	0.3	2.0	0.1
<b>M3 – M2 (= marketable instruments)</b>	1.1	-7.8	-22.5	18.9	92.8	67.9	-32.2	42.8	-32.7	-26.8
<b>M3</b>	100.0	5.3	3.6	2.5	1.4	1.5	-0.1	0.9	1.5	-0.3
<b>Credit to residents</b>		-8.0	-6.9	-6.7	-7.5	-7.0	-10.2	-8.2	-9.8	-12.0
Credit to general government		3.2	15.6	1.8	-10.6	-12.5	-13.9	-12.3	-18.4	-15.5
Credit to the private sector		-8.5	-7.8	-7.0	-7.3	-6.7	-10.0	-8.0	-9.4	-11.8
Loans to the private sector		-9.1	-8.5	-7.9	-8.2	-7.7	-11.0	-9.0	-10.3	-12.7
<b>Longer-term financial liabilities (excluding capital and reserves)</b>		-2.2	-14.4	23.8	78.7	75.7	-24.6	43.3	-25.3	-16.4

Source: Bank of Latvia.

Chart 3.1  
CHANGES IN GDP  
(at constant prices, %)

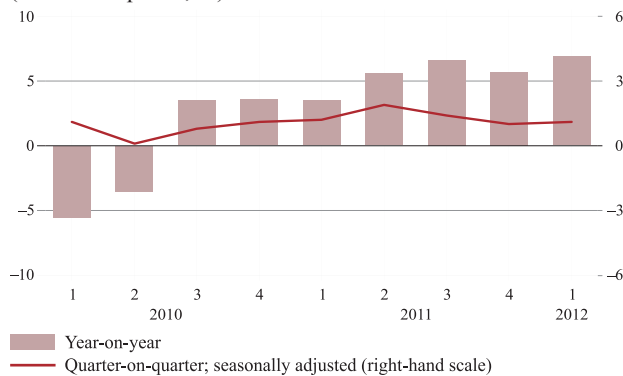
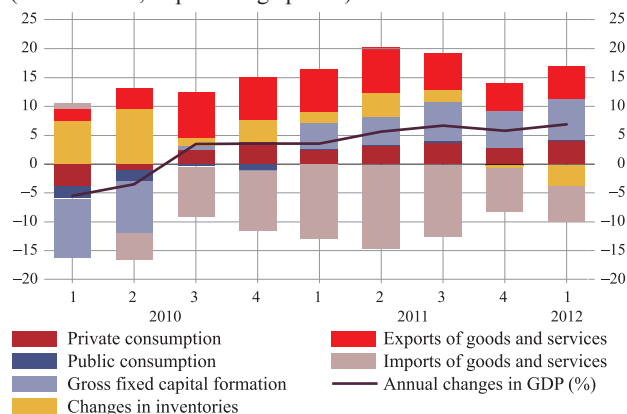


Chart 3.2  
BREAKDOWN OF ANNUAL CHANGES IN GDP  
(demand side; in percentage points)



## 3. Domestic Demand

At the beginning of 2012, Latvia's economy continued to develop dynamically and Latvia became the EU leader in terms of GDP growth. Thus in the first quarter GDP increased by 1.1% quarter-on-quarter (see Chart 3.1) and by 6.9% year-on-year representing the highest annual growth rate in the EU Member States.

From the second half of 2011, investment became the main driver of the GDP growth, outperforming the exports. The annual growth of gross fixed capital formation continued to accelerate in the first quarter of 2012, thereby making the most significant positive contribution (7.1 percentage points) to the annual growth of GDP. The annual growth rate of real exports of goods and services, in turn, stood at 9.9% (5.7 percentage points; see Chart 3.2).

Although because of the imports of capital goods and intermediate goods required for production of goods the overall import growth was still considerable at 9.5%, contrary to the previous quarters, export growth outpaced that of the imports. Nevertheless, as the volume of the real goods and services imports was larger, the contribution of net exports to the annual GDP growth remained slightly negative (0.6 percentage point).

As the improvement in real disposable income was slow, the population's purchasing power remained weak. Yet private consumption was a significant contributor to the GDP increase (3.9 percentage points) because of its large share, despite its much lower growth rate (5.4%) in comparison with investment and exports. The contribution of the government consumption to the GDP growth remained negligible at 0.3 percentage point.

Looking at GDP by expenditure, the role of the changes in inventories increased in the first quarter of 2012 (a negative contribution of 3.7 percentage points). Inventories decreased slightly in the first quarter, whereas in 2011 they followed an upward trend.

### 3.1 Private consumption

The growth rate of private consumption remained rather sluggish at 5.4%, slightly lower than that of the GDP (see Chart 3.3). The moderate increase in household spending was determined by a minor rise

Chart 3.3  
CHANGES IN GDP AND PRIVATE CONSUMPTION  
(year-on-year; %)

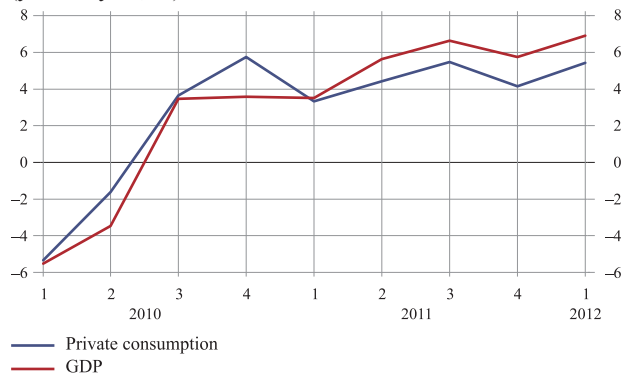


Chart 3.4  
NUMBER OF CARS NEWLY REGISTERED WITH THE  
ROAD TRAFFIC SAFETY DEPARTMENT  
(in thousands)

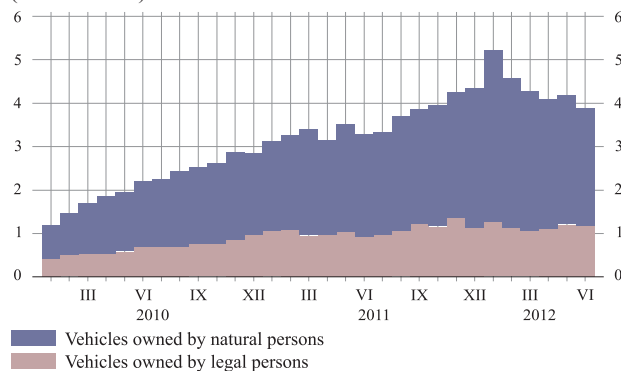
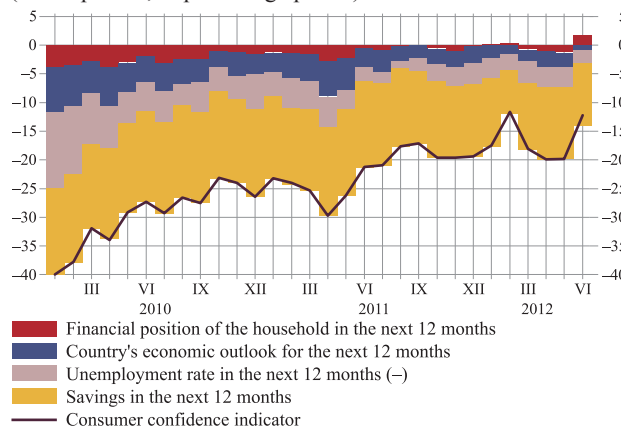


Chart 3.5  
CONSUMER CONFIDENCE INDICATOR AND  
UNDERLYING FACTORS  
(net responses; in percentage points)



in compensation of employees: by 5.6% in nominal terms. Considering the upward movement of prices, the improvement in the purchasing power was minor. The average nominal gross wage and salary increased by 3.7% year-on-year in the first quarter, whereas employment went up 2.6%. This was a positive trend, as it improved the spending opportunities for a wider group of population.

The population has become more cautious in its spending and savings behaviour. Postponed consumption as a factor increasing spending and depleting savings will no longer be as significant as before. It was specifically the consumption of previously accumulated precautionary savings that pushed up the sales volumes of consumer durables in 2011. According to the estimates, the level of savings is likely to have increased slightly again in the first quarter of 2012.

Retail trade data for the first quarter reveal a significant fall in sales of motor vehicles, confirming an increase in caution. Changes in demand are also signalled by the statistics on motor vehicles first-registered with the Road Traffic Safety Department (see Chart 3.4) showing that, following a notable rise in January, the number of cars registered in the ownership of natural persons decreased gradually thereafter.

Similarly to the car registration dynamics, consumer confidence indicator also improved exceptionally in a single month (February), whereas later on the optimism faded and returned to the level observed at the turn of 2011 (see Chart 3.5). Several factors are likely to have supported the rise in consumer confidence and spending at the beginning of the year: lower heating bills as a result of more favourable weather conditions experienced in October–December, cash withdrawal following the events in the credit institution sector and postponed consumption. As was expected, this tendency weakened along with an increase in heating bills, real estate tax payments and fuel prices.

With the easing of the tax burden, an improvement in the sentiment and also consumption could be expected going forward; nevertheless, the economic problems troubling the South European countries could dampen the export growth and its positive impact on the creation of new jobs, thereby reducing the population's income and private consumption.

Chart 3.6  
CONTRIBUTION OF PRIVATE AND GOVERNMENT INVESTMENT TO GDP (%)

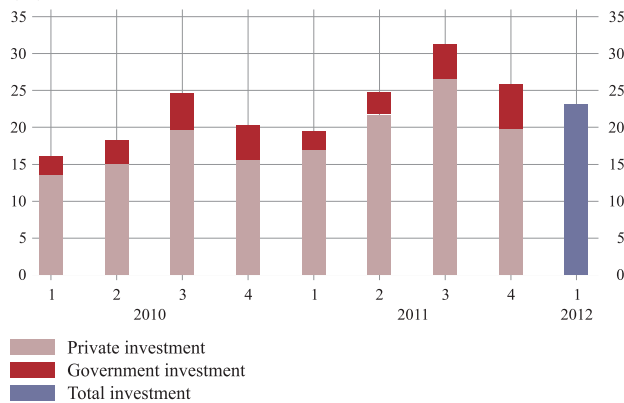


Chart 3.7  
NON-FINANCIAL INVESTMENT BY SECTOR (contribution to total non-financial investment; %)

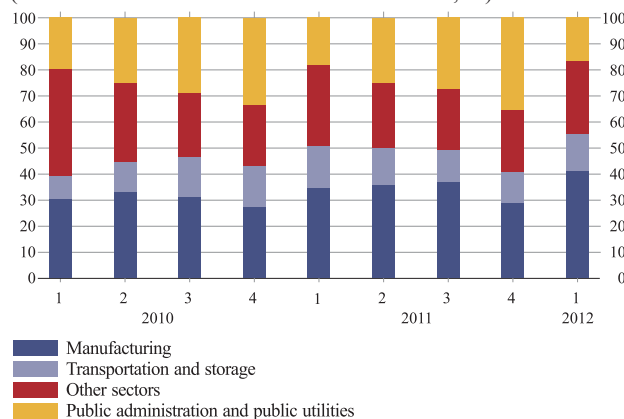
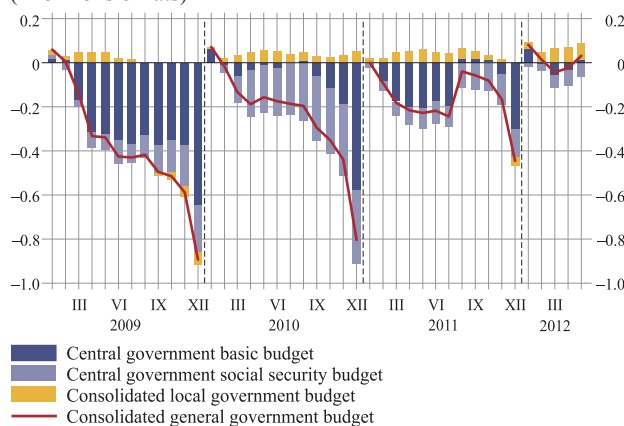


Chart 3.8  
ACCRUED BALANCE OF THE CONSOLIDATED GENERAL GOVERNMENT BUDGET BY SUB-BUDGET (in billions of lats)



### 3.2 Private investment

The annual growth of gross fixed capital formation continued to accelerate in the first quarter, reaching 39.0%. The quarterly growth continued in leaps and bounds, with the quarterly rises ranging from moderate to expansive at 15%–20%. For example, following a negligible increase by 1.1% in the fourth quarter of 2011, gross fixed capital formation expanded by 14.7% according to seasonally adjusted data in the first quarter of 2012.

The role of public investment strengthened in the fourth quarter of 2011 (see Chart 3.6), whereas the most significant contributor to the rise of investment in the first quarter of 2012 was private investment. The data on non-financial investment (see Chart 3.7) suggest that investment in manufacturing and transport sectors accounted for already 55.2% of non-financial investment in the first quarter. The impressive rise in productive investment will provide new incentives to exporters, particularly in the sectors where the capacity utilisation was close to maximum and demand for output exceeded production capacity.

### 3.3 Government expenditure and budget

According to the official information by the Treasury, the deficit of the consolidated general government budget estimated on a cash flow basis amounted to 31.7 million lats or 0.2% of GDP in the first five months of 2012 (see Chart 3.8). In comparison with the respective period of 2011 when the expenditure exceeded the revenue by 227.7 million lats or 1.6% of GDP, the budgetary balance improved by 259.4 million lats in the first five months of 2012. This improvement was achieved on account of a revenue rise of 290.4 million lats combined with a minor increase in expenditure.

The revenue collected in the consolidated general government budget in January–May 2012 grew on account of higher tax collections (an increase of 221.1 million lats or 14.7%; see Chart 3.9). VAT revenue,



Chart 3.9

SELECTED TAX REVENUE  
(January–May; in millions of lats)

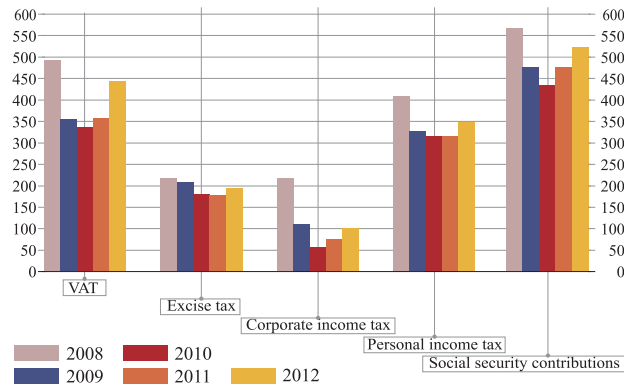


Chart 3.10

RATES OF CHANGE IN NOMINAL GDP AND SELECTED TAXES  
(year-on-year; %)

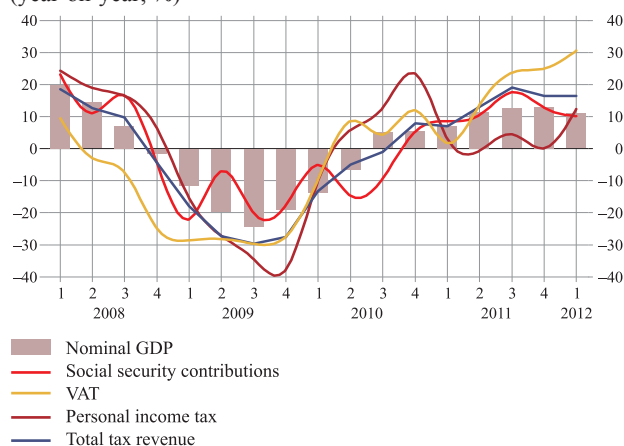
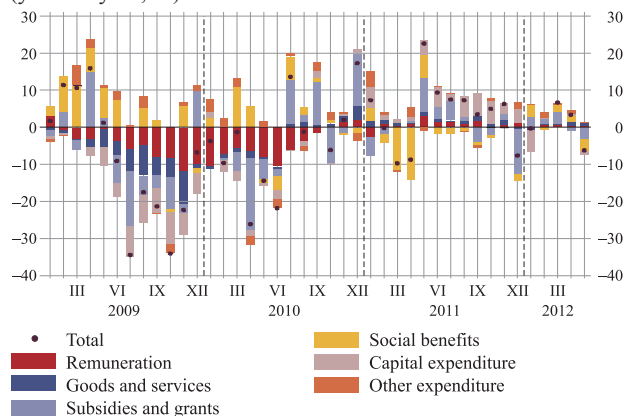


Chart 3.11

RATE OF CHANGE IN CONSOLIDATED GENERAL GOVERNMENT BUDGET EXPENDITURE  
(year-on-year; %)



excise tax revenue, social insurance contributions and personal income tax revenue expanded notably, by 24.2%, 10.0%, 9.9% and 9.8% respectively. Corporate income tax collections grew by 31.0%. Moreover, the corporate income tax revenue also demonstrated the relatively highest growth rate, thereby reconfirming its peculiar nature: in times of economic growth, with the corporate profits recovering, it increases more than proportionally relative to any macroeconomic variable, while during an economic downside it also shrinks faster than any other tax or macroeconomic variable. The increase in the social insurance contributions and personal income tax was supported by the strengthening of the labour market, whereas the steep rise in the VAT revenue can be explained by the quick recovery of the private consumption confirmed by the official GDP data for the first quarter (see Chart 3.10). The above-mentioned recovery of the private consumption and raising of the excise tax rates (in the case of alcoholic beverages (spirits) and petrol as of 1 June 2011, whereas in the case of cigarettes and other tobacco goods as of 1 July 2011) also supported an increase in the excise tax revenue collections in the first five months of 2012 in comparison with the respective period of the previous year when the said changes in tax rates had not yet come to effect.

Non-tax revenue also improved considerably in January–May, contributing 47.9 million lats more to the budget than in the respective period of 2011; nevertheless, it can be largely explained by the repayment to the central government budget of the funding unspent within the framework of a European Regional Development Fund programme (22.6 million lats) made in the end of January. The remaining rise in the non-tax revenue was supported by the Bank of Latvia's payments into the central government budget which increased by 5.4 million lats year-on-year (15.4 million lats in 2011 and 20.8 million lats in 2012) and the income received in March from the sales of state-owned greenhouse gas emission units (5.4 million lats).

The austerity measures implemented in the previous years and the government's pragmatic approach to the formulation of the 2012 budget resulted in the expenditure of the consolidated general government budget increasing at a considerably slower rate than the revenue in the reference period (by 30.9 million lats or 1.5%; see Chart 3.11). The expenditure increase was supported by a rise in social spending by 10.4 million lats. This happened primarily as a result of higher pension expenditure, with the average

pensions of recently retired pensioners exceeding that of considerably older pensioners. Current payments into the EU budget grew by 15.8% million lats. Expenditure on compensation to employees increased at a lower pace than all other spending items on average: by 8.2 million lats or 1.9% in the first five months of the year.

The general government debt totalled 5 824.8 million lats or 38.0% of GDP on a cash flow basis at the end of May 2012, representing an increase of 476.0 million lats over December 2011. This masked an increase in the external debt of the central government by 531.9 million lats and a decline in its domestic debt by 50.2 million lats. The external debt expanded on account of the Eurobond issue worth 1 billion USD launched by the Treasury on 14 February 2012. At the same time, the first repayment of the international loan to the IMF amounting to 66.9 million SDR was made in March, thereby compressing the external debt by 51.9 million lats. At the moment, the debt expansion is *inter alia* significantly affected by the US dollar appreciation vis-à-vis the euro and hence vis-à-vis the lats which is pegged to the euro. The domestic debt shrank primarily on account of net redemption of Treasury bills and bonds in the amount of 54.5 million lats.

Chart 4.1  
DYNAMICS OF MANUFACTURING OUTPUT  
(at constant prices; %)

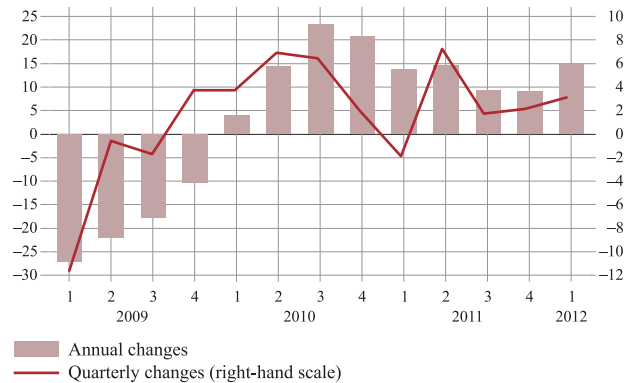


Chart 4.2  
GROWTH-RESTRICTIVE FACTORS IN  
MANUFACTURING  
(% of replies from respondents)

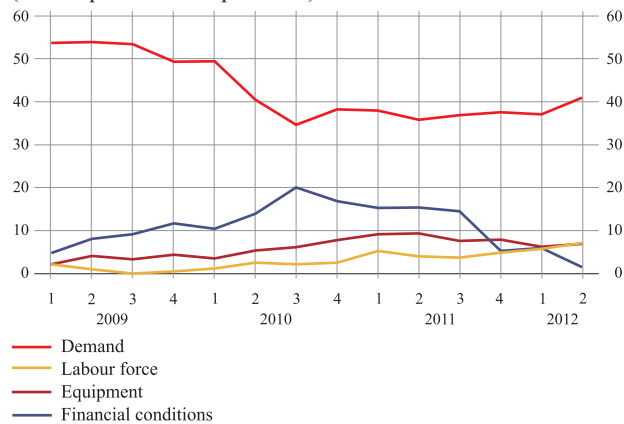
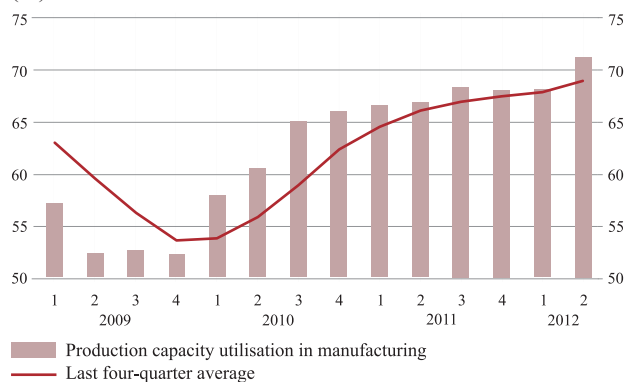


Chart 4.3  
PRODUCTION CAPACITY UTILISATION IN  
MANUFACTURING  
(%)



## 4. Aggregate Supply

### 4.1 Industry and construction

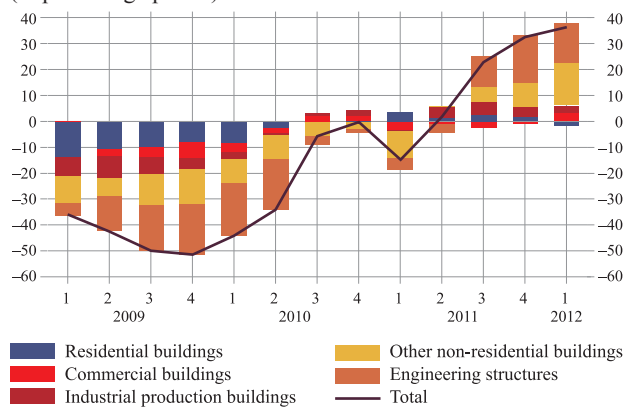
In the first quarter, the value added of manufacturing recorded a year-on-year expansion of 16.5% (contribution to the annual GDP growth – 2.0 percentage points). In the first quarter, the seasonally adjusted manufacturing output at constant prices posted a quarter-on-quarter increase of 3.1% and a year-on-year rise of 14.8% (see Chart 4.1).

A positive quarterly rate of increase in manufacturing of other transport equipment (28.4%), metals (27.3%), fabricated metal products (10.6%) and computers, electronic equipment and optical products (9.2%) contributed to the growth in manufacturing in the first quarter. At the same time, a more pronounced increase in manufacturing output was contained by the declining volume of output in the manufacture of food products (by 1.0%), textile articles (by 1.5%), chemicals and chemical products (by 1.8%), basic pharmaceutical products and pharmaceutical preparations (by 2.4%), non-metallic mineral products (by 3.4%) and electrical equipment (by 11.1%).

The industrial sentiment indicator aggregated by the EC for the first quarter of 2012 improved by 3.1 points on account of a steep improvement in sentiment in January. The above development was attributable to the improving assessment of both the order volumes and the expected level of output. In the second quarter, manufacturers have reported the limited demand to be the major growth-restrictive factor (41.2% of the total number of respondents; see Chart 4.2). The number of respondents also pointing to the emerging labour shortages (7.1%) continues on an upward trend. The number of manufacturers admitting that limited access to funding hampers growth has declined to minimum (1.5%).

The production capacity utilisation projected for the second quarter has increased to 71.4% (see Chart 4.3) and is the highest since 2007, while still lagging behind its peak (in the third quarter of 2005 – 75.3%). The expected production capacity utilisation has expanded in woodworking, in manufacture of food products, textile articles and wearing apparel, in that of basic pharmaceutical products and pharmaceutical preparations, computers, electronic equipment and optical products and electrical equipment, and declined in manufacture of basic metals and fabricated metal products as well as in that of non-metallic mineral products.

Chart 4.4  
CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO THE ANNUAL CONSTRUCTION GROWTH AT CURRENT PRICES (in percentage points)

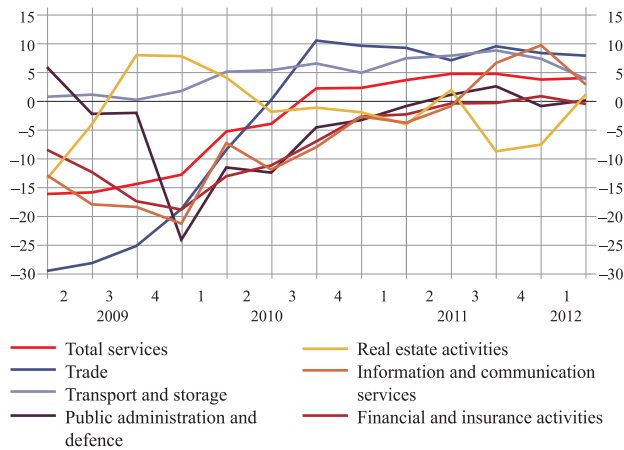


Preliminary data on manufacturing, such as the sentiment data for April and May and data on industrial output for April, suggest a slowdown in the above sector in the second quarter. The industrial sentiment indicator deteriorated by 3.4 points in April and improved by 0.9 point in May. In April, manufacturing output posted a month-on-month decrease of 1.4%. In the coming quarters, the volume of output in the above sector is expected to follow a volatile trend on account of the problems related to the crisis in the euro area countries, on the one hand, and, on the other hand, the fact that the concluded long-term supply contracts contribute to certain inertia in manufacturing and new investment projects are implemented.

In the first quarter, the value added of the construction sector rose by 28.5% year-on-year, reporting a quarter-on-quarter increase of 0.2% (seasonally adjusted data). In the first quarter, construction output at current prices rose by 36.4% month-on-month. Construction of non-residential buildings (22.4 percentage points), including that of industrial production buildings (2.6 percentage points), commercial buildings (3.4 percentage points) and administrative buildings (5.4 percentage points) accounted for the major positive contribution to the annual growth. In addition to the construction of non-residential buildings, engineering structures (15.6 percentage points; see Chart 4.4), including construction of motorways, streets, roads and airfields (9.5 percentage points) and pipelines and communication lines (1.8 percentage points), were the major contributors to the output growth in construction sector. The successful performance of the above groups of construction works was attributable to quite mild weather conditions. Contribution of the construction of residential buildings to the total output of construction sector was negative (1.6 percentage points).

The construction sentiment indicator assessed by the EC improved by 7.5 points in the first quarter. An improving assessment of the overall order volumes and employment expectations contributed to the above development. The construction sentiment indicator also continues to improve in the second quarter. In combination with the data on a number of comparatively large construction projects commenced in 2012 the above development points to a relatively successful year for the construction sector of Latvia.

Chart 4.5  
CHANGES IN MAIN TYPES OF SERVICES  
(year-on-year; %)

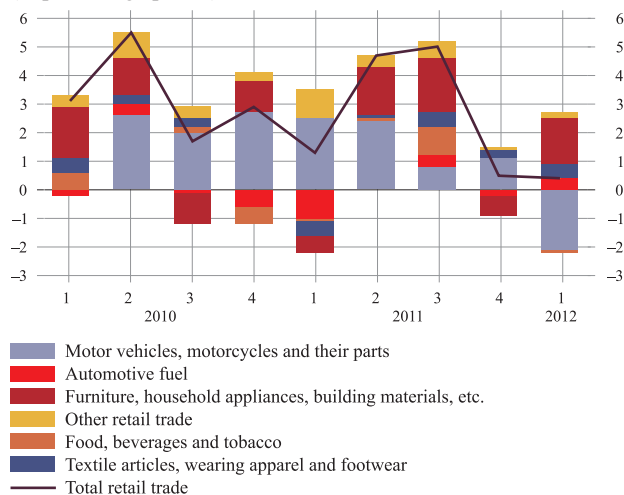


## 4.2 Services

In the first quarter, value added in the services sector at constant prices recorded a year-on-year increase of 4.2% (see Chart 4.5). Major contributors to the annual GDP growth were the trade sector (1.5 percentage points), the transportation and storage sector (0.6 percentage point), the sector of professional, scientific and technical services (0.3 percentage point) as well as the hospitality and catering services (0.2 percentage point).

Retail trade turnover reported a quarter-on-quarter growth of 3.4% in the first quarter (including the sale of motor vehicles – by 0.4%; see Chart 4.6). In the first quarter, notable increase (11.9%, including the sale of motor vehicles – 11.0%) was also recorded in annual terms. The sound trading performance was primarily attributable to a very rapid growth in one month (in January) based on short-term factors (lower heating bills for the previous months on account of milder weather conditions as well as cash withdrawals from credit institutions due to the tension observed in December).

Chart 4.6  
CONTRIBUTION TO QUARTERLY RETAIL GROWTH IN REAL TERMS  
(in percentage points)



In the first quarter, value added of the transportation and storage sector increased by 8.1% year-on-year (see Chart 4.7 for the annual change in freight turnover in the major transportation sectors). Overall, cargoes loaded and unloaded at Latvia's ports accounted for 20.0 million tons in the first quarter (a year-on-year expansion of 22.6% and a quarter-on-quarter rise of 12.3%). The annual growth of the volume of cargoes loaded and unloaded was attributable to the expanding volume of cargoes at all ports: at Liepāja port – by 42.9%, at Riga port – by 23.6%, at Ventspils port – by 19.1% and at small ports – by 0.3%. The volume of cargoes loaded and unloaded at ports remained at elevated level also in April: 7.1 million tons of cargoes were loaded and unloaded (a year-on-year rise of 11.5%).

Chart 4.7  
FREIGHT TURNOVER  
(annual percentage changes; %)



The rail freight accounted for a record high volume of 17.2 million tons in the first quarter (a 16.0% year-on-year increase). The overall expansion of the volume of freight transportation by rail was attributable to the growing transportation to and from the ports by 18.5%, including the freight transported to the ports (by 17.0%), while that transported from the ports rose by 46.7%. In April, the rail freight reached 5.9 million tons (a 7.9% year-on-year increase).

The volume of freight transportation by road declined by 0.6% in the first quarter. This development was on

account of the decrease in the domestic freight traffic (3.3%), while the volume of international freight traffic rose by 8.8%.

The increase in the volume of coal cargoes transported both at Venstpils port and Riga port contributed to the relatively high performance indicators of ports and railways. In addition to the above development the following trend is observed of late: the volume of transshipment of oil products is growing at Ventspils port, and the number of loaded and unloaded containers and volume of transshipment of oil products continue on an upward trend at Riga port. The development of transport sector is expected to be more subdued in the coming quarters. The maximum capacity reached in some segments of railway and some limitations regarding the infrastructure facilities at ports will contribute to the above development. However, several capacity-strengthening investment projects have been already launched with the aim of increasing the loading and unloading capacity at ports and by railway substantially. It should be taken into account, however, that the launching of major investment projects (during the performance of construction works) may hamper the performance of day-to-day activities that may also be shown in the data on the volume of transportation and loading and unloading. The global developments of the economic situation, such as the gradually declining oil prices which may lead to a decelerating flow of oil products, should also be considered. Notably plummeting oil prices on the world commodity exchanges in recent months, providing for a rise in the volume of major freight transportation at ports and by rail over the last year are even more important.

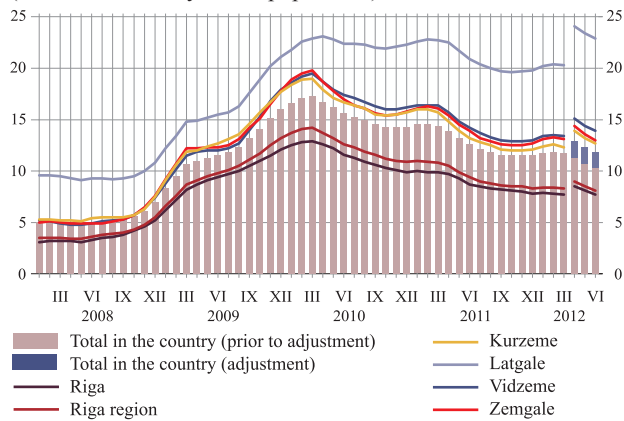
Chart 4.8  
BEVERAGE CURVE: NUMBER OF UNEMPLOYED PERSONS REGISTERED WITH THE SEA AND THAT OF VACANCIES  
(in thousands)



### 4.3 Labour market

The number of unemployed persons registered with the SEA has been declining since spring. At the end of June, it shrank below 118 thousand, reaching the level of spring 2009 (see Chart 4.8). However, the registered unemployment rate was on the rise in spring (at the end of June, to 11.9%), since the number of economically active population was revised in accordance with the results of the Census 2011 in April, and the above adjustment contributed to a rise in the registered unemployment rate (1.6 percentage points; in the absence of such adjustment the above rate would have declined by 1.5 percentage points over the last four months). Single-digit level of unemployment, most likely, will not be achieved in 2012 due to the above adjustment.

Chart 4.9  
REGISTERED UNEMPLOYMENT RATE IN LATVIA'S  
REGIONS  
(% of economically active population)



The adjustment by regions of Latvia was not uniform. Latgale was the most affected region (a rise in the registered unemployment rate was 4.2 percentage points) since the major mismatch between the economically active population and Population Register was identified in that region during the Census, while Riga was least affected by the adjustment (1.0 percentage point). Hence the revised data on the registered unemployment revealed even wider regional disparities than those estimated so far. For instance, in Latgale the unemployment rate was almost three times higher than in Riga in June (22.9% and 7.7% respectively; see Chart 4.9). However, it has to be noted that the above trend explains the differences in the motivation to register with the SEA rather than the availability of employees. The labour survey data suggest that the rate of jobseekers in Latgale only slightly exceeded that of Riga (in 2011 – 18.9% and 16.9% respectively).

The number of vacancies and job opportunities expanded, with the recovery of the Latvian economy. For instance, 4.1 thousand vacancies were recorded in the databases of the SEA at the end of June, thus the number of unemployed persons per vacancy shrank to 28, the lowest level in the last 3.5 years.

At the beginning of 2012, the rate of real unemployment or the rate of jobseekers rose to 16.3% of the economically active population. That was on account of the seasonal factors (this figure is generally higher in the first quarter) and lower number of participants in the temporary employment programme launched by the SEA (the unemployed persons registered with the SEA and participating in the temporary employment activities are classified as employed according to the CSB labour survey data). The Bank of Latvia calculations suggest that the rate of job seekers, adjusted both seasonally and to the impact of temporary employment continued on a downward path in the first quarter, reflecting a sustainable GDP growth.

The revision of labour survey data in accordance with the results of the Census mainly referred to absolute terms. For instance, the number of employed was reduced almost by 110 thousand in the fourth quarter of 2011 in comparison with the data of the Population Register mainly on account of a lower number of population (underestimated emigration). Comparative figures were also slightly revised. For instance, the rate of jobseekers was raised by 0.7 percentage point in 2011, to 16.1% of the economically active population. Labour force participation rate was

Chart 4.10  
RATE OF JOBSEEKERS BY EDUCATION  
(% of economically active population)

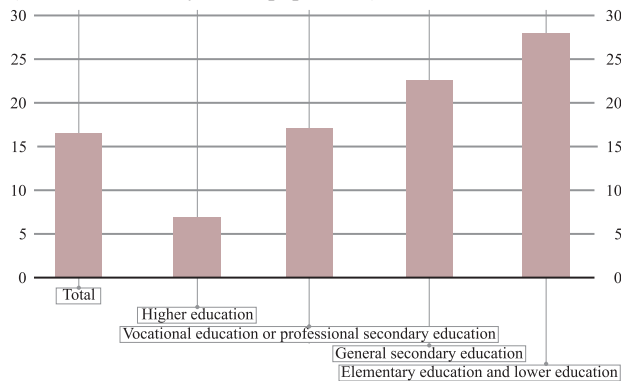


Chart 4.11  
DATA FROM BUSINESS SURVEYS ON PROJECTED  
3-MONTH EMPLOYMENT DYNAMICS  
(balance of replies; in percentage points)

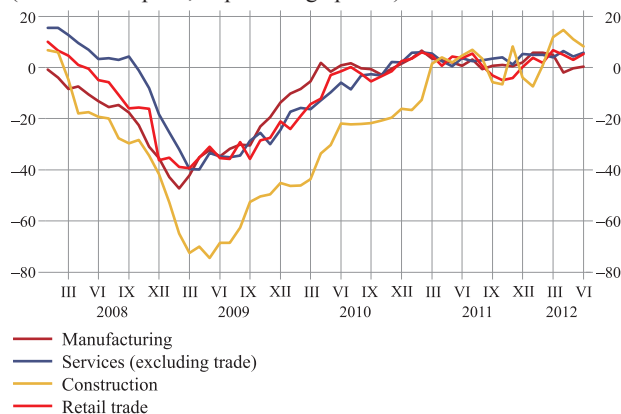
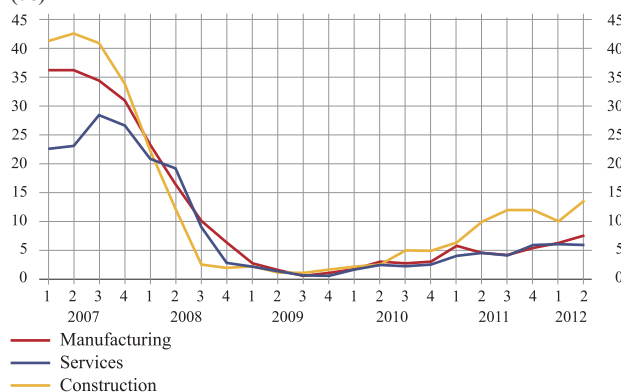


Chart 4.12  
SHARE OF BUSINESSES WHO FIND LABOUR  
SHORTAGE THE MAIN OBSTACLE FOR BUSINESS  
GROWTH (%)



reduced by 0.9 percentage point, to 64.5% of the number of working-age population (15–74 years). The reasons for the revision of the comparative figures were: highly economically active population groups dominant in the previously underestimated emigration and low unemployment rate respectively.

The revised labour survey data have confirmed that the segmentation of labour market is best reflected in terms of a qualification rather than in terms of a sector, profession or region since it is still difficult for unskilled workers and individuals taking on unqualified jobs to find such jobs, while the demand for skilled employees is high in almost any sector and labour shortages are experienced in several professions. For example, in the first quarter, the rate of jobseekers with higher education was four times lower than among individuals with elementary education (6.9% and 27.7% of the economically active population; see Chart 4.10). The highest rate of jobseekers by age group was among young people (15–24 years old; 29.7%), however, in view of the fact that the majority of young people are studying (are economically inactive), it may be concluded that youth unemployment rate is not higher than that of other age groups, if young people jobseekers are measured against all young people (rather than only against the economically active ones).

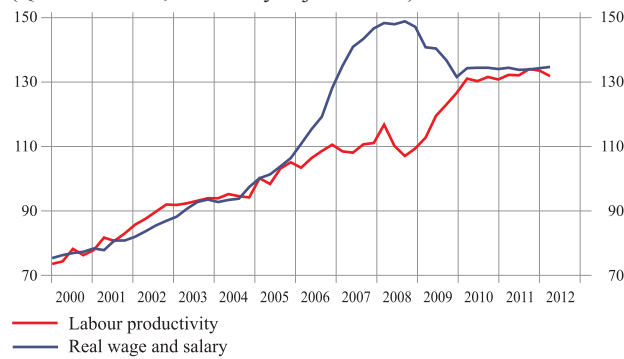
The overall employment expectations of businesses remain positive and are more convincing than in the respective period of the previous year. Thus the employment growth may also be expected this year. At the same time, volatility of the above indicator is unlikely to provide a credible projection regarding the contribution of the sectors to employment. For instance, employment expectations of businesses were the most optimistic in manufacturing and least employment growth was expected by construction businesses in February, whereas in June, the situation was completely opposite (see Chart 4.11).

The assessment of labour shortage by businesses is equally volatile. For instance, in construction (after seasonal adjustment as well) it is notably affected by weather conditions. Overall, it may be concluded that the rate of businesses that single out the labour shortage as the main obstacle for business growth follows a gradual upward trend and has currently reached the level of 2008. The construction businesses still complain most about the labour shortage. They point to the labour shortage twice as much as the businesses in manufacturing (see Chart 4.12).



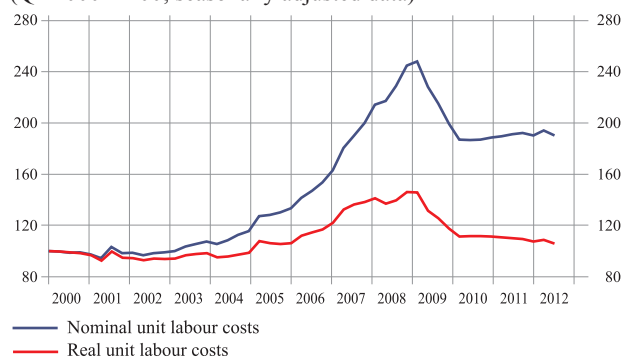
Moderate rise in remuneration continues in Latvia. In the first quarter, the average monthly gross wage and salary for full-time job rose by 3.7%. The annual rate of increase in the average remuneration was more buoyant in private sector than in public sector since the second half of 2011 (in the first quarter of 2012 – 4.2% and 3.1% respectively). The annual growth rate of wages and salaries exceeded 5% in some sectors (in financial and insurance activities – 7.6%, transport and storage – 6.3%, trade – 5.5% and hospitality and catering sector – 5.2%).

Chart 4.13  
REAL WAGE AND SALARY AND LABOUR  
PRODUCTIVITY INDICES  
(Q1 2005 = 100; seasonally adjusted data)



Although the rise in remuneration in 2012 may be close to that of the previous year (4.4%), lower inflation will contribute to higher purchasing power supported by the employment growth. The increasing wages and salaries are commensurate with the labour productivity growth, with the remuneration and productivity remaining balanced (see Chart 4.13). Against this background, higher remuneration is sustainable in the long term and causes no pressure on inflation. For instance, although the wages and salaries followed a steeper upward trend in 2000–2003 than currently experienced, it was smaller than the labour productivity growth, providing for low and stable inflation.

Chart 4.14  
UNIT LABOUR COST INDEX  
(Q1 2000 = 100; seasonally adjusted data)



Unit labour costs declined both in nominal and real terms at the beginning of 2012, pointing to a sustainable revival of competitiveness in recent years (see Chart 4.14).

Chart 5.1  
CHANGES IN CPI BY COMPONENT  
(in percentage points)

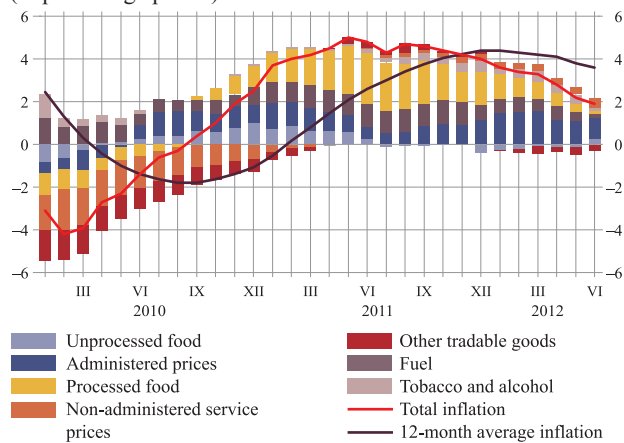


Chart 5.2  
GLOBAL FOOD PRICES  
(average monthly indicator of 2002–2004 = 100)

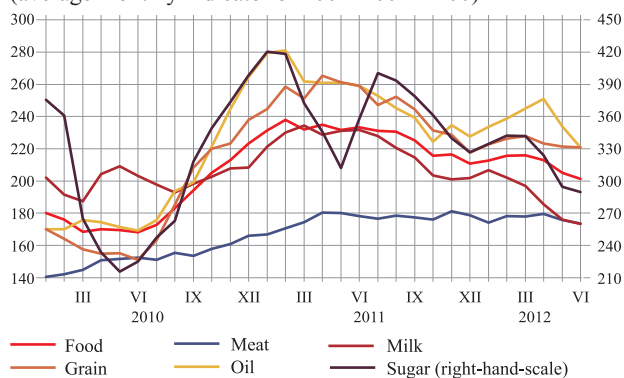
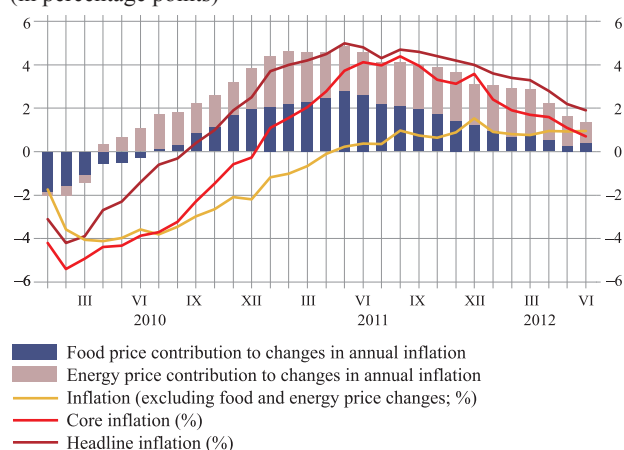


Chart 5.3  
IMPACT OF ENERGY AND FOOD PRICE CHANGES ON ANNUAL CONSUMER PRICE INFLATION  
(in percentage points)



## 5. Costs and Prices

In Latvia, annual inflation continued on a downward path in the first six months of 2012, reaching 1.9% in June (see Chart 5.1). It was on account of some price changes observed in the above months and also the base effect.

Although rising prices of oil and the related fuel were observed in March and April, intercity public transport fares moved up and egg prices rose notably under the impact of tension, the above effects were offset by decelerating global food prices and hence also moderate impact of this development on inflation in Latvia as well as the expiry of the base period of higher electricity tariffs raised in April 2011. In May and June, however, the declining global energy prices were recorded, affecting fuel prices positively in Latvia. Global food prices (those of dairy products, oil and sugar in particular) also fell substantially in May and June, exerting increasingly lower pressure on domestic prices and core inflation (see Charts 5.2 and 5.3) which shrank to 0.7% and contributed 0.5 percentage point to headline inflation. Annual consumer price core inflation shrank on account of the prices of other tradable goods in Latvia: in May, the above prices were lower than expected year-on-year, in particular those of goods related to the housing clean-up, recreation and culture. The purchase prices of transport vehicles also declined. In June, the impact of the prices of alcoholic beverages on the annual inflation weakened due to the expiry of the basis period of the excise tax raised in 2011. Prices of the services that are not regulated remained broadly unchanged in May, but rose in June mainly on account of the tourism-related services. The above moderate price changes in the above commodities and services groups is likely to be related to the postponed consumption that may be realised later against the backdrop of accelerating economic growth (see Chart 5.4 for the expectations of changing household consumer prices).

12-month average monthly inflation has declined from 4.3% in January to 3.6% in June and is expected to decelerate further on account of the basis factors (the excise tax and VAT raised in July 2011) and also (partly) due to the implemented reduction of VAT in July 2012. External factors may also contribute positively to the inflation dynamics, while the pressure from the demand side will be contained by fiscal discipline and balanced dynamics of labour productivity and remuneration.

Chart 5.4  
BREAKDOWN OF HOUSEHOLD EXPECTATIONS FOR CONSUMER PRICE CHANGES IN NEXT 12 MONTHS (%)

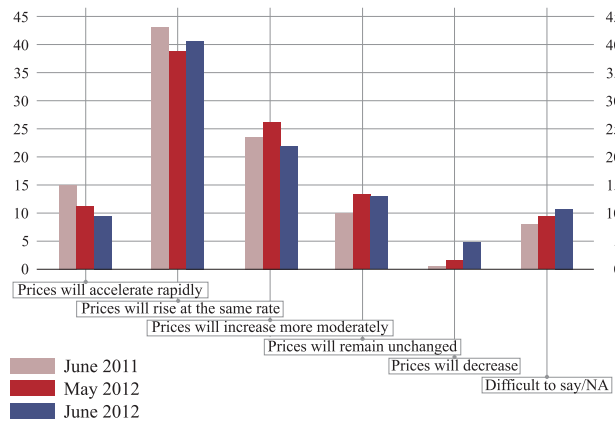


Chart 5.5  
NATURAL GAS PRICES IN LATVIA AND GLOBAL HEATING OIL PRICES

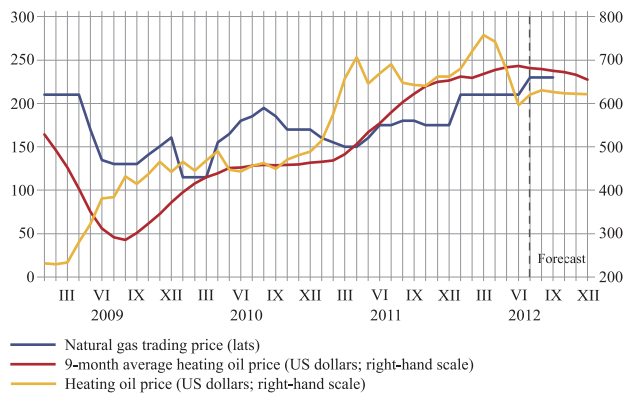
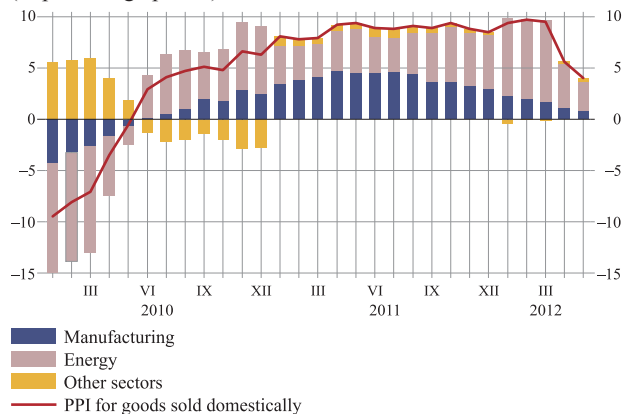


Chart 5.6  
THE ANNUAL RATE OF CHANGE IN PPI AND CONTRIBUTION OF ITS COMPONENTS (in percentage points)



In May and June, the food and energy price risks related to global price fluctuations lessened. However, these risks can be assessed as balanced throughout the year as the impact of the new harvest on prices is not yet known, but the changes in the oil market are closely related to the outcome of further negotiations between Iran and Western countries and evolving political developments in other oil-producing countries.

Given a stronger economic growth than expected at the beginning of 2012, prices of non-administered services and the so-called other tradable goods might gradually follow a slight upward trend over the year. Moreover, although the average nine month price of heating oil has continued to rise since the beginning of 2012 and might start to decrease in the coming months, the JSC *Latvijas Gāze* has incorporated this current increase into the tariffs only as of July 2012, hence the process of raising prices has been postponed until a somewhat later time both regarding the tariffs of natural gas to business consumers and heating energy, where natural gas is used for its production (see Chart 5.5 for prices of natural gas and heating oil). This development will affect inflation more pronouncedly in 2013.

The annual rate of increase in producer prices contracted notably in May (to 2.6%; see Chart 5.6), primarily on account of the sector of energy production. Since these sectors were servicing domestic demand and their contribution to the total producer price index was significant, essential differences prevailed in the producer price index of goods sold on domestic and foreign markets (the rate of increase in producer price index of exported goods was moderate).

Chart 6.1  
CURRENT ACCOUNT OF LATVIA'S BALANCE OF PAYMENTS AND ITS COMPONENTS  
(% of GDP)

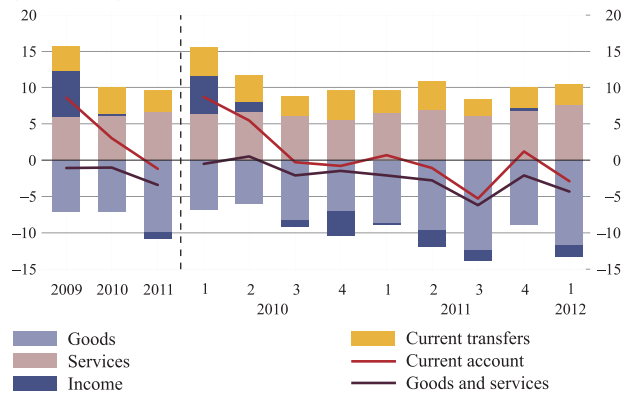
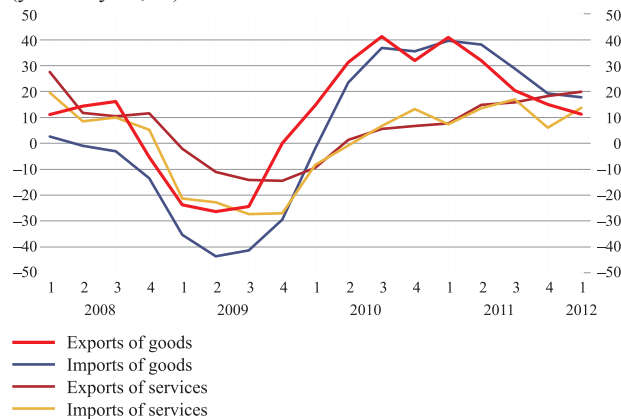


Chart 6.2  
GROWTH RATE OF EXPORTS AND IMPORTS OF GOODS AND SERVICES  
(year-on-year; %)



## 6. Balance of Payments

According to monthly data, the current account deficit of Latvia's balance of payments reached 161.9 million lats in the first four months of 2012 (2.9% of GDP in the first quarter; see Chart 6.1). The year-on-year increase in the current account deficit was primarily due to a more rapid decline in exports of goods in comparison with the decrease in imports of goods, as well as the rise in the income account deficit.

In the first quarter, the goods and services foreign trade deficit increased to 4.3% of GDP. This was affected by weaker foreign demand and rising oil prices in the first months of 2012. The decrease in oil prices observed after the first quarter and contributing to the decline in the value of import goods is expected to have a positive impact on the balance of foreign trade in goods; thus, the current account deficit is not likely to record a significant increase. Although the services foreign trade surplus decreased in the first quarter, with travel services provided exhibiting a seasonal decline and financial and construction services provided to non-residents recording a quarter-on-quarter drop, the first quarter has turned out to be successful for the transportation services providers. Exports of transportation services expanded by 53.9 million lats year-on-year, with the highest growth reported in transportation services by rail and by sea (see Chart 6.2 for the changes in exports and imports of goods and services).

The income account deficit rose to 1.7% of GDP in the first quarter and, according to monthly data, amounted to 67.8 million lats in the first four months of 2012. Subsidies from EU funds increased in the first quarter, while the dynamics of the current transfers and the capital account was affected by the decision of the EU to temporarily suspend some part of the EU funds payments to Latvia. It is expected that the inflows of these suspended EU funds payments will resume already in the coming months, thereby also contributing to an improvement in the current account of Latvia's balance of payments.

The financial account recorded a surplus of 4.5% of GDP in the first quarter. Changes in the financial account were also affected by the fact that the Latvian government issued securities in the amount of 1 billion US dollar in February, while repaid part of the IMF loan (54.6 million lats) in March. Significant net inflows of foreign direct investment continued to persist in this period (3.1% of GDP). The most

Chart 6.3  
FOREIGN DIRECT INVESTMENT IN LATVIA  
(% of GDP)

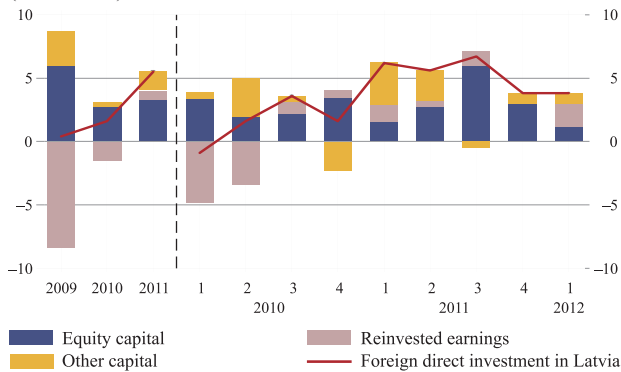
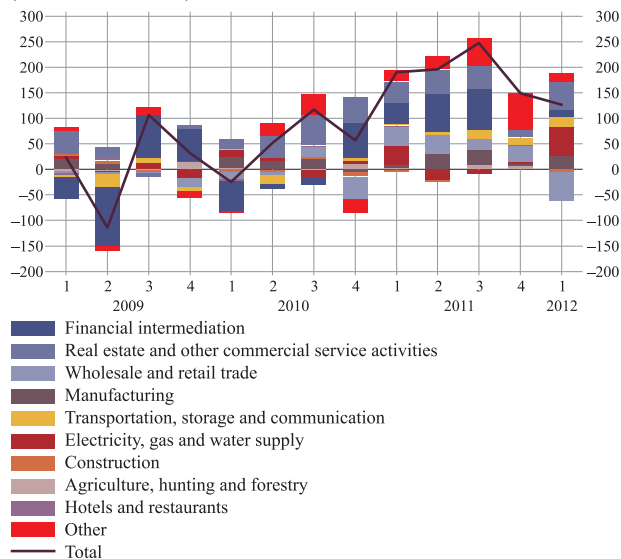


Chart 6.4  
NET FLOWS OF FOREIGN DIRECT INVESTMENT  
(in millions of lats)



significant rise in foreign direct investment in Latvia was observed in the sectors of electricity, gas and water supply, real estate activities as well as transport and communication. According to monthly data, the inflow of foreign direct investment in Latvia amounted to 163.9 million lats in the first four months of 2012.

In 2011, the underlying trend of foreign investment growth was stable, thus contributing positively to Latvia's GDP growth. In the first quarter of 2012, net inflows of foreign direct investment decreased somewhat (to 3.8% of GDP) in comparison with the quarters of 2011 (see Chart 6.3); however, the structure of investment flows was positive as the most substantial part of foreign direct investment (80%) went to electricity, gas and water supply, manufacturing and transport, storage and communications (see Chart 6.4). Most of investment in the electricity supply sector came from Russia (54.1 million lats), in manufacturing from Ireland (8.5 million lats), Estonia (6.0 million lats) and Germany (4.5 million lats), but in the transport sector from Cyprus (6.2 million lats) and Denmark (4.0 million lats), while the most notable foreign investment in the real estate sector came from Sweden (31.0 million lats), Norway (18.1 million lats) and Russia (5.4 million lats). By country, the direct investment flow in Latvia was hampered by the problems in the euro area countries as the retrenchment in investment flows in these countries accounted for the shrinking foreign direct investment at the end of the first quarter after a four-quarter long increase. The most notable decline in foreign direct investment was recorded in real estate and financial intermediation.

Although the export growth potential against the backdrop of the current external environment is limited, the demand also for the imported intermediate goods is shrinking and the decline in the value of imports is driven by the falling oil prices, thereby the current account deficit is expected to remain moderate in 2012.

## 7. Conclusions and Forecasts

The pace of Latvia's economic development still remained buoyant at the beginning of 2012. The seasonally adjusted real GDP increased quarter-on-quarter more rapidly than expected, recording a 6.9% annual increase. The dynamics of Latvia's economic development is projected to remain positive also in 2012; however, the growth rate will be more subdued. The risks which are mainly related to external environment factors and could have an adverse effect on Latvia's economic development still persist in the forecasts.

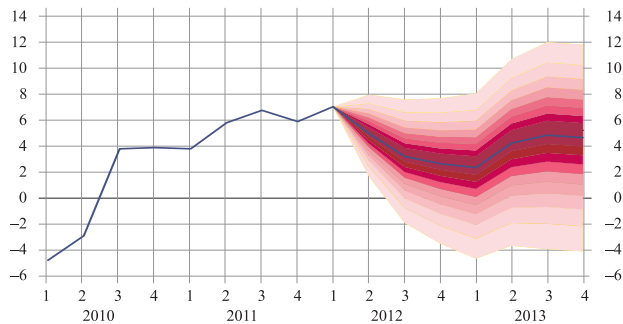
### 7.1 Economic developments

The possibility of materialisation of the risks related to future developments in the external environment remained high. Although the global oil prices have declined significantly since March, the PMI of the euro area manufacturing was at its lowest point since the second quarter of 2009 in the second quarter. This suggests a significant decrease in foreign demand that may have a negative impact on the development of Latvia's export-oriented sectors and whole economy.

Although lower oil prices contribute to a decline in inflation rate, thus having a positive impact on the economic activity in Latvia, they may cause negative consequences in the development of the transport sector as such prices provide unfavourable conditions for an increase in Russia's oil product exports, that in its turn usually finds its reflection in the statistics for freight transportation by Latvian rail and the volume of cargoes loaded and unloaded at Latvian ports.

When analysing those risks to Latvia's economic development that are related to internal factors, several aspects can be mentioned. First, if the disposable income of households posts a more rapid increase than expected and the assumption regarding the accumulation of precautionary savings does not materialise, the growth of private consumption is likely to be more buoyant and thus the economic activity more pronounced. It should be noted, however, that the level of savings is currently relatively low, but household expenditure cannot persistently exceed the income growth if lending is limited. Second, there is a probability that, taking into account the fact that Latvia's economic development is more successful than that of several other EU

Chart 7.1  
GDP CHANGES  
(annual percentage changes; the Bank of Latvia forecast\*)



\* The coloured area represents 90% of potential scenarios (the lighter the colour, the lower the scenario's probability).

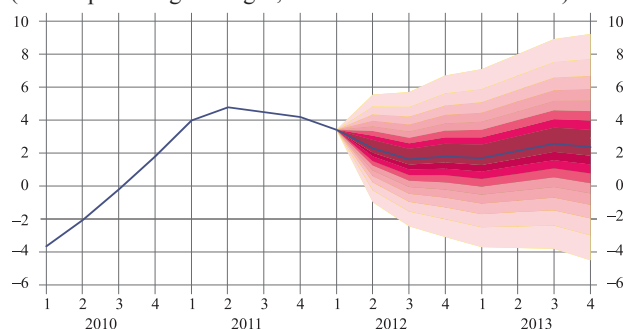
countries, investment in the economy may exceed the expectations, thus contributing to more rapid GDP growth.

The GDP growth forecast for 2012 has been revised upwards to 3.5–4.0%, taking into account the successful Latvia's economic development at the beginning of the year (see Chart 7.1). As Latvia's economic activity is not expected to be so pronounced in the second quarter on account of unfavourable external factors and external demand is likely to become more pronounced only at the beginning of 2013, a slightly lower economic growth rate is projected for 2013. Risks to the medium-term national economic growth prospects currently predominantly remain on the downside and are mainly related to the deterioration of the external environment, thus having a negative impact on Latvia's economy.

## 7.2 Inflation

The annual increase in consumer prices has declined, and the average annual inflation continued to ease. This dynamics was driven by both the internal and external factors. The downside in the monthly and annual inflation was mostly on account of the falling fuel prices. The annual consumer price core inflation continues to decelerate, with both the prices of durable goods (e.g. transport vehicles) and non-durable goods (e.g. the prices of several goods related to the household clean-up decreased in May) posting a decline. This does not point to recovery of the demand side pressure on prices. In May, the contraction of the annual consumer price core inflation was also prompted by the impact of processed food prices that was lower than in April, while in June core inflation eased due to the base effect as the excise tax rate was raised in 2011.

Chart 7.2  
CPI CHANGES  
(annual percentage changes; the Bank of Latvia forecast\*)



\* The coloured area represents 90% of potential scenarios (the lighter the colour, the lower the scenario's probability).

The inflation forecast for 2012 has remained unchanged (2.4%; see Chart 7.2), and the impact of the rising oil prices observed at the beginning of the year is offset by their current level, the moderate dynamics of the global food prices, as well as the impact of the reduced standard rate of VAT since July 2012. The food and energy price risks related to global price fluctuations have currently lessened; however, they can be assessed as balanced throughout the year as the impact of the new harvest on prices is not yet known, but the changes in the oil market are closely related to the result of the negotiations between Iran and the major countries and the evolving developments of the political situation in other oil-

producing countries. In July, the overall inflation is slightly pushed up as the global energy price rise is reflected in natural gas and heating tariffs, but it will be compensated by the impact of the reduction of VAT and the factors related to food prices and domestic demand.



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## 1. MONETARY INDICATORS AND INTEREST RATES

	2011												2012		
	Q1			Q2			Q3			Q4			Q1		
M1 <sup>1</sup>	15.6		19.0		17.1		15.6		15.6		15.6		16.6		
M2 <sup>1</sup>	0.3		7.1		5.9		2.9		0.3		0.3		0.5		
M3 <sup>1</sup>	1.7		7.1		5.4		2.4		1.7		1.7		-0.1		
M2X <sup>1</sup>	1.5		6.0		4.8		1.9		1.5		1.5		1.3		
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-8.3		-8.7		-9.2		-8.4		-8.3		-8.3		-11.0		
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	-2.4		4.3		3.4		-0.2		-2.4		-2.4		-2.5		
Long-term interest rate for convergence assessment purposes <sup>2</sup>	5.91		6.01		6.23		5.62		5.76		5.76		5.45		
RIGIBOR (3-month loans) <sup>3</sup>	1.0		0.9		0.8		0.8		1.4		1.4		1.4		
Average yield on government bonds	4.1 <sup>6</sup>		6.7 <sup>7</sup>		6.1 <sup>7</sup>		4.1 <sup>6</sup>		4.2 <sup>6</sup>		4.2 <sup>6</sup>		4.3 <sup>6</sup>		
OMXR <sup>3</sup>	407.2		421.0		420.0		409.0		379.3		379.3		388.3		

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
M1 <sup>1</sup>	27.4	26.3	19.0	16.7	19.0	17.1	15.9	17.4	15.6	14.9	24.5	15.6	15.3	14.5	16.6
M2 <sup>1</sup>	11.8	10.2	7.1	4.3	6.5	5.9	4.8	4.7	2.9	3.8	2.7	0.3	-0.1	0.5	0.5
M3 <sup>1</sup>	11.8	10.0	7.1	4.3	6.2	5.4	4.3	4.1	2.4	3.4	2.3	1.7	1.4	1.5	-0.1
M2X <sup>1</sup>	10.5	9.1	6.0	3.1	4.4	4.8	3.4	3.3	1.9	3.4	0.1	1.5	1.0	1.7	1.3
Loans to resident financial institutions, non-financial corporations and households <sup>1</sup>	-8.3	-8.7	-8.7	-9.0	-9.1	-9.2	-8.5	-8.6	-8.4	-7.7	-7.6	-8.3	-8.2	-7.7	-11.0
Deposits of resident financial institutions, non-financial corporations and households <sup>1</sup>	9.2	7.8	4.3	1.7	3.1	3.4	1.6	1.6	-0.2	1.7	-3.0	-2.4	-3.1	-2.1	-2.5
Long-term interest rate for convergence assessment purposes <sup>2</sup>	5.38	6.17	6.49	6.47	6.36	5.87	5.67	5.6	5.6	5.62	5.73	5.93	5.74	5.45	5.15
RIGIBOR (3-month loans) <sup>3</sup>	0.8	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.9	1.0	1.3	1.9	1.8	1.3	1.2
Average yield on government bonds	-	6.7 <sup>7</sup>	6.7 <sup>7</sup>	6.5 <sup>7</sup>	6.0 <sup>7</sup>	5.7 <sup>7</sup>	4.1 <sup>6</sup>	4.0 <sup>6</sup>	4.1 <sup>6</sup>	-	4.2 <sup>6</sup>	-	4.4 <sup>6</sup>	4.3 <sup>6</sup>	4.1 <sup>6</sup>
OMXR <sup>3</sup>	410.5	426.2	426.1	418.6	412.8	428.9	438.4	403.6	386.7	385.0	379.9	373.0	379.9	391.4	393.7

<sup>1</sup> Year-on-year changes (%).

<sup>2</sup> Average secondary market yield of 10-year government bonds.

<sup>3</sup> Average of the period.

<sup>4</sup> Weighted average primary market yield of 2-year government bonds.

<sup>5</sup> Weighted average primary market yield of 3-year government bonds.

<sup>6</sup> Weighted average primary market yield of 5-year government bonds.

<sup>7</sup> Weighted average primary market yield of 10-year government bonds.

## 2.a REAL SECTOR INDICATORS AND PRICES

	2011					2012
	Q1	Q2	Q3	Q4	Q1	
<b>Industrial output<sup>1</sup></b>						
Increase/decrease <sup>2</sup> (at constant prices; working day adjusted data; %)	11.5	13.9	14.6	9.2	9.1	14.8
<b>Cargoes loaded and unloaded at ports</b>						
Turnover (in thousands of tons)	68 821	16 345	18 105	16 532	17 838	20 032
Increase/decrease <sup>2</sup> (%)	12.5	4.7	18.6	13.1	13.9	22.6
<b>Retail trade turnover<sup>1</sup></b>						
Turnover (at current prices; in millions of lats)	4 819.6	1 032.2	1 192.8	1 284.5	1 310.0	1 149.4
Increase/decrease <sup>2</sup> (at constant prices; %)	14.0	13.0	13.0	15.7	13.9	11.4
Unemployment rate (%)	11.5	14.4	12.6	11.6	11.5	11.7
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	7.7	2.0	3.9	1.4	-0.6	1.6
<b>Consumer price inflation</b>						
Year-on-year basis (%)	4.4	4.0	4.8	4.5	4.2	3.4
Quarter-on-quarter basis (%)	x	1.9	2.0	-0.1	0.3	1.1
<b>Financial surplus/deficit in the consolidated general government budget</b>						
Surplus/deficit (in millions of lats)	-444.9	-181.8	-35.5	159.8	-387.4	-43.9
Ratio to GDP (%)	3.1	6.0	1.0	4.3	9.9	x

<sup>1</sup> Data are calculated according to the revised version of the EU statistical Classification of Economic Activities (NACE Rev. 2).

<sup>2</sup> Year-on-year basis.

## 2.b REAL SECTOR INDICATORS AND PRICES

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Industrial output<sup>1</sup></b>															
Increase/decrease <sup>2</sup> (at constant prices; working day adjusted data; %)	12.2	13.8 <sup>3</sup>	15.4	14.7	14.4	14.8	9.9	7.0	10.9	5.9	12.1	9.6	17.6	11.3	15.4
<b>Cargoes loaded and unloaded at ports</b>															
Turnover (in thousands of tons)	5 130	4 760	6 456	6 350	6 327	5 429	5 851	5 372	5 309	5 887	5 801	6 150	6 999	5 800	7 233
Increase/decrease <sup>2</sup> (%)	2.7	-7.9	18.4	15.8	26.0	14.0	11.0	16.3	12.3	13.2	11.4	17.2	36.4	21.8	12.0
<b>Retail trade turnover<sup>1</sup></b>															
Turnover (at current prices; in millions of lats)	326.2	331.3	374.7	376.9	406.8	409.2	424.0	436.3	424.1	427.8	410.6	471.1 <sup>3</sup>	379.4	366.6	403.5
Increase/decrease <sup>2</sup> (at constant prices; %)	10.6	15.7	12.9	9.4	14.7	14.8	14.5	17.3	15.4	14.9	13.9	13.0 <sup>3</sup>	16.3	10.7	7.7
Unemployment rate (%)	14.5	14.5	14.4	13.9	13.2	12.6	12.1	11.8	11.6	11.5	11.5	11.5	11.7	11.8	11.7
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	1.2	0.7	0.8	2.3	1.0	0.5	0.7	0.4	-0.4	0	-0.5	-0.1	1.8	0.2	-0.4
<b>Consumer price inflation</b>															
Year-on-year basis (%)	3.7	4.0	4.2	4.5	5.0	4.8	4.3	4.7	4.6	4.4	4.2	4.0	3.6	3.4	3.3
Month-on-month basis (%)	1.3	0.3	0.7	1.1	0.4	0.3	-0.3	-0.3	0.4	0.2	0	0	0.8	0.1	0.6
Annual core inflation (%)	1.1	1.5	2.0	2.8	3.7	4.1	4.0	4.4	4.4	3.3	3.1	3.6	2.5	1.9	1.7
Financial surplus/deficit in the consolidated general government budget (in millions of lats)	-0.8	-92.9	-88.1	-33.1	-12.8	10.4	-26.0	204.1	-18.3	-23.8	-85.7	-277.9	82.0	-68.1	-57.8

<sup>1</sup> Data are calculated according to the revised version of the EU statistical Classification of Economic Activities (NACE Rev. 2).

<sup>2</sup> Year-on-year basis.

<sup>3</sup> Data have been revised.

## 3. MONETARY BASE

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Currency in circulation	905.7	910.7	909.3	935.2	935.6	955.0	990.2	993.0	1 012.3	1 010.6	1 070.2	1 160.2	1 132.4	1 127.6	1 133.6
Currency as percent of the monetary base	52.0	50.7	54.6	52.7	49.7	52.4	52.4	53.6	54.4	55.2	45.7	53.5	63.2	63.5	60.8
Deposits with the Bank of Latvia in lats	819.1	868.3	737.3	818.1	922.6	842.2	873.8	823.3	820.7	794.1	1 189.1	865.1	562.3	578.4	649.4
Deposits with the Bank of Latvia in foreign currencies	15.7	17.5	19.3	22.3	26.1	26.9	27.1	35.1	27.5	27.4	81.0	143.7	98.4	71.1	82.6
Deposits as percent of the monetary base	48.0	49.3	45.4	47.3	50.3	47.6	47.6	46.4	45.6	44.8	54.3	46.5	36.8	36.5	39.2
M0	1 740.6	1 796.6	1 665.9	1 775.6	1 884.2	1 824.2	1 891.2	1 851.4	1 860.5	1 832.1	2 340.4	2 168.9	1 793.0	1 777.1	1 865.7
Net foreign assets	3 837.3	3 794.2	3 723.6	3 657.1	3 684.6	3 827.3	3 769.6	3 984.2	3 987.5	3 881.0	3 602.9	3 435.2	3 316.3	3 865.2	3 789.6
Loans to MFIs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit to central government (net)	-1 108.0	-1 011.5	-930.9	-917.3	-895.6	-1 138.8	-1 207.4	-1 385.2	-1 388.0	-1 361.3	-950.3	-737.1	-793.0	-1 240.6	-1 104.4
Other items (net)	-988.7	-986.1	-1 126.8	-964.2	-904.8	-864.4	-671.0	-747.6	-738.9	-687.5	-312.2	-529.1	-730.3	-847.4	-819.5
Total	1 740.6	1 796.6	1 665.9	1 775.6	1 884.2	1 824.2	1 891.2	1 851.4	1 860.5	1 832.1	2 340.4	2 168.9	1 793.0	1 777.1	1 865.7

#### 4. MONETARY AGGREGATES AND COUNTERPARTS

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Monetary aggregates</b>															
M3	6 492.3	6 541.5	6 513.4	6 454.4	6 545.3	6 480.0	6 441.1	6 506.5	6 486.5	6 424.1	6 474.6	6 659.7	6 582.7	6 642.8	6 509.9
Repos	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	83.4	84.1	85.4	82.7	81.1	75.7	72.6	72.0	70.3	70.2	69.9	64.2	67.5	68.5	71.8
Debt securities issued with maturity of up to 2 years	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	20.6	133.1	133.1	107.4	0
M2	6 388.3	6 436.7	6 407.4	6 351.1	6 443.6	6 383.7	6 347.9	6 413.9	6 395.6	6 333.3	6 384.0	6 462.4	6 382.1	6 467.0	6 438.0
Deposits with an agreed maturity of up to 2 years	2 411.8	2 405.0	2 466.9	2 380.7	2 403.1	2 274.7	2 262.2	2 237.2	2 228.7	2 137.2	1 789.3	1 885.5	1 893.4	1 931.5	1 932.8
Deposits redeemable at notice of up to 3 months	254.1	245.1	250.8	244.9	242.6	241.0	230.3	227.5	226.4	225.7	222.5	219.5	196.7	199.0	201.3
M1	3 722.4	3 786.7	3 689.7	3 725.6	3 797.8	3 867.9	3 855.3	3 949.2	3 940.6	3 970.5	4 372.2	4 357.4	4 292.0	4 336.5	4 303.9
Currency outside MFIs	790.1	795.8	795.6	815.6	817.7	838.1	876.0	873.4	888.6	892.5	941.6	1 040.0	1 024.6	1 020.8	1 021.2
Overnight deposits	2 932.3	2 990.9	2 894.1	2 909.9	2 980.1	3 029.8	2 979.4	3 075.8	3 052.0	3 078.0	3 430.6	3 317.4	3 267.4	3 315.7	3 282.6
<b>Counterparts of monetary aggregates and longer-term financial liabilities</b>															
Deposits of central government	1 791.5	1 696.1	1 605.4	1 596.0	1 575.0	1 815.6	1 879.5	2 058.8	2 031.6	2 003.9	1 602.9	957.0	1 011.8	1 430.8	1 290.9
Longer-term financial liabilities	2 323.9	2 322.9	2 342.9	2 345.9	2 319.9	2 346.5	2 357.7	2 394.0	2 466.6	2 490.7	2 471.0	2 615.7	2 629.7	2 591.0	2 245.5
Deposits with an agreed maturity of over 2 years	220.7	225.9	235.1	241.0	264.3	275.5	252.5	255.1	255.8	257.2	261.7	258.3	257.7	258.8	230.4
Deposits redeemable at notice of over 3 months	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	0
Debt securities issued with maturity of over 2 years	152.4	140.7	140.5	139.8	74.7	74.6	74.6	70.4	71.2	67.2	68.0	409.9	409.1	385.3	52.8
Capital and reserves	1 950.7	1 956.2	1 967.2	1 965.0	1 980.9	1 996.4	2 030.6	2 068.5	2 139.6	2 166.3	2 141.2	1 947.5	1 962.9	1 946.9	1 962.4
Credit to residents	13 139.3	13 002.5	12 900.5	12 812.2	12 761.3	12 639.7	12 652.1	12 689.3	12 638.9	12 611.3	12 484.7	12 194.3	12 158.6	12 093.6	11 586.7
Credit to general government	564.2	558.7	572.5	594.9	575.6	573.6	593.8	611.7	599.7	610.1	540.0	485.1	504.2	489.1	492.7
Credit to other residents	12 575.1	12 443.7	12 328.0	12 217.3	12 185.7	12 066.0	12 058.3	12 077.6	12 039.2	12 001.2	11 944.8	11 709.2	11 654.3	11 604.5	11 093.9
Loans	12 326.6	12 193.2	12 072.0	11 960.8	11 927.4	11 808.6	11 794.5	11 773.6	11 736.4	11 697.0	11 634.2	11 369.4	11 314.9	11 249.1	10 747.3
Net external assets	-1 180.2	-1 081.1	-1 075.4	-1 109.2	-1 010.5	-717.5	-771.9	-567.7	-466.9	-543.8	-435.6	-224.8	-183.2	270.1	-131.4
Other items (net)	1 351.5	1 360.8	1 363.4	1 306.8	1 310.6	1 280.0	1 202.0	1 162.3	1 187.2	1 148.8	1 500.7	1 737.1	1 751.1	1 699.0	1 409.1

#### 5. SEASONALLY ADJUSTED MONETARY AGGREGATES

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
M1	3 756.5	3 809.8	3 723.7	3 754.7	3 796.6	3 807.6	3 808.3	3 928.2	3 965.5	4 011.8	4 396.5	4 293.5	4 313.7	4 347.0	4 373.3
M2	6 414.8	6 420.2	6 385.5	6 302.8	6 408.6	6 354.5	6 354.2	6 412.7	6 428.1	6 427.7	6 451.3	6 393.1	6 407.6	6 446.1	6 416.2
M3	6 519.2	6 524.8	6 491.1	6 405.3	6 509.8	6 450.4	6 447.5	6 505.3	6 519.4	6 519.8	6 542.9	6 588.2	6 609.0	6 621.3	6 487.9

## 6. THE BANK OF LATVIA'S ASSETS AND LIABILITIES

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII <sup>1</sup>	I	II	III
<b>ASSETS</b>															
Loans to residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MFIs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of securities other than shares issued by residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other residents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MFIs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares and other equity issued by residents	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
External assets	3 875.0	3 804.2	3 742.6	3 687.5	3 711.0	3 854.0	3 820.7	4 027.6	4 036.8	3 924.3	3 642.2	3 507.5	3 350.7	3 891.7	3 813.9
Fixed assets	30.8	30.6	30.5	30.4	30.2	30.0	30.1	30.1	30.1	30.2	30.3	30.7	30.5	30.5	30.4
Remaining assets	1.1	1.5	1.8	1.7	1.8	1.6	1.6	1.6	1.6	1.4	1.2	1.0	1.1	1.1	1.1
<b>Total</b>	<b>3 906.9</b>	<b>3 836.3</b>	<b>3 774.8</b>	<b>3 719.6</b>	<b>3 743.0</b>	<b>3 885.7</b>	<b>3 852.3</b>	<b>4 059.3</b>	<b>4 068.6</b>	<b>3 955.9</b>	<b>3 673.7</b>	<b>3 539.2</b>	<b>3 382.2</b>	<b>3 923.3</b>	<b>3 845.3</b>
<b>LIABILITIES</b>															
Currency in circulation	905.7	910.7	909.3	935.2	935.6	955.0	990.2	993.0	1 012.3	1 010.6	1 070.2	1 160.2	1 132.4	1 127.6	1 133.6
Deposits of residents	2 678.0	2 628.7	2 535.2	2 464.9	2 491.8	2 613.6	2 518.4	2 714.1	2 698.6	2 592.4	2 274.6	1 977.5	1 868.3	2 416.0	2 308.9
Central government	1 108.0	1 011.5	930.9	917.3	895.6	1 138.8	1 207.4	1 385.2	1 388.0	1 361.3	950.3	737.1	793.0	1 240.6	1 104.4
Other residents	63.7	68.0	72.4	79.6	79.5	80.0	84.9	85.2	85.0	90.7	263.4	42.7	31.0	24.9	21.4
MFIs	1 506.2	1 549.3	1 531.9	1 468.0	1 516.7	1 394.8	1 226.1	1 243.6	1 225.6	1 140.4	1 061.0	1 197.7	1 044.4	1 150.5	1 183.1
Debt securities issued	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital and reserves	282.7	284.0	286.6	274.9	286.6	287.6	289.7	305.9	306.0	306.6	286.7	327.2	344.3	350.5	354.5
External liabilities	37.7	10.0	19.0	30.4	26.4	26.7	51.1	43.4	49.4	43.3	39.3	72.4	34.3	26.6	24.3
Remaining liabilities	2.8	2.9	24.8	14.2	2.7	2.8	3.0	2.9	2.3	3.0	2.8	2.0	2.8	2.6	24.1
<b>Total</b>	<b>3 906.9</b>	<b>3 836.3</b>	<b>3 774.8</b>	<b>3 719.6</b>	<b>3 743.0</b>	<b>3 885.7</b>	<b>3 852.3</b>	<b>4 059.3</b>	<b>4 068.6</b>	<b>3 955.9</b>	<b>3 673.7</b>	<b>3 539.2</b>	<b>3 382.2</b>	<b>3 923.3</b>	<b>3 845.3</b>

<sup>1</sup> Data have been revised.

## 7. AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>ASSETS</b>															
Loans to residents	14 208.8	14 179.3	14 044.1	13 973.5	13 730.5	13 493.6	13 377.8	13 397.3	13 334.0	13 211.3	13 086.0	13 013.6	12 751.1	12 786.5	12 290.8
General government	65.7	64.9	63.2	63.1	61.1	60.3	60.8	63.2	62.6	63.4	64.0	64.3	65.1	64.7	64.2
Other residents	12 326.6	12 193.2	12 072.0	11 960.8	11 927.4	11 808.6	11 794.5	11 773.6	11 736.4	11 697.0	11 634.2	11 369.4	11 314.9	11 249.1	10 747.3
MFIs	1 816.4	1 921.2	1 908.9	1 949.7	1 741.9	1 624.8	1 522.5	1 560.5	1 535.0	1 450.9	1 387.8	1 580.0	1 371.0	1 472.6	1 479.4
Holdings of securities other than shares issued by residents	519.1	513.0	528.3	550.0	529.9	528.8	548.5	563.7	552.4	560.6	489.4	432.5	451.3	425.8	430.0
General government	498.5	493.9	509.3	531.9	514.4	513.4	533.0	548.6	537.1	546.7	476.0	420.8	439.1	424.4	428.6
Other residents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
MFIs	20.5	19.0	18.9	18.1	15.4	15.4	15.4	15.0	15.1	13.7	13.2	11.5	11.9	1.2	1.1
Money market fund shares and units	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Holdings of shares and other equity issued by residents	248.4	250.4	255.9	256.5	258.2	257.4	263.8	303.9	302.6	303.9	310.4	339.6	339.1	355.1	346.3
External assets	5 438.1	5 265.3	5 270.7	5 277.9	5 257.9	5 264.0	5 199.2	5 295.8	5 412.6	5 493.5	5 713.1	6 066.5	6 048.6	6 103.9	5 997.1
Fixed assets	118.4	117.6	117.4	116.9	127.5	126.3	125.5	123.9	124.2	125.9	125.1	100.4	99.7	99.8	98.8
Remaining assets	647.6	647.6	628.6	662.9	662.7	661.0	675.1	669.3	660.5	671.7	677.2	657.0	621.1	690.1	691.5
<b>Total</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>	<b>20 838.1</b>	<b>20 567.1</b>	<b>20 331.5</b>	<b>20 190.3</b>	<b>20 354.3</b>	<b>20 386.7</b>	<b>20 367.4</b>	<b>20 401.5</b>	<b>20 610.1</b>	<b>20 311.3</b>	<b>20 461.6</b>	<b>19 855.0</b>
<b>LIABILITIES</b>															
Deposits of residents	6 752.1	6 856.2	6 826.3	6 857.3	6 725.9	6 640.4	6 589.0	6 655.4	6 584.1	6 513.1	6 374.7	6 197.3	6 088.0	6 147.8	6 062.3
Central government	683.5	684.6	674.5	678.7	679.4	676.9	672.1	673.6	643.6	642.7	652.7	219.9	218.8	190.2	186.5
Other residents	5 755.1	5 798.9	5 774.5	5 696.9	5 810.7	5 741.0	5 639.5	5 710.4	5 677.9	5 607.3	5 440.8	5 638.0	5 584.3	5 680.1	5 625.8
MFIs	313.5	372.7	377.3	481.7	235.8	222.5	277.4	271.4	262.6	263.1	281.2	339.4	284.9	277.6	250.1
Money market fund shares and units	83.8	84.5	85.8	83.0	81.5	76.1	73.0	72.4	70.7	70.6	70.3	64.5	67.9	68.8	72.2
Debt securities issued	173.1	161.4	161.2	160.4	95.3	95.2	95.2	91.0	91.8	87.8	88.6	543.0	542.2	492.7	52.8
Capital and reserves	1 668.0	1 672.2	1 680.6	1 690.1	1 694.3	1 708.8	1 740.8	1 762.6	1 833.6	1 859.7	1 854.5	1 620.2	1 618.5	1 596.4	1 607.9
External liabilities	10 455.6	10 140.7	10 069.7	10 044.2	9 953.0	9 808.9	9 740.7	9 847.7	9 867.0	9 918.3	9 751.5	9 726.6	9 548.1	9 699.0	9 918.1
Remaining liabilities	2 048.1	2 058.5	2 021.8	2 003.0	2 017.1	2 002.1	1 951.6	1 925.2	1 939.5	1 918.0	2 261.9	2 458.4	2 446.5	2 456.9	2 141.7
<b>Total</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>	<b>20 838.1</b>	<b>20 567.1</b>	<b>20 331.5</b>	<b>20 190.3</b>	<b>20 354.3</b>	<b>20 386.7</b>	<b>20 367.4</b>	<b>20 401.5</b>	<b>20 610.1</b>	<b>20 311.3</b>	<b>20 461.6</b>	<b>19 855.0</b>



## 8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII <sup>1</sup>	I	II	III
<b>ASSETS</b>															
Loans to residents	12 392.4	12 258.1	12 135.2	12 023.8	11 988.5	11 868.9	11 855.3	11 836.8	11 799.0	11 760.4	11 698.1	11 433.6	11 380.1	11 313.9	10 811.5
General government	65.7	64.9	63.2	63.1	61.1	60.3	60.8	63.2	62.6	63.4	64.0	64.3	65.1	64.7	64.2
Other residents	12 326.6	12 193.2	12 072.0	11 960.8	11 927.4	11 808.6	11 794.5	11 773.6	11 736.4	11 697.0	11 634.2	11 369.4	11 314.9	11 249.1	10 747.3
Holdings of securities other than shares issued by other residents	498.5	493.9	509.4	531.9	514.5	513.4	533.0	548.6	537.3	546.9	476.2	421.0	439.4	424.6	429.2
General government	498.5	493.9	509.3	531.9	514.4	513.4	533.0	548.6	537.1	546.7	476.0	420.8	439.1	424.4	428.9
Other residents	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Holdings of shares and other equity issued by other residents	248.4	250.4	255.9	256.5	258.2	257.4	263.8	303.9	302.6	303.9	310.4	339.6	339.1	355.1	346.3
External assets	9 313.1	9 069.5	9 013.2	8 965.4	8 968.9	9 118.0	9 019.9	9 323.4	9 449.5	9 417.8	9 355.3	9 574.2	9 399.3	9 995.7	9 811.0
Fixed assets	149.2	148.2	147.8	147.3	157.7	156.4	155.5	154.0	154.3	156.1	155.4	131.1	130.2	130.3	129.2
Remaining assets	533.0	534.2	516.7	545.0	546.7	545.7	562.5	551.2	538.4	555.0	549.8	537.9	514.4	584.4	580.2
<b>Total</b>	<b>23 134.6</b>	<b>22 754.3</b>	<b>22 578.3</b>	<b>22 469.9</b>	<b>22 434.6</b>	<b>22 459.8</b>	<b>22 390.0</b>	<b>22 718.0</b>	<b>22 781.1</b>	<b>22 740.2</b>	<b>22 545.2</b>	<b>22 437.3</b>	<b>22 202.4</b>	<b>22 804.0</b>	<b>22 107.4</b>
<b>LIABILITIES</b>															
Currency outside MFIs	790.1	795.8	795.6	815.6	817.7	838.1	876.0	873.4	888.6	892.5	941.6	1 040.0	1 024.6	1 020.8	1 021.2
Deposits of central government	1 791.5	1 696.1	1 605.4	1 596.0	1 575.0	1 815.6	1 879.5	2 058.8	2 031.6	2 003.9	1 602.9	957.0	1 011.8	1 430.8	1 290.9
Deposits of other general government and other residents	5 818.9	5 866.9	5 846.9	5 776.6	5 890.2	5 821.1	5 724.4	5 795.6	5 762.8	5 698.0	5 704.2	5 680.7	5 615.2	5 705.0	5 647.2
Money market fund shares and units	83.4	84.1	85.4	82.7	81.1	75.7	72.6	72.0	70.3	70.2	69.9	64.2	67.5	68.5	71.8
Debt securities issued	152.5	142.3	142.2	142.3	79.9	79.8	79.8	75.9	76.8	74.1	75.4	531.5	530.3	491.5	51.7
Capital and reserves	1 950.7	1 956.2	1 967.2	1 965.0	1 980.9	1 996.4	2 030.6	2 068.5	2 139.6	2 166.3	2 141.2	1 947.5	1 962.9	1 946.9	1 962.4
External liabilities	10 493.3	10 150.7	10 088.7	10 074.6	9 979.4	9 835.6	9 791.7	9 891.1	9 916.4	9 961.6	9 790.9	9 799.0	9 582.5	9 725.5	9 942.3
Remaining liabilities	2 050.9	2 061.4	2 046.6	2 017.2	2 019.9	2 004.9	1 954.5	1 928.1	1 941.8	1 921.0	2 264.7	2 460.2	2 449.3	2 459.5	2 165.8
Excess of inter-MFI liabilities	3.3	0.8	0.2	0	10.5	-7.5	-19.0	-45.5	-46.8	-47.4	-45.7	-42.8	-41.7	-44.5	-45.9
<b>Total</b>	<b>23 134.6</b>	<b>22 754.3</b>	<b>22 578.3</b>	<b>22 469.9</b>	<b>22 434.6</b>	<b>22 459.8</b>	<b>22 390.0</b>	<b>22 718.0</b>	<b>22 781.1</b>	<b>22 740.2</b>	<b>22 545.2</b>	<b>22 437.3</b>	<b>22 202.4</b>	<b>22 804.0</b>	<b>22 107.4</b>

<sup>1</sup> Data have been revised.

**9.a AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
MFI reserves	1 618.3	1 664.2	1 645.5	1 587.5	1 624.0	1 501.2	1 340.3	1 363.2	1 349.3	1 258.5	1 189.7	1 315.4	1 149.6	1 254.8	1 295.5
Vault cash in national currency	115.6	114.9	113.7	119.6	117.8	116.9	114.2	119.6	123.7	118.1	128.6	120.2	107.8	106.8	112.4
Deposits with the Bank of Latvia	1 502.7	1 549.3	1 531.9	1 468.0	1 506.1	1 384.3	1 226.1	1 243.6	1 225.6	1 140.4	1 061.0	1 195.2	1 041.9	1 148.0	1 183.1
Foreign assets	5 438.1	5 265.3	5 270.7	5 277.9	5 257.9	5 264.0	5 199.2	5 295.8	5 412.6	5 493.5	5 713.1	6 066.5	6 048.6	6 103.9	5 997.1
Claims on the central government	501.5	496.9	512.4	534.9	514.4	513.4	533.0	548.6	537.1	546.7	476.0	420.6	439.0	424.2	428.4
Loans	3.0	3.0	3.0	3.1	0	0	0	0	0	0	0	0	0	0	0
Holdings of securities other than shares	498.5	493.9	509.3	531.9	514.4	513.4	533.0	548.6	537.1	546.7	476.0	420.6	439.0	424.2	428.4
Claims on the local government	62.7	61.8	60.2	60.0	61.1	60.3	60.8	63.2	62.6	63.4	64.0	64.4	65.3	64.9	64.3
Loans	62.7	61.8	60.2	60.0	61.1	60.3	60.8	63.2	62.6	63.4	64.0	64.3	65.1	64.7	64.2
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0.2	0.2	0.2	0.2
Claims on the financial institutions	594.4	581.7	574.5	541.0	533.4	534.7	528.0	561.5	554.3	549.3	549.5	570.7	586.2	586.8	582.6
Loans	393.8	379.8	374.1	340.8	333.2	336.6	325.0	318.4	312.5	308.2	302.1	302.1	318.0	315.0	308.3
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.1
Holdings of shares and other equity	200.6	201.9	200.5	200.2	200.3	198.1	203.1	243.2	241.7	241.1	247.4	268.6	268.1	271.8	274.2
Claims on public non-financial corporations	476.1	470.8	470.2	472.2	474.0	452.6	450.4	449.6	453.5	453.7	443.3	434.9	430.4	431.7	430.6
Loans	476.1	470.8	470.2	472.2	474.0	452.6	450.4	449.6	453.5	453.7	443.3	434.9	430.4	431.7	430.6
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Holdings of shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Claims on private non-financial corporations	5 808.9	5 736.4	5 667.6	5 628.8	5 628.0	5 567.2	5 604.5	5 612.1	5 611.5	5 615.9	5 599.1	5 404.8	5 376.5	5 363.8	5 065.3
Loans	5 761.1	5 687.8	5 612.0	5 572.4	5 570.0	5 507.8	5 543.7	5 551.3	5 550.5	5 552.9	5 535.9	5 333.6	5 305.3	5 280.3	4 993.0
Holdings of securities other than shares	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Holdings of shares and other equity	47.8	48.5	55.5	56.3	57.9	59.3	60.8	60.7	60.8	62.8	62.9	71.0	71.0	83.3	72.1
Claims on households	5 695.7	5 654.8	5 615.6	5 575.4	5 550.2	5 511.6	5 475.4	5 454.4	5 419.9	5 382.2	5 352.9	5 298.7	5 261.2	5 222.2	5 015.4
Loans	5 695.7	5 654.8	5 615.6	5 575.4	5 550.2	5 511.6	5 475.4	5 454.4	5 419.9	5 382.2	5 352.9	5 298.7	5 261.2	5 222.2	5 015.4
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	118.4	117.6	117.4	116.9	127.5	126.3	125.5	123.9	124.2	125.9	125.1	100.4	99.7	99.8	98.8
Other assets	531.9	532.7	514.9	543.3	544.9	544.0	560.9	549.7	536.8	553.6	548.5	537.0	513.4	583.3	579.1
Claims on resident MFIs	313.7	371.9	377.1	481.7	235.8	240.5	296.5	316.9	309.4	310.5	326.8	384.7	329.1	324.6	296.3
Holdings of MFI securities other than shares	20.5	19.0	18.9	18.1	15.4	15.4	15.4	15.0	15.1	13.7	13.2	11.5	11.9	1.2	1.1
Money market fund shares and units	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Holdings of MFI shares and other equity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>	<b>20 838.1</b>	<b>20 567.1</b>	<b>20 331.5</b>	<b>20 190.3</b>	<b>20 354.3</b>	<b>20 386.7</b>	<b>20 367.4</b>	<b>20 401.5</b>	<b>20 610.1</b>	<b>20 311.3</b>	<b>20 461.6</b>	<b>19 855.0</b>

**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Overnight deposits in lats	1 619.7	1 680.9	1 581.5	1 591.2	1 613.6	1 628.2	1 603.1	1 621.1	1 625.1	1 662.1	1 670.2	1 821.3	1 733.3	1 754.8	1 715.9
Financial institutions	106.5	105.8	89.2	66.8	60.3	61.4	60.6	55.4	49.8	58.5	67.0	47.1	53.8	57.3	57.3
Public non-financial corporations	106.9	131.8	99.1	113.6	98.1	99.8	101.1	104.1	104.3	118.7	162.1	166.8	147.1	151.9	166.8
Private non-financial corporations	659.8	673.1	638.7	643.3	692.8	702.9	681.6	713.8	710.8	724.1	704.2	782.2	734.6	732.9	682.1
Households	746.5	770.2	754.6	767.6	762.4	764.1	759.8	747.8	760.2	760.8	737.0	825.1	797.7	812.6	809.7
Time deposits in lats	1 010.8	935.8	972.6	922.2	956.2	871.1	835.1	817.0	801.3	781.4	665.3	722.2	728.9	741.3	729.4
Financial institutions	294.7	257.5	244.7	221.8	215.6	222.7	202.6	186.8	181.0	170.2	154.3	146.7	144.9	141.8	141.3
Public non-financial corporations	159.6	153.5	174.0	177.2	194.5	133.8	138.0	152.7	143.9	138.0	90.4	87.0	76.8	76.3	90.8
Private non-financial corporations	135.7	111.1	148.2	124.5	152.2	133.9	119.6	103.6	102.9	100.9	107.8	103.2	105.8	117.4	117.5
Households	420.7	413.8	405.7	398.8	393.8	380.6	374.9	373.9	373.5	372.3	312.9	385.3	401.5	405.8	379.8
Deposits redeemable at notice in lats	86.8	86.8	95.3	90.8	90.9	89.7	80.6	80.7	80.2	81.1	81.3	84.4	78.6	79.5	80.8
Financial institutions	7.3	7.2	7.2	7.2	7.2	7.5	7.5	7.4	7.4	7.4	7.4	7.4	7.5	7.4	7.4
Public non-financial corporations	1.2	1.2	1.1	1.1	1.3	1.1	1.2	0.9	1.0	1.1	0.9	0.9	0.8	0.9	0.9
Private non-financial corporations	19.2	16.9	16.7	12.9	12.4	11.8	12.2	11.8	9.5	9.5	9.0	8.4	7.2	7.8	7.7
Households	59.1	61.5	70.2	69.6	70.0	69.4	59.7	60.6	62.3	63.2	63.9	67.7	63.1	63.4	64.8
Repos in lats	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	2 831.7	2 884.0	2 893.1	2 851.1	2 893.9	2 906.7	2 874.1	2 927.6	2 915.0	2 829.3	2 777.2	2 818.3	2 835.4	2 892.5	2 876.0
Financial institutions	198.4	222.9	223.4	219.1	228.4	234.8	235.3	261.3	267.1	202.3	208.5	234.1	233.4	266.3	281.4
Public non-financial corporations	119.8	118.2	124.7	119.3	118.7	107.1	89.5	96.4	90.5	88.7	84.2	86.0	111.1	122.1	128.4
Private non-financial corporations	826.0	857.5	853.6	825.2	829.3	833.7	836.7	843.1	811.6	806.4	897.6	846.4	852.7	871.7	840.8
Households	1 687.6	1 685.5	1 691.5	1 687.4	1 717.6	1 731.1	1 712.6	1 726.8	1 745.8	1 731.8	1 586.8	1 651.7	1 638.2	1 632.3	1 625.4
Deposits of central government	683.5	684.6	674.5	678.7	679.4	676.9	672.1	673.6	643.6	642.7	652.7	219.9	218.8	190.2	186.5
Overnight deposits in lats	13.0	16.7	12.3	13.3	10.4	13.7	12.3	13.1	14.4	9.3	11.1	11.4	9.5	10.1	9.9
Time deposits in lats	33.4	29.8	28.2	31.7	35.6	34.9	31.8	59.8	63.7	65.1	68.2	88.3	86.8	90.0	86.0
Deposits redeemable at notice and repos in lats	0.2	0.1	0.3	0.6	0.6	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.1	0.1	0.1
Foreign currency deposits	636.9	637.9	633.7	633.1	632.8	628.0	627.7	600.3	565.1	567.9	573.0	119.7	122.5	90.0	90.5
Deposits of local government	206.2	211.4	231.9	241.7	256.1	245.3	246.6	263.9	256.4	253.4	246.8	191.9	208.0	212.0	223.7
Overnight deposits in lats	131.3	136.5	154.9	165.3	177.6	168.5	168.1	183.8	172.1	170.8	179.2	130.5	143.0	148.9	161.8
Time deposits in lats	28.3	29.0	30.1	30.2	30.5	28.8	31.4	34.3	34.7	33.0	20.5	16.4	16.2	15.3	15.5
Deposits redeemable at notice and repos in lats	4.3	2.2	3.7	4.0	4.4	5.9	4.8	4.1	4.3	5.1	5.5	5.6	2.0	2.1	1.9
Foreign currency deposits	42.3	43.7	43.1	42.1	43.6	42.1	42.3	41.8	45.3	44.5	41.6	39.3	46.8	45.7	44.5
Transit funds	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING THE BANK OF LATVIA) (CONT.)**

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Foreign liabilities	10 455.6	10 140.7	10 069.7	10 044.2	9 953.0	9 808.9	9 740.7	9 847.7	9 867.0	9 918.3	9 751.5	9 726.6	9 548.1	9 699.0	9 918.1
Liabilities to the Bank of Latvia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	83.8	84.5	85.8	83.0	81.5	76.1	73.0	72.4	70.7	70.6	70.3	64.5	67.9	68.8	72.2
Debt securities issued	173.1	161.4	161.2	160.4	95.3	95.2	95.2	91.0	91.8	87.8	88.6	543.0	542.2	492.7	52.8
Capital and reserves	1 668.0	1 672.2	1 680.6	1 690.1	1 694.3	1 708.8	1 740.8	1 762.6	1 833.6	1 859.7	1 854.5	1 620.2	1 618.5	1 596.4	1 607.9
Residents	365.8	338.1	345.5	354.9	345.4	356.8	378.3	400.0	366.4	385.7	380.5	146.2	144.4	134.0	204.6
Retained earnings of the reporting year	13.4	21.6	36.3	58.6	61.7	68.8	90.3	114.1	67.9	76.8	78.5	-175.2	-1.1	-6.6	37.3
Non-residents	1 302.2	1 334.1	1 335.1	1 335.1	1 348.9	1 352.0	1 362.6	1 362.6	1 467.3	1 473.9	1 473.9	1 474.0	1 474.1	1 462.3	1 403.3
Provisions	1 742.7	1 733.5	1 715.2	1 698.4	1 706.4	1 664.5	1 639.3	1 619.7	1 634.0	1 604.5	1 592.6	1 792.7	1 813.2	1 809.6	1 506.3
Other liabilities (incl. subordinated liabilities)	305.3	325.1	306.7	304.7	310.6	337.6	312.3	305.6	305.4	313.5	669.3	665.7	633.0	647.3	635.4
Liabilities to resident MFIs	313.5	372.7	377.3	481.7	235.8	222.5	277.4	271.4	262.6	263.1	281.2	339.4	284.9	277.6	250.1
<b>TOTAL LIABILITIES</b>	<b>21 180.7</b>	<b>20 973.6</b>	<b>20 845.4</b>	<b>20 838.1</b>	<b>20 567.1</b>	<b>20 331.5</b>	<b>20 190.3</b>	<b>20 354.3</b>	<b>20 386.7</b>	<b>20 367.4</b>	<b>20 401.5</b>	<b>20 610.1</b>	<b>20 311.3</b>	<b>20 461.6</b>	<b>19 855.0</b>
Memo items															
Trust assets	558.5	365.2	392.4	377.6	403.0	445.5	417.2	441.3	483.3	486.1	803.1	664.6	614.8	710.5	573.8
Foreign	490.4	296.4	311.1	298.6	316.9	367.4	338.3	354.7	390.9	395.3	458.5	537.6	501.9	604.1	471.7
Domestic	68.1	68.9	81.3	79.0	86.1	78.1	78.9	86.6	92.4	90.8	344.6	127.0	112.9	106.4	102.0
Trust liabilities	558.5	365.2	392.4	377.6	403.0	445.5	417.2	441.3	483.3	486.1	803.1	664.6	614.8	710.5	573.8
Foreign	504.4	310.5	336.3	322.9	348.2	391.5	360.3	387.0	429.6	434.0	489.8	572.4	538.3	639.1	507.5
Domestic	54.0	54.8	56.2	54.7	54.9	54.0	57.0	54.3	53.7	52.1	313.3	92.2	76.5	71.4	66.3

## 10. MONETARY SURVEY

(at end of period; in millions of lats)

	Currency outside MFIs	Overnight deposits (resident)			Time deposits (resident)				Total (M2X)	
		Households	Financial institutions and private non-financial corporations	Public non-financial corporations	Households	Financial institutions and private non-financial corporations	Public non-financial corporations			
2011										
I	790.1	2 763.3	1 298.9	1 341.4	123.0	2 785.6	1 614.9	906.2	264.5	6 339.1
II	795.8	2 816.9	1 324.3	1 345.4	147.2	2 770.7	1 606.7	906.5	257.5	6 383.3
III	795.6	2 703.0	1 320.8	1 269.9	112.3	2 839.5	1 601.2	951.8	286.5	6 338.2
IV	815.6	2 707.8	1 336.4	1 239.7	131.7	2 747.5	1 587.0	881.0	279.5	6 270.9
V	817.7	2 763.7	1 350.0	1 298.3	115.4	2 790.9	1 593.7	899.9	297.3	6 372.3
VI	838.1	2 823.0	1 358.6	1 346.0	118.4	2 672.6	1 586.6	862.6	223.4	6 333.8
VII	876.0	2 773.3	1 344.9	1 314.6	113.8	2 619.7	1 562.2	841.5	216.0	6 268.9
VIII	873.4	2 855.0	1 329.3	1 404.9	120.8	2 591.6	1 579.9	778.4	233.3	6 319.9
IX	888.6	2 839.2	1 340.5	1 382.0	116.7	2 582.4	1 601.3	758.1	223.0	6 310.2
X	892.5	2 866.6	1 335.7	1 387.7	143.2	2 487.3	1 592.3	691.7	203.3	6 246.4
XI	941.6	2 954.8	1 295.2	1 470.7	188.9	2 239.2	1 405.4	685.1	148.7	6 135.6
XII	1 040.0	3 109.2	1 442.7	1 475.4	191.1	2 336.9	1 487.0	700.2	149.7	6 486.1
2012										
I	1 024.6	3 051.4	1 415.1	1 462.5	173.8	2 324.9	1 485.4	677.5	162.0	6 400.9
II	1 020.8	3 100.3	1 417.0	1 499.8	183.5	2 367.7	1 497.1	702.8	167.8	6 488.9
III	1 021.2	3 058.9	1 423.3	1 434.6	200.9	2 343.3	1 456.3	700.9	186.0	6 423.4
	Net foreign assets	Net domestic assets							Total (M2X)	
		Credit to residents				Other items (net)				
		General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations					
2011										
I	-1 180.2	11 141.7	-1 433.4	5 695.7	6 403.3	476.1	-3 622.4	7 519.3	6 339.1	
II	-1 081.1	11 094.8	-1 348.8	5 654.8	6 318.0	470.8	-3 630.4	7 464.4	6 383.3	
III	-1 075.4	11 063.1	-1 264.8	5 615.6	6 242.1	470.2	-3 649.4	7 413.7	6 338.2	
IV	-1 109.2	10 974.6	-1 242.7	5 575.4	6 169.7	472.2	-3 594.4	7 380.2	6 270.9	
V	-1 010.5	10 930.1	-1 255.6	5 550.2	6 161.5	474.0	-3 547.4	7 382.7	6 372.3	
VI	-656.7	10 578.7	-1 487.3	5 511.6	6 101.8	452.6	-3 588.2	6 990.5	6 333.8	
VII	-771.9	10 526.1	-1 532.3	5 475.4	6 132.6	450.4	-3 485.3	7 040.8	6 268.9	
VIII	-567.7	10 366.6	-1 711.0	5 454.4	6 173.6	449.6	-3 479.0	6 887.6	6 319.9	
IX	-466.9	10 351.0	-1 688.2	5 419.9	6 165.8	453.5	-3 573.9	6 777.1	6 310.2	
X	-543.8	10 353.9	-1 647.2	5 382.2	6 165.2	453.7	-3 563.7	6 790.2	6 246.4	
XI	-435.6	10 635.1	-1 309.7	5 352.9	6 148.6	443.3	-4 063.9	6 571.2	6 135.6	
XII	-224.8	11 045.4	-663.8	5 298.7	5 975.6	434.9	-4 334.5	6 710.9	6 486.1	
2012										
I	-183.2	10 938.7	-715.6	5 261.2	5 962.7	430.4	-4 354.6	6 584.1	6 400.9	
II	270.1	10 450.8	-1 153.7	5 222.2	5 950.6	431.7	-4 232.1	6 218.7	6 488.9	
III	-131.4	10 072.1	-1 021.8	5 015.4	5 647.9	430.6	-3 517.4	6 554.7	6 423.4	

**11.a FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING THE BANK OF LATVIA)**

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Claims on MFIs	3 230.7	2 990.2	2 985.7	3 025.7	2 944.8	3 043.7	3 046.2	3 084.2	3 045.8	3 201.5	3 322.0	3 680.5	3 616.1	3 655.9	3 634.3
Loans															
Overnight	1 833.1	1 706.2	1 707.4	1 872.0	1 897.7	2 023.1	1 897.9	1 943.2	1 777.9	1 849.9	2 012.9	2 346.8	2 485.2	2 380.4	2 295.4
Short-term	988.6	908.1	727.8	616.2	521.9	548.8	665.1	625.7	742.8	828.8	788.6	736.4	523.8	665.3	676.5
Long-term	26.9	27.5	189.3	188.5	191.9	191.4	190.9	189.8	192.0	178.1	173.8	172.8	172.8	172.7	173.7
Redeemable at notice	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Holdings of securities other than shares	328.0	296.0	308.6	296.5	292.1	239.2	251.2	284.5	292.2	303.7	305.6	383.4	393.2	396.2	447.5
Holdings of shares and other equity	2.2	0.6	0.7	0.7	0.6	0.5	0.5	0.4	0.3	0.4	0.4	0.4	0.5	0.7	0.6
Other claims	51.7	51.7	51.7	51.7	40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5	40.5
Claims on non-MFIs	2 020.7	2 078.0	2 101.7	2 064.3	2 123.9	2 093.6	1 911.7	2 000.7	2 155.9	2 080.5	2 177.7	2 091.8	2 165.8	2 146.0	2 094.5
Loans															
Short-term	427.1	424.9	437.4	436.2	459.7	434.9	395.9	413.9	449.3	458.5	533.2	494.8	540.1	563.7	464.5
Long-term	970.2	969.5	944.8	915.1	916.4	900.3	893.3	848.9	872.5	842.6	835.7	865.6	859.1	802.0	666.7
Holdings of securities other than shares															
Government	389.5	446.5	452.4	461.8	493.5	488.4	340.6	342.5	439.8	417.8	404.8	335.0	351.8	365.5	564.3
Private sector	184.5	184.4	214.4	198.2	200.9	212.4	216.2	332.1	331.1	298.7	340.4	332.4	350.0	343.7	330.4
Holdings of shares and other equity	20.4	21.6	21.6	19.2	19.7	23.9	30.6	28.2	28.5	28.4	29.3	29.6	30.4	36.7	37.8
Other claims	29.0	31.0	31.0	33.7	33.7	33.7	35.1	35.1	34.8	34.4	34.4	34.4	34.4	34.4	30.7
Vault cash in foreign currencies	68.2	69.5	63.5	66.5	68.5	69.2	78.4	74.2	73.4	72.1	65.0	112.8	87.0	82.2	71.6
Other assets															
Other assets	118.5	127.6	119.8	121.4	120.8	118.3	162.9	136.7	137.5	139.5	148.3	181.4	179.7	219.8	196.8
Total foreign assets	5 438.1	5 265.3	5 270.7	5 277.9	5 257.9	5 324.9	5 199.2	5 295.8	5 412.6	5 493.5	5 713.1	6 066.5	6 048.6	6 103.9	5 997.1
Memo items															
Trust assets	490.4	296.4	311.1	298.6	316.9	367.4	338.3	354.7	390.9	395.3	458.5	537.6	501.9	604.1	471.7

## 11.b FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING THE BANK OF LATVIA)

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Liabilities to MFIs</b>															
Overnight	528.1	593.2	653.3	701.2	786.4	649.9	600.5	600.7	565.4	611.5	376.4	267.9	295.2	246.3	220.8
Short-term	907.1	616.6	614.5	498.5	508.4	328.1	234.0	167.8	204.2	190.7	115.7	272.8	168.6	185.8	208.8
Long-term	4 885.2	4 820.2	4 697.6	4 672.6	4 413.2	4 503.8	4 571.7	4 452.8	4 373.5	4 357.1	4 357.3	4 144.5	3 994.2	4 035.1	4 054.6
Redeemable at notice	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From which liabilities to associated and affiliated MFIs	5 799.7	5 627.1	5 615.3	5 534.3	5 528.6	5 305.2	5 217.9	5 063.5	4 972.6	5 008.0	4 696.6	4 530.3	4 305.1	4 319.6	4 308.1
<b>Non-MFI deposits</b>															
Overnight	2 738.9	2 766.5	2 767.0	2 791.7	2 923.2	3 013.0	2 984.7	3 256.4	3 321.5	3 379.9	3 527.9	3 620.3	3 867.8	3 982.9	4 018.5
Short-term	634.3	604.2	573.5	581.5	542.1	540.0	548.4	564.5	595.2	541.1	564.5	608.1	449.4	439.6	444.2
Long-term	444.1	450.7	458.1	466.3	494.3	483.8	512.4	513.5	493.7	514.6	496.2	511.7	493.2	506.7	505.9
Redeemable at notice	154.6	154.5	164.3	155.3	147.2	163.7	167.3	155.1	164.1	180.0	149.8	179.1	152.7	161.7	151.6
<b>Other liabilities</b>															
Other liabilities <sup>1</sup>	163.3	134.8	141.5	177.2	138.3	126.6	121.7	136.9	149.3	143.4	163.8	122.3	127.1	141.0	313.7
<b>Total foreign liabilities</b>	<b>10 455.6</b>	<b>10 140.7</b>	<b>10 069.7</b>	<b>10 044.2</b>	<b>9 953.0</b>	<b>9 808.9</b>	<b>9 740.7</b>	<b>9 847.7</b>	<b>9 867.0</b>	<b>9 918.3</b>	<b>9 751.5</b>	<b>9 726.6</b>	<b>9 548.1</b>	<b>9 699.0</b>	<b>9 918.1</b>
<b>Memo items</b>															
Trust liabilities	504.4	310.5	336.3	322.9	348.2	391.5	360.3	387.0	429.6	434.0	489.8	572.4	538.3	639.1	507.5

<sup>1</sup> Including subordinated liabilities.

## 12. SELECTED ITEMS IN THE MONTHLY FINANCIAL POSITION REPORT OF MFIs (EXCLUDING THE BANK OF LATVIA) BY GROUP OF COUNTRIES

(at end of period; in millions of lats)

	Claims on MFIs			Loans to non-MFIs			Liabilities to MFIs			Deposits by non-MFIs		
	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions	EU	incl. euro area countries	Other countries and international institutions
<b>2011</b>												
I	2 193.0	977.7	655.8	654.8	388.2	742.5	5 430.2	2 187.5	890.3	1 032.5	406.7	2 939.4
II	2 076.4	1 026.0	565.4	641.0	378.2	753.5	5 105.2	2 068.6	924.8	1 026.0	394.6	2 950.0
III	1 995.3	1 032.2	629.4	634.3	372.0	748.0	5 063.4	2 098.5	902.0	1 048.0	417.9	2 914.8
IV	2 080.1	1 098.8	596.6	618.9	361.7	732.5	4 975.5	2 056.5	896.8	1 127.3	499.7	2 867.5
V	1 989.3	1 095.1	622.3	622.7	364.1	753.4	4 836.0	2 142.2	871.9	999.9	360.0	3 106.9
VI	2 083.6	1 075.9	619.0	607.0	358.5	728.2	4 611.3	1 985.2	870.4	1 061.9	417.0	3 138.7
VII	2 118.6	1 055.5	635.5	610.8	367.3	678.4	4 564.8	1 949.7	841.4	1 098.7	392.4	3 114.1
VIII	2 142.2	1 156.3	616.7	620.3	369.1	642.5	4 361.4	1 923.6	859.9	1 204.5	490.4	3 285.0
IX	2 050.5	1 183.6	662.2	651.0	393.6	670.8	4 322.2	1 898.6	821.0	1 192.0	416.9	3 382.6
X	2 099.3	1 233.8	757.6	647.2	373.7	654.0	4 338.5	1 940.2	820.8	1 209.8	412.1	3 405.8
XI	2 255.5	1 228.5	720.0	676.6	389.7	692.2	4 060.5	1 831.4	788.8	1 320.8	523.2	3 417.6
XII	2 352.4	1 350.4	903.8	619.1	348.0	741.2	3 921.2	1 756.0	763.9	1 288.2	425.2	3 630.9
<b>2012</b>												
I	2 402.2	1 289.1	779.7	651.5	374.8	747.7	3 690.4	1 751.2	767.5	1 379.0	432.0	3 584.0
II	2 417.9	1 183.0	800.6	651.9	374.6	713.8	3 778.8	1 794.8	688.4	1 533.0	580.9	3 557.8
III	2 365.6	1 246.8	780.1	531.2	320.8	600.1	3 738.4	1 746.0	745.9	1 540.5	579.5	3 579.8

**13. MATURITY PROFILE OF DEPOSITS OF RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)**

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Overnight deposits</b>															
Amount	2 763.4	2 816.9	2 703.1	2 707.8	2 763.7	2 823.1	2 773.3	2 855.0	2 839.2	2 866.6	2 954.8	3 109.2	3 051.3	3 100.3	3 058.9
% <sup>1</sup>	49.8	50.4	48.8	49.7	49.8	51.4	51.4	52.4	52.4	53.6	56.9	57.1	56.8	56.7	56.6
<b>Time deposits</b>															
<b>Maturity of 1–6 months</b>															
Amount	1 002.3	1 003.1	1 062.1	998.0	1 034.2	896.3	862.6	819.8	828.9	736.5	701.3	736.6	737.6	779.3	740.2
% <sup>1</sup>	18.1	18.0	19.2	18.3	18.6	16.3	16.0	15.1	15.3	13.8	13.5	13.5	13.7	14.3	13.7
<b>Maturity of 6–12 months</b>															
Amount	1 060.6	1 050.2	1 104.4	1 065.5	1 039.6	1 034.0	1 013.9	1 017.6	992.2	982.0	767.0	793.0	780.4	764.3	814.7
% <sup>1</sup>	19.1	18.8	19.9	19.5	18.7	18.8	18.8	18.7	18.3	18.3	14.8	14.6	14.5	14.0	15.1
<b>Long-term</b>															
Amount	473.0	474.5	426.0	443.0	478.9	507.2	517.5	530.7	539.1	548.2	553.9	593.4	612.2	627.3	589.0
% <sup>1</sup>	8.5	8.5	7.7	8.1	8.6	9.2	9.6	9.7	9.9	10.2	10.6	10.9	11.4	11.5	10.9
<b>Maturity of 1–2 years</b>															
Amount	252.4	248.6	190.9	202.0	214.6	231.7	265.1	275.6	283.4	291.1	292.2	335.1	354.4	368.5	358.7
% <sup>1</sup>	4.5	4.4	3.4	3.7	3.9	4.2	4.9	5.1	5.2	5.4	5.6	6.2	6.6	6.7	6.6
<b>Maturity of over 2 years</b>															
Amount	220.6	225.9	235.1	241.0	264.3	275.5	252.5	255.1	255.8	257.2	261.7	258.3	257.7	258.8	230.4
% <sup>1</sup>	4.0	4.0	4.2	4.4	4.8	5.0	4.7	4.7	4.7	4.8	5.0	4.7	4.8	4.7	4.3
<b>Deposits redeemable at notice</b>															
<b>Up to 3 months</b>															
Amount	249.6	242.8	247.0	240.9	238.1	235.1	225.5	223.4	222.1	220.6	216.9	213.8	194.7	196.8	199.4
% <sup>1</sup>	4.5	4.3	4.4	4.4	4.3	4.3	4.2	4.1	4.1	4.1	4.2	3.9	3.6	3.6	3.7
<b>Over 3 months</b>															
Amount	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	0	0	0
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Repos</b>															
Amount	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total deposits</b>	<b>5 549.0</b>	<b>5 587.5</b>	<b>5 542.6</b>	<b>5 455.3</b>	<b>5 554.6</b>	<b>5 495.7</b>	<b>5 393.0</b>	<b>5 446.5</b>	<b>5 421.6</b>	<b>5 354.0</b>	<b>5 194.0</b>	<b>5 446.1</b>	<b>5 376.2</b>	<b>5 468.1</b>	<b>5 402.1</b>

<sup>1</sup> As percent of total deposits of resident financial institutions, non-financial corporations and households.



**14.a DEPOSITS BY FINANCIAL INSTITUTIONS (IN LATS AND FOREIGN CURRENCIES)**

(at end of period; in millions of lats)

Insurance corporations and pension funds									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2011									
I	87.9	175.8	48.9	35.2	0.5	0	0	348.4	278.7
II	94.2	166.5	46.9	35.4	0.5	0	0	343.6	262.7
III	74.3	152.0	47.2	37.8	0.5	0	0	311.8	235.8
IV	69.2	138.2	45.9	37.2	0.5	0	0	291.0	212.9
V	76.3	124.3	49.4	35.7	0.4	0	0	286.2	204.5
VI	79.1	133.1	51.6	47.0	0.5	0	0	311.3	227.8
VII	75.5	120.5	55.1	46.1	0.5	0	0	297.8	213.1
VIII	83.6	112.8	54.7	46.1	1.0	0	0	298.2	193.4
IX	91.1	97.3	49.1	45.5	0.8	0	0	283.8	181.6
X	88.0	86.6	48.7	45.7	0.6	0	0	269.7	178.6
XI	107.4	69.8	47.4	48.6	0.8	0	0	274.1	174.0
XII	106.1	78.9	47.5	44.8	0.8	0	0	278.2	150.2
2012									
I	107.1	78.4	47.3	44.7	0.8	0	0	278.3	153.0
II	117.4	77.6	50.4	43.4	0.7	0	0	289.6	151.8
III	98.3	81.1	49.5	47.8	0.7	0	0	277.4	147.9
OFIs and financial auxiliaries									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2011									
I	85.0	98.6	7.5	58.8	8.6	0	0	258.5	129.7
II	72.8	104.0	6.2	59.7	7.2	0	0	249.8	107.9
III	79.7	99.9	5.1	60.8	7.2	0	0	252.7	105.3
IV	59.4	89.1	5.3	61.6	8.5	0	0	223.9	82.9
V	56.7	91.4	5.1	63.6	8.4	0	0	225.3	78.6
VI	49.8	96.4	4.8	56.1	7.9	0	0	215.1	63.8
VII	41.9	90.0	11.1	57.1	7.9	0	0	208.2	57.5
VIII	45.9	88.9	11.1	58.3	8.6	0	0	212.8	56.3
IX	51.4	90.5	12.3	59.1	8.2	0	0	221.5	56.6
X	55.2	32.5	12.3	60.7	8.1	0	0	168.8	57.5
XI	57.9	23.9	12.3	60.9	8.1	0	0	163.2	54.6
XII	45.4	28.0	12.3	61.6	9.8	0	0	157.1	51.0
2012									
I	48.9	28.6	12.3	61.6	10.0	0	0	161.3	53.2
II	48.3	49.0	14.3	61.8	9.9	0	0	183.3	54.7
III	78.3	44.9	13.7	63.1	9.9	0	0	209.9	58.1

## 14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

Public non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2011									
I	123.0	260.4	2.3	0.5	1.4	0	0	387.6	267.8
II	147.2	253.5	2.1	0.5	1.4	0	0	404.7	286.5
III	112.3	282.4	2.3	0.5	1.2	0	0	398.8	274.2
IV	131.7	275.5	2.3	0.5	1.2	0	0	411.2	291.9
V	115.4	293.3	2.0	0.5	1.5	0	0	412.7	294.0
VI	118.4	215.4	6.2	0.5	1.3	0	0	341.9	234.8
VII	113.8	206.0	8.2	0.5	1.3	0	0	329.8	240.3
VIII	120.8	223.6	8.1	0.5	1.0	0	0	354.0	257.6
IX	116.7	213.2	8.1	0.5	1.1	0	0	339.7	249.1
X	143.2	193.2	8.4	0.5	1.2	0	0	346.5	257.8
XI	188.9	134.2	12.9	0.5	1.1	0	0	337.6	253.4
XII	191.1	130.8	17.3	0.5	1.0	0	0	340.8	254.8
2012									
I	173.8	142.8	18.1	0	1.0	0	0	335.7	224.6
II	183.5	147.6	19.1	0	1.1	0	0	351.3	229.2
III	200.9	164.7	19.8	0	1.5	0	0	387.0	258.6
Private non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2011									
I	1 168.5	395.8	24.3	17.3	34.8	0	0	1 640.7	814.8
II	1 178.5	403.1	26.6	18.2	32.2	0	0	1 658.5	801.0
III	1 115.9	468.5	23.2	18.5	31.1	0	0	1 657.3	803.6
IV	1 111.2	425.0	23.0	19.5	27.2	0	0	1 605.8	780.6
V	1 165.3	448.2	25.1	21.2	26.9	0	0	1 686.7	857.4
VI	1 217.1	388.8	26.3	23.4	26.8	0	0	1 682.3	848.6
VII	1 197.1	365.5	36.3	22.1	29.1	0	0	1 650.1	813.4
VIII	1 275.5	311.5	37.8	22.0	25.6	0	0	1 672.3	829.2
IX	1 239.5	313.2	36.5	21.9	23.7	0	0	1 634.9	823.2
X	1 244.5	315.7	38.5	20.2	22.2	0	0	1 641.0	834.5
XI	1 305.4	331.2	36.7	24.6	20.8	0	0	1 718.6	821.0
XII	1 323.8	340.7	36.5	20.6	18.6	0	0	1 740.3	893.9
2012									
I	1 306.5	320.9	36.3	18.9	17.8	0	0	1 700.4	847.7
II	1 334.1	322.8	34.7	19.1	19.0	0	0	1 729.7	858.0
III	1 258.0	316.7	34.0	20.6	18.9	0	0	1 648.2	807.3

#### 14.c DEPOSITS BY HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

	Households								
	Overnight	With agreed maturity			Redeemable at notice		Repos		In lats
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2011									
I	1 298.9	1 132.3	169.4	108.8	204.3	0.1	0	2 913.8	1 226.3
II	1 324.3	1 126.2	166.8	112.0	201.6	0.1	0	2 930.9	1 245.4
III	1 320.8	1 163.7	113.0	117.5	206.9	0.1	0	2 922.0	1 230.5
IV	1 336.4	1 135.7	125.5	122.2	203.5	0.1	0	2 923.4	1 236.0
V	1 350.0	1 116.6	133.0	143.1	200.9	0.1	0	2 943.7	1 226.1
VI	1 358.6	1 096.6	142.9	148.5	198.7	0.1	0	2 945.2	1 214.0
VII	1 344.9	1 094.6	154.3	126.6	186.7	0.1	0	2 907.1	1 194.4
VIII	1 329.2	1 100.5	164.0	128.2	187.2	0.1	0	2 909.1	1 182.3
IX	1 340.5	1 107.0	177.2	128.8	188.3	0.1	0	2 941.8	1 196.0
X	1 335.7	1 090.5	183.2	130.1	188.4	0	0	2 928.0	1 196.2
XI	1 295.2	909.2	182.9	127.1	186.1	0	0	2 700.6	1 113.8
XII	1 442.7	951.2	221.5	130.8	183.5	0	0	2 929.8	1 278.1
2012									
I	1 415.1	947.3	240.4	132.6	165.2	0	0	2 900.5	1 262.3
II	1 417.0	946.7	249.8	134.4	166.2	0	0	2 914.2	1 281.8
III	1 423.3	947.5	241.5	98.8	168.5	0	0	2 879.7	1 254.3

#### 14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

	General government				Non-residents				In lats	
	Central government	Local government	In lats	MFIs	Non-MFIs		In lats			
					General government	Other				
2011										
I	683.5	206.2	889.7	210.5	6 320.4	3 971.8	3.6	3 968.2	10 292.3	142.5
II	684.6	211.4	896.0	214.4	6 030.0	3 976.0	2.4	3 973.6	10 006.0	170.1
III	674.5	231.9	906.4	229.6	5 965.3	3 962.9	5.7	3 957.2	9 928.2	160.2
IV	678.7	241.7	920.3	245.1	5 872.2	3 994.7	2.8	3 991.9	9 867.0	161.2
V	679.4	256.1	935.6	259.2	5 707.9	4 106.8	2.1	4 104.7	9 814.7	182.4
VI	676.9	245.3	922.2	252.1	5 481.7	4 200.6	2.4	4 198.1	9 682.3	142.5
VII	672.1	246.6	918.6	248.7	5 406.2	4 212.8	2.4	4 210.4	9 618.9	157.0
VIII	673.6	263.9	937.5	295.4	5 221.4	4 489.5	2.5	4 487.1	9 710.9	138.3
IX	643.6	256.3	899.9	289.5	5 143.2	4 574.5	2.7	4 571.8	9 717.8	176.7
X	642.7	253.4	896.0	283.7	5 159.3	4 615.6	2.1	4 613.5	9 774.8	168.0
XI	652.7	246.8	899.4	284.8	4 849.3	4 738.4	2.4	4 736.0	9 587.8	166.3
XII	219.9	191.9	411.8	252.8	4 685.2	4 919.2	10.4	4 908.8	9 604.3	145.6
2012										
I	218.8	208.0	426.9	257.6	4 458.0	4 963.0	6.2	4 956.9	9 421.0	159.6
II	190.2	212.0	402.2	266.4	4 467.2	5 090.8	7.7	5 083.1	9 558.0	97.0
III	186.5	223.7	410.1	275.2	4 484.2	5 120.3	7.8	5 112.5	9 604.5	112.6

## 15. MATURITY PROFILE OF LOANS TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS (IN LATS AND FOREIGN CURRENCIES)

(at end of period; in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Short-term</b>															
Amount	2 063.5	2 055.1	1 999.0	1 995.5	1 990.4	2 007.2	1 987.1	1 996.3	2 000.2	2 037.2	2 062.8	1 936.3	1 991.6	1 982.8	1 786.2
% <sup>1</sup>	16.7	16.8	16.6	16.7	16.7	17.0	16.9	17.0	17.0	17.4	17.7	17.1	17.6	17.6	16.6
<b>Maturity of 1–5 years</b>															
Amount	2 316.1	2 228.6	2 175.0	2 146.3	2 159.9	2 047.4	1 972.1	1 982.4	1 969.2	1 956.0	1 897.1	1 823.7	1 795.5	1 766.3	1 675.2
% <sup>1</sup>	18.8	18.3	18.0	17.9	18.1	17.3	16.7	16.8	16.8	16.7	16.3	16.0	15.9	15.7	15.6
<b>Maturity of over 5 years</b>															
Amount	7 947.1	7 909.5	7 898.0	7 819.0	7 777.1	7 753.9	7 835.2	7 795.0	7 767.1	7 703.9	7 674.2	7 609.4	7 527.8	7 500.1	7 285.9
% <sup>1</sup>	64.5	64.9	65.4	65.4	65.2	65.7	66.4	66.2	66.2	65.9	66.0	66.9	66.5	66.7	67.8
Total loans	12 326.6	12 193.2	12 072.0	11 960.8	11 927.4	11 808.6	11 794.5	11 773.6	11 736.4	11 697.0	11 634.2	11 369.4	11 314.9	11 249.1	10 747.3

<sup>1</sup> As percent of total loans to resident financial institutions, non-financial corporations and households.

## 16.a LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS

(at end of period; in millions of lats)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations				Private non-financial corporations					
	Up to 1 year		In lats	Up to 1 year		In lats	Up to 1 year	1–5 years	Over 5 years		In lats	Up to 1 year	1–5 years	Over 5 years	In lats	
<b>2011</b>																
I	0.6	2.0	0	133.2	391.8	46.4	42.0	33.5	400.6	476.1	8.7	1 421.8	1 574.4	2 764.9	5 761.1	406.4
II	0.3	1.7	0.2	153.3	378.1	45.2	34.8	32.7	403.4	470.8	8.9	1 405.0	1 530.0	2 752.8	5 687.8	408.4
III	0	1.4	0	120.4	372.6	42.5	32.9	31.8	405.5	470.2	7.0	1 366.9	1 474.4	2 770.7	5 612.0	411.2
IV	0	1.4	0	120.0	339.3	41.5	35.6	51.0	385.6	472.2	7.0	1 356.3	1 474.6	2 741.5	5 572.4	418.4
V	0	1.4	0	124.4	331.7	39.9	26.4	65.1	382.5	474.0	11.9	1 356.4	1 495.1	2 718.6	5 570.0	470.5
VI	0.1	1.4	0	130.9	335.2	39.4	16.4	63.5	372.7	452.6	12.6	1 375.4	1 404.0	2 728.4	5 507.8	467.1
VII	0.4	1.2	0.3	120.5	323.8	36.2	13.9	42.6	393.9	450.4	11.6	1 386.6	1 367.4	2 789.7	5 543.7	479.9
VIII	0.5	1.3	0.5	116.8	317.0	37.5	13.7	41.6	394.3	449.6	10.2	1 395.7	1 378.9	2 776.7	5 551.3	521.7
IX	0.1	0.1	0.1	116.4	312.4	39.2	15.9	41.2	396.4	453.5	9.6	1 396.4	1 381.3	2 772.8	5 550.5	546.7
X	0.1	0.1	0.1	119.9	308.1	40.8	15.8	40.5	397.5	453.7	8.5	1 426.5	1 380.6	2 745.8	5 552.9	579.2
XI	0.1	0.1	0.1	142.7	302.1	43.4	9.7	39.6	394.0	443.3	9.8	1 427.7	1 366.4	2 741.8	5 535.9	634.0
XII	0.5	0.5	0.5	143.1	301.7	45.7	6.0	39.0	390.0	434.9	9.7	1 311.4	1 299.3	2 722.9	5 333.6	608.8
<b>2012</b>																
I	0.8	0.9	0.6	161.0	317.2	57.1	5.8	38.3	386.3	430.4	10.2	1 315.0	1 292.7	2 697.6	5 305.3	623.3
II	0.1	0.1	0.1	162.5	314.9	58.1	4.5	32.6	394.6	431.7	17.1	1 300.1	1 283.2	2 697.0	5 280.3	659.0
III	0.1	0.1	0.1	161.2	308.2	59.6	4.4	33.9	392.2	430.6	17.1	1 166.6	1 212.1	2 614.4	4 993.0	629.9

## 16.b LOANS TO HOUSEHOLDS

(at end of period; in millions of lats)

	Households													In lats
	Consumer credit			Lending for house purchase			Other lending							
	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years	Up to 1 year	1–5 years	Over 5 years					
<b>2011</b>														
I	649.1	200.1	124.3	324.6	4 577.2	179.2	302.1	4 096.0	469.5	86.6	119.7	263.1	5 695.7	544.3
II	643.5	196.7	122.8	324.0	4 505.6	167.8	292.6	4 045.1	505.8	97.3	120.6	288.0	5 654.8	538.7
III	642.7	213.1	105.3	324.2	4 472.0	169.0	284.6	4 018.4	500.9	96.6	120.5	283.8	5 615.6	539.0
IV	636.9	210.3	104.6	322.0	4 443.1	172.1	276.9	3 994.1	495.3	101.0	112.6	281.7	5 575.4	536.3
V	636.7	209.6	104.7	322.4	4 419.5	172.7	268.1	3 978.7	493.9	100.8	113.4	279.7	5 550.2	537.3
VI	631.1	205.9	103.8	321.4	4 393.5	175.6	261.8	3 956.1	487.0	102.8	105.0	279.2	5 511.6	535.4
VII	627.8	192.8	106.0	329.0	4 362.0	174.0	244.0	3 944.0	485.6	98.9	103.6	283.0	5 475.4	528.0
VIII	628.7	194.1	106.6	327.9	4 339.3	177.3	242.7	3 919.3	486.4	98.1	106.4	281.9	5 454.4	531.9
IX	628.3	192.4	107.2	328.7	4 308.6	179.4	235.0	3 894.2	482.9	99.7	99.9	283.4	5 419.9	534.5
X	625.9	191.4	106.8	327.7	4 280.7	186.2	231.2	3 863.3	475.6	97.4	93.6	284.6	5 382.2	537.3
XI	624.9	192.0	105.3	327.6	4 256.8	196.4	218.6	3 841.8	471.1	94.3	91.8	285.0	5 352.9	539.9
XII	610.9	181.4	103.8	325.6	4 210.3	192.5	213.2	3 804.6	477.5	101.4	93.6	282.6	5 298.7	529.3
<b>2012</b>														
I	601.7	201.8	94.1	305.8	4 186.7	201.9	208.0	3 776.8	472.8	105.3	88.1	279.3	5 261.2	528.4
II	594.0	199.6	93.9	300.5	4 161.9	210.2	198.6	3 753.0	466.3	105.8	85.6	274.9	5 222.2	524.6
III	587.4	195.2	93.6	298.7	4 021.0	177.0	187.8	3 656.3	407.0	81.8	78.6	246.5	5 015.4	513.2

## 16.c LOANS TO GOVERNMENT AND NON-RESIDENTS

(at end of period; in millions of lats)

	General government				Non-residents						In lats
	Central government	Local government		In lats	MFIs	Non-MFIs			In lats		
						General government	Other				
<b>2011</b>											
I	3.0	62.7	65.7	1.7	2 848.7	1 397.3	0.1	1 397.2	4 246.0	254.9	
II	3.0	61.8	64.9	1.6	2 641.8	1 394.5	0.1	1 394.4	4 036.3	249.2	
III	3.0	60.2	63.2	1.5	2 624.6	1 382.3	0.1	1 382.2	4 006.9	248.9	
IV	3.1	60.0	63.1	2.2	2 676.7	1 351.3	0.1	1 351.3	4 028.1	265.9	
V	0	61.1	61.1	2.2	2 611.6	1 376.1	0.1	1 376.0	3 987.7	259.7	
VI	0	60.3	60.3	2.2	2 702.6	1 335.3	0.1	1 335.2	4 037.9	268.6	
VII	0	60.8	60.8	2.1	2 754.1	1 289.2	0.1	1 289.1	4 043.3	257.7	
VIII	0	63.2	63.2	2.3	2 758.8	1 262.8	0.1	1 262.7	4 021.6	256.0	
IX	0	62.6	62.6	2.6	2 712.8	1 321.8	0.1	1 321.7	4 034.6	263.5	
X	0	63.4	63.4	3.7	2 856.9	1 301.1	0.1	1 301.0	4 158.1	263.8	
XI	0	64.0	64.0	4.0	2 975.5	1 368.9	0.1	1 368.8	4 344.3	262.7	
XII	0	64.3	64.3	4.7	3 256.1	1 360.3	0	1 360.3	4 616.5	301.5	
<b>2012</b>											
I	0	65.1	65.1	5.6	3 181.9	1 399.2	0	1 399.2	4 581.1	330.0	
II	0	64.7	64.7	5.3	3 218.5	1 365.7	0	1 365.7	4 584.2	283.4	
III	0	64.2	64.2	5.3	3 145.7	1 131.3	0	1 131.3	4 276.9	255.1	

## 17. LOANS TO FINANCIAL INSTITUTIONS AND NON-FINANCIAL CORPORATIONS IN THE NATIONAL ECONOMY

(at end of Q1 2012, in millions of lats; structure, %)

	With residual maturity of up to 1 year				With residual maturity of over 1 and up to 5 years				With residual maturity of over 5 years				Total loans			
	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%	Amount	%	Of which in lats	%
<b>Total</b>	1 961.5	100.0	314.0	100.0	2 463.0	100.0	313.9	100.0	1 310.0	100.0	77.9	100.0	5 734.5	100.0	705.8	100.0
<b>A</b> Agriculture, forestry and fishing	113.2	5.8	21.4	6.8	139.0	5.6	33.2	10.6	65.5	5.0	17.6	22.6	317.8	5.5	72.2	10.2
<b>B</b> Mining and quarrying	7.2	0.4	1.8	0.6	8.1	0.3	0.8	0.3	6.1	0.5	0	0	21.4	0.4	2.6	0.4
<b>C</b> Manufacturing	316.7	16.1	46.4	14.8	343.5	13.9	17.4	5.5	168.6	12.9	5.6	7.2	828.8	14.5	69.4	9.8
<b>D</b> Electricity, gas, steam and air conditioning supply	10.7	0.5	3.7	1.2	214.3	8.7	12.4	4.0	69.1	5.3	6.1	7.8	294.1	5.1	22.2	3.2
<b>E</b> Water supply; sewerage, waste management and remediation activities	9.6	0.5	7.1	2.3	14.6	0.6	1.5	0.5	23.7	1.8	0.5	0.6	47.9	0.8	9.1	1.3
<b>F</b> Construction	131.9	6.7	17.9	5.7	132.8	5.4	9.4	3.0	216.8	16.5	1.8	2.3	481.5	8.4	29.1	4.1
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	346.5	17.7	74.2	23.6	204.6	8.3	44.7	14.2	116.1	8.9	4.2	5.4	667.3	11.6	123.1	17.4
<b>H</b> Transportation and storage	64.0	3.3	11.2	3.6	197.3	8.0	2.5	0.8	110.1	8.4	9.2	11.8	371.4	6.5	22.9	3.3
<b>I</b> Accommodation and food service activities	32.6	1.7	5.2	1.6	55.8	2.3	4.0	1.3	52.7	4.0	1.3	1.7	141.1	2.5	10.5	1.5
<b>J</b> Information and communication	16.2	0.8	12.7	4.0	18.4	0.8	1.3	0.4	13.6	1.0	0	0	48.2	0.8	14.0	2.0
<b>K</b> Financial and insurance activities	157.9	8.1	33.3	10.6	196.1	8.0	36.0	11.5	23.1	1.8	0.1	0.1	377.2	6.6	69.4	9.8
<b>L</b> Real estate activities	669.2	34.1	67.0	21.3	851.7	34.6	141.2	45.0	372.8	28.4	26.9	34.5	1 893.7	33.0	235.1	33.3
<b>M</b> Professional, scientific and technical activities	6.7	0.3	2.1	0.7	5.1	0.2	0.7	0.2	6.4	0.5	0.3	0.4	18.2	0.3	3.1	0.4
<b>N</b> Administrative and support service activities	23.2	1.2	2.3	0.7	19.0	0.8	1.4	0.4	12.5	0.9	0.2	0.3	54.6	1.0	3.9	0.6
<b>O</b> Public administration and defence; compulsory social security	0.2	0	0.1	0	0.5	0	0.1	0	0	0	0	0	0.8	0	0.2	0
<b>P</b> Education	1.6	0.1	0.2	0.1	2.4	0.1	0.1	0	1.0	0.1	0	0	4.9	0.1	0.3	0
<b>Q</b> Human health and social work activities	5.8	0.3	2.4	0.8	12.0	0.5	2.7	0.9	5.0	0.4	1.7	2.2	22.7	0.4	6.8	1.0
<b>R</b> Arts, entertainment and recreation	12.8	0.6	0.5	0.2	6.1	0.2	0.9	0.3	21.2	1.6	1.0	1.3	40.1	0.7	2.4	0.3
<b>S</b> Other service activities	35.5	1.8	4.5	1.4	41.6	1.7	3.6	1.1	25.8	2.0	1.4	1.8	102.9	1.8	9.5	1.4

## 18. LENDING TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; in millions of lats)

	2011				2012
	III	VI	IX	XII	III
Commercial credit	1 716.8	1 696.7	1 769.9	1 657.0	1 594.0
Industrial credit	2 108.4	2 053.4	2 057.5	2 019.4	1 944.0
Reverse repo	1.4	0.9	0.8	0.6	0.5
Financial leasing	17.9	17.4	22.0	23.5	23.7
Consumer credit	433.0	426.7	424.2	417.5	412.1
Mortgage loans	6 991.9	6 819.7	6 660.6	6 419.9	6 017.2
Factoring	0.5	0.6	1.5	2.3	2.3
Other credit	797.9	782.9	787.7	818.3	749.1
<b>Total loans</b>	<b>12 067.8</b>	<b>11 798.2</b>	<b>11 724.1</b>	<b>11 358.5</b>	<b>10 742.9</b>

## 19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; in millions of lats)

	Securities other than shares								In lats	
	MFIs		General government		Other residents		Non-residents			
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2011										
I	20.5	20.5	498.5	286.4	0.1	0.1	902.1	775.1	1 421.1	486.6
II	19.0	19.0	493.9	287.9	0.1	0.1	926.9	760.6	1 439.8	479.9
III	18.9	18.9	509.3	289.4	0.1	0.1	975.4	877.9	1 503.7	495.3
IV	18.1	18.1	531.9	289.1	0.1	0.1	956.6	839.9	1 506.6	518.1
V	15.4	15.4	514.4	291.0	0.1	0.1	986.5	870.2	1 516.5	500.3
VI	15.4	15.4	513.4	302.3	0.1	0.1	940.0	852.6	1 468.8	493.8
VII	15.4	15.4	533.0	317.7	0.1	0.1	808.0	780.0	1 356.5	511.3
VIII	15.0	15.0	548.6	334.1	0.1	0.1	959.1	889.7	1 522.7	525.2
IX	15.1	15.1	537.1	342.0	0.2	0.2	1 063.0	986.7	1 615.4	512.7
X	13.7	13.7	546.7	344.7	0.2	0.2	1 020.1	951.3	1 580.8	520.7
XI	13.2	13.2	476.0	289.5	0.2	0.2	1 050.8	997.5	1 540.2	455.6
XII	11.5	11.5	420.8	287.8	0.2	0.2	1 050.9	1 020.0	1 483.4	402.0
2012										
I	11.9	11.9	439.1	302.7	0.3	0.3	1 095.0	1 088.8	1 546.3	416.5
II	1.2	1.2	424.4	265.1	0.3	0.3	1 105.3	1 097.3	1 531.2	389.1
III	1.1	1.1	428.6	283.2	0.3	0.3	1 342.2	1 246.3	1 772.3	386.9

## 19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; in millions of lats)

	Shares and other equity				In lats	
	MFIs		Other residents	Non-residents		
2011						
I		0.4	248.4	103.3	352.1	219.2
II		0.4	250.4	105.0	355.8	223.0
III		0.4	255.9	105.1	361.4	228.1
IV		0.4	256.5	105.3	362.2	231.4
V		0.4	258.2	94.5	353.1	221.9
VI		0.4	257.4	98.6	356.3	221.4
VII		0.4	263.8	106.7	370.9	222.9
VIII		0.4	303.9	104.2	408.5	223.1
IX		0.4	302.6	104.2	407.1	221.1
X		0.4	303.9	103.8	408.1	223.1
XI		0.4	310.4	104.7	415.4	223.2
XII		0.4	339.6	105.0	444.9	238.6
2012						
I		0.4	339.1	105.8	445.3	238.6
II		0.4	355.1	112.4	467.9	250.9
III		0.4	346.3	109.6	456.3	235.9

## 20.a CURRENCY BREAKDOWN OF RESIDENT DEPOSITS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD			incl. EUR	incl. USD		
2011										
I	313.5	23.0	77.0	60.3	16.6	6 438.6	45.5	54.5	48.5	5.3
II	372.7	13.7	86.3	67.9	18.3	6 483.5	45.0	55.0	49.1	5.2
III	377.3	19.2	80.8	72.4	7.9	6 449.0	44.6	55.4	49.3	5.3
IV	481.7	24.5	75.5	64.8	10.7	6 375.6	44.7	55.3	49.5	5.0
V	235.8	34.7	65.3	46.1	19.1	6 490.1	45.0	55.0	49.1	5.1
VI	222.5	22.7	77.3	58.2	18.9	6 417.9	44.3	55.7	49.6	5.3
VII	277.4	35.1	64.9	46.7	18.0	6 311.6	43.9	56.1	49.6	5.6
VIII	271.4	30.1	69.9	56.4	12.5	6 384.0	44.1	55.9	49.3	5.3
IX	262.6	42.1	57.9	45.0	9.7	6 321.5	44.2	55.8	49.2	5.5
X	263.1	43.0	57.0	43.7	10.8	6 250.0	44.9	55.1	48.6	5.5
XI	281.2	36.8	63.2	55.4	5.6	6 093.5	44.3	55.7	48.4	6.1
XII	339.4	43.0	57.0	35.2	20.0	5 857.9	49.2	50.8	42.9	6.5
2012										
I	284.9	33.6	66.4	47.9	16.5	5 803.1	48.2	51.8	43.9	6.2
II	277.6	38.5	61.5	47.5	11.9	5 870.3	48.4	51.6	43.3	6.6
III	250.1	46.9	53.1	40.8	10.0	5 812.3	48.2	51.8	43.4	6.7

## 20.b CURRENCY BREAKDOWN OF NON-RESIDENT DEPOSITS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD			incl. EUR	incl. USD		
2011										
I	6 320.4	1.2	98.8	95.7	1.2	3 971.8	1.7	98.3	34.9	59.3
II	6 030.0	1.9	98.1	94.7	1.5	3 976.0	1.4	98.6	34.5	60.1
III	5 965.3	1.9	98.1	94.1	2.0	3 962.9	1.3	98.7	35.0	59.6
IV	5 872.2	2.0	98.0	93.4	1.9	3 994.7	1.1	98.9	36.1	58.6
V	5 707.9	2.5	97.5	92.5	2.3	4 106.8	1.0	99.0	33.9	60.7
VI	5 481.7	1.8	98.2	92.5	2.0	4 200.6	1.1	98.9	34.0	60.5
VII	5 406.2	1.9	98.1	92.3	2.0	4 212.8	1.3	98.7	35.5	57.7
VIII	5 221.4	1.5	98.5	92.4	2.0	4 489.5	1.4	98.6	32.9	47.7
IX	5 143.2	2.5	97.5	91.1	2.5	4 574.5	1.0	99.0	33.6	59.8
X	5 159.3	2.3	97.7	91.0	2.6	4 615.6	1.1	98.9	32.7	61.4
XI	4 849.3	2.4	97.6	91.1	2.3	4 738.4	1.0	99.0	31.8	61.6
XII	4 685.2	1.9	98.1	91.3	2.4	4 919.2	1.2	98.8	30.5	61.5
2012										
I	4 458.0	2.5	97.5	90.0	2.2	4 963.0	1.0	99.0	30.9	63.2
II	4 467.2	1.0	99.0	91.6	2.3	5 090.8	1.0	99.0	29.6	65.2
III	4 484.2	1.4	98.6	90.3	2.5	5 120.3	1.0	99.0	29.9	65.1



## 20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs						
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats		In foreign currencies		
				incl. EUR	incl. USD	
2011						
I	12 392.4	8.1	91.9	89.1	1.9	
II	12 258.1	8.2	91.8	89.1	1.8	
III	12 135.2	8.3	91.7	89.1	1.8	
IV	12 023.8	8.4	91.6	88.8	1.7	
V	11 988.5	8.9	91.1	88.1	1.8	
VI	11 868.9	8.9	91.1	87.6	1.8	
VII	11 855.3	8.9	91.1	87.6	1.8	
VIII	11 836.8	9.3	90.7	87.2	1.8	
IX	11 799.0	9.6	90.4	86.8	1.9	
X	11 760.4	9.9	90.1	86.4	1.9	
XI	11 698.1	10.5	89.5	85.8	2.0	
XII	11 433.6	10.5	89.5	85.8	2.0	
2012						
I	11 380.1	10.8	89.2	85.2	1.9	
II	11 313.9	11.2	88.8	84.9	1.9	
III	10 811.5	11.3	88.7	84.7	1.9	

## 20.d CURRENCY BREAKDOWN OF LOANS TO NON-RESIDENTS

(at end of period)

	MFIs					Non-MFIs				
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)			
		In lats	In foreign currencies				In lats	In foreign currencies		
			incl. EUR	incl. USD			incl. EUR	incl. USD		
2011										
I	2 848.7	8.2	91.8	39.6	46.3	1 397.3	1.5	98.5	43.8	52.3
II	2 641.8	8.6	91.4	40.0	45.7	1 394.5	1.6	98.4	43.9	51.9
III	2 624.6	8.5	91.5	36.4	48.9	1 382.3	1.9	98.1	43.8	51.7
IV	2 676.7	9.1	90.9	36.3	48.6	1 351.3	1.6	98.4	44.8	50.9
V	2 611.6	9.1	90.9	31.9	52.4	1 376.1	1.7	98.3	44.1	51.5
VI	2 763.5	9.0	91.0	29.6	52.8	1 335.3	1.6	98.4	45.2	50.6
VII	2 754.1	8.6	91.4	27.3	57.0	1 289.2	1.6	98.4	47.2	48.0
VIII	2 758.8	8.5	91.5	25.8	55.9	1 262.8	1.6	98.4	46.7	48.3
IX	2 712.8	8.9	91.1	28.4	54.8	1 321.8	1.6	98.4	44.4	50.2
X	2 856.9	8.5	91.5	26.7	58.2	1 301.1	1.6	98.4	45.1	49.1
XI	2 975.5	8.1	91.9	30.3	54.1	1 368.9	1.6	98.4	42.4	51.9
XII	3 256.1	8.6	91.4	31.8	49.8	1 360.3	1.6	98.4	40.7	53.4
2012										
I	3 181.9	9.7	90.3	30.1	54.0	1 399.2	1.5	98.5	41.2	53.0
II	3 218.5	8.1	91.9	28.1	58.6	1 365.7	1.6	98.4	41.2	53.7
III	3 145.7	7.4	92.6	28.7	58.2	1 131.3	2.1	97.9	35.7	59.7

## 20.e CURRENCY BREAKDOWN OF HOLDINGS OF RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs					Non-MFIs					
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats	In foreign currencies				In lats	In foreign currencies			
			incl. EUR	incl. USD				incl. EUR	incl. USD		
2011											
I	20.5	19.7	80.3	77.4	2.9	498.5	96.8	3.2	3.2	0	
II	19.0	20.8	79.2	75.3	3.9	493.9	96.4	3.6	3.6	0	
III	18.9	21.0	79.0	75.1	3.9	509.4	96.5	3.5	3.5	0	
IV	18.1	22.0	78.0	74.2	3.8	531.9	96.6	3.4	3.4	0	
V	15.4	25.9	74.1	69.4	4.7	514.5	96.5	3.5	3.5	0	
VI	15.4	25.9	74.1	69.4	4.7	513.4	95.4	4.6	3.8	0.8	
VII	15.4	25.9	74.1	69.4	4.7	533.0	95.2	4.8	3.7	1.1	
VIII	15.0	24.7	75.3	70.8	0	548.6	95.2	4.8	3.6	1.2	
IX	15.1	25.8	74.2	74.2	0	537.3	94.7	5.3	3.7	1.6	
X	13.7	28.5	71.5	71.5	0	546.9	94.5	5.5	3.8	1.7	
XI	13.2	29.3	70.7	70.7	0	476.2	94.9	5.1	3.0	2.1	
XII	11.5	33.9	66.1	66.1	0	421.0	94.5	5.5	3.0	2.5	
2012											
I	11.9	33.6	66.4	66.4	0	439.4	93.9	6.1	3.3	2.8	
II	1.2	0	100.0	100.0	0	424.6	91.6	8.4	3.4	5.0	
III	1.1	0	100.0	100.0	0	428.9	90.2	9.8	3.7	6.1	

## 20.f CURRENCY BREAKDOWN OF HOLDINGS OF NON-RESIDENT SECURITIES OTHER THAN SHARES

(at end of period)

	MFIs					Non-MFIs					
	Outstanding amount (all currencies; in millions of lats)	Structure (%)				Outstanding amount (all currencies; in millions of lats)	Structure (%)				
		In lats	In foreign currencies				In lats	In foreign currencies			
			incl. EUR	incl. USD				incl. EUR	incl. USD		
2011											
I	328.0	0	100.0	43.6	54.4	574.0	0	100.0	30.4	65.5	
II	296.0	0	100.0	45.1	52.7	630.9	0	100.0	28.2	66.9	
III	308.6	0	100.0	45.8	51.8	666.7	0	100.0	36.9	58.1	
IV	296.5	0	100.0	49.3	48.1	660.1	0	100.0	34.2	61.2	
V	292.1	0	100.0	43.6	53.7	694.4	0	100.0	37.2	58.8	
VI	239.2	0	100.0	35.4	61.2	700.8	0	100.0	37.7	58.2	
VII	251.2	0	100.0	28.7	68.0	556.8	0	100.0	47.2	47.8	
VIII	284.5	0	100.0	28.1	69.8	674.6	0	100.0	37.8	56.6	
IX	292.2	0	100.0	27.6	70.4	770.8	0	100.0	36.6	59.8	
X	303.7	0	100.0	27.7	69.0	716.5	0	100.0	34.4	62.3	
XI	305.6	0	100.0	26.7	71.2	745.2	0	100.0	35.8	60.8	
XII	383.4	0	100.0	32.7	65.2	667.4	0	100.0	30.2	65.8	
2012											
I	393.2	0	100.0	31.0	66.9	701.8	0	100.0	22.7	73.5	
II	396.2	0	100.0	36.0	61.9	709.2	0	100.0	20.9	75.3	
III	447.5	0	100.0	29.9	68.9	894.7	0	100.0	17.2	80.4	

## 20.g CURRENCY BREAKDOWN OF DEBT SECURITIES ISSUED BY MFIs

(at end of period)

	Outstanding amount (all currencies; in millions of lats)	Structure (%)	
		In lats	In foreign currencies
2011			
I	173.1	5.8	94.2
II	161.4	6.2	93.8
III	161.2	6.2	93.8
IV	160.4	6.2	93.8
V	95.3	10.5	89.5
VI	95.2	10.5	89.5
VII	95.2	10.5	89.5
VIII	91.0	9.7	90.3
IX	91.8	9.7	90.3
X	87.8	10.1	89.9
XI	88.6	10.0	90.0
XII	543.0	3.2	96.8
2012			
I	542.2	3.2	96.8
II	492.7	1.7	98.3
III	52.8	0	100.0

## 21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS

(%)

1. Interest rates on deposits (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Deposits from households															
Overnight <sup>1</sup>	0.28	0.25	0.26	0.27	0.23	0.23	0.21	0.20	0.22	0.22	0.29	0.31	0.28	0.30	0.26
With agreed maturity															
Up to 1 year	1.90	1.09	0.43	0.56	0.50	0.68	0.80	0.63	0.51	0.61	1.52	1.84	1.54	1.12	1.40
Over 1 and up to 2 years	3.97	3.80	3.33	2.99	3.00	3.03	2.87	2.99	3.37	3.44	3.43	2.81	3.27	3.06	2.24
Over 2 years	4.00	3.21	3.69	2.78	2.37	4.04	3.46	3.30	4.14	4.98	4.83	3.87	4.36	3.46	3.49
Redeemable at notice <sup>2</sup>															
Up to 3 months	1.34	1.40	0.39	0.39	0.40	0.38	0.38	0.37	0.37	0.37	0.27	0.28	0.24	0.23	0.22
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Deposits from non-financial corporations															
Overnight <sup>1</sup>	0.14	0.15	0.13	0.18	0.12	0.12	0.10	0.10	0.10	0.11	0.14	0.12	0.13	0.15	0.12
With agreed maturity															
Up to 1 year	0.29	0.26	0.44	0.26	0.35	0.30	0.32	0.48	0.38	0.43	0.42	0.31	0.39	0.40	0.34
Over 1 and up to 2 years	2.22	1.18	2.62	1.20	2.79	2.44	2.66	2.89	1.93	2.08	x	2.48	2.42	1.81	1.76
Over 2 years	3.29	2.16	x	1.45	1.58	2.29	2.11	1.23	1.35	2.05	1.00	2.60	1.97	x	x
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.a** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Households</b>															
Overnight <sup>1</sup>	0.28	0.25	0.26	0.27	0.23	0.23	0.21	0.20	0.22	0.22	0.29	0.31	0.28	0.30	0.26
With agreed maturity															
Up to 2 years	3.87	3.52	3.28	3.09	3.04	2.92	2.73	2.60	2.51	2.47	2.34	2.21	2.13	2.09	2.09
Over 2 years	5.46	5.43	5.40	5.29	4.86	4.84	5.22	5.19	5.17	5.15	5.15	5.02	4.96	4.93	5.09
Redeemable at notice <sup>2</sup>															
Up to 3 months	1.34	1.40	0.39	0.39	0.40	0.38	0.38	0.37	0.37	0.37	0.27	0.28	0.24	0.23	0.22
Over 3 months	2.49	2.49	2.06	2.11	2.11	2.11	2.13	2.20	2.20	2.16	x	x	x	x	x
<b>Non-financial corporations</b>															
Overnight <sup>1</sup>	0.14	0.15	0.13	0.18	0.12	0.12	0.10	0.10	0.10	0.11	0.14	0.12	0.13	0.15	0.12
With agreed maturity															
Up to 2 years	2.32	2.23	1.52	1.50	1.22	1.44	1.59	1.72	1.71	1.74	1.58	1.66	1.77	1.72	1.66
Over 2 years	4.47	4.14	3.95	3.99	3.95	3.89	3.78	3.72	3.68	3.62	3.53	3.42	3.16	2.69	2.23
Repos	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

3. Interest rates on loans to households (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	23.97	23.96	23.69	23.70	23.63	22.87	22.84	22.79	22.76	22.77	22.60	23.01	22.76	22.80	22.71
Extended credit card credit <sup>1</sup>	20.46	20.41	20.41	20.39	20.34	24.04	24.05	23.98	23.97	24.09	24.15	24.18	24.14	24.11	23.23
<b>Lending for house purchase</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	4.94	4.26	5.46	4.51	4.34	4.10	3.69	3.51	3.17	3.10	3.25	4.53	4.04	3.63	3.65
of wich with collateral or guarantees	4.84	4.17	5.42	4.48	4.33	3.93	3.64	3.55	3.16	3.03	3.24	4.46	3.80	3.50	3.56
Over 1 and up to 5 years	8.00	7.90	7.19	5.55	6.72	7.82	7.98	8.46	6.16	6.72	9.57	7.95	9.57	7.50	9.66
of wich with collateral or guarantees	x	7.83	x	x	x	7.70	7.91	7.62	5.71	5.94	7.29	6.27	x	6.00	8.93
Over 5 and up to 10 years	x	3.27	x	x	x	x	x	x	x	5.08	x	x	x	x	7.75
of wich with collateral or guarantees	x	3.27	x	x	x	x	x	x	x	5.08	x	x	x	x	8.70
Over 10 years	–	–	x	x	x	x	x	x	x	x	x	x	x	x	6.36
of wich with collateral or guarantees	–	–	x	x	x	x	x	x	x	x	x	x	x	x	6.17
Annual percentage rate of charge <sup>2</sup>	6.02	5.83	5.86	4.95	4.73	4.46	4.18	4.08	3.78	3.59	3.69	4.88	4.56	4.10	4.44
<b>Consumer credit</b>															
<b>By initial rate fixation</b>															
Floating rate and up to 1 year	23.09	23.50	23.92	22.45	22.53	20.24	19.03	17.62	15.70	15.76	17.16	20.07	20.34	19.85	21.50
of wich with collateral or guarantees	21.91	22.88	23.91	6.43	20.77	4.60	4.59	4.61	4.47	3.62	3.90	5.39	6.93	5.09	4.59
Over 1 year	19.05	19.73	19.79	19.03	18.80	17.75	17.63	17.36	16.00	14.09	13.41	12.18	15.70	16.46	17.04
of wich with collateral or guarantees	13.81	16.11	17.39	17.73	17.30	9.27	8.40	7.86	7.12	4.70	5.82	5.19	4.94	6.69	6.47
Annual percentage rate of charge <sup>2</sup>	22.40	22.92	24.38	22.38	22.25	21.87	20.67	22.01	21.69	21.98	22.27	22.01	22.68	22.54	21.61
<b>Other lending by initial rate fixation</b>															
Floating rate and up to 1 year	8.12	5.30	4.76	4.63	6.19	5.03	5.19	5.64	6.34	4.72	4.87	6.03	7.24	6.37	7.25
Over 1 year	12.78	12.53	11.79	12.69	9.94	11.78	13.60	12.35	11.35	x	13.99	14.59	13.42	11.69	12.97

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

**21.a** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	3.59	3.54	3.39	3.29	2.92	3.04	3.01	3.01	3.11	3.13	3.20	3.62	3.50	3.41	3.38
Extended credit card credit <sup>1</sup>	20.24	20.93	22.85	21.64	22.18	23.30	23.16	23.29	22.72	23.12	24.32	23.03	23.32	23.61	23.03
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	7.95	5.88	6.04	5.88	5.41	6.25	5.79	5.43	5.03	4.50	4.62	5.01	5.78	5.45	4.97
of wich with collateral or guarantees	7.61	5.82	6.14	5.68	5.39	6.16	5.70	5.22	5.23	4.86	4.99	5.20	5.71	5.22	5.01
Over 1 year	x	8.18	7.60	x	6.31	6.98	5.08	6.64	5.85	5.19	4.27	5.04	4.92	5.62	x
of wich with collateral or guarantees	x	8.38	7.60	x	6.31	7.04	5.06	6.52	5.74	5.06	4.24	5.00	x	x	x
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	5.50	4.04	5.26	4.88	3.95	4.22	4.35	4.24	3.82	4.33	4.65	x	x	5.25
of wich with collateral or guarantees	x	5.50	4.04	5.54	4.76	4.34	4.41	4.66	4.49	4.01	4.66	5.61	x	x	5.49
Over 1 year	–	–	x	–	–	x	x	x	3.81	x	–	x	x	x	x
of wich with collateral or guarantees	–	–	x	–	–	x	x	x	x	x	–	x	x	x	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	x	x	x	x	x	x	5.63	3.83	3.62	x	3.26	x
of wich with collateral or guarantees	x	x	–	x	x	x	x	x	x	5.52	3.84	3.69	–	x	x
Over 1 year	x	–	–	–	–	x	–	–	x	x	x	x	x	x	x
of wich with collateral or guarantees	x	–	–	–	–	x	–	–	x	x	x	x	x	–	x

<sup>1</sup> End-of-period.

**21.a WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN LATS (CONT.)**

(%)

5. Interest rates on loans (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Loans to households</b>															
Lending for house purchase, with maturity															
Up to 1 year	8.23	8.34	7.08	6.93	5.49	1.84	5.13	5.13	5.38	5.00	4.99	5.25	6.15	5.19	4.99
Over 1 and up to 5 years	5.67	6.11	6.20	6.00	5.87	5.60	4.97	4.91	4.38	4.38	4.52	4.95	4.91	4.94	5.12
Over 5 years	5.37	5.32	5.27	5.13	5.12	4.93	4.75	4.61	4.48	4.39	4.36	4.50	4.60	4.60	4.48
Consumer credit and other loans, with maturity <sup>1</sup>															
Up to 1 year <sup>2</sup>	24.30	24.60	24.81	24.36	24.22	23.56	23.77	23.67	23.60	23.24	22.73	22.69	23.03	23.11	23.45
Over 1 and up to 5 years	21.08	21.12	19.42	19.92	20.35	19.56	19.23	19.25	18.97	18.88	18.69	18.62	18.00	18.03	18.08
Over 5 years	9.25	9.08	9.01	10.07	8.98	9.92	10.38	10.34	10.28	10.20	10.12	10.03	9.64	9.60	9.62
<b>Loans to non-financial corporations</b>															
With maturity <sup>1</sup>															
Up to 1 year <sup>2</sup>	4.06	3.98	4.25	4.06	3.70	3.88	3.77	3.67	3.76	3.77	3.89	4.29	4.37	4.18	4.41
Over 1 and up to 5 years	5.26	5.25	5.21	5.08	4.68	4.56	4.40	4.31	4.35	4.37	4.36	4.32	4.41	4.36	4.55
Over 5 years	4.51	4.55	4.45	4.43	4.29	4.34	4.37	4.38	4.33	4.32	4.41	4.52	4.75	4.70	4.40

<sup>1</sup> Including revolving loans, overdrafts, and extended and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO**

(%)

1. Interest rates on deposits (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Deposits from households</b>															
Overnight <sup>1</sup>	0.52	0.45	0.43	0.89	0.51	0.65	0.61	0.57	0.61	0.59	0.59	0.56	0.38	0.38	0.34
With agreed maturity															
Up to 1 year	1.87	1.62	1.52	1.53	1.56	1.82	1.73	1.68	1.68	1.76	1.74	1.86	1.46	1.05	0.99
Over 1 and up to 2 years	4.13	3.52	2.97	3.01	3.39	3.47	3.52	3.59	3.46	3.34	3.95	3.32	3.45	3.13	2.39
Over 2 years	4.76	3.89	3.10	2.77	8.75	3.69	3.50	3.15	4.01	3.06	3.66	5.10	4.27	5.52	4.01
Redeemable at notice <sup>2</sup>															
Up to 3 months	0.78	0.79	0.60	0.62	0.66	0.71	0.77	1.03	1.22	0.84	0.73	0.71	0.72	0.72	0.65
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Deposits from non-financial corporations</b>															
Overnight <sup>1</sup>	0.46	0.30	0.34	0.63	0.41	0.71	0.57	0.56	0.64	0.59	0.46	0.42	0.22	0.23	0.22
With agreed maturity															
Up to 1 year	0.99	0.84	0.87	1.13	1.04	1.23	1.14	1.22	1.16	1.14	0.95	0.78	0.62	0.57	0.47
Over 1 and up to 2 years	2.69	1.92	3.11	1.52	2.07	3.66	2.67	2.35	2.45	3.29	2.10	2.86	1.84	1.98	2.23
Over 2 years	1.22	x	1.94	1.28	2.08	x	4.30	2.35	4.02	x	6.91	3.65	x	x	2.25
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.b** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Households</b>															
Overnight <sup>1</sup>	0.52	0.45	0.43	0.89	0.51	0.65	0.61	0.57	0.61	0.59	0.59	0.56	0.38	0.38	0.34
With agreed maturity															
Up to 2 years	2.93	2.78	2.86	2.82	2.79	2.78	2.73	2.68	2.64	2.64	2.53	2.53	2.51	2.47	2.44
Over 2 years	6.33	6.28	6.12	5.97	6.05	5.96	6.22	6.15	6.14	6.06	6.10	6.06	6.03	5.99	4.82
Redeemable at notice <sup>2</sup>															
Up to 3 months	x	x	0.60	0.62	x	0.71	0.77	1.03	1.22	0.84	0.73	0.71	0.72	0.72	0.65
Over 3 months	2.86	2.86	2.51	2.66	2.66	2.64	2.62	2.60	2.43	2.39	x	x	x	x	x
<b>Non-financial corporations</b>															
Overnight <sup>1</sup>	0.46	0.30	0.34	0.63	0.41	0.71	0.57	0.56	0.64	0.59	0.46	0.42	0.22	0.23	0.22
With agreed maturity															
Up to 2 years	1.85	1.77	1.71	1.76	1.87	2.01	2.04	2.21	2.12	2.11	1.97	1.88	1.84	1.81	1.70
Over 2 years	5.93	5.81	5.78	5.50	5.12	4.92	5.08	5.12	5.17	5.16	5.75	5.18	5.86	1.61	1.62
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.



**21.b** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	5.79	5.69	5.69	5.63	5.66	5.57	5.72	5.75	5.79	5.68	5.56	6.07	5.53	5.27	5.11
Extended credit card credit <sup>1</sup>	31.14	31.32	30.78	31.08	31.04	30.61	30.95	31.05	30.60	30.69	30.62	30.75	31.77	31.34	23.85
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	3.70	4.03	3.80	3.83	3.85	3.90	3.96	4.03	3.87	3.89	3.84	3.99	4.04	3.84	3.63
of wich with collateral or guarantees	3.70	3.99	3.76	3.82	3.81	3.88	3.93	4.01	3.84	3.76	3.82	3.95	4.04	3.89	3.66
Over 1 and up to 5 years	6.66	6.41	5.59	6.48	6.46	6.05	5.48	6.15	5.59	5.28	6.35	5.35	5.47	5.54	5.53
of wich with collateral or guarantees	6.66	6.41	5.59	6.48	6.46	6.17	5.54	6.39	5.58	5.41	6.34	5.51	5.47	5.60	5.58
Over 5 and up to 10 years	x	3.88	5.80	6.28	x	6.42	5.09	5.09	6.34	6.50	6.07	4.35	5.87	4.96	x
of wich with collateral or guarantees	x	3.88	5.12	x	–	6.44	x	4.94	5.65	6.17	x	4.12	5.97	4.83	x
Over 10 years	x	x	x	2.37	–	5.51	5.34	x	x	5.13	4.73	x	x	x	5.27
of wich with collateral or guarantees	x	x	x	2.37	–	5.64	5.24	x	x	5.09	5.50	x	x	x	5.36
Annual percentage rate of charge <sup>2</sup>	3.99	4.28	4.02	4.09	4.01	4.11	4.15	4.24	4.10	4.10	4.13	4.19	4.28	4.06	3.89
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	16.11	14.30	17.33	17.69	17.11	9.45	8.26	8.84	7.76	7.81	8.13	10.99	7.88	7.81	8.05
of wich with collateral or guarantees	x	x	x	15.54	15.35	5.43	5.60	x	x	5.12	4.75	x	x	x	4.43
Over 1 year	29.80	35.12	33.16	30.00	27.69	22.62	23.32	23.77	23.78	22.91	21.55	20.91	24.53	22.37	22.09
of wich with collateral or guarantees	13.70	16.54	18.77	18.72	14.24	11.40	13.07	12.22	12.69	12.62	12.36	11.68	13.44	12.91	10.10
Annual percentage rate of charge <sup>2</sup>	15.33	18.87	19.17	16.04	20.84	16.14	17.90	19.94	16.20	15.58	17.51	21.14	16.48	18.32	18.66
Other lending by initial rate fixation															
Floating rate and up to 1 year	5.61	4.76	5.74	4.94	4.89	5.42	5.72	5.35	5.19	4.91	3.67	4.86	4.04	5.02	5.85
Over 1 year	12.70	x	x	7.26	4.94	3.17	6.95	4.24	8.04	4.71	x	4.73	3.68	7.45	8.03

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

**21.b** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	4.63	4.56	4.56	4.83	4.70	4.85	4.83	4.79	4.73	4.49	4.56	4.68	4.40	4.41	4.51
Extended credit card credit <sup>1</sup>	20.08	20.43	26.22	22.18	25.68	25.88	25.39	25.78	23.28	24.84	25.43	24.68	24.90	24.30	23.34
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	5.60	6.22	5.89	6.49	5.90	6.00	5.95	5.95	5.26	5.40	5.53	5.53	4.70	5.08	4.89
of wich with collateral or guarantees	5.59	6.20	5.85	6.44	5.85	5.98	5.94	6.04	5.26	5.37	5.34	5.50	4.61	5.09	4.96
Over 1 year	6.12	x	8.35	6.75	8.27	x	5.03	6.00	5.49	4.57	5.54	4.94	4.89	6.13	6.18
of wich with collateral or guarantees	6.24	x	8.35	7.24	8.27	x	5.57	6.88	5.40	4.81	5.54	5.32	4.68	6.13	6.03
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	4.94	5.68	5.39	5.50	5.36	5.26	5.29	5.23	4.65	4.90	5.07	4.97	6.24	4.93	4.39
of wich with collateral or guarantees	5.12	5.53	5.43	5.49	5.41	5.26	5.29	5.28	4.66	5.06	5.11	5.00	6.52	4.75	4.38
Over 1 year	4.11	x	4.86	x	6.36	5.36	x	5.01	3.99	6.20	x	5.97	x	4.85	3.73
of wich with collateral or guarantees	4.80	x	x	x	x	x	x	6.92	5.84	5.86	x	6.73	x	x	x
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	3.38	5.10	4.72	4.66	4.47	3.07	4.15	4.75	3.69	3.58	4.41	4.54	3.60	4.31	4.26
of wich with collateral or guarantees	3.38	4.83	4.67	4.68	4.25	3.27	4.12	4.71	3.74	3.76	4.75	4.44	3.46	4.38	4.21
Over 1 year	4.95	–	x	x	x	x	x	4.91	x	x	x	3.79	x	5.60	x
of wich with collateral or guarantees	x	–	x	x	x	x	x	x	x	x	x	x	x	5.79	x

<sup>1</sup> End-of-period.

**21.b WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN EURO (CONT.)**

(%)

5. Interest rates on loans (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	5.03	4.50	16.75	4.07	4.25	3.95	25.15	6.32	4.53	6.57	22.35	22.68	2.99	21.40	25.58
Over 1 and up to 5 years	5.19	5.21	5.21	4.91	5.28	5.33	5.23	5.30	5.36	5.42	5.36	5.19	5.16	5.13	4.98
Over 5 years	3.78	3.77	3.79	3.62	3.67	3.72	3.80	3.81	3.82	3.82	3.80	3.77	3.71	3.62	3.50
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	9.23	8.77	9.07	8.63	9.24	8.73	7.24	7.51	7.74	7.24	7.35	6.78	8.56	8.75	9.36
Over 1 and up to 5 years	8.25	8.19	8.24	8.29	8.63	8.65	9.30	9.19	9.54	9.88	9.87	10.11	9.84	9.93	10.12
Over 5 years	5.39	5.46	5.48	5.36	5.44	5.44	5.78	5.75	5.71	5.70	5.70	5.71	5.26	5.21	5.06
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	4.98	4.94	5.64	5.15	5.81	5.63	5.99	5.87	5.60	5.29	5.49	5.46	5.22	5.27	4.81
Over 1 and up to 5 years	4.43	4.46	4.52	4.61	5.05	4.71	4.76	4.83	4.86	4.84	4.85	4.71	4.68	5.43	4.36
Over 5 years	3.60	3.62	3.64	3.68	3.74	3.82	3.87	4.04	3.97	3.96	3.90	3.77	3.69	3.62	3.47

<sup>1</sup> Including revolving loans, overdrafts, and extended and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS**

(%)

1. Interest rates on deposits (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Deposits from households</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity															
Up to 1 year	1.28	0.70	0.37	0.40	0.33	0.48	0.39	0.39	0.36	0.51	0.70	0.95	0.52	0.43	0.42
Over 1 and up to 2 years	3.76	4.14	2.49	2.57	2.62	2.82	3.23	2.80	2.85	3.05	2.92	2.50	2.89	2.37	1.77
Over 2 years	4.01	4.15	3.68	3.74	2.86	3.34	3.47	3.06	3.87	4.52	4.26	3.74	3.27	3.20	1.96
<b>Redeemable at notice<sup>2</sup></b>															
Up to 3 months	2.09	2.07	0.39	0.31	0.31	0.30	0.29	0.29	0.29	0.30	0.28	0.28	0.27	0.25	0.25
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	-	-	-	-
<b>Deposits from non-financial corporations</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity															
Up to 1 year	0.12	0.12	0.12	0.11	0.06	0.12	0.12	0.13	0.23	0.26	0.18	0.34	0.16	0.21	0.19
Over 1 and up to 2 years	-	-	x	-	x	-	-	x	-	-	-	x	x	-	-
Over 2 years	-	-	-	-	-	-	x	-	x	-	x	-	x	-	-
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.c WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)**

(%)

2. Interest rates on deposits (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Households</b>															
Overnight <sup>1</sup>	0.21	0.19	0.19	0.19	0.17	0.19	0.18	0.18	0.21	0.18	0.18	0.16	0.17	0.23	0.18
With agreed maturity															
Up to 2 years	2.57	2.54	2.34	2.19	2.23	2.06	1.99	1.91	1.84	1.81	1.64	1.60	1.57	1.48	1.50
Over 2 years	4.76	4.76	4.80	4.82	4.61	4.58	4.63	4.62	4.59	4.37	4.31	4.21	4.12	4.07	4.03
Redeemable at notice <sup>2</sup>															
Up to 3 months	2.09	2.07	0.39	0.31	0.31	0.30	0.29	0.29	0.29	0.30	0.28	0.28	0.27	0.25	0.25
Over 3 months	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	x	-	-	-	-
<b>Non-financial corporations</b>															
Overnight <sup>1</sup>	0.08	0.09	0.07	0.10	0.05	0.11	0.08	0.09	0.05	0.05	0.12	0.05	0.06	0.07	0.05
With agreed maturity															
Up to 2 years	0.77	0.68	0.63	0.71	0.70	0.64	0.59	0.64	0.71	0.91	0.83	0.83	0.81	0.55	0.51
Over 2 years	3.72	4.05	4.05	4.05	4.05	4.05	4.03	4.03	3.98	3.98	3.98	3.98	3.58	3.58	3.58
Repos	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

<sup>2</sup> For this instrument category, households and non-financial corporations are merged and allocated to the household sector.

**21.c** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	20.78	20.29	20.04	19.99	18.23	9.98	10.09	10.41	10.13	9.56	9.84	7.51	8.22	8.11	7.46
Extended credit card credit <sup>1</sup>	25.21	25.79	24.99	24.77	24.80	25.02	24.40	24.63	24.92	24.94	25.20	24.88	25.30	25.65	25.27
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	3.72	3.06	4.39	3.24	2.65	3.14	3.05	3.56	2.75	3.13	3.32	2.48	3.57	3.50	2.67
of wich with collateral or guarantees	3.84	3.05	4.15	3.01	2.34	3.03	2.98	3.33	2.50	2.84	3.03	2.48	3.78	3.50	2.67
Over 1 and up to 5 years	–	x	x	x	x	–	–	x	x	–	–	x	–	x	x
of wich with collateral or guarantees	–	x	–	–	x	–	–	x	x	–	–	–	–	x	x
Over 5 and up to 10 years	–	–	–	–	–	–	–	–	–	–	–	x	x	x	x
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	x	x	x	x
Over 10 years	–	–	–	–	–	–	x	x	–	x	x	–	x	–	x
of wich with collateral or guarantees	–	–	–	–	–	–	x	x	–	x	x	–	x	–	–
Annual percentage rate of charge <sup>2</sup>	3.74	3.23	4.54	3.41	2.52	3.34	3.27	3.79	4.56	3.31	3.38	2.50	3.63	3.63	3.24
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	x	17.23	19.94	x	20.48	19.42	12.44	19.57	10.97	14.22	16.94	19.31	x	x	15.54
of wich with collateral or guarantees	x	16.02	x	–	x	x	x	x	x	x	x	x	–	–	x
Over 1 year	–	x	–	–	–	–	–	x	x	x	–	–	–	–	x
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	x
Annual percentage rate of charge <sup>2</sup>	19.32	14.08	20.78	17.25	18.31	20.30	18.71	20.30	17.36	17.60	15.66	20.86	16.73	20.91	14.31
Other lending by initial rate fixation															
Floating rate and up to 1 year	x	5.41	7.11	x	x	5.02	x	x	6.03	x	x	x	5.14	4.20	4.46
Over 1 year	–	x	x	x	x	x	x	x	x	x	–	x	–	x	x

<sup>1</sup> End-of-period.

<sup>2</sup> The annual percentage rate of charge covers the total cost of a loan. The total cost comprises an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

**21.c** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Bank overdraft <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revolving loans and overdraft <sup>1</sup>	7.38	7.54	6.83	7.57	7.85	6.29	6.00	5.48	5.02	4.04	4.24	4.46	4.56	4.80	4.70
Extended credit card credit <sup>1</sup>	24.71	20.92	18.90	36.17	20.91	20.01	22.68	17.75	18.56	14.23	36.80	22.24	16.76	13.34	10.56
Other loans up to 0.25 million euro by initial rate fixation															
Floating rate and up to 1 year	11.77	5.94	5.13	4.70	x	x	x	x	6.97	x	x	9.01	x	5.88	4.95
of wich with collateral or guarantees	x	5.70	x	4.52	x	x	x	x	x	-	x	x	x	7.11	6.56
Over 1 year	-	-	-	-	x	-	x	-	-	-	-	x	-	x	x
of wich with collateral or guarantees	-	-	-	-	x	-	x	-	-	-	-	x	-	x	x
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	-	x	x	x	x	x	x	-	x	x	x	x
of wich with collateral or guarantees	x	x	x	-	x	x	x	x	x	x	-	x	-	x	x
Over 1 year	-	-	-	-	x	-	-	x	-	x	x	x	-	x	x
of wich with collateral or guarantees	-	-	-	-	x	-	-	x	-	-	x	-	-	x	-
Other loans over 1 million euro by initial rate fixation															
Floating rate and up to 1 year	x	x	x	-	x	x	x	x	x	x	x	x	x	-	x
of wich with collateral or guarantees	x	x	x	-	x	x	x	x	x	x	x	x	x	-	x
Over 1 year	-	-	-	-	x	-	-	-	-	-	-	-	x	-	-
of wich with collateral or guarantees	-	-	-	-	x	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> End-of-period.

**21.c** WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIs IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS IN US DOLLARS (CONT.)

(%)

5. Interest rates on loans (outstanding amounts)															
	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	1.69	2.59	2.69	2.70	3.00	2.60	2.63	2.67	2.41	2.37	2.41	2.23	1.83	1.79	1.83
Over 1 and up to 5 years	4.45	4.45	4.42	4.05	4.09	3.83	3.89	3.79	3.75	3.96	3.95	3.92	4.27	4.77	4.77
Over 5 years	3.46	3.30	3.27	2.98	2.99	2.96	2.93	2.93	2.94	2.95	2.98	3.01	3.07	3.09	3.02
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	13.40	13.23	12.25	13.30	12.73	13.60	13.95	13.86	14.16	14.21	13.11	13.53	14.14	13.89	10.55
Over 1 and up to 5 years	11.06	8.45	10.66	10.62	10.60	7.61	7.48	10.77	10.78	10.87	7.21	10.96	10.87	10.85	10.84
Over 5 years	4.24	4.28	4.32	4.20	4.26	4.20	4.19	4.18	4.13	4.00	4.02	4.16	4.22	4.24	4.23
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	6.44	6.57	6.20	6.30	6.27	6.29	5.78	5.66	5.76	4.74	4.94	5.15	5.15	5.49	5.36
Over 1 and up to 5 years	5.15	5.08	4.97	4.94	5.18	4.96	5.01	5.15	5.09	5.24	5.20	5.03	5.37	5.50	5.33
Over 5 years	5.31	5.15	5.20	5.18	5.20	5.25	5.28	5.29	5.30	5.16	5.15	5.32	5.30	5.21	5.30

<sup>1</sup> Including revolving loans, overdrafts, extended credit card credit and convenience credit card credit.

<sup>2</sup> Including bank overdraft.

**21.d WEIGHTED AVERAGE INTEREST RATES CHARGED BY MFIS IN TRANSACTIONS WITH RESIDENT NON-FINANCIAL CORPORATIONS (NEW BUSINESS)**

(with floating interest rate, up to 1 year initial rate fixation and original maturity of over 1 year; %)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
<b>In lats</b>															
Loans up to an amount of 0.25 million euro	6.33	5.64	5.90	5.31	4.78	4.77	5.14	4.90	4.91	4.79	4.87	5.24	5.94	5.35	5.40
of wich with collateral or guarantees	x	5.72	5.86	5.34	4.75	4.90	5.10	4.74	4.88	4.62	4.73	5.05	5.72	5.18	5.32
Loans over an amount 0.25 million euro and up to 1 million euro	–	x	x	x	x	4.49	x	4.42	5.31	x	4.04	4.48	x	x	5.25
of wich with collateral or guarantees	–	x	x	x	x	4.67	x	4.42	5.45	x	4.17	4.48	x	x	5.49
Loans over 1 million euro	–	–	–	x	x	x	x	x	4.22	5.52	3.96	3.24	x	x	x
of wich with collateral or guarantees	–	–	–	x	x	x	x	x	4.25	5.52	x	3.24	–	x	x
<b>In euro</b>															
Loans up to an amount of 0.25 million euro	5.83	6.38	6.21	6.76	5.82	6.18	5.92	6.20	5.22	5.12	5.56	5.40	3.90	5.08	4.87
of wich with collateral or guarantees	5.81	6.36	6.17	6.72	5.74	6.14	5.91	6.34	5.23	5.02	5.33	5.34	3.86	5.08	4.90
Loans over an amount 0.25 million euro and up to 1 million euro	5.11	5.62	5.27	5.55	5.23	5.39	5.16	5.23	4.47	4.65	5.05	4.80	5.22	4.74	4.44
of wich with collateral or guarantees	5.20	5.62	5.27	5.55	5.28	5.52	5.16	5.33	4.47	4.66	5.10	4.92	5.34	4.72	4.44
Loans over 1 million euro	3.36	5.49	5.39	4.96	4.62	3.14	3.33	4.48	3.71	3.57	4.34	4.55	3.11	3.82	4.14
of wich with collateral or guarantees	3.36	5.49	5.37	4.48	4.39	3.24	3.19	4.32	3.78	3.68	4.71	4.41	2.82	3.72	4.06
<b>In US dollars</b>															
Loans up to an amount of 0.25 million euro	x	x	x	x	x	x	x	x	x	x	x	x	x	7.97	5.56
of wich with collateral or guarantees	x	x	x	x	–	x	x	–	x	–	–	x	x	x	5.56
Loans over an amount 0.25 million euro and up to 1 million euro	x	x	x	–	x	x	x	x	x	x	–	x	x	x	x
of wich with collateral or guarantees	x	x	x	–	x	x	x	x	x	x	–	x	–	x	x
Loans over 1 million euro	x	x	x	–	–	x	x	x	–	x	3.95	x	x	–	–
of wich with collateral or guarantees	x	x	x	–	–	x	x	x	–	x	x	x	x	–	–



## 22. LENDING IN THE INTERBANK MARKETS

(transactions; in millions of lats)

	Loans to resident MFIs											
	In lats					In foreign currencies						
	Overnight	Up to 1 month	1–3 months	Over 3 months		Overnight	Up to 1 month	1–3 months	Over 3 months			
2011												
I	341.1	6.6	–	–	347.7	1 862.5	187.8	–	–	2 050.3	2 398.0	
II	186.4	18.8	–	–	205.2	2 041.4	180.4	59.6	–	2 281.4	2 486.6	
III	98.5	34.8	5.0	–	138.3	2 847.5	144.0	0.5	–	2 992.0	3 130.3	
IV	108.3	40.6	–	1.1	150.0	2 124.1	153.2	–	–	2 277.3	2 427.3	
V	160.9	33.2	1.5	2.0	197.6	1 549.4	93.7	–	0	1 643.1	1 840.7	
VI	55.7	–	5.0	–	60.7	1 607.7	67.8	2.1	–	1 677.6	1 738.3	
VII	369.7	49.3	0.1	–	419.1	1 844.0	108.8	–	–	1 952.8	2 371.9	
VIII	181.2	133.2	–	–	314.4	1 442.0	276.9	–	0	1 718.9	2 033.3	
IX	191.7	183.6	2.0	–	377.3	1 302.3	171.3	2.1	–	1 475.7	1 853.0	
X	212.6	166.4	0.1	3.0	382.1	1 067.8	165.8	–	–	1 233.6	1 615.7	
XI	302.8	113.6	3.0	–	419.4	792.6	188.4	2.2	1.2	984.4	1 403.8	
XII	1 111.5	112.5	13.0	–	1 237.0	832.0	215.5	0.3	–	1 047.8	2 284.8	
2012												
I	779.2	28.6	2.6	5.5	815.9	971.9	330.5	–	–	1 302.4	2 118.3	
II	671.6	33.2	20.0	12.0	736.8	1 047.6	125.4	0.3	0.1	1 173.4	1 910.2	
III	710.2	33.5	1.0	1.0	745.7	589.7	120.5	0.1	–	710.3	1 456.0	
	Loans to non-resident MFIs										Total loans	
	Overnight	Up to 1 month	1–3 months	Over 3 months		Overnight	Up to 1 month	1–3 months	Over 3 months			
2011												
I	25 237.3	1 029.0	141.0	27.1	26 434.4	28 832.4						
II	24 829.0	981.4	183.7	38.7	26 032.8	28 519.4						
III	27 029.2	968.3	98.7	57.4	28 153.6	31 283.9						
IV	24 956.9	679.2	87.3	14.8	25 738.2	28 165.5						
V	26 117.2	905.0	48.3	33.3	27 103.8	28 944.5						
VI	28 808.1	1 107.9	45.5	36.4	29 997.9	31 736.2						
VII	27 198.6	769.9	183.9	35.3	28 187.7	30 559.6						
VIII	32 790.7	1 049.7	66.1	14.2	33 920.7	35 954.0						
IX	24 538.3	970.1	15.6	48.6	25 572.6	27 425.6						
X	24 523.2	1 524.3	114.2	42.1	26 203.8	27 819.5						
XI	22 675.8	1 370.5	33.8	28.1	24 108.2	25 512.0						
XII	29 255.2	1 719.4	65.2	31.1	31 070.9	33 355.7						
2012												
I	33 585.8	1 245.3	57.1	51.3	34 939.5	37 057.8						
II	32 170.3	1 434.3	107.7	29.4	33 741.7	35 651.9						
III	34 120.7	1 441.1	18.4	66.7	35 646.9	37 102.9						

### 23.a INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Weighted average interest rates on loans in lats															
Overnight	0.3	0.3	0.2	0.3	0.3	0.2	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.3	0.3
Up to 1 month	0.4	0.2	0.3	0.4	0.4	–	0.3	0.2	0.3	0.3	0.4	0.5	0.6	0.5	0.4
1–3 months	–	–	0.5	–	0.5	0.4	0.3	–	0.6	0.3	1.1	1.7	1.1	1.0	1.5
Over 3 months	–	–	–	1.5	1.5	–	–	–	–	1.2	–	–	1.7	1.3	1.3
Weighted average interest rates on loans in foreign currencies															
Overnight	0.4	0.5	0.5	0.7	0.9	0.9	0.8	0.8	0.8	0.7	0.5	0.4	0.2	0.2	0.2
Up to 1 month	0.3	0.4	0.5	0.2	0.4	0.5	0.6	0.5	0.9	0.9	0.7	0.4	0.2	0.3	0.3
1–3 months	–	0.7	2.0	–	–	1.7	–	–	1.8	–	1.4	0.2	–	0.2	0.3
Over 3 months	–	–	–	–	0.3	–	–	0.3	–	–	2.3	–	–	1.7	–

### 23.b INTEREST RATES SET BY THE BANK OF LATVIA

(% per annum)

Effective date (dd.mm.yyyy)	Bank of Latvia refinancing rate	Lombard rates			Interest rates on time deposits		
		Up to the 10th day	11th–20th day	Over 20 days	7-day deposits	14-day deposits	
17.03.2000	3.5	5.5	6.5	7.5	1.5	1.75	
19.11.2001	–	–	–	–	3.0	3.25	
17.05.2002	–	–	–	–	2.5	2.75	
16.09.2002	3.0	5.0	6.0	7.0	2.0	2.25	
11.03.2004	3.5	–	–	–	–	–	
12.11.2004	4.0	–	–	–	–	–	
15.07.2006	4.5	5.5	6.5	7.5	–	–	
17.11.2006	5.0	6.0	7.0	8.0	–	–	
		Bank of Latvia marginal lending facility rate			Deposit facility rate with the Bank of Latvia (overnight deposits)		
24.03.2007	5.5			6.5		2.0	
18.05.2007	6.0			7.5		–	
24.02.2008	–			–		3.0	
		To credit institutions that have used the facility no more than 5 working days within the previous 30 day period	To credit institutions that have used the facility 6–10 working days within the previous 30 day period	To credit institutions that have used the facility more than 10 working days within the previous 30 day period			
09.12.2008	–	7.5	15.0	30.0		–	
24.01.2009	–	–	–	–		2.0	
24.03.2009	5.0	–	–	–		1.0	
24.05.2009	4.0	–	–	–		–	
		Deposit facility rate with the Bank of Latvia					
		Overnight deposits		7-day deposits			
24.03.2010	3.5	–	–	–	0.5	1.0	
24.07.2010	–	–	–	–	0.375	0.5	
24.11.2010	–	–	–	–	0.25	0.375	
24.03.2012.	–	5.0	10.0	15.0	–	–	
24.07.2012.	3.0	4.0	7.0	10.0	0.1	0.125	

### 23.c INTEREST RATES IN THE BANK OF LATVIA TENDERS OF REPURCHASE AGREEMENTS AND SHORT-TERM CURRENCY SWAP CONTRACTS

(% per annum)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Main refinancing operation with maturity 7 days average interest rate	-	-	-	-	-	-	-	-	-	-	-	3.5	-	-	-
Weighted average interest rate on short-term currency swaps	-	-	-	-	-	-	-	-	-	-	-	3.5	-	-	-

### 24. PRINCIPAL FOREIGN EXCHANGE TRANSACTIONS (BY TYPE, COUNTERPARTY AND CURRENCY)<sup>1</sup>

(in millions of lats)

	2011											2012		
	IV	V	VI	VII	VIII	IX	X	XI <sup>2</sup>	XII	I	II	III		
Type of transaction														
Spot exchange transactions	30 655.3	31 933.2	32 602.2	37 324.9	40 720.4	41 992.4	50 410.1	34 977.6	27 884.5	21 732.7	23 864.7	26 231.6		
Forward exchange contracts	496.2	596.9	706.9	290.0	247.1	449.9	401.7	603.8	435.6	454.7	334.6	402.3		
Currency swap arrangements	32 619.1	34 355.6	33 599.4	34 027.8	40 226.8	36 653.6	33 210.1	27 747.6	29 662.4	23 783.4	25 676.9	30 060.8		
Counterparties														
Resident MFIs	5 872.0	6 360.4	5 236.0	6 833.6	6 942.9	4 618.2	4 469.5	4 857.0	6 129.7	3 579.7	3 059.2	3 536.1		
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	338.5	521.1	357.9	311.9	349.6	335.1	311.6	467.8	435.0	289.8	237.2	507.2		
Resident government, non-financial corporations and non-profit institutions serving households	967.9	1 170.9	1 328.2	1 174.0	978.0	873.4	904.0	1 339.0	1 380.8	838.2	1 070.5	1 184.9		
Non-resident MFIs	32 286.5	33 507.1	34 096.1	34 723.3	42 580.2	42 645.2	43 444.3	32 262.3	30 088.8	24 441.7	26 775.4	30 816.8		
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	1 300.3	1 497.0	1 255.2	689.6	1 112.2	917.1	1 009.4	969.2	1 088.2	1 784.4	1 556.6	903.7		
Non-resident government, non-financial corporations and non-profit institutions serving households	18 165.6	19 313.7	20 220.2	22 710.0	26 611.1	27 500.8	31 942.8	21 683.5	16 976.3	12 018.6	13 021.3	14 188.3		
Households	4 839.7	4 515.6	4 414.8	5 200.3	2 620.2	2 206.2	1 940.3	1 750.1	1 883.7	3 018.3	4 156.0	5 557.6		
Currencies														
Total in all currencies	63 770.6	66 885.7	66 908.5	71 642.7	81 194.3	79 095.9	84 021.9	63 329.0	57 982.4	45 970.8	49 876.3	56 694.7		
incl. lats for euro	11 164.8	12 070.8	11 417.0	11 503.9	13 509.0	14 300.7	10 519.2	10 284.7	7 324.5	5 685.2	4 677.7	5 009.3		
incl. lats for US dollars	1 411.4	1 868.5	1 008.4	1 217.9	1 466.3	886.4	644.5	745.0	844.4	605.2	606.3	584.8		
incl. lats for other currencies	126.6	214.1	136.0	120.3	123.3	134.5	97.6	97.9	145.9	80.7	86.2	91.0		

<sup>1</sup> Including the cash and non-cash transactions performed by credit institutions and branches of foreign credit institutions. The volume of cash and non-cash transactions has been translated into lats applying the exchange rate of the respective foreign currency as set by the Bank of Latvia on the last day of the reporting month.

<sup>2</sup> Data have been revised.

## 25. NON-CASH FOREIGN EXCHANGE TRANSACTIONS<sup>1</sup>

(in millions of lats)

	2011										2012		
	IV	V	VI	VII	VIII	IX	X	XI <sup>4</sup>	XII	I	II	III	
EUR for LVL <sup>2</sup>													
Amount	11 209.8	12 119.3	11 458.0	11 565.5	13 589.2	14 395.3	10 562.2	10 267.7	7 235.7	5 628.7	4 633.5	4 960.1	
% <sup>3</sup>	17.5	18.1	17.1	16.1	16.7	18.2	12.6	16.2	12.5	12.3	9.3	8.8	
USD for LVL <sup>2</sup>													
Amount	1 457.2	1 861.6	1 004.8	1 222.2	1 483.2	865.8	660.5	720.6	809.8	597.2	599.1	570.9	
% <sup>3</sup>	2.3	2.8	1.5	1.7	1.8	1.1	0.8	1.1	1.4	1.3	1.2	1.0	
Other currencies for LVL <sup>2</sup>													
Amount	119.9	202.7	126.0	106.7	112.3	125.5	88.1	89.5	132.2	71.6	79.2	83.0	
% <sup>3</sup>	0.2	0.3	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.1	
USD for EUR													
Amount	25 068.9	25 396.4	24 877.2	27 324.8	27 144.2	27 905.1	29 340.9	23 923.2	23 445.3	18 319.9	22 002.1	27 757.5	
% <sup>3</sup>	39.3	37.9	37.2	38.1	33.4	35.2	34.9	37.8	40.5	39.9	44.2	49.0	
GBP for EUR													
Amount	162.7	183.2	192.8	341.3	187.1	507.0	641.4	845.8	696.3	589.5	660.7	787.6	
% <sup>3</sup>	0.3	0.3	0.3	0.5	0.2	0.6	0.8	1.3	1.2	1.3	1.3	1.4	
Other currencies (except LVL) for EUR													
Amount	1 972.0	1 944.0	2 048.9	2 494.8	2 920.7	2 770.0	3 314.3	3 134.1	3 728.0	4 015.3	3 790.3	3 111.7	
% <sup>3</sup>	3.1	2.9	3.1	3.5	3.6	3.5	3.9	5.0	6.5	8.7	7.6	5.5	
RUB for USD													
Amount	10 728.4	10 069.8	12 920.4	12 083.1	16 292.1	17 200.5	20 472.3	13 574.6	9 066.9	4 661.6	4 803.3	4 906.2	
% <sup>3</sup>	16.8	15.0	19.3	16.9	20.1	21.7	24.4	21.5	15.7	10.2	9.6	8.7	
GBP for USD													
Amount	3 334.9	5 589.2	4 584.7	5 154.9	5 568.5	5 960.5	6 720.6	4 960.7	6 302.2	4 746.1	3 998.2	6 611.1	
% <sup>3</sup>	5.2	8.4	6.8	7.2	6.9	7.5	8.0	7.8	10.9	10.3	8.0	11.7	
SEK for USD													
Amount	1 286.0	1 340.7	1 162.3	1 145.7	423.1	131.5	32.3	35.6	11.3	32.7	11.4	23.7	
% <sup>3</sup>	2.0	2.0	1.7	1.6	0.5	0.2	0	0.1	0	0.1	0	0	
Other currencies (except LVL and EUR) for USD													
Amount	7 534.1	7 200.1	7 880.0	8 965.4	12 043.2	8 371.1	8 165.0	5 046.8	5 402.2	6 488.5	8 352.1	6 863.3	
% <sup>3</sup>	11.8	10.8	11.8	12.5	14.8	10.6	9.7	8.0	9.3	14.1	16.8	12.1	
Other currencies (except LVL, EUR and USD) for other currencies													
Amount	980.9	1 008.9	680.9	1 290.8	1 516.8	928.6	4 073.8	680.3	1 015.2	746.1	887.9	948.4	
% <sup>3</sup>	1.5	1.5	1.0	1.8	1.9	1.2	4.8	1.1	1.8	1.6	1.8	1.7	

<sup>1</sup> Including non-cash transactions performed by credit institutions and branches of foreign credit institutions, reported by major currency.

<sup>2</sup> The transaction volume has been translated into lats using the weighted average exchange rate of the respective foreign currency for the reporting month.

<sup>3</sup> As percentage of the total.

<sup>4</sup> Data have been revised.

## 26. MONTHLY AVERAGES OF THE EXCHANGE RATES SET BY THE BANK OF LATVIA

(LVL vs foreign currency)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
EUR	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028	0.7028
USD	0.5276	0.5142	0.5031	0.4881	0.4885	0.4886	0.4912	0.4904	0.5080	0.5137	0.5180	0.5328	0.5449	0.5320	0.5319
GBP	0.8298	0.8296	0.8135	0.7967	0.7996	0.7949	0.7920	0.8024	0.8039	0.8074	0.8191	0.8315	0.8446	0.8397	0.8412
100 JPY	0.6391	0.6230	0.6165	0.5854	0.6016	0.6066	0.6181	0.6350	0.6615	0.6705	0.6679	0.6845	0.7076	0.6808	0.6453

**27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)**

(LVL vs foreign currency)

	2011									2012		
	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
EUR												
Buy	0.7038	0.7035	0.7030	0.7027	0.7038	0.7035	0.7014	0.6972	0.6934	0.6942	0.6942	0.6943
Sell	0.7098	0.7099	0.7101	0.7099	0.7100	0.7101	0.7076	0.7028	0.6985	0.6995	0.6991	0.6991
USD												
Buy	0.4866	0.4906	0.4888	0.4924	0.4909	0.5115	0.5133	0.5146	0.5270	0.5381	0.5257	0.5259
Sell	0.4918	0.4952	0.4935	0.4965	0.4954	0.5154	0.5163	0.5194	0.5316	0.5432	0.5295	0.5291
GBP												
Buy	0.7903	0.7967	0.7877	0.7891	0.7980	0.8023	0.7995	0.8061	0.8162	0.8286	0.8239	0.8255
Sell	0.8054	0.8103	0.8010	0.7997	0.8087	0.8136	0.8126	0.8193	0.8292	0.8418	0.8367	0.8368
100 JPY												
Buy	0.5765	0.5856	0.5812	0.6012	0.6044	0.6410	0.6404	0.6486	0.6603	0.6654	0.6495	0.6206
Sell	0.5995	0.6053	0.5988	0.6220	0.6216	0.6593	0.6616	0.6704	0.6771	0.7142	0.6606	0.6486
SEK												
Buy	0.0776	0.0779	0.0764	0.0761	0.0762	0.0764	0.0762	0.0745	0.0762	0.0777	0.0783	0.0773
Sell	0.0792	0.0794	0.0783	0.0779	0.0779	0.0780	0.0779	0.0771	0.0782	0.0797	0.0798	0.0790
RUB												
Buy	0.0172	0.0175	0.0174	0.0174	0.0169	0.0167	0.0163	0.0166	0.0168	0.0168	0.0178	0.0178
Sell	0.0177	0.0178	0.0178	0.0178	0.0173	0.0170	0.0167	0.0169	0.0171	0.0172	0.0181	0.0181
CHF												
Buy	0.5386	0.5568	0.5744	0.5919	0.6222	0.5856	0.5657	0.5627	0.5615	0.5713	0.5731	0.5709
Sell	0.5461	0.5661	0.5877	0.6055	0.6407	0.5976	0.5762	0.5741	0.5759	0.5828	0.5822	0.5817

## 28. STRUCTURE OF GOVERNMENT SECURITIES

(at end of period; in millions of lats)

	2011									2012		
	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Stock of government securities outstanding	861.3	859.0	843.3	876.5	891.8	886.8	893.8	767.2	712.1	723.6	694.0	679.0
Residents	845.5	841.0	826.1	859.3	876.2	871.6	878.6	752.9	695.3	706.6	678.7	662.8
Non-financial corporations	3.7	56.2	56.1	56.3	60.4	60.4	60.4	62.0	61.7	63.6	61.4	49.0
Credit institutions	500.6	482.3	475.2	494.1	507.9	493.2	499.1	438.5	390.4	397.6	380.2	374.0
Money market funds	13.6	12.4	12.4	9.7	9.0	9.9	11.0	8.6	4.9	10.6	8.5	10.8
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	76.2	54.5	56.7	68.5	68.8	70.0	70.0	68.2	67.4	67.4	63.6	63.6
Financial auxiliaries	0.5	0.5	0.5	0.5	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Insurance corporations and pension funds	196.2	228.6	218.7	223.1	222.4	230.2	230.2	167.6	163.1	160.2	157.5	157.8
Central government	0	0	0	0	0	0	0	0	0	0	0	0
Households	50.3	2.1	2.1	2.6	2.9	3.1	3.1	3.2	3.2	2.5	2.8	2.9
Non-profit institutions serving households	4.4	4.4	4.4	4.5	4.7	4.7	4.7	4.7	4.5	4.6	4.6	4.6
Non-residents	15.8	18.0	17.2	17.2	15.6	15.2	15.2	14.3	16.8	17.0	15.3	16.2
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	9.6	11.9	11.4	11.4	9.4	9.4	9.4	11.0	13.1	13.1	11.3	12.1
Money market funds	0	0	0	0	0	0	0	0	0	0	0	0
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	0	0	0	0	0	0	0	0	0	0	0	0
Financial auxiliaries	6.1	6.1	5.8	5.8	6.2	5.8	5.8	3.3	3.7	3.9	4.0	4.1
Insurance corporations and pension funds	0.1	0	0	0	0	0	0	0	0	0	0	0
Central government	0	0	0	0	0	0	0	0	0	0	0	0
Households	0	0	0	0	0	0	0	0	0	0	0	0
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0

## 29. AUCTIONS OF GOVERNMENT SECURITIES IN THE PRIMARY MARKET

(Q1 2012)

Date (dd.mm.)	Initial maturity (months)	Supply (in thousands of lats)	Demand (in thousands of lats)	Purchase (in thousands of lats)	Weighted average discount rate (%)
<b>Competitive multi-price auctions</b>					
11.01.	6	8 000	37 500	8 000	0.992
18.01.	12	16 000	49 840	16 000	1.595
25.01.	60	8 000	19 855	8 000	4.392 <sup>1</sup>
01.02.	12	12 000	45 510	12 000	1.701
15.02.	12	12 000	51 600	12 000	1.665
29.02.	60	8 000	34 428	8 000	4.335 <sup>1</sup>
14.03.	12	12 000	63 769	12 000	1.558
21.03.	60	8 000	36 770	8 000	4.114 <sup>1</sup>
<b>Primary placement of government securities via outright sales of securities</b>					
12.01.	6	2 000	4 000	2 000	0.992
19.01.	12	4 000	8 000	4 000	1.595
26.01.	60	2 000	7 120	2 000	4.392 <sup>1</sup>
02.02.	12	3 000	7 500	3 000	1.701
16.02.	12	3 000	14 520	3 000	1.665
01.03.	60	2 000	8 516	2 000	4.335 <sup>1</sup>
15.03.	12	3 000	16 592	3 000	1.558
22.03.	60	2 000	13 000	2 000	4.114 <sup>1</sup>

<sup>1</sup> Weighted average yield.

## 30. THE BANK OF LATVIA'S TRANSACTIONS IN THE SECONDARY MARKET FOR GOVERNMENT SECURITIES

(in millions of lats)

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Securities purchased	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Securities sold	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## 31. DYNAMICS OF GDP

	2011				2012	
		Q1	Q2	Q3	Q4	Q1
At current prices; in millions of lats	14 161.0	3 046.1	3 505.3	3 706.3	3 903.3	3 384.7
At constant prices <sup>1</sup> ; in millions of lats	7 135.2	1 527.1	1 760.1	1 896.8	1 951.2	1 632.6
Annual growth rate (%)	5.5	3.5	5.6	6.6	5.7	6.9
Gross value added	5.5	4.3	5.8	6.4	5.5	6.2
Goods-producing sector	8.6	5.9	8.0	10.0	9.6	11.8
Services sector	4.4	3.8	4.9	4.9	3.9	4.2

<sup>1</sup> Chain-linked; average prices in 2000.

### 32. CHANGES IN THE AVERAGE MONTHLY WAGES AND SALARIES AND UNEMPLOYMENT

	2011												2012		
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III
Average gross wages and salaries															
LVL per month	447	440	463	460	462	468 <sup>1</sup>	472	469	459	461	464	500	464	459	476
Year-on-year changes (%)	104.7	103.2	104.9	104.1	104.2	104.8 <sup>1</sup>	103.4	105.5	103.8	104.0	105.1	104.5	103.8	104.5	102.9
Real net wage index (year-on-year basis; %)	100.8	99.0	100.6	99.7	99.3	100.2 <sup>1</sup>	99.3	101.0	99.4	99.9	101.1	100.8	100.2	101.1	99.5
Number of registered unemployed persons															
At end of month	164 551	164 880	163 454	157 857	149 600	142 428	137 638	134 175	131 659	130 541	130 240	130 296	132 575	133 413	132 158
Year-on-year changes (%)	88.3	85.9	84.1	83.1	81.5	80.5	79.4	79.1	79.6	80.3	80.5	80.2	80.6	80.9	80.9

### 33. LATVIAN FOREIGN TRADE BALANCE

(in millions of lats; exports – in FOB prices, imports – in CIF prices)

	2011 <sup>1</sup>												2012					
	Q1			Q2			Q3			Q4			Q1					
Exports	6 001.3			1 328.5			1 490.0			1 570.5			1 612.2			1 501.4		
Imports	7 698.7			1 658.2			1 853.9			2 080.0			2 106.6			1 952.1		
Balance	-1 697.4			-329.7			-363.9			-509.4			-494.4			-450.7		
	2011 <sup>1</sup>												2012					
	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	I	II	III			
Exports	414.2	419.1	495.2	478.4	521.4	490.3	472.7	540.3	557.5	560.4	544.6	507.3	466.1	489.2	546.1			
Imports	487.1	526.3	644.9	585.1	654.9	614.0	690.9	694.4	694.7	742.6	702.8	661.3	612.1	643.5	696.5			
Balance	-72.8	-107.2	-149.7	-106.7	-133.5	-123.7	-218.2	-154.1	-137.2	-182.2	-158.2	-154.0	-146.0	-154.3	-150.4			

<sup>1</sup> Data have been revised.



**34. MAIN EXPORT GOODS OF LATVIA**

(in FOB prices)

	2011 <sup>1</sup>		2012	
			Q1	
	Millions of lats	%	Millions of lats	%
Total	6 001.3	100.0	1 501.4	100.0
Agricultural and food products	983.2	16.4	256.6	17.1
Mineral products	549.1	9.1	135.3	9.0
Products of the chemical and allied industries	444.7	7.4	91.5	6.1
Plastics and articles thereof; rubber and articles thereof	186.7	3.1	45.5	3.0
Wood and articles of wood	1 010.3	16.8	266.1	17.7
Pulp of wood; paper and paperboard	128.7	2.1	35.6	2.4
Textiles and textile articles	242.0	4.0	63.0	4.2
Articles of stone, plaster, cement, glassware and ceramic products	114.4	1.9	27.6	1.8
Base metals and articles of base metals	868.6	14.5	252.0	16.8
Machinery and mechanical appliances; electrical equipment	762.7	12.7	174.3	11.6
Transport vehicles	402.4	6.7	76.9	5.1
Miscellaneous manufactured articles	153.7	2.6	40.1	2.7
Other goods	154.7	2.7	37.0	2.5

<sup>1</sup> Data have been revised.**35. MAIN IMPORT GOODS OF LATVIA**

(in CIF prices)

	2011 <sup>1</sup>		2012	
			Q1	
	Millions of lats	%	Millions of lats	%
Total	7 698.7	100.0	1 952.1	100.0
Agricultural and food products	1 165.4	15.1	298.3	15.3
Mineral products	1 338.9	17.4	387.6	19.8
Products of the chemical and allied industries	737.8	9.6	184.7	9.4
Plastics and articles thereof; rubber and articles thereof	416.5	5.4	100.7	5.2
Wood and articles of wood	115.4	1.5	33.5	1.7
Pulp of wood; paper and paperboard	189.7	2.5	43.7	2.2
Textiles and textile articles	327.6	4.3	79.5	4.1
Articles of stone, plaster, cement, glassware and ceramic products	126.4	1.6	27.9	1.4
Base metals and articles of base metals	844.6	11.0	224.6	11.5
Machinery and mechanical appliances; electrical equipment	1 317.5	17.1	331.1	17.0
Transport vehicles	685.3	8.9	126.0	6.5
Miscellaneous manufactured articles	154.7	2.0	38.6	2.0
Other goods	278.9	3.6	75.8	3.9

<sup>1</sup> Data have been revised.

**36. LATVIAN FOREIGN TRADE PARTNERS**

(exports – in FOB prices, imports – in CIF prices)

	2011 <sup>1</sup>					2012				
						Q1				
	Millions of lats			% of the total		Millions of lats			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	6 001.3	7 698.7	-1 697.4	100.0	100.0	1 501.4	1 952.1	-450.7	100.0	100.0
EU15 countries	1 954.3	2 947.6	-993.2	32.6	38.3	492.1	709.8	-217.7	32.8	36.4
EU27 countries	4 347.7	5 906.4	-1 558.8	72.5	76.7	1 063.2	1 431.3	-368.1	70.8	73.3
incl. Germany	496.4	931.4	-435.0	8.3	12.1	112.5	227.5	-115.0	7.5	11.7
Sweden	380.8	295.5	85.3	6.3	3.8	87.0	62.9	24.1	5.8	3.2
UK	183.2	135.7	47.5	3.1	1.8	53.3	27.9	25.4	3.5	1.4
Finland	183.9	356.3	-172.4	3.1	4.6	42.9	85.1	-42.2	2.9	4.4
Denmark	201.7	172.7	29.0	3.4	2.2	67.3	44.5	22.8	4.5	2.3
Netherlands	137.1	277.9	-140.8	2.3	3.6	35.8	67.8	-32.0	2.4	3.5
Lithuania	1 086.9	1 450.4	-363.5	18.1	18.8	223.5	354.4	-131.0	14.9	18.2
Estonia	816.9	575.0	241.9	13.6	7.5	199.0	143.6	55.5	13.3	7.4
Poland	352.1	610.2	-258.2	5.9	7.9	107.8	152.4	-44.6	7.2	7.8
CIS	877.2	1 128.1	-250.9	14.6	14.7	212.8	366.3	-153.5	14.2	18.8
incl. Russia	634.8	659.3	-24.5	10.6	8.6	157.6	262.1	-104.6	10.5	13.4
Other countries	776.3	664.2	112.2	12.9	8.6	225.3	154.5	70.8	15.0	7.9
incl. USA	71.6	71.2	0.4	1.2	0.9	16.5	16.9	-0.3	1.1	0.9
Norway	143.0	79.6	63.4	2.4	1.0	40.3	13.7	26.6	2.7	0.7
China	27.6	207.0	-179.4	0.5	2.7	7.4	51.0	-43.6	0.5	2.6

<sup>1</sup> Data have been revised.

### 37. CONVENIENCE AND EXTENDED CREDIT, REVOLVING LOANS AND OVERDRAFT TO RESIDENT NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; in millions of lats)

	Non-financial corporations						Households					
	In lats			In euro			In lats			In euro		
	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit
<b>2011</b>												
I	134.2	1.1	1.8	424.9	0.2	0.1	37.0	24.9	115.9	14.5	2.1	3.2
II	133.7	1.0	1.8	416.6	0.2	0.1	36.4	25.1	113.9	14.6	2.1	3.1
III	137.7	1.1	1.6	406.7	0.2	0.1	36.6	25.4	113.9	14.6	2.2	3.2
IV	135.7	1.0	1.6	419.5	0.2	0.1	36.3	25.2	113.2	14.8	2.2	3.1
V	171.6	1.1	1.6	415.8	0.2	0.1	36.5	25.7	112.4	14.2	2.2	3.0
VI	182.2	1.0	1.5	510.2	0.2	0.1	60.6	25.3	110.8	21.8	2.2	3.1
VII	183.3	1.0	1.5	509.5	0.2	0.1	60.1	25.1	109.6	21.5	2.1	2.9
VIII	186.3	1.0	1.5	505.9	0.2	0.1	60.6	25.5	108.9	21.6	2.3	2.9
IX	181.9	1.1	1.4	515.7	0.2	0.1	59.6	25.3	108.0	20.4	2.3	2.9
X	197.0	1.0	1.5	529.1	0.2	0.1	59.5	24.8	107.4	19.5	2.2	2.9
XI	207.8	1.3	1.2	517.0	0.2	0.1	59.2	25.3	105.8	21.5	2.2	2.8
XII	188.0	1.1	1.3	489.9	0.2	0.1	56.5	19.9	103.5	18.6	2.0	2.7
<b>2012</b>												
I	193.6	1.0	1.3	485.9	0.2	0.1	56.9	20.3	103.7	18.7	2.1	2.6
II	201.1	1.0	1.2	475.6	0.2	0.1	54.6	19.8	103.5	18.1	1.9	2.7
III	201.7	1.0	1.1	488.6	0.2	0.1	54.1	16.5	103.3	18.4	1.3	2.7

### 38.a LOANS TO RESIDENT NON-FINANCIAL CORPORATIONS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD

(at end of period; in millions of lats)

	In lats						In euro					
	With original maturity of over 1 year			With original maturity of over 2 years			With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
<b>2011</b>												
III	230.7	33.1	152.8	210.3	29.4	99.4	4 368.4	806.6	2 757.9	4 057.0	1 071.3	2 579.5
VI	259.5	30.7	178.9	248.3	55.4	99.9	4 140.5	773.6	2 570.3	3 886.2	1 096.1	2 394.1
IX	330.9	36.8	219.7	312.9	80.3	124.4	4 090.5	798.3	2 526.0	3 834.2	1 108.2	2 347.4
XII	387.7	38.7	267.9	363.9	83.5	156.6	3 903.5	742.0	2 401.3	3 662.4	1 076.1	2 188.8
<b>2012</b>												
III	406.5	43.4	302.8	381.8	74.3	191.0	3 650.1	745.8	2 321.2	3 432.2	977.1	2 131.6

**38.b LOANS TO RESIDENT HOUSEHOLDS IN THE BREAKDOWN BY RESIDUAL MATURITY AND BY INTEREST RATE RESET PERIOD**

(at end of period; in millions of lats)

	In lats						In euro					
	With original maturity of over 1 year			With original maturity of over 2 years			With original maturity of over 1 year			With original maturity of over 2 years		
		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years		with a residual maturity of up to 1 year	with a residual maturity of over 1 year and interest rate reset period ≤1 year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period ≤2 years
<b>2011</b>												
III	331.8	43.8	98.9	316.8	76.9	97.1	4 639.7	302.7	3 312.3	4 562.9	412.8	3 620.1
VI	332.9	39.8	100.3	317.0	75.9	99.6	4 529.0	278.4	3 360.7	4 457.9	398.2	3 628.6
IX	345.5	36.6	106.6	327.5	70.7	107.8	4 435.7	277.9	3 340.1	4 370.2	396.6	3 574.7
XII	351.3	34.3	117.3	333.1	65.1	128.0	4 304.0	261.9	3 331.1	4 246.2	396.7	3 485.2
<b>2012</b>												
III	332.2	33.9	119.1	314.2	49.0	132.0	4 078.9	245.9	3 266.2	4 025.0	313.1	3 393.2

## Additional Information

### General notes

The Bank of Latvia's publication Macroeconomic Developments Report is based on data provided by the CSB, Ministry of Finance of the Republic of Latvia, FCMC, NASDAQ OMX Riga and Bank of Latvia.

Data sources for charts are WTO (Chart 1.1.), CSB (Charts 1.2–1.4, 3.1–3.3, 3.6, 3.7, 3.10, 4.1, 4.3–4.7, 4.10, 4.13, 5.1, 5.3 and 5.6), the Bank of Latvia (Charts 1.4, 2.2–2.4, 2.6–2.14, 4.13, 6.1–6.4, 7.1 and 7.2), Bloomberg (Chart 2.1), Treasury (Charts 2.5 and 3.8–3.11), Road Traffic Safety Directorate (Chart 3.4), EC (Charts 3.5, 4.2, 4.11, 4.12, 4.14 and 5.4), SEA (Charts 4.8 and 4.9), Food and Agriculture Organization of the United Nations (Chart 5.2) and Reuters (Chart 5.5).

Data sources for Statistics tables are the Bank of Latvia (Tables 1, 3–28, 30, 37 and 38), NASDAQ OMX Riga (Table 1), Ministry of Finance of the Republic of Latvia (Tables 2ab and 29) and CSB (Tables 2ab and 31–36).

Details may not add because of rounding-off.

FOB value is the price of a commodity on the border of the exporting country, including the transportation and insurance costs only up to the border.

CIF value is the price of a commodity on the border of the importing country, including the transportation and insurance costs only up to the border.

"–" – no transactions in the period; "x" – no data available, no computation of indicators possible or insufficient number of respondents to publish information.

### Money and banking sector

Calculation of monetary aggregates includes the Bank of Latvia's balance sheet data and information from the financial position reports of other MFIs, prepared using the Bank of Latvia's methodology (see the Bank of Latvia's Regulation No. 40 "Regulation for Compiling the Monthly Financial Position Report of Monetary Financial Institutions" of 16 July 2009, based on Regulation (EC) No. 25/2009 of the ECB of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (recast; ECB/2008/32).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include the Bank of Latvia, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by the Bank of Latvia. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other monetary financial institutions (money market funds) in compliance with the original List of Monetary Financial Institutions published by the ECB.

Non-MFIs – entities other than MFIs.

Financial institutions – other financial intermediaries, excluding insurance corporations and pension funds, (hereinafter, OFIs), financial auxiliaries, insurance corporations and pension funds.

OFIs – financial corporations that are primarily engaged in financial intermediation by incurring liabilities in forms other than currency, deposits and close substitutes for deposits

from their customers other than MFIs, or insurance technical reserves. OFIs are corporations engaged in lending (e.g. financial leasing companies, factoring companies, export/import financing companies), investment funds, investment brokerage companies, financial vehicle corporations, financial holding corporations, and venture capital corporations. OFIs data include also financial auxiliaries' data.

Financial auxiliaries – financial corporations that are primarily engaged in auxiliary financial activities, i.e. activities that are closely related to financial intermediation but are not financial intermediation themselves, e.g. investment brokers who do not engage in financial intermediation services on their own behalf, corporations that provide infrastructure for financial markets, central supervisory institutions of financial institutions and the financial market provided that they are separate institutional units. The Financial and Capital Market Commission and the NASDAQ OMX Riga shall be regarded as financial auxiliaries. Financial auxiliaries' data are included in OFIs data.

Non-financial corporations – economic entities producing goods or providing non-financial services with the aim of gaining profit or other yield.

Households – natural persons or groups of natural persons whose principal activity is consumption and who produce goods and services exclusively for their own consumption, as well as non-profit institutions serving households. The following are also regarded as households in the Republic of Latvia: persons engaged in individual entrepreneurship provided that they have not registered their activity with the Commercial Register of the Enterprise Register of the Republic of Latvia.

Holdings of securities other than shares – financial assets, which are instruments of the holder, usually negotiable and traded or compensated on secondary markets and which do not grant the holder any ownership rights over the issuing institutional unit.

The following information is published in accordance with the ECB methodology:

- 1) The Bank of Latvia's assets and liabilities (Table 6), expanding the range of reported financial instruments;
- 2) Aggregated balance sheet of MFIs (excluding the Bank of Latvia), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding the Bank of Latvia (Table 7);
- 3) Consolidated balance sheet of MFIs, obtained by netting out inter-MFI positions on the aggregated MFI balance sheet (Table 8). Due to slight differences in accounting techniques, the sum of inter-MFI positions does not always equal zero; therefore, the balance is included in the item "Excess of inter-MFI liabilities";
- 4) Monetary aggregates and counterparts (Table 4) comprise Latvia's monetary aggregates and their balance sheet counterparts derived from the consolidated balance sheet of MFIs. See Table 5 for seasonally adjusted monetary aggregates. When seasonally adjusting the time series, DEMETRA + Version 1.0.21605 of the programme is used. The following monetary aggregates are calculated and published:

M1 – narrow monetary aggregate, comprising currency in circulation (the lats banknotes and coins issued by the Bank of Latvia excluding vault cash of MFIs) plus overnight deposits in all currencies held with MFIs.

M2 – intermediate monetary aggregate comprising M1 and deposits redeemable at a period of notice of up to and including 3 months (i.e. short-term savings deposits) made in all currencies and deposits with an agreed maturity of up to and including 2 years (i.e. short-term time deposits) in all currencies held with MFIs.

M3 – broad monetary aggregate comprising M2, repurchase agreements, and debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

In compliance with the Bank of Latvia's methodology, the monetary base (Table 3) and monetary survey (Table 10) is published. According to this methodology, the calculated monetary aggregates comprise the following:

M0 – monetary base, comprising the lats banknotes and coins issued by the Bank of Latvia and resident MFI overnight deposits in lats with the Bank of Latvia.

M2X – broad money, comprising currency in circulation (the lats banknotes and coins issued by the Bank of Latvia less vault cash of MFIs), MFI overnight deposits and time deposits in lats (including deposits redeemable at notice and repos), as well as foreign currency deposits with MFIs. M2X incorporate deposits made by local governments as a net item on the demand side.

In view of the fact that the Bank of Latvia collects more comprehensive information, the following is also published:

- 1) Aggregated balance sheet of Latvia's MFIs (excluding the Bank of Latvia) which is the sum of the harmonised balance sheets (Tables 9ab);
- 2) Information characterising foreign assets and foreign liabilities of MFIs (excluding the Bank of Latvia; Tables 11ab), including a breakdown of selected balance sheet items by country (Table 12);
- 3) Information characterising the maturity profile and types of deposits (including repos) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding the Bank of Latvia; Tables 13 and 14abc) as well as Government and non-resident deposits (Table 14d). Deposits redeemable at notice have been grouped by period of notice. Long-term deposits include deposits with the original maturity of over 1 year. The breakdown of MFI (excluding the Bank of Latvia) deposits by currency is provided in Tables 20ab;
- 4) Information characterising the maturity profile and types of MFI (excluding the Bank of Latvia) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17 and 18) as well as Government and non-resident loans (Table 16c). The breakdown of MFI (excluding the Bank of Latvia) loans by currency is provided in Tables 20cd;
- 5) Information characterising MFI (excluding the Bank of Latvia) securities holdings other than shares (Tables 19ab and 20ef);
- 6) Information characterising debt securities issued by MFIs (excluding the Bank of Latvia; Table 20g).

### **Interest rates**

In June 2010, the Bank of Latvia introduced new methodology for interest rate statistics (see the Bank of Latvia's Regulation No. 42 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 10 September 2009). Using this methodology, credit institutions, branches of foreign credit institutions and particular credit unions registered in the Republic of Latvia have to provide information on interest rates on deposits and loans applied in transactions with resident non-financial corporations and households. Introduction of the new methodology enabled harmonisation of the interest rate statistics

with the ECB requirements laid down in Regulation (EC) No. 290/2009 of the ECB of 31 March 2009 amending Regulation (EC) No. 63/2002 (ECB/2001/18) concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (ECB/2009/7). The interest rate statistics provide considerably wider information on macroeconomic development and structural changes.

Information on interest rates on deposits and loans applied in transactions with non-financial corporations and households provided by credit institutions, branches of foreign credit institutions and credit unions registered in the Republic of Latvia is collected (Table 21). Interest rate statistics is collected on new business and outstanding amounts. All rates included in the interest rate statistics are weighted average rates. When preparing the interest rate statistics, credit institutions use annualised agreed rates (AAR) or narrowly defined effective rates (NDER) and annual percentage rate of charge (APRC). Credit institutions have to select the calculation of the AAR or the NDER based on the terms and conditions of the agreement. The NDER can be calculated on any deposit or loan. In addition to the AAR or the NDER, the APRC is reported for loans to households for house purchase and consumer credits.

The interest rates on new business with overnight deposits and deposits redeemable at notice and their outstanding amounts coincide.

Interest rates on new loans are reported on the basis of the initial rate fixation period set in the agreement, whereas overdraft interest rates are reported on loan balances.

When reporting the interest rates on consumer credit and other credit to households with the maturity of up to 1 year and loans to non-financial corporations with the maturity of up to 1 year, interest rates on overdraft are included.

Interbank market lending interest rates (Table 23a) are reported as weighted average interest rates on new business, aggregating the information submitted by credit institutions, prepared based on the Bank of Latvia's methodology (see the Bank of Latvia's Regulation No. 46 "Regulation for Compiling the "Report on Money Market Transactions" of 5 November 2009.)

### **Foreign exchange and exchange rates**

Information characterising the foreign currency selling and buying transactions is reported based on the Bank of Latvia's methodology (see the Bank of Latvia Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009 and the Bank of Latvia's Regulation No. 41 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 July 2009). The principal foreign exchange transactions (Table 24) comprise the cash and non-cash transactions conducted by credit institutions and branches of foreign credit institutions, reported by transaction type and counterparty, and currency. Non-cash foreign exchange transactions (Table 25) comprise non-cash transactions performed by credit institutions and branches of foreign credit institutions, reported by major currency.

Exchange rates set by the Bank of Latvia (Table 26) are reported as monthly mathematical averages. Weighted average exchange rates (cash transactions; Table 27) are reported based on the information provided by credit institutions and branches of foreign credit institutions as well as currency exchange bureaus.