



# MACROECONOMIC DEVELOPMENTS REPORT

## December 2014

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## **Abbreviations**

ABSPP – Asset-backed securities purchase programme  
CBPP3 – third Covered bond purchase programme  
CDS – credit default swap  
CIF – cost, insurance and freight at the importer's border  
CIS – Commonwealth of Independent States  
CSB – Central Statistical Bureau of Latvia  
EC – European Commission  
ECB – European Central Bank  
ERDF – European Regional Development Fund  
ESA 2010 – European System of Accounts 2010  
EU – European Union  
EU15 – EU countries before 1 May 2004  
EURIBOR – Euro Interbank Offered Rate  
FOB – free on board at the exporter's border  
FRS – Federal Reserve System  
GDP – gross domestic product  
HICP – Harmonised Index of Consumer Prices  
IMF – International Monetary Fund  
JSC – joint stock company  
MFI – monetary financial institution  
OFI – other financial intermediary (other than an insurance corporation or a pension fund)  
TLTRO – targeted longer term refinancing operations  
UK – United Kingdom  
UN – United Nations Organisation  
US – United States of America  
VAT – value added tax  
WTO – World Trade Organisation

## Executive Summary

Growth was weak in a large number of Latvia's major trade partners in the second and third quarters of 2014, and future projections do not point towards early resumption of rapid growth either. The conflict between Russia and Ukraine, weak growth of the euro area, changes in the FRS monetary policy that may hinder market growth of developing countries as well as the expected deceleration of growth in China exerted a significant contractive effect. Considering the combination of these factors, the IMF in October made downward revisions to GDP growth projections for a number of Latvia's major trade partners.

During the first nine months of 2014, Latvia's exports to Russia declined by 2.7%, and growth in several other important markets (Estonia, Finland, Germany) also moderated primarily owing to a decrease in demand and less to the sanctions imposed by the EU on Russia. Nevertheless, Latvian exporters offset the weak demand relatively successfully by an increase in exports to the UK, Sweden, Poland, Lithuania and other countries. Thus, Latvia's total exports in January–September 2014 year-on-year continued to rise. Latvia's export market shares in global imports also grew further suggesting that competitiveness is still sustainable.

The Governing Council of the ECB decided on the reduction in the key ECB interest rates twice (on 5 June and 4 September) to enhance progress of the euro area towards the inflation rate below, but close to, 2% in the medium term. In addition, the Governing Council of the ECB adopted a decision on the introduction of targeted longer-term refinancing operations (TLTRO) at its meeting of 5 June. In its meeting of 4 September, the Governing Council of the ECB also decided to start implementing the Asset-backed securities purchase programme (ABSPP) and a new Covered bond purchase programme (CBPP3).

The ECB Governing Council adopted a decision on setting negative interest rates on deposits with central banks of the euro area to facilitate lending to real economy. However, Latvian credit institutions largely placed their excess funds with foreign credit institutions and in government and corporate debt securities. Thus, domestic loans continued their slow downward trend in April–October, with loans both to households and non-financial corporations falling. Nevertheless, August and September saw a moderate monthly growth in lending, and in October the annual rate of decrease in loans was the lowest since May 2013. This positive trend might continue until the end of the year; however, improvement in lending is likely to slow down in 2015. It is expected that mortgage lending will be hampered by precaution arising from external risks along with the impact of the amendments to the Insolvency Law and the poor state of the legal environment in the area of insolvency. The decisions adopted by the Governing Council of the ECB aimed at facilitating lending will fail to fully offset the above hindrances.

Stable GDP growth in Latvia continued both in the second and third quarters (3.3% and 2.4% respectively year-on-year); however, growth was slower than in 2013. The domestic market, construction, trade and public utilities currently contribute to growth. In the second quarter, the current account deficit of Latvia's balance of payments amounted to 224.0 million euro or 3.8% of GDP.

With the cyclical unemployment component shrinking and growth decelerating, employment growth slowed down sharply in 2014, and currently the labour market is close to equilibrium. A steep rise in wages and salaries was observed in the first quarter, but it was driven by several one-off factors, including a rise in the minimum wage, easing of the tax burden on labour and rounding up of wages and salaries upon the euro changeover. The rise in wages and salaries in 2014 is expected to exceed the traditional 4%–5% owing to the impact of the first quarter data.

The annual inflation rate in Latvia remains low both from the perspective of a longer time

period and the growing economy. The 12-month average HCPI reached 0.5% in October. In the first half of the year, a lower-than-expected inflation rate was underpinned by both the global price trends that impacted the inflation rate in the euro area and by the postponement of the opening of the electricity market until 2015. In response to the Russian import ban on food products, inflation expectations deteriorated rapidly in August and September. Dairy product and vegetable prices were expected to shrink due to increased supply. However, the data for August and September suggested that expectations had not fully materialised and inflation continued on its gradual upward trend, atypical for the season and economic conditions in selected consumption groups. Nevertheless, many of the above prices saw adjustment already in October, pointing to the fact that the demand had probably been overestimated. At the same time inflation expectations rose on account of the published electricity tariffs.

Since the above trends were taken into account when producing the previous forecast, the GDP forecast for 2014 by Latvijas Banka has been slightly reduced from 2.9% to 2.8%, but the GDP forecast for 2015 remains unchanged. The downward risks to the GDP forecast are still mainly related to weaker-than-expected recovery of the external environment, while the upside risks are linked to the possible resumption of operation of the JSC *KVV Liepājas metalurģs*.

Table 1  
GDP GROWTH PROJECTIONS FOR LATVIA'S MAJOR  
TRADE PARTNERS IN 2014 AND 2015  
(%)

	2014 <sup>1</sup>	2014 <sup>2</sup>	2015 <sup>1</sup>	2015 <sup>2</sup>
Euro area	1.1	0.8	1.5	1.3
Germany	1.9	1.4	1.7	1.5
UK	3.2	3.2	2.7	2.7
Russia	0.2	0.2	1.0	0.5
Denmark	1.5	1.5	1.7	1.8
Sweden	2.8	2.1	2.6	2.7
Estonia	2.4	1.2	3.2	2.5
Lithuania	3.3	3.0	3.5	3.3
Poland	3.1	3.2	3.3	3.3

Sources: April 2014 (Denmark, Sweden, Estonia, Lithuania and Poland) and July 2014 (the euro area, Germany, the UK and Russia) (1) and October 2014 (2) *World Economic Outlook* (IMF).

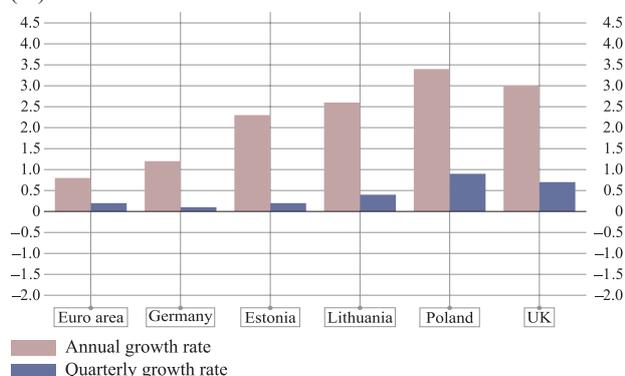
## 1. External Sector and Exports

### 1.1 External economic environment

In October 2014, the IMF revised downwards the GDP growth projections for a number of major global players for 2014 and 2015. It was on account of a slower GDP growth in the first six months in such countries as Russia (the Russian–Ukrainian conflict having adverse impact on investment, manufacturing and confidence indicators), Brazil (domestic demand turning out to be weaker than projected), Japan (a stronger-than-expected drop in domestic demand following a consumption tax hike), and the euro area as a whole (economic growth slowed down in the second quarter due to heightened geopolitical tension, falling investment and contracting exports). At the same time, the economic development of the US and the UK as well as China and India was relatively positive and supported global economic recovery.

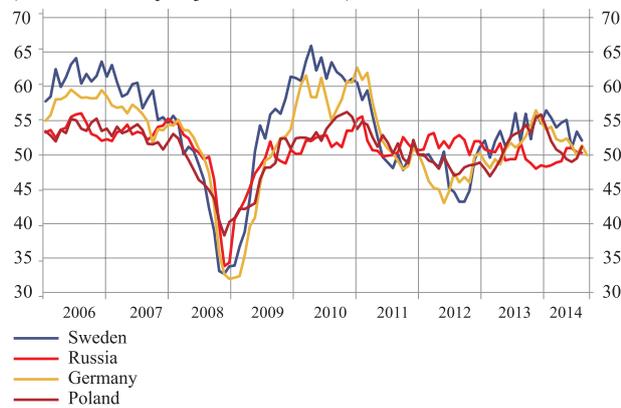
The GDP growth projections for the euro area, Germany, Sweden, Estonia and Lithuania were revised downwards by the IMF in October; the projections for Poland were revised upwards, while those for the UK, Russia and Denmark remained unchanged (see Table 1). A slower GDP growth in Latvia's major trade partners may translate also into a weaker demand from these countries for Latvian goods and services.

Chart 1.1  
ANNUAL AND QUARTERLY GDP GROWTH RATE  
IN Q3 2014 IN LATVIA'S MAJOR TRADE PARTNER  
COUNTRIES  
(%)



In the third quarter, the euro area GDP increased by 0.2% against the previous quarter and posted a 0.8% increase on an annual basis (see Chart 1.1), thus suggesting a weak and uneven recovery of the euro area. The euro area growth still remains weak, with notable differentials across countries. Reform implementation processes in Spain, Ireland and Portugal have brought about the first positive results, with the economic growth in these countries recommencing. In some other countries recording more sluggish structural reform processes (Italy and France), also the GDP growth has been more moderate. Waning private sector deleveraging, tight lending standards and high unemployment rates are still imposing restrictions on sustainability of economic recovery. Major risks to the euro area growth perspective remain related to the still-unsolved conflict between Russia and Ukraine and the impact of imposed sanctions as a result from it, while weaker global trade data and decelerating economic growth in the developing countries give rise to extra concerns

Chart 1.2  
PURCHASING MANAGERS INDEX IN LATVIA'S MAJOR  
TRADE PARTNER COUNTRIES  
(total seasonally adjusted indicator)



about the global economic growth expectations (see Chart 1.2 for Purchasing Managers Index in Latvia's major trade partners).

Economic growth data for Latvia's major trade partners have been varying. In the third quarter, Germany's GDP increased by 0.1% quarter-on-quarter. Subdued investment was offset by strengthened private consumption, and Germany succeeded in averting technical recession. Even though Germany has stopped to act as the engine of euro area economic growth, declining unemployment, rising salaries and low interest rates support the development.

In Estonia, GDP posted a 0.2% quarter-on-quarter increase in the third quarter. Higher revenue from value added and excise taxes had a positive impact on GDP growth, whereas the impact from developments in the transport sector, in freight transportation by rail in particular, was negative. The government tariff policy along with tighter competition with the new seaports in north-western Russia affected adversely the turnover of freight transportation by rail in Estonia.

In the third quarter, Lithuania's GDP picked up 0.4% quarter-on-quarter. Some analysts claim that Lithuania with its embargo-affected goods exports to Russia accounting for 2.5% of GDP is much more vulnerable to Russia's sanctions than the other Baltic States (in Latvia, Estonia and Poland the affected exports to Russia account for less than 0.5% of GDP). However, the growth in Lithuania is favoured by the invitation to Lithuania to join the euro area as of 1 January 2015, which adds extra recognisability to the country.

The quarter-on-quarter rise in Poland's GDP was 0.9% in the third quarter. At its November meeting, the Monetary Policy Council of *Narodowy Bank Polski* emphasised that the economic situation in Poland had recently deteriorated, apparently also under the impact of the consequences from the Russian–Ukrainian conflict, with decelerating pace in manufacturing, construction and retail trade all pointing to a decline.

GDP in the UK posted a 0.7% quarter-on-quarter pick-up in the third quarter. Overall, the economic growth in the UK has remained strong since early 2013 and is expected to be solid also at the close of 2014. In addition, the improving economic situation in the US, a major trade partner of the UK, generates additional confidence in sustainable growth thereafter.

In August, on account of more sluggish external market dynamics, the Ministry of Finance of Sweden revised downwards the GDP forecast both for 2014

(by 0.6 percentage point, to 1.9%) and 2015 (by 0.1 percentage point, to 3.0%). As was then indicated by the Minister for Finance Anders Borg, fiscal policy in the current and next year would focus on enhancing the economic advance.

In Denmark, the retail trade data point to cyclically low consumer demand. However, the budget deficit remains moderate, disposable income of the population continues to grow, and unemployment rate is declining.

Turning to Russia, its GDP growth data and several confidence and financial market indicators suggest that the country's economy had been subdued even before the EU, the US and other countries announced the economic sanctions late in July. Capital outflows responsible for the depreciation of the Russian ruble still figure among the most pressing problems in Russia. In addition, the Central Bank of the Russian Federation took a decision to abolish the acting exchange rate policy mechanism by cancelling the operational band and regular interventions within and outside the borders of this band.

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

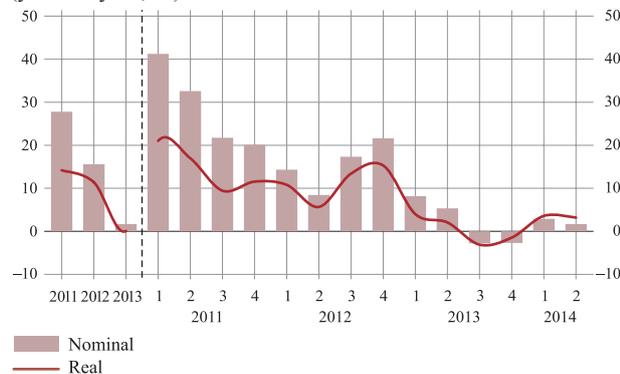
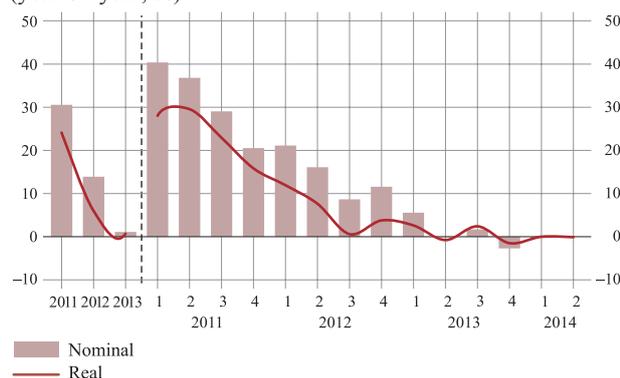


Chart 1.4  
IMPORTS OF GOODS  
(year-on-year; %)



## 1.2 Latvia's competitiveness and dynamics of goods exports

In the first nine months of 2014, Latvia's exports of goods retained an upward year-on-year trend, increasing by 2.0%.

The largest positive nine-month contribution to the annual rise in goods export value came from wood and articles of wood (2.0 percentage points), products of the chemical and allied industries (0.9 percentage point), and machinery and mechanical appliances, electrical equipment (0.7 percentage point). In the first nine months of 2014, exports of wood and articles of wood posted a year-on-year 11.2% increase. The wood export market has been diversified, hence export volumes expanded in both eastern and western directions. For instance, in the first nine months of 2014, exports of plain sawn wood and wood in chips recorded year-on-year increases to the UK, Egypt, South Korea, China and Ireland. However, the annual export growth was adversely affected by contracting volumes of base metals and articles of base metals, textiles and textile articles, and mineral products.

Despite a negative political and economic environment, the turnover of Latvian foreign trade in goods in the third quarter picked up 3.6% quarter-on-quarter, with goods exports and imports expanding by 4.1% and 3.3% respectively (see Charts 1.3 and 1.4

for year-on-year changes in exports and imports of goods). A decrease in the export value did not come as a surprise, for it had been signalled by the weakening external demand, slow and uneven advance of the euro area economies, and contracting demand from Russia due to embargo imposed on food product imports, and depreciation of the Russian ruble.

Even though exports to Russia increased in the third quarter, in the first nine months of 2014 overall they contracted by 21.6 million euro or 2.7% in comparison with the same period of the previous year. Transport vehicles (trailers and semi-trailers, other not mechanically propelled vehicles) and products of the chemical industry (medications) posted the largest drop in exports to Russia. A positive annual increase, on the other hand, was still retained by animal product exports to Russia (beef and poultry meat, butter, cheese, cottage cheese, cream, etc.), products of food industry (mainly alcoholic beverages), and machinery (centrifuges and treatment machinery, metal processing machinery and other mechanical appliances and their parts). Month-on-month, the export growth in July was on account of animal products (butter, cheese, cottage cheese), products of the chemical industry (cosmetics, soap), electrical equipment (block capacitors), textile articles (underwear, male and female wearing apparel), and other products. In August and September, exports to Russia expanded mainly on account of the growing volumes of alcoholic beverages, wine and preserved fish. In the meantime, animal product exports to Russia posted a notable contraction in August and September, because this product group was affected most by the Russian embargo on imports effective as of August. It was exports of products included in the banned imports group that had recorded an upswing in early 2014, with their share in exports to Russia increasing notably to 8.1% (from 4.5% in 2013) in the first half of the year.

In the first nine months of 2014, the value of exports to Belarus contracted by 8.2 million euro or 6.0% year-on-year. In the given period of time, volume contractions mainly refer to metal structures, transport vehicles, and automatic data processing equipment and its elements. In August and September, exports of the Russian-banned animal products (milk, cream, cheese and cottage cheese) to Belarus boosted.

The low overall external market demand notwithstanding, Latvia's export market shares, as suggested by the WTO preliminary data, continued to increase. Latvia's exports, on the other hand, also captured the subdued growth in some euro area

economies and Russia. However, Latvian exporters managed to set off this weakening demand from some major trade partners, Russia, Estonia, Finland and Germany among them, quite successfully by boosting exports and export market shares in other European countries (e.g. the UK, Poland, Lithuania, Hungary and Sweden) as well as by producing new goods and finding new market opportunities in Asia (China, Turkey, Israel, Iran, Pakistan, Uzbekistan, etc.), Africa (Mozambique, Egypt and Libya), and America (the US and Haiti). The share of technology-intensive and high-value-added goods in Latvian exports has been gradually rising (according to the Eurostat data, from 7.7% of total exports in 2011 to 9.9% in the first half of 2014).

Upside risks with potentially negative impact on external demand are aggravating in the global environment. The euro area is threatened by continued stagnation due to sluggish economic growth in some euro area countries. The subdued activity of investors is a result of uncertainty generated by the conflict between Russia and Ukraine and deceleration of economic development in Russia and euro area countries. Russia's ban on certain agricultural and food product imports may affect not only the sector of agriculture and respective food producers but other branches as well. However, despite the negative background, producers' sentiment as to the future perspective, including food, wood and metal export producers, has not deteriorated dramatically. The situation incurred by Latvian businesses marks a significant turning point, as because of the Russian–Ukrainian conflict the export market demand patterns have changed notably. This in turn acts as a trigger of positive export adjustments relative to both the variety of exported goods and trade partners, thus minimising business risks. When taking a longer perspective, the sustainability of Latvian export growth will greatly depend on enhancing competitiveness, which currently has a positive impact on the dynamics of Latvian export market shares, investment in boosting the output and production of new and innovative items as well as capturing new export market shares.

## 2. Monetary Policy and Financial Markets

### 2.1 Global financial markets

In the summer and autumn of 2014, the global financial market sentiment was primarily driven by the developments in Ukraine's geopolitical situation and investor concerns about what impact the western sanctions against Russian officials and businesses as well as Russia's response to them would have on the growth of the euro area and global economy. These sentiments were also affected by shortly anticipated divergence in monetary policy pursued by leading central banks and worries about deceleration of growth momentum in euro area countries and other leading world economies. Market participants closely monitored macroeconomic indicators, trying to receive any signals about the eventual activities of leading central banks.

Between June and November, the ECB and other leading central banks went on pursuing accommodative monetary policy, and the refinancing rates were held close to zero (see Chart 2.1). In line with expectations, the FRS decided to conclude its asset purchase programme on 29 October, reaffirming the view that the recent financial market instability and low inflation outlook were unlikely to undermine progress made towards achieving the employment and inflation targets. The FRS also announced that the federal funds rate would be maintained within the current target range of 0%–0.25%. In determining how long to maintain this target range, the FRS will assess progress in the country's economic activity. Discussions about the exact date of the FRS commencing the raising of interest rates intensified in the reporting period and generated financial market volatility. Some members of the Bank of England's Council are in favour of higher interest rates already in the near future. The anticipated divergence in monetary policy of the ECB and other leading central banks affected the prices of financial instruments. The spread between the German and the US government bonds widened notably in the reporting period, and the exchange rate also captured the anticipated divergence: the euro exchange rate against the US dollar depreciated by 8%, from 1.37 US dollars per euro in early June to 1.25 US dollars per euro in mid-November, i.e. the lowest value of this currency pair since August 2012 (see Chart 2.2 for the exchange rate of US dollar, Russian ruble and UK pound sterling against the euro dynamics). In the reporting period,

Chart 2.1

#### BASE RATES (%)

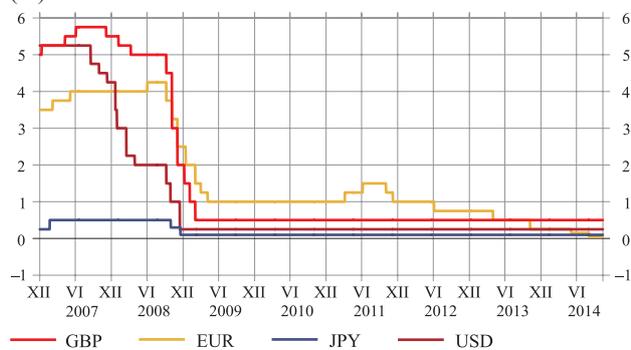


Chart 2.2

#### EXCHANGE RATE OF US DOLLAR, RUSSIAN RUBLE AND UK POUND STERLING AGAINST EURO (index: 1 January 2014 = 100)

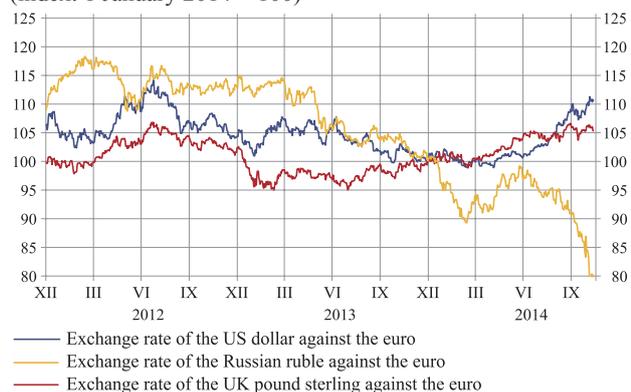


Chart 2.3  
YIELDS ON GERMAN AND US 10-YEAR GOVERNMENT BONDS AND THEIR SPREADS  
(basis points)

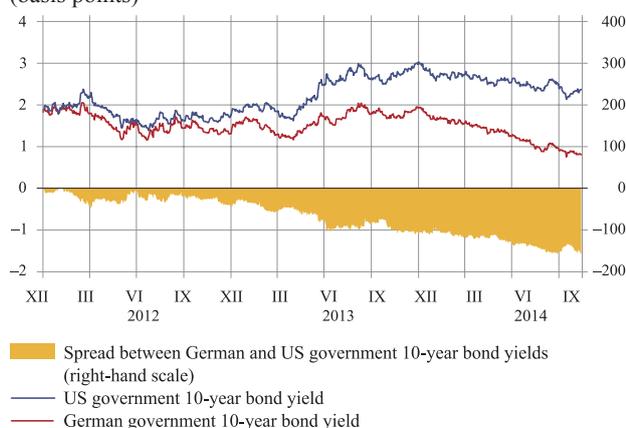
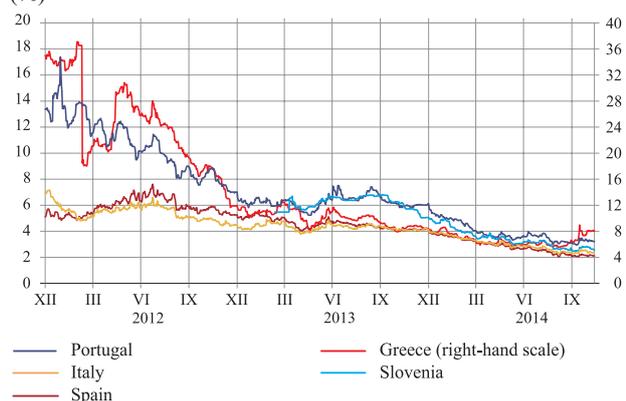


Chart 2.4  
10-YEAR GOVERNMENT BOND YIELDS OF EURO AREA PERIPHERAL COUNTRIES  
(%)



the euro depreciated also against the Swiss franc (by 1.5%) and the UK pound sterling (by 3.0%) but appreciated against the Japanese yen (by 4.0%).

At the beginning of the reporting period, financial market sentiments were underpinned by the ongoing escalation of the Russian–Ukrainian conflict, while in the second half of the period, they were supported by the news about several negative macroeconomic indicators and eventual growth deceleration in the leading world economies. Of the euro area countries, Portugal and Greece were the objects of concern. The crisis of *Banco Espírito Santo*, a Portugal's bank, reminded market participants of the recent financial crisis and translated into a temporary wave of turmoil. Meanwhile, in Greece, discussions commenced about country's early exit from the international bail-out programme, with Greece stating its commitment to cover its financing needs from 2015 onwards on its own. Market participants reacted by immediately embedding extra risk premiums in bond prices. Under the current bail-out programme, the final EC bail-out payment is scheduled for December 2014, while the IMF financing is projected to last until the first quarter of 2016.

Due to geopolitical tensions and concerns about the euro area economic growth perspective, investors opted for safer investment opportunities more often; as a result of it and the low euro area inflation rate, yields on the German government 10-year bonds dropped to a historic low (0.75% in mid-October). In the reporting period overall, the yield on the respective bonds contracted from 1.36% in June to 0.82% in mid-November. Short-term lending rates also tended to go down: the yield on the German government 2-year bonds turned negative (–0.05% in mid-November). It means that investors, in order to lend funds to the German government, were ready for a surcharge. Despite investors anticipating an eventual increase in the FRS federal funds rate, the US government bond yields tended to decline as well. Thus the US government 10-year bond yield went down from 2.48% in early June to 2.37% in mid-November. The expected divergence in the euro area and US central bank monetary policy spurred a notable widening of the spread between yields on bonds of these countries (see Chart 2.3).

In the reporting period, yields on government bonds of euro area peripheral countries were also on a slightly downward trend (see Chart 2.4). The demand depended on investors looking for profit earning opportunities with the minimum likelihood of risk and speculations that the ECB may take to quantitative

easing in the future. The Greek government bonds were an exception, for their holders were aware of risks related to the Greece's government plan of early exit from the international bail-out programme, due to which the prices of Greek government 10-year bonds started to fluctuate significantly, and the yield on bonds increased from 6.2% in early June to 7.9% in mid-November.

As to Russia and Ukraine, the conflict between the two was strongly impacting their foreign exchange rates, making them depreciate. Since the time the US and the EU imposed sanctions on the banks and businesses owned by the Russian government by banning them from the access to the US and European capital markets, the Central Bank of the Russian Federation was invested with additional responsibility to assist local businesses in crisis situations. At the beginning of the year, the Central Bank of the Russian Federation made massive interventions in the domestic foreign exchange market, selling 43.1 billion US dollar worth foreign reserves in the first five months of the year, which was followed by an opposite trend in the summer months when foreign reserves were boosted by 1.5 billion US dollars in June, with no interventions to come after in July, August and September. In October and November, when crude oil prices were falling and western-sanction-affected Russian businesses, subject to restricted access to international capital markets, encountered first debt refinancing problems, the Russian ruble started to depreciate sharply and the Central Bank of the Russian Federation resumed its interventions in the foreign exchange market, selling foreign reserves worth 26.7 billion US dollars in October.

In addition in the reporting period, the Central Bank of the Russian Federation raised the base rate on two occasions (from 7.5% to 8.0% in July and from 8.0% to 9.5% in late October) so that to curb inflation, which was on an upward trend, at 8.3% in October. The central bank also announced its plans for passing over to free floating exchange rate by the end of 2014, expanded the national currency's maximum fluctuation band in August, and abolished the band and regular interventions in November, maintaining powers to make ad hoc interventions at any moment if financial stability is threatened. In the period between early June and early December, the Russian ruble depreciated against the euro by 29%, falling by 32% since the beginning of 2014.

Fuelled by the armed conflict in eastern Ukraine, Ukraine's hryvnia continued to depreciate. In order

Chart 2.5  
AUCTIONS OF GOVERNMENT SECURITIES  
(millions of euro)

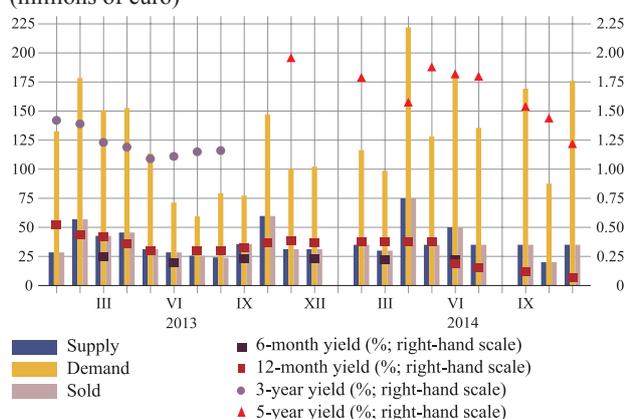
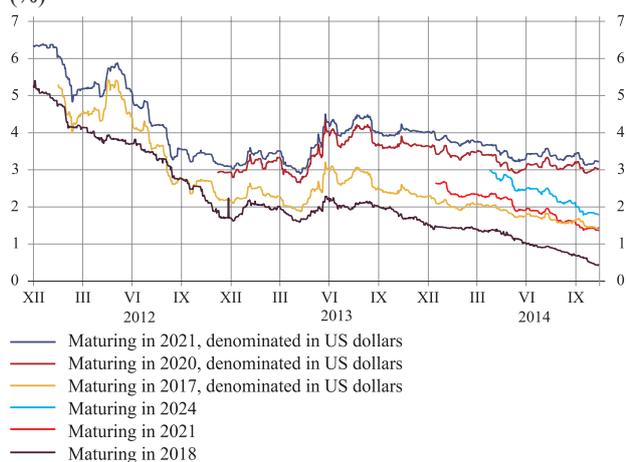


Chart 2.6  
LATVIAN GOVERNMENT BOND BID YIELDS  
(%)



to curb its sharp fall, the National Bank of Ukraine resumed interventions in the foreign exchange market after a six-month break in August. The central bank's capacity to intervene in the foreign exchange market is limited due to its foreign reserves that have contracted from 38.4 billion US dollars in 2011 to 12.6 billion US dollars in November 2014. In the period between early June and early December, the Ukrainian hryvnia depreciated by 14% against the euro, falling by 40% since the beginning of 2014.

## 2.2 Securities market

Supply of Latvian government securities (50 million euro in June, 35 million euro in July, September and November, 20 million euro in October) was reduced at primary auctions; government securities were not supplied in August (see Chart 2.5). State budget execution was good. Moreover, the government had sufficient accrual of funds to repay the external debt of 1.2 billion euro in 2015 and to ensure public expenditure during the last months of 2014. All government securities supplied were sold. Furthermore, following the introduction of the negative interest rate on the deposit facility by the ECB, the demand to supply ratio increased from 3.6 in June to 4.8 in September, 4.4 in October and 5.0 in November. Overall, in June–November the Treasury supplied 6-month and 12-month Treasury bills as well as 5-year Treasury bonds. The yield on 12-month Treasury bills shrank from 0.19% in June to 0.07% in November, but the yield on 5-year Treasury bonds declined from 1.82% in June to 1.22% in November. Development of interest rates was driven by the overall trends prevailing in the euro area – the majority of the euro area countries experienced the decrease in interest rates.

The bid yield of Latvian government eurobonds maturing in 2024 issued in the external market in 2014 decreased from 2.80% at the beginning of June to 1.79% in mid-November in the secondary market. The spread between the above and German government bonds of the respective maturity contracted from 126 basis points to 98 basis points. The bid yield on Latvian government bonds denominated in US dollars and maturing in 2021 declined from 3.31% at the beginning of June to 3.23% in mid-November (see Chart 2.6); the spread between the above and that of US government bonds of the respective maturity shrank from 136 basis points to 126 basis points. This trend was similar in all euro area countries.

The tight fiscal policy implemented by the Baltic

Chart 2.7  
STOCK PRICE INDICES  
(1 January 2014 = 100)



States was assessed during the reporting period when Lithuania issued 12-year government bonds in international financial markets. The amount of the issue was 1 billion euro, and the yield was set as the interest rate on euro swaps of the respective maturity plus 100 basis points (2.34% on 27 October). The Lithuanian example showed that further implementation of a conservative fiscal policy provides an opportunity for the Baltic States to issue bonds in international financial markets with a maturity exceeding 10 years and yields sufficiently attractive for the issuer.

The world's leading share price indices retreated. This decline was affected by the weak economic indicators and geopolitical instability. In mid-November, NASDAQ OMX Riga share price index OMXR went down by 4.9% in comparison with the beginning of June, but the Baltic share price index OMXBBI decreased by 3.8%. This drop was largely supported by deceleration of the economic development pace in Latvia and the EU as a whole which, in turn, was due to the situation in Ukraine, the ongoing discussions of the governments of the euro area countries on their financial situation and on account of the postponement of austerity measures. The European stock market index DJ EURO STOXX 50 retreated by 6.1%, the US stock market index S & P 500 augmented by 6.0%, but the Japanese stock market price index *Nikkei 225* increased by 18.9% until mid-November, in comparison with the beginning of June (see Chart 2.7) owing to the monetary stimulus provided by the Bank of Japan and depreciation of the Japanese yen.

### 2.3 The ECB monetary policy decisions, Eurosystem operations liquidity and money market developments

During the reporting period, the Governing Council of the ECB adopted several decisions to facilitate development of the euro area economy and stabilise the price level in the Monetary Union. The Governing Council of the ECB reduced the key ECB interest rates to cut interest rates on short-term loans in the interbank market of the euro area and implemented additional measures in order to foster credit granting to the private sector.

The Governing Council of the ECB decided on the reduction in the key ECB interest rates twice (on 5 June and 4 September) in the reporting period. The first decrease in interest rates came into effect on 11 June but the second one – on 10 September. The decision of 5 June lowered the interest rates on the

main refinancing operations from 0.25% to 0.15%, on the marginal lending facility – from 0.75% to 0.40% and on the deposit facility – from 0.00% to –0.10%. The decision of the Governing Council of the ECB of 4 September cut these interest rates to 0.05%, 0.30% and –0.20% respectively. A negative deposit facility rate means that as of 11 June, when it was first cut to a negative level, credit institutions are obliged to pay for their excess financial resources kept at the central bank and exceeding the minimum reserve requirements. In this way, the ECB encourages credit institutions having excess financial resources to lend funds to credit institutions in need of additional liquidity and to other economic agents.

In addition to the reduction in interest rates, the Eurosystem discontinued the organisation of fixed-term deposit tenders, thus increasing excess liquidity. The ECB announced that it would continue to organise fixed-rate tenders with full allotment also in the future as long as necessary but until at least December 2016.

Following the assessment of the economic situation in the euro area, the Governing Council of the ECB decided to implement several additional measures to improve the monetary policy transmission mechanism and ensure lending to the economy, thus enhancing progress of the euro area towards the inflation rate below, but close to, 2% over the medium term. The Governing Council of the ECB adopted a decision on the introduction of TLTRO at its meeting of 5 June. The Governing Council of the ECB decided to supplement the TLTRO programme with ABSPP and CBPP3 at its meeting of 4 September.

TLTRO tenders are organised once every three months as of September 2014. Overall, eight TLTRO tenders take place. The first two tenders in September and December provide an opportunity for credit institutions to borrow up to 7% of their loans to the euro area non-financial sector, except loans to households for house purchase. In turn, during the next tenders organised until June 2016, credit institutions will be able to borrow funds three times exceeding the net increase in their new loans (new loans minus repaid loans) to the euro area non-financial sector, except loans to households for house purchase. The interest rate on the main refinancing operations plus 10 basis points will constitute the rate on these loans for credit institutions. Loan maturity of all these tenders is September 2018. After a two-year-period, credit institutions will have an opportunity to make early repayments of their loans; however, they will have to repay the loans not used for the intended

purpose before their maturity. Initial forecasts suggested that 1 trillion euro would reach the euro area economy (400 billion euro as a result of the first two tenders in September and December and 600 billion euro during the next years) through TLTRO, but these expectations have decreased following lower than expected activity at the September tender. Latvian credit institutions are eligible to apply for loans up to 560 billion euro at the first two TLTRO tenders in September and October.

The first TLTRO tender took place in September when the Eurosystem granted 82.6 billion euro with maturity of 4 years (1 463 days) at a fixed rate of 0.15% to 255 participants. Latvian credit institutions attracted 25 million euro at this TLTRO tender.

CBPP3 was already launched in the second half of October, but ABSPP will commence at the end of 2014. Duration of the two programmes is at least two years; acquisition of securities will be made in both the primary and secondary markets. The minimum credit rating (BBB-/Baa3/BBB1) thresholds set in compliance with the ECB monetary operation collateral requirements will be applied to the securities to be purchased.

The ECB carried out the main refinancing operations as fixed rate tenders with full allotment and a maturity of 1 week. Interest of Eurosystem credit institutions in the main refinancing operations remained quite steady at the beginning of the reporting period; the amount allotted in tenders fluctuated within the range of 94–149 billion euro as in the previous reporting period. However, activity of credit institutions fell in the second half of the period following the September meeting of the Governing Council of the ECB; the amount allotted at tenders fluctuated within the range of 83–118 billion euro.

Longer-term refinancing operations with full allotment and with a maturity of 1 reserve maintenance period were cancelled, but longer-term refinancing operations with a maturity of 3 reserve maintenance periods were organised as usual. In June, euro area credit institutions attracted 10.4 billion euro, in July – 6.8 billion euro, in August – 7.2 billion euro, in September – 11.0 billion euro and in October – 10.2 billion euro through these operations. During the reporting period, credit institutions continued early repayment of the funds borrowed in December 2011 and March 2012 when the ECB carried out longer-term refinancing operations with a maturity of 3 years, accelerating repayment prior to the TLTRO tender. At the end of October 2014, banks of the euro area

countries had repaid the ECB 725.1 billion euro or 71% of funding allotted via these operations.

Excess liquidity (the reserve amount of credit institutions plus the deposit facility minus the marginal lending facility minus minimum reserve requirements) in the euro area recorded a minor decrease during the reporting period compared to the previous one. The average amount of excess liquidity fell from the average amount of 117 billion euro in the previous reporting period to 108 billion euro in the current reporting period. The abatement of excess liquidity was primarily on account of the application of a negative interest rate on the excess funds of credit institutions deposited with the central bank. However, the ECB decision on the cancellation of fixed-term deposit tenders and organisation of the TLTRO tender had an upward impact on the amount of excess liquidity.

As a result of the June and September decisions made by the Governing Council of the ECB, money market interest rates declined. The fluctuation band and level of the EONIA index of the interbank interest rate on overnight loans shrank, approaching zero. During the previous reporting period, the average EONIA was 0.18%. From 11 June, when the first reduction in the key ECB interest rates occurred, to 10 September, when the second downward revision of the key ECB interest rates took place, the average value of EONIA reached 0.033%, but from 10 September to mid-November it turned negative and stood at  $-0.005\%$ .

A downward trend of 3-month EURIBOR was also recorded; it decreased from its average value of 0.32% during the previous reporting period to 0.16% in the current one, in October reaching a historical low of the index  $-0.079\%$  (see Chart 2.8).

## 2.4 Lending and deposit rates

In the reporting period, the ECB lowered money market indices of various maturities by reducing, on two occasions, the interest rate on the main refinancing operations, by introducing TLTRO and new asset purchase programmes. In turn, the falling money market rates adversely affected interest rates both on loans and deposits in Latvia. At the same time, rates on loans had also been effected by fluctuations of the interest rate spread over the money market indices. These fluctuations declined in May–August, but they augmented in September as the risk premium they contained went up owing to the increasing uncertainty of political developments in relations between Russia and Ukraine. Latvia's

Chart 2.8  
EURO MONEY MARKET INTEREST RATES (%) AND  
EXCESS LIQUIDITY IN THE EURO AREA

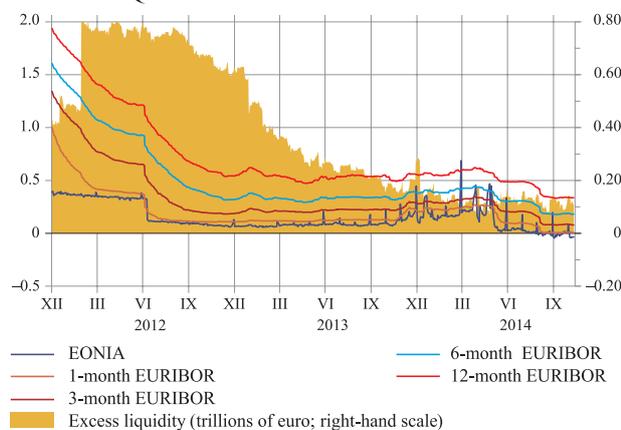


Chart 2.9  
SPREAD BETWEEN INTEREST RATES ON NEW LOANS  
AND NEW DEPOSITS  
(percentage points)

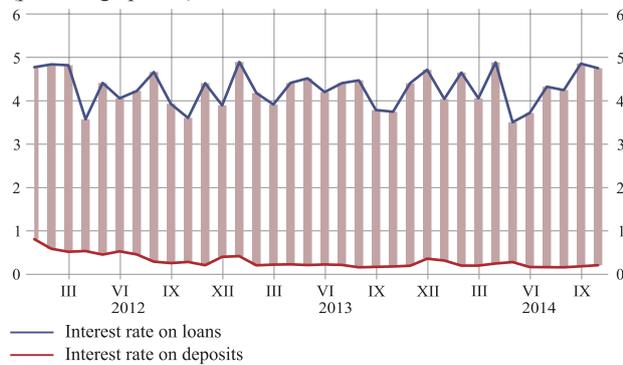


Chart 2.10  
INTEREST RATES ON MFI NEW LOANS IN EURO TO  
NON-FINANCIAL CORPORATIONS  
(%)

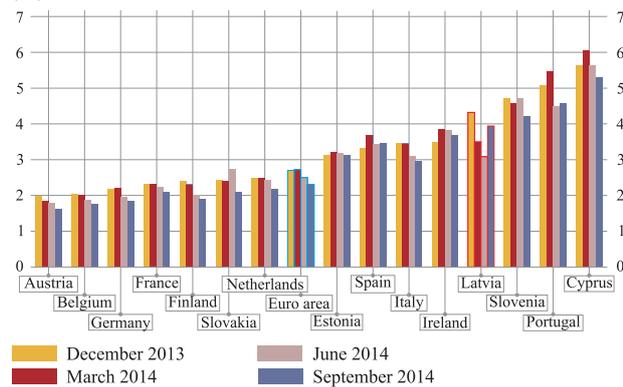
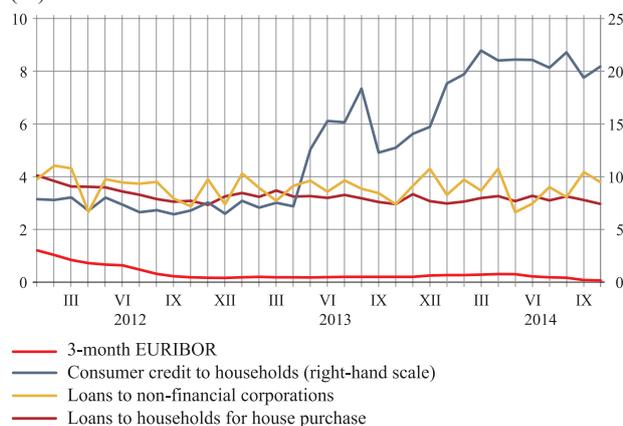


Chart 2.11  
INTEREST RATES ON MFI NEW SHORT-TERM LOANS  
IN EURO\*  
(%)



\* Floating interest rates and interest rates with an initial interest rate fixation period of up to 1 year.

activity in the area of legislation also played a role. The spread between interest rates on new loans and new deposits remained relatively stable (see Chart 2.9), ensuring positive profits to credit institutions from interest income and expenditure.

As a result of the monetary policy implemented by the ECB in the euro area, interest rates on new euro loans to non-financial corporations and households and those on new euro deposits received from non-financial corporations and households decreased for the majority of loan and deposit instruments in June–September. Substantial differences still exist among interest rates on loans applied across the euro area countries (see Chart 2.10). Interest rates on loans and deposits are higher in countries with weaker economic development and excessive debt burden.

In May–August, the weighted average interest rate on new loans to resident non-financial corporations and households declined from 4.9% to 4.2% in Latvia, but in October it returned to the level of 4.7%. The dynamics of the weighted average interest rate on new loans to non-financial corporations and households were driven by development of interest rates on new loans granted to non-financial corporations. The above interest rate decreased from 4.4% in April to 3.6% in August and increased to 3.8% in October (see Chart 2.11). The dynamics were also fuelled by the contraction of the share of loans to non-financial corporations in the total amount of new loans to households and non-financial corporations. In April–October, the weighted average interest rate on new loans to households for house purchase went down from 3.4% to 3.3%, but the weighted average interest rate on consumer credit and other loans to households fell from 15.7% to 13.9%.

Development of interest rates on new euro loans to non-financial corporations can mainly be explained by changes in interest rates on sizeable loans (exceeding 1 million euro). In May and June, the weighted average interest rate on new high volume loans to non-financial corporations had decreased even below 3% (2.5% and 2.9% respectively); however, in July–October, it increased again reaching 3.4%. Interest rates on new small and medium-volume euro loans (up to 250 thousand euro and from 250 thousand euro to 1 million euro) initially tended to go down, but in October they augmented again. In April–October, the weighted average interest rate on new small euro loans edged up from 4.9% to 5.1%, but it remained substantially unchanged on medium-volume loans (4.7% and 4.6% respectively). The minor reduction

in interest rates on new euro loans to households for house purchase is mainly related to the decline in money market indices. In turn, the interest rates on new consumer credits and other loans in euro to households decreased significantly as several credit institutions serviced study and student loans, and the share of loans granted by the credit institutions, which usually set relatively higher interest rates, diminished in the total amount of new consumer credits and other loans to households.

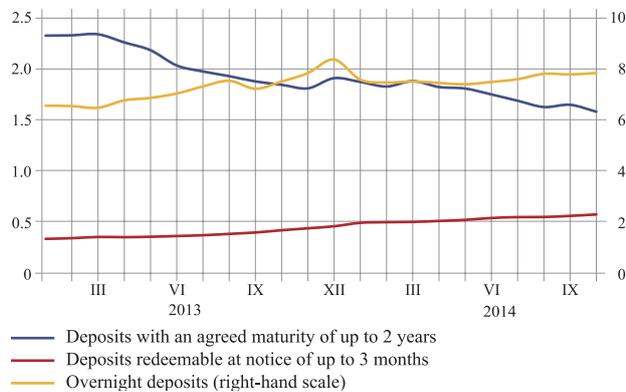
The accommodative monetary policy implemented by the ECB could exert a downward pressure on interest rates on loans in the future since the necessity of granting new loans to fulfil the TLTRO requirements can lead to increased competition among credit institutions in lending to non-financial corporations. At the same time, the introduction of the so-called clause of returned keys following the adoption of the amendments to the Insolvency Law could facilitate further tightening of credit standards for household loans for house purchase.

Interest rates on new euro deposits received from non-financial corporations and households gradually decreased due to downward dynamics of money market indices. The weighted average interest rate on fixed-term deposits attracted from households in euro with a maturity of up to 1 year shrank from 0.35% in April to 0.33% in October, while that on fixed-term deposits received from non-financial corporations went down from 0.24% to 0.05%. The weighted average interest rate on new fixed-term deposits attracted from households in euro with a maturity of up to 1 year augmented from 1.3% in April to 2.0% in October as several credit institutions offered more favourable terms and conditions for long-term deposits in the third and fourth quarters. Attraction of longer-term deposits enables credit institutions to reduce the interest rate risk and ensure higher financing stability.

## **2.5 Dynamics of domestic loans and deposits**

Following the downward trend in April and May, money supply indicators in June–August reversed again and after a marginal contraction in September, they continued to increase in October. Consequently, deposits with credit institutions exceeded both the level reached in March (by 0.8%) and that of October 2013 (by 9.1%). Loans granted by credit institutions continued to decline in April–June as loans to non-financial corporations and households diminished further; however, the contraction of the loan portfolio moderated, but in August and September the total

Chart 2.12  
LATVIA'S CONTRIBUTION TO THE EURO AREA MONEY SUPPLY  
(billions of euro)



outstanding loans already posted a rise. Although the aggregate loan portfolio contracted again in October, the annual rate of decrease in loans improved from 8.7% in March to 5.3% in October.

As regards Latvia's contribution to changes of the monetary aggregate M3 of the euro area, overnight deposits made by residents of the euro area with Latvian credit institutions in April–October augmented by 4.5% and deposits redeemable at notice of up to 3 months rose by 14.7%, while deposits with an agreed maturity of up to 2 years declined by 16.0% (see Chart 2.12 for developments in deposits).

A pick-up in household deposits was driven by an upward trend in domestic deposits as the population's precaution grew and thereby resulted in growth of savings. They increased by 6.2% in April–October (the annual rate of increase in October was 14.0%), but deposits of non-financial corporations shrank by 3.7% during this period (the annual rate of increase in October was 4.7%; see Charts 2.13–2.15), with exports stagnating and economic growth decelerating. Non-resident non-MFI deposits surged by 12.3% in the above period (see Charts 2.16 and 2.17).

Chart 2.13  
ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS (%)

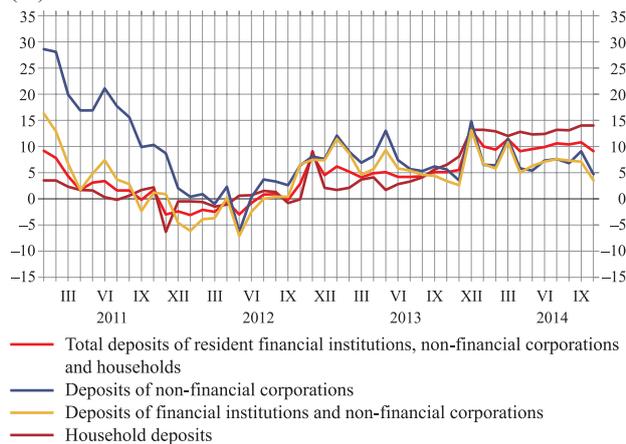


Chart 2.14  
ANNUAL RESIDENT DEPOSIT DYNAMICS  
(billions of euro)

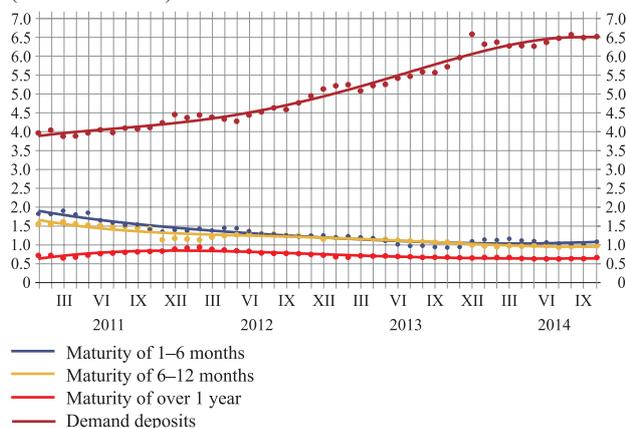


Chart 2.15  
ANNUAL RATE OF CHANGE IN RESIDENT DEPOSITS  
(%)

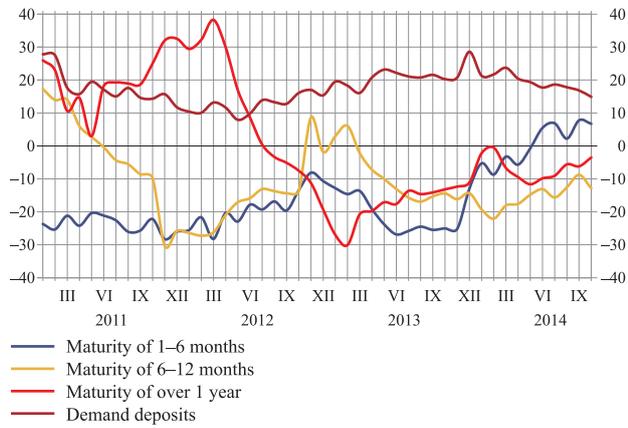


Chart 2.16  
NON-MFI DEPOSIT DYNAMICS  
(billions of euro)

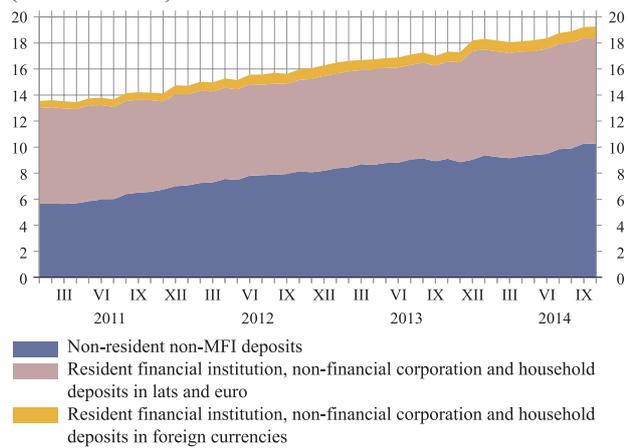


Chart 2.17  
CREDIT INSTITUTION FOREIGN LIABILITIES  
(billions of euro)

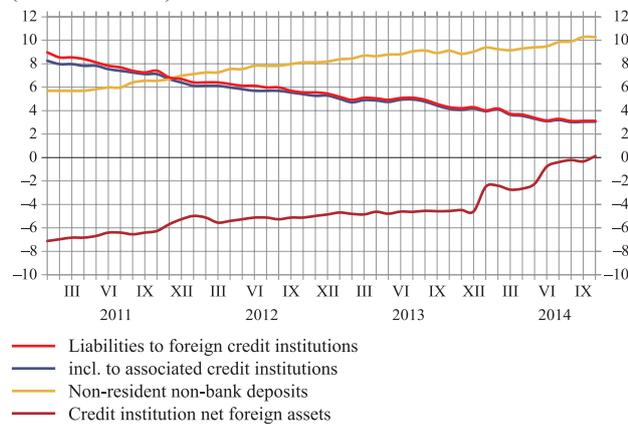


Chart 2.18  
ANNUAL RATE OF CHANGE IN LOANS TO RESIDENTS (%)

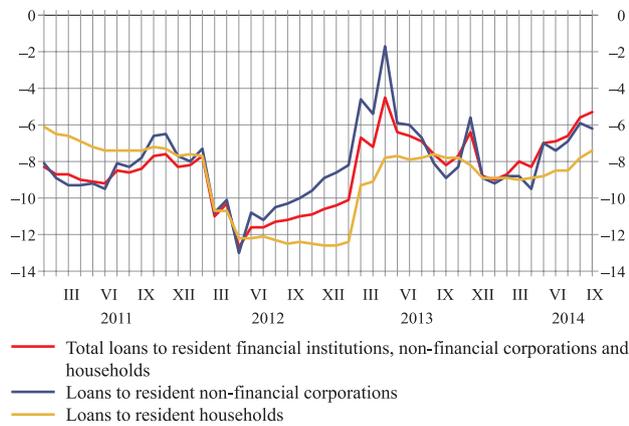


Chart 2.19  
MONTHLY CHANGE IN LOANS TO RESIDENT HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS (millions of euro)

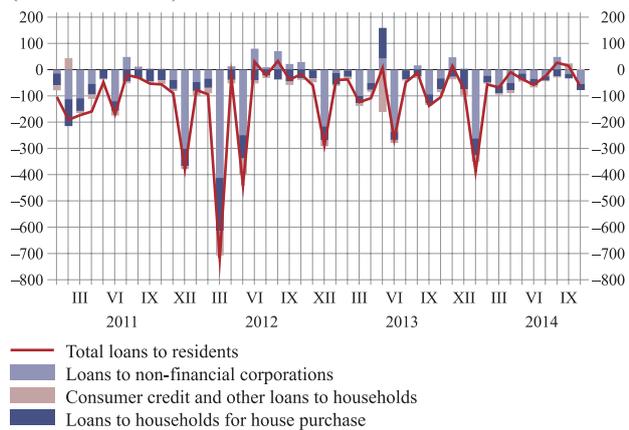
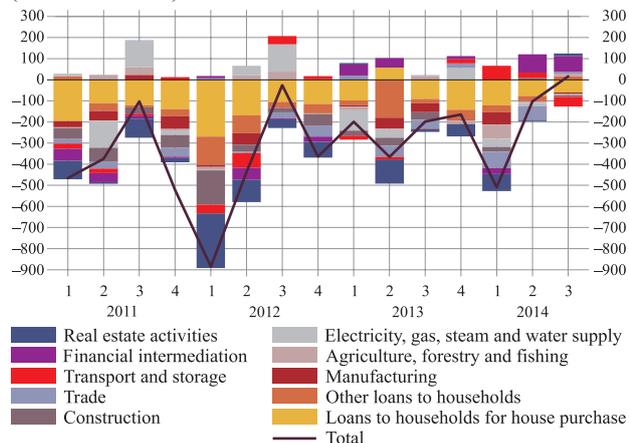


Chart 2.20  
STRUCTURE OF CHANGES IN DOMESTIC LOAN PORTFOLIO (millions of euro)



Reaction of Latvian credit institutions to the June decision of the Governing Council of the ECB on setting negative interest rates on deposits with central banks of the euro area during the first months of the operation of this decision did not imply a change in lending trends as credit institutions placed their excess funds with foreign credit institutions and invested them in government and corporate debt securities rather than in loans to real economy. Thus, the structure of credit institutions' assets changed; however, domestic loans continued their slow downward trend. In April–July, the domestic loan portfolio of credit institutions declined by 1.0% and in October – by 0.5%, while August and September saw credit growth, and in October the annual rate of decrease in loans was the lowest since May 2013 (see Chart 2.18). Overall, in April–October, loans granted both to households and non-financial corporations declined by 2.8% and 2.2% respectively (see Chart 2.19), while loans to financial institutions increased by 38.8% during this period. In October, the annual rate of decrease in loans to financial institutions and non-financial corporations fell to 3.6% but that of loans to households dropped to 7.4%. The contraction of loans for house purchase continued to contribute to the decrease in the level of household debt, while consumer credit increased during five of the last six months. At the end of October, 95.2% of all domestic loans were granted in euro and 4.8% – in foreign currencies.

In April–September, loan investment climbed in several sectors of the economy, including individual subsectors of manufacturing (manufacture of chemical substances, fabricated metal products, textiles and printing), in crop and animal production, mining, construction, real estate activities, postal activities, information services and, to a quite significant extent, in several areas of financial services. In turn, credit investment in forestry, manufacture of food products and beverages as well as wood and furniture, energy, trade and storage, land and water transport considerably shrank (see Charts 2.20 and 2.21).

Chart 2.21

CHANGES IN LOANS TO RESIDENTS  
(millions of euro)

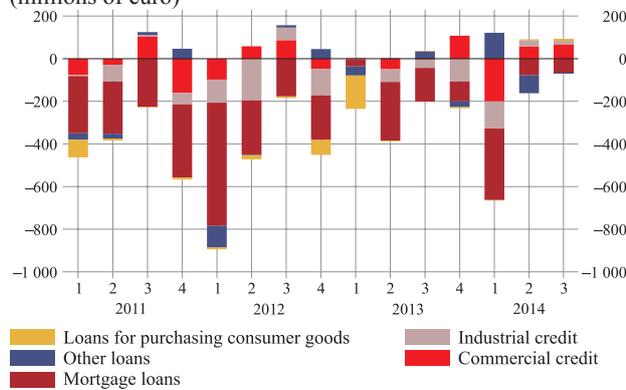


Chart 2.22

RESIDENT LOANS TO GDP  
(%)

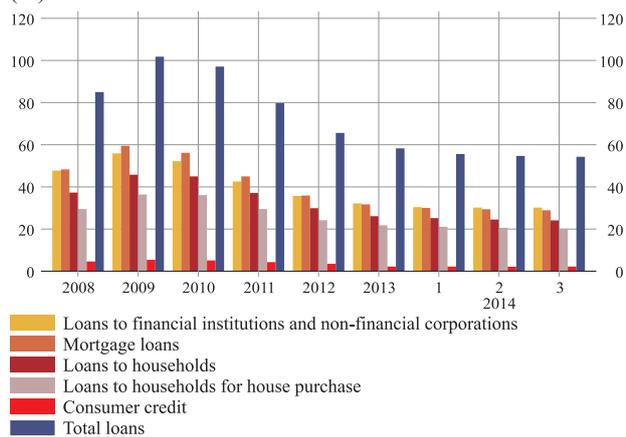
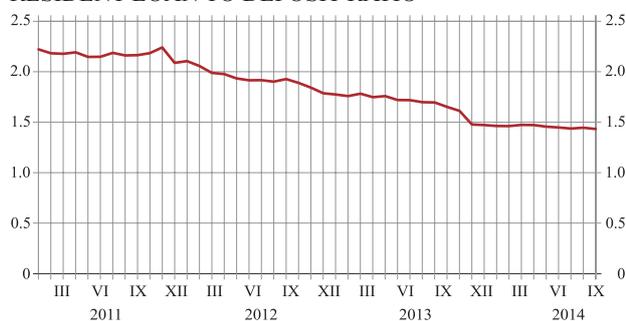


Chart 2.23

RESIDENT LOAN TO DEPOSIT RATIO



With loan reduction slowing down, the ratio of loans to GDP declined only slightly from 55.6% in the first quarter to 54.7% in the second quarter and to 54.3% in the third quarter (see Chart 2.22). Since the total resident deposits remained basically unchanged and the loan portfolio stabilised, the ratio of loans to residents and resident deposits remained almost stable, i.e. 1.46 in March and 1.43 in October (see Chart 2.23).

The euro area has already been showing signs of lending recovery for several months. The annual rate of decrease in MFI loans to the private sector was 1.2% in September (1.8% in June, 2.2% in March). The contraction of loans to non-financial corporations decelerated in a similar manner: it was 2.0% in September (3.1% in March), although household lending indicators deteriorated slightly.

With risks still present in external markets and income from exports shrinking, a considerable rise in deposits by non-financial corporations cannot be expected; however, the wish of households to create security deposits with credit institutions will, most likely, increase both deposits by private individuals and the total deposits. According to the October bank lending survey data, credit standards applied to non-financial corporations remained broadly unchanged in the third quarter, and there are no plans to alter them significantly also in the fourth quarter. Although lending indicators in recent months were better than expected and are likely to stay at this level until the end of the year, lending in 2015 will improve at a slower rate. It is expected that mortgage lending in Latvia will be hampered by precaution arising from external risks along with the impact of the amendments to the Insolvency Law and the poor state of the legal environment in the area of insolvency. The decisions adopted by the Governing Council of the ECB aimed at facilitating lending will fail to fully offset the above hindrances.

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

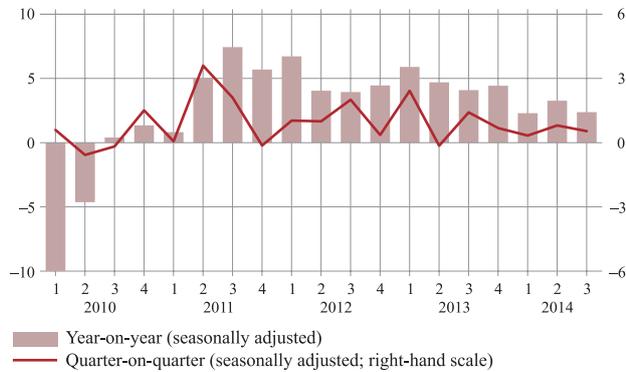


Chart 3.2  
CONTRIBUTION TO ANNUAL CHANGES IN GDP  
(demand side; percentage points)

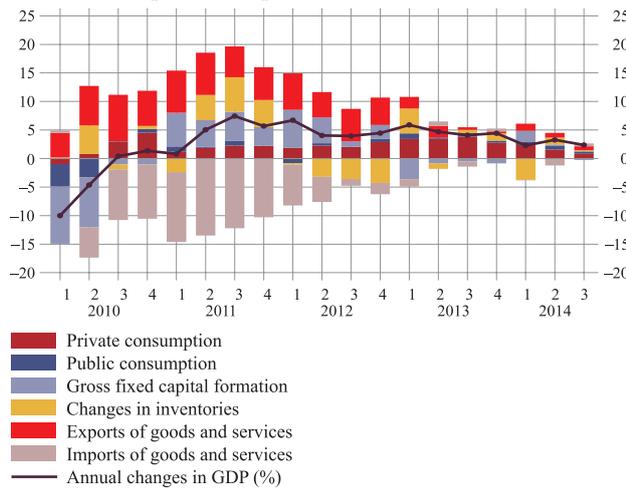
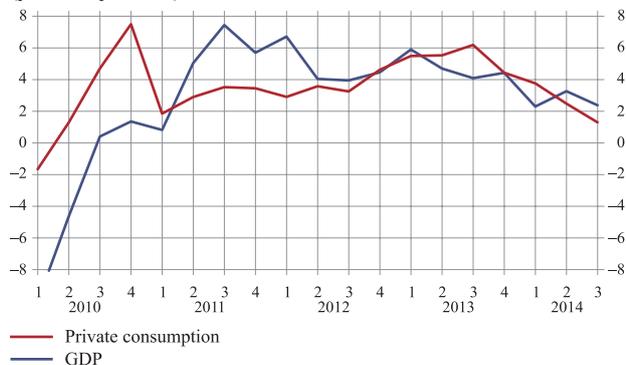


Chart 3.3  
CHANGES IN GDP AND PRIVATE CONSUMPTION  
(year-on-year; %)



### 3. Domestic Demand

In the second and third quarters, Latvia's GDP growth remained positive, albeit with a downward trend. In the second quarter, GDP increased by 0.8% quarter-on-quarter in seasonally non-adjusted terms and by 3.3% year-on-year (see Chart 3.1), while the third quarter saw GDP increases of 0.5% and 2.4% respectively.

Considering the effects of the Russian–Ukrainian conflict, the GDP growth rate in the second and third quarters should be viewed as decent. However, there are doubts as to its sustainability, since it is mainly based on the pick-up in private consumption (see Chart 3.2) which alone cannot provide for growth in a small, open economy in the long run.

Following the introduction of sanctions in August, pessimism rose almost in all segments: the consumer, industrial, retail trade and services confidence indicators deteriorated. However, the situation improved slightly again in October and November.

The Russian import ban did not exert a material direct impact on the foreign trade; however, deteriorating confidence indicators may trigger caution among consumers and investors. With households becoming more cautious, the increase in private consumption, having been the main driver of economic growth in the first three quarters of 2014, may start to decelerate. At present, however, the weak investment dynamics is the major concern, as it is adversely affected by the geopolitical background, cancelling the potential positive effect of the euro changeover as well.

#### 3.1 Private consumption and investment

In 2014, both the employment rate and the average wages and salaries continued to rise, thereby also supporting the private consumption growth. In the second quarter, GDP also grew mostly on account of private consumption posting a 2.5% increase and contributing 1.6 percentage points to GDP growth (see Charts 3.3 and 3.4). Judging by the retail trade growth, data on registered vehicles (see Chart 3.5) and other preliminary indicators, it could be concluded that private consumption would have retained a leading position in the third quarter as well. GDP data confirm this assumption: private consumption expanded by 1.4% and contributed 0.8 percentage point to GDP growth.

Chart 3.4  
INDICATORS CHARACTERISING CONSUMPTION  
(consumer confidence, net responses; 2010 = 100; %)

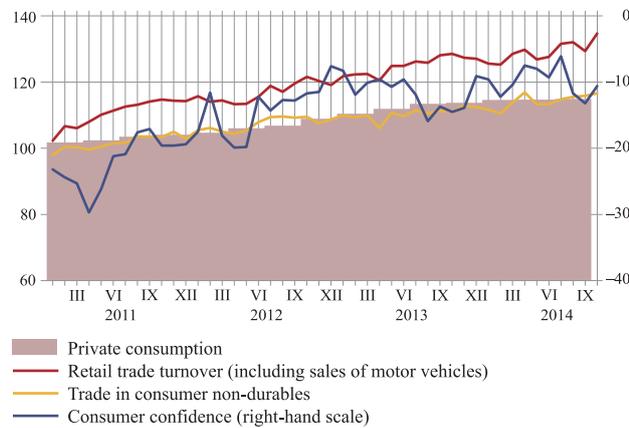


Chart 3.5  
NUMBER OF VEHICLES NEWLY REGISTERED WITH  
THE ROAD TRAFFIC SAFETY DIRECTORATE  
(thousands)

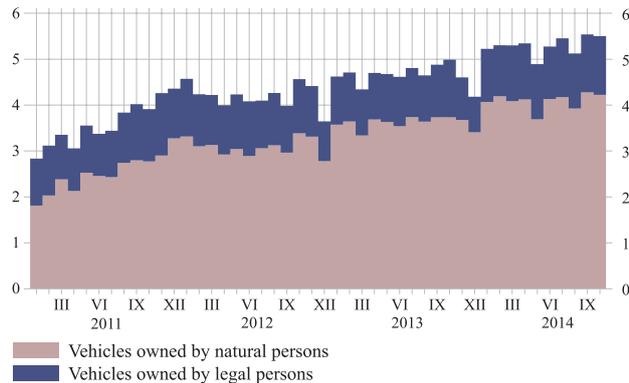
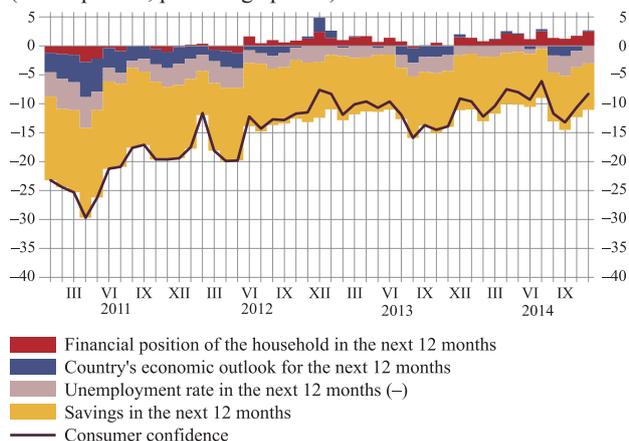


Chart 3.6  
CONSUMER CONFIDENCE AND UNDERLYING  
FACTORS  
(net responses; percentage points)



In the previous heating season the warm weather conditions enabled households to save on heating expenses, stimulating higher spending in other areas. In this season heating expenses are most likely to move up. Due to the opening of the electricity market in 2015, the energy prices are expected to rise, having an adverse effect on the purchasing power of the population. However, this impact will not be strong on account of state benefits envisaged to offset the above increase in prices. Despite a rise in expenditure related to housing maintenance, the purchasing power will continue to improve along with the disposable income growth both on account of growing wages and salaries and slightly increasing old age pensions. Pension indexation took place in October, and for the first time it was linked to the changes in average wages and salaries. The next pension indexation will take place in a year.

The increasing disposable income notwithstanding, the consumer confidence indicator deteriorated notably in the third quarter (see Chart 3.6). On account of the geopolitical uncertainties, slow recovery of the EU economies and other reasons, the population remained cautious and built up savings by slightly reducing consumption. Improvement in consumer confidence in October and November gives hope that caution may recede in the future.

Chart 3.7  
INDICATORS CHARACTERISING INVESTMENT  
(at constant prices; 2010 = 100; %)

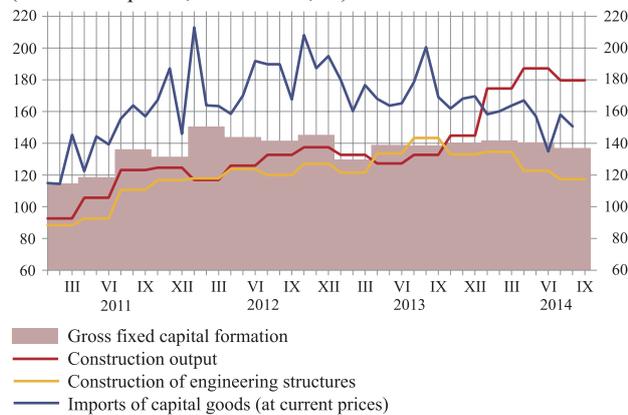
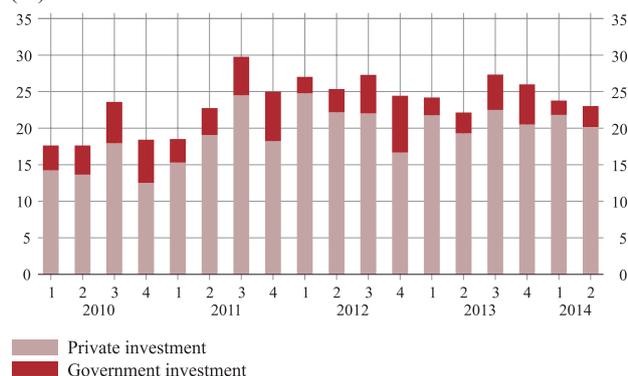


Chart 3.8  
CONTRIBUTION OF PRIVATE AND GOVERNMENT  
INVESTMENT TO GDP  
(%)



Investment growth remained weak in the reporting period, with its volume increasing by 1.2% and decreasing by 1.2% year-on-year in the second and third quarters respectively (see Charts 3.7 and 3.8). The risk appetite of businesses and their willingness to invest in further business expansion moderated primarily on account of external economic factors. Although total investment remained broadly unchanged for several quarters, investment in imports of capital goods (including equipment and machinery) and construction of engineering structures decreased, while it was attracted in the construction of buildings where a relatively rapid growth was recorded. Hence, the structure of fixed assets changed.

In the first half of the year, the construction of buildings was facilitated by a number of domestic factors, the impact of which was less significant in the third quarter.

1. The amendments to the Immigration Law (in effect as of 1 September) stipulate higher requirements<sup>1</sup> for granting temporary residence permits. Hence a desire to manage to provide housing space for purchase on lower terms to the persons potentially interested in receiving a temporary residence permit facilitated the construction of residential buildings. Preliminary data already suggest changes in the real estate market activity: until 1 September 2014 the real estate market saw increased activity, followed by its significant moderation (in particular that of non-residents).

2. In the construction sector, more accelerated growth was recorded in the construction and repair of schools. EU funds play an important role in this segment; however, the activity related to the granting of funds may have been facilitated by the upcoming election of the Saeima (Parliament) of the Republic of Latvia, serving the politicians as a means to show their influence. School repairs are usually planned to be finished by the beginning of the academic year on 1 September. Hence, the activity in this segment is likely to decline again towards the close of the year.

3. A more accelerated activity in the construction of hotels was also observed. This may be related to an increase in demand: the tourist flow continues to intensify, inter alia, due to the status of Riga as the

<sup>1</sup> The main amendments to the Immigration Law: the minimum value of a functionally interconnected, built-up real estate (no longer a sum of several real estate properties) is raised from 142 300 euro in the region of Riga and from 71 150 euro in the rest of the territory of Latvia to a single defined limit: 250 000 euro. In addition, the cadastral value shall be no less than 80 000 euro. When requesting the first temporary residence permit, a payment to the general government budget shall be made in the amount of 5% of the real estate value.

Chart 3.9  
NON-FINANCIAL INVESTMENT BY SECTOR  
(% of total non-financial investment)

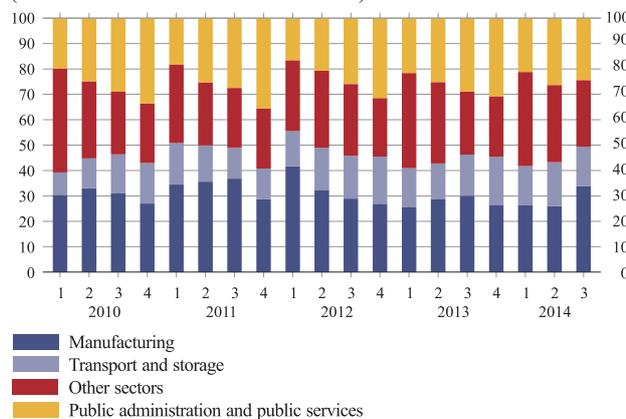
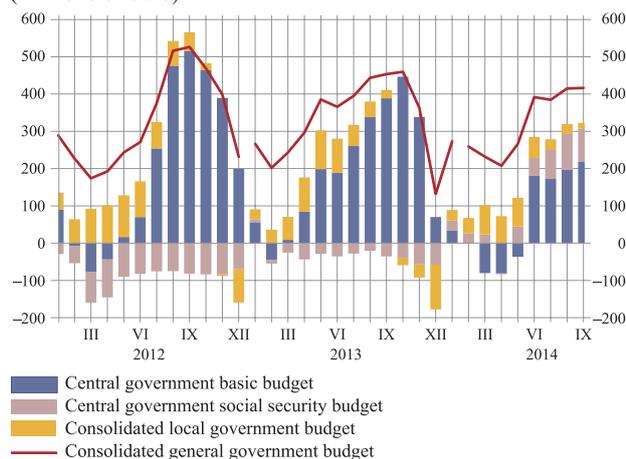


Chart 3.10  
ACCRUED BALANCE OF THE CONSOLIDATED  
GENERAL GOVERNMENT BUDGET BY LEVEL  
(millions of euro)



European Capital of Culture in 2014 and the Latvian Presidency of the EU Council in the first half of 2015.

The level of investment (as before) was supported by the investment projects financed from the EU funds, implemented in the second quarter at a particularly rapid pace. It is the EU funds that could be the primary driver of investment growth in the fourth quarter when some of the above driving factors for the construction of buildings will no longer be relevant.

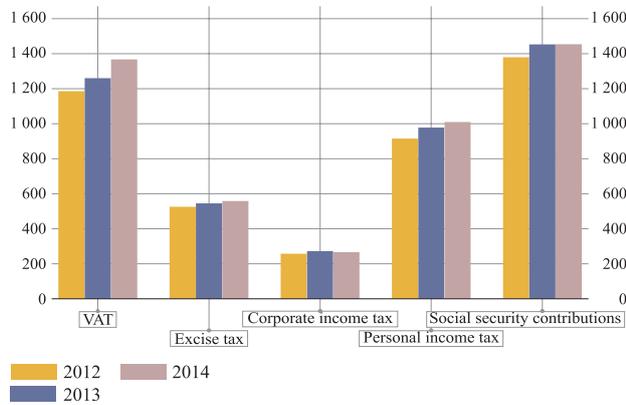
Investment in industry is an important factor to regain accelerated growth (see Chart 3.9); however, due to the geopolitical background, this sector poses the major concern. The external environment uncertainty notwithstanding, businesses have announced several new investment projects which are likely to facilitate both the development of the construction sector and imports of new machinery in the coming quarters. Although in the short run imports of capital goods have a negative impact on the actual GDP growth, the potential GDP will increase, creating additional opportunities for boosting exports.

### 3.2 Government expenditure and budget

According to the official information by the Treasury, the balance sheet of the consolidated general government budget, estimated on the cash flow basis, improved considerably in the second quarter, but the revenue excess over the expenditure was less pronounced in the third quarter. Cash flow was significantly affected by the volatility in the income from the foreign financial aid (e.g., the foreign financial assistance accounted for more than 16% of income and 9% of income in the second and third quarters respectively). As a result of the foreign financial assistance flows, the balance of the central government basic budget improved rapidly since June (see Chart 3.10). The revenue and expenditure, accumulated in the first nine months of 2014, amounted to 6 450.7 million euro and 6 136.1 million euro respectively (year-on-year increases of 1.4% and 2.4% respectively), resulting in a surplus of 314.6 million euro, which represented a year-on-year decrease of 57.5 million euro due to a more accelerated rise in expenditure.

In the first nine months of 2014, the consolidated general government budget revenue increased by 190.3 million euro or 1.4% year-on-year. In the first three quarters, the rise in revenue was volatile on account of the foreign financial assistance flows, posting a high in June, whereas their amount, received in the third quarter, represented a considerable year-on-year decline.

Chart 3.11  
SELECTED TAX REVENUE  
(January–September; millions of euro)



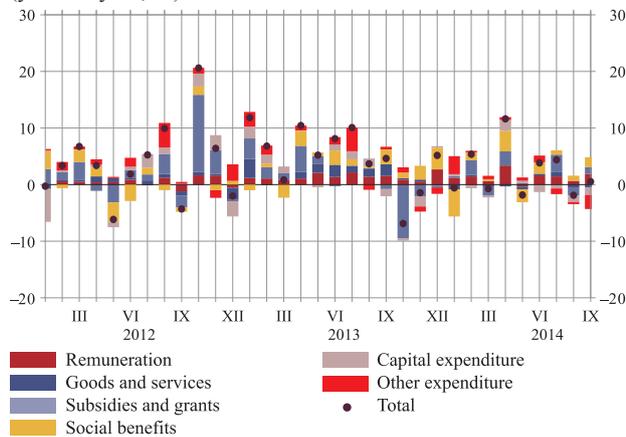
In the second quarter, a stable rate of increase in tax revenue persisted, accelerating in the third quarter and reaching annual growth of 4.0% in September. The increase in tax revenue was based on the VAT revenue which expanded by 8.5% in annual terms in the first nine months of 2014 (see Chart 3.11). The rapid growth of the net VAT revenue was largely facilitated by smaller refunds of the overpaid VAT in January (they were partially reimbursed in December 2013). In turn, the rise in the gross VAT revenue was more in accord with the domestic consumption growth, moving up 3.7% in the first nine months of the year. A higher-than-expected increase in wages and salaries was reflected by the rise in taxes on labour: revenue from personal income tax grew by 3.3% in the first nine months of the year, while the rate of change in the social security contributions was positive since July<sup>2</sup>. Beginning with the second quarter, the impact of the rise in remuneration offset the one-off fall in the revenue from taxes on labour recorded in January (due to the early payments of the taxes on labour in December 2013). The growth rate of taxes on labour moderated on account of the tax policy changes introduced in 2014 when the social security contribution rate was lowered and the personal income tax relief was raised.

Excise tax revenue improved in the second and third quarters, providing for a small positive contribution to the total revenue growth. As regards revenue from real estate tax, a reverse trend was observed as the increase achieved in the first quarter resulting from timely tax payments for the entire year contracted. After April, the growth rate of the revenue from corporate income tax plummeted on account of larger refunds during this period, and the revenue from corporate income tax posted a year-on-year fall in the first nine months of the year.

As to the dynamics of non-tax revenue, in the first nine months of 2014 it lagged behind considerably (by 64.9 million euro) the indicators recorded in the corresponding period of the previous year. The budget plan for 2014 envisaged lower revenue in view of the expected fall in the profit of state capital companies for 2013. Moreover, some of the companies were granted a permit not to pay dividends in 2014. The drop in non-tax revenue was also due to a lower-than-expected revenue from the trading in state-owned emission allowances.

<sup>2</sup> The increase in net revenue from social security contributions in the first four months of 2014 moderated on account of a higher rate of contributions to the second pillar of pension funds in comparison with the corresponding period of the previous year.

Chart 3.12  
RATE OF CHANGE IN CONSOLIDATED GENERAL  
GOVERNMENT BUDGET EXPENDITURE  
(year-on-year; %)



After the first quarter, the increase in the expenditure of the consolidated general government budget (see Chart 3.12) accelerated reaching 145.6 million euro or 2.4% in the first nine months of the year. The rate of change of all key expenditure items picked up, except interest payments and payments to the EC budget. The rise in expenditure was still driven by the remuneration expenditure (an increase of 6.5%), affected by the raising of the minimum wage and converging the lowest salaries in the public sector, as well as by a 4.2% increase in the subsidy and grant expenditure. Expenditure on goods and services was slightly lower year-on-year; however, given the budget plan, it is expected to rise in the future. In the first nine months of the year, the investment made in the fixed capital formation was 3.4% smaller year-on-year. However, considering the budget plan and the expected drawdown of the EU-funds related projects, an increase is anticipated in this expenditure category towards the end of the year. With the average levels of pensions disbursed growing and high numbers of beneficiaries of the unemployment benefit persisting, the increase in the expenditure on social benefits accelerated, reaching 1.8% in September.

At the end of September 2014, the general government debt totalled 8 962.8 million euro on a cash flow basis (37.1% of the forecast GDP; estimated as 40.3% of the forecast GDP for 2014 according to ESA 2010 methodology). Since March, the general government debt had increased by 819.0 million euro.

The amount of the external debt also had expanded by 754.9 million euro since March, while the domestic debt grew by 64.1 million euro. The external debt increased primarily on account of the issue of government bonds in the international financial markets in April. The funds generated by the issue are planned to be used to cover general financing needs, inter alia, for the repayment of the EC loan scheduled for January 2015. Moreover, government foreign bonds in the amount of 400 million euro matured in April. The external debt value in terms of euro also rose as a result of the US dollar appreciation observed since March.

## 4. Aggregate Supply

The economic growth continued in Latvia in the second and third quarters. In the second quarter this development was on account of construction, trade and also public utilities. Transportation and storage sector also recorded expansion on an annual basis. At the same time, energy contributed negatively to GDP due to warm winter. Value added also shrank in real estate activities, partly on account of the declining demand by non-residents as a result of the Russian–Ukrainian conflict. In the third quarter, however, real estate activities were one of the main drivers of the growth, possibly due to the expected amendments to the regulations for granting temporary residence permits. As in the second quarter, trade and transportation contributed notably to the growth also in the third quarter. Agriculture and forestry were the major negative contributors, and value added of manufacturing also shrank in the third quarter.

### 4.1 Industry and construction

In the second quarter, the value added of manufacturing (seasonally adjusted) at constant prices recorded a year-on-year increase of 1.3%. At the same time, the value added of manufacturing recorded a quarter-on-quarter rise of 0.8% in the second quarter, albeit shrank by 0.3% in the third quarter. The value added of manufacturing recorded a year-on-year decline of 0.6% in the third quarter; hence its contribution to the annual GDP growth was negative.

The volume of output in manufacturing at constant prices grew in the second quarter by 3.7% quarter-on-quarter and increased by 1.8% year-on-year (see Chart 4.1). In the second quarter, expanding output in the manufacture of computer, electronic and optical products (by 22.1%) and woodworking (by 1.8%) was the major positive driver of the development of manufacturing quarter-on-quarter, and contribution of the above sectors remained positive also in the third quarter (a pickup of 22.4% and 2.3% respectively). Output shrank in the manufacture of textile articles and wearing apparel in the second quarter. The declining output of the manufacture of food products (by 1.8%) observed in the third quarter might be attributable to Russia banning imports; however, the narrowing manufacture of non-metallic mineral products (by 6.0%) exerted the largest negative impact. In the third quarter overall, manufacturing output recorded a moderate rise quarter-on-quarter (0.9%), albeit it shrank somewhat year-on-year (by 0.6%).

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

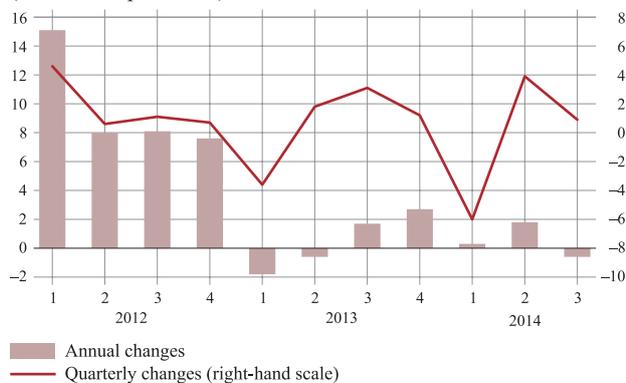
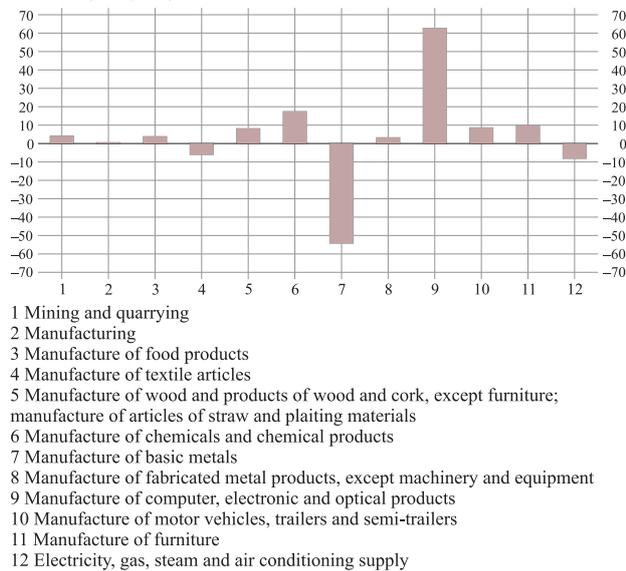


Chart 4.2  
ANNUAL INDUSTRIAL OUTPUT CHANGES IN THE  
FIRST NINE MONTHS OF 2014  
(working-day adjusted; %)



In the second and third quarters, the manufacture of wood and of products of wood and cork as well as that of computer, electronic and optical products was the major positive contributor to the expansion of manufacturing year-on-year, whereas the Russian market related subsectors (the repair of machinery and equipment and manufacture of wearing apparel, beverages and textiles) exerted negative impact on growth (see Chart 4.2 for the annual changes in industrial output in the first nine months of 2014). Although the JSC *Liepājas Metalurģs* terminated operation in the second quarter of 2013, the developments in the manufacture of basic metals continued to contribute negatively to the annual growth of manufacturing both in the second and third quarters. Manufacture of food products – one of the major drivers of manufacturing so far – still recorded a rise in the second quarter, albeit output declined in the third quarter. August was the first month since the end of 2012 reporting a negative annual output growth rate of food products.

In the second quarter, the turnover in manufacturing at current prices shrank by 1.3% quarter-on-quarter, but increased by 2.2% year-on-year. At the same time, the above turnover shrank in the third quarter both in quarterly and annual terms (by 1.4% and 2.8% respectively). The turnover in the external market, following a deceleration observed for four quarters, improved somewhat (by 1.7%) in the second quarter in annual terms and remained broadly unchanged in the third quarter, possibly due to Russia banning imports. On the domestic market, the turnover rose by 2.6% in the second quarter while in the third quarter the above turnover shrank buoyantly (by 5.1%).

The industrial confidence indicator of manufacturing companies aggregated by the EC for the second quarter was 1.9 point lower quarter-on-quarter. It was primarily on account of a lower assessment of output volume for the coming months and also an improving assessment of the inventories of finished goods. Export order assessment also deteriorated somewhat. In the third quarter, business sentiment in manufacturing remained unchanged quarter-on-quarter. Although the assessment of the inventories of finished goods continued to improve, this development was offset by a higher assessment of output volume for the coming months. Moreover, export order assessment improved slightly despite the unstable situation in the external environment. The signals from Latvia's business surveys regarding the third quarter could be deemed quite positive, since confidence deterioration was expected in view of the

Chart 4.3  
PRODUCTION CAPACITY UTILISATION IN MANUFACTURING (%)

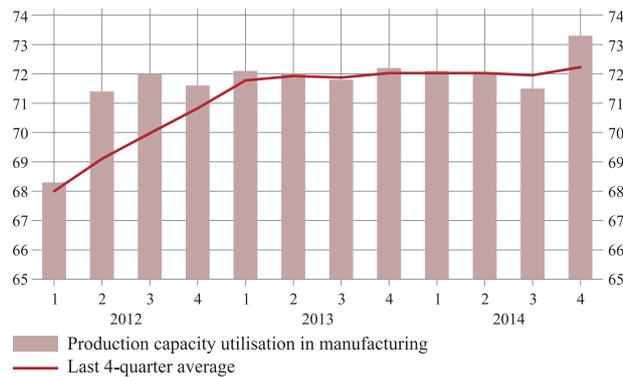


Chart 4.4  
GROWTH-RESTRICTIVE FACTORS IN MANUFACTURING (% of replies from respondents)

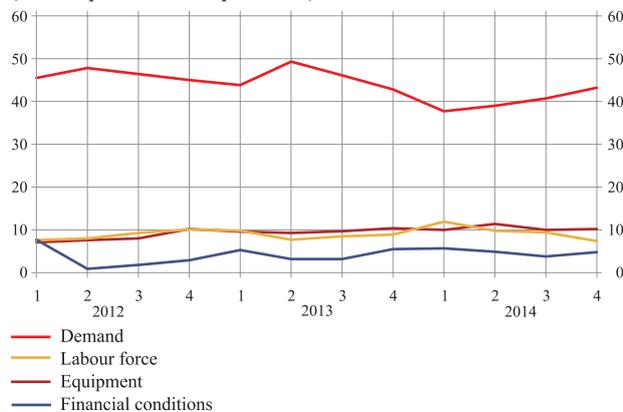
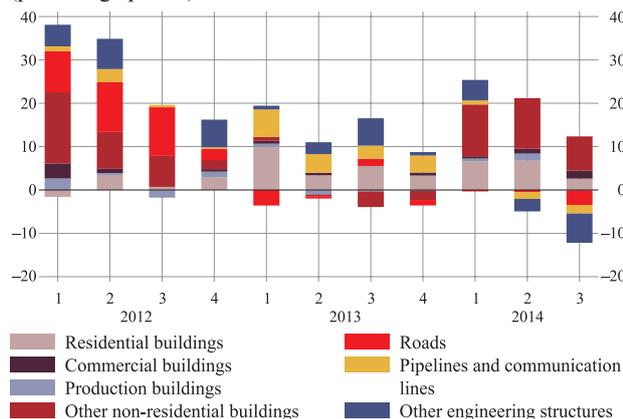


Chart 4.5  
CONTRIBUTION OF SOME TYPES OF CONSTRUCTION OBJECTS TO ANNUAL CONSTRUCTION GROWTH AT CURRENT PRICES (percentage points)



sluggish economic growth of the euro area and the Russian–Ukrainian conflict.

Production capacity utilisation projected in manufacturing for the third quarter decreased somewhat (to 72.0%; see Chart 4.3) and that projected for the fourth quarter rose to 73.3%. It is a historically very high level and points to the need of investment inflows. In the breakdown by sector, production capacity utilisation was high in the following sectors of the economy: the manufacture of wood and of products of wood and cork (79.0%) and basic pharmaceutical products and pharmaceutical preparations (79.7%). At the same time, low production capacity utilisation has been projected in the manufacture of food products (66.6%) and non-metallic mineral products (62.2%).

In the EC survey, businesses reported the lack of demand as the primary growth-restrictive factor of manufacturing in the third and fourth quarters (see Chart 4.4). Businesses in manufacturing were less concerned about the lack of equipment in comparison with the previous period. In the fourth quarter, the number of businesses identifying no substantial constraint for the production was an all-time high. In October, the Latvian business confidence indicators of manufacturing deteriorated slightly in comparison with September, whereas in November the above indicators improved again.

Following a rapid acceleration observed in the first quarter, construction continued on an upward path also in the second quarter, albeit its growth rate shrank in the third quarter. In the second quarter, the value added of the construction sector (seasonally adjusted) recorded a year-on-year rise of 12.4% and an increase of only 4.1% in the third quarter. A quarter-on-quarter increase in value added of construction amounted to 0.1% in the second quarter, whereas in the third quarter the above value added decreased by 1.3%.

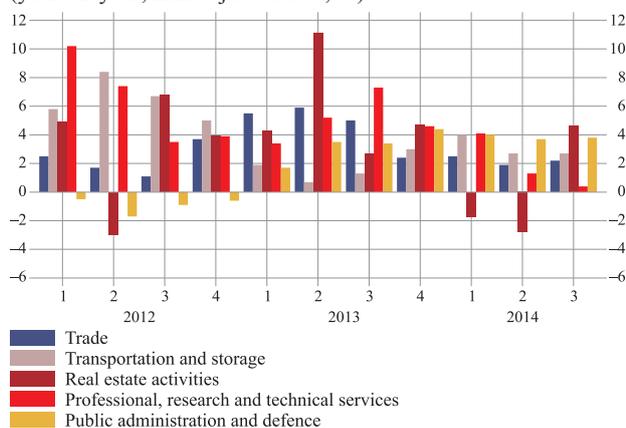
In the second quarter, construction output at current prices rose by 16.2% year-on-year and increased only by 0.2% in the third quarter. As in the first quarter, construction of non-residential buildings accounted for the major contribution to the annual growth in the second and third quarters (14.4 percentage points and 9.7 percentage points respectively; see Chart 4.5). A particularly notable positive contributor to the segment was the construction of schools, universities and research institutions. Expanding construction of dwelling houses might be on account of the amendments made to the Immigration Law in relation to the granting of temporary residence

permits (contribution in the second quarter – 6.7 percentage points and in the third quarter – 2.6 percentage points). The expansion of the above segment was attributable to the construction of residential buildings in the second quarter and to the construction of double-apartment houses in the third quarter. Meanwhile, the construction of engineering structures accounted for a negative contribution to the growth of construction (–5.0 percentage points and –12.1 percentage points respectively). As regards the segment of engineering structures, the largest fall was observed in the construction of ports and dams in the above two quarters. Moreover, the construction of motorways and roads as well as other engineering structures also declined buoyantly in the third quarter.

The construction confidence indicator assessed by the EC declined by 2.4 percentage points and 2.5 percentage points respectively in the second and third quarters. This development of the above two quarters was mainly on account of a sharply deteriorating assessment of employment expectations for the next three months. Builders primarily pointed to a lack of demand (40.2%) and weather conditions (21.2%) as the constraint on business growth. 29.1% of builders did not identify any construction hampering factors (a historical high in quarterly terms). In October the construction confidence indicator deteriorated rapidly, albeit improved somewhat in November. The share of businesses identifying no constraint on business enhancement increased in November and the share of builders who deemed the demand to be an activity hampering factor declined.

Chart 4.6  
CHANGES IN VALUE ADDED BY MAIN TYPES OF SERVICES

(year-on-year; non-adjusted data; %)



## 4.2 Services

Public utilities, trade and transportation and storage were the major positive contributors to GDP growth in the second and third quarters (see Chart 4.6 for the changes in value added of the main types of services). Real estate activities and financial services also accounted for a large positive contribution in the third quarter.

Retail trade turnover remained volatile in the second quarter (see Chart 4.7): the spending increased in April due to warm Easter holidays, albeit it narrowed in May and June. At the same time, a notably expanding retail trade, the sales of motor vehicles in particular, was observed in the third quarter. In the second quarter, the retail trade turnover (including the sales of motor vehicles) increased by 3.8% year-on-year and rose by 3.6% in the third quarter. At the same

Chart 4.7  
BREAKDOWN BY CHANGES IN RETAIL TRADE  
TURNOVER

(changes in millions of euro in comparison with January 2013)

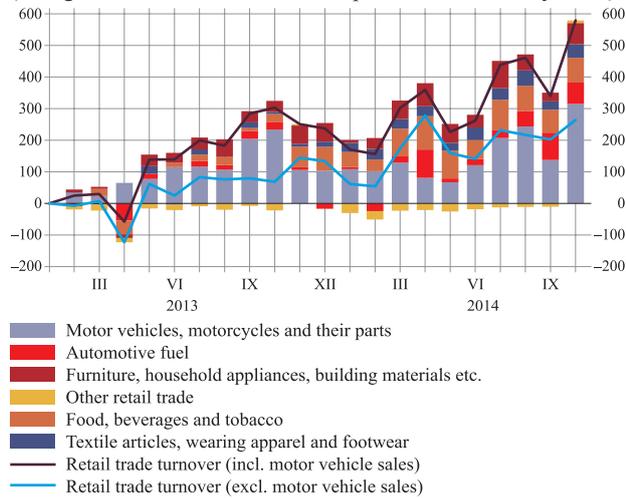
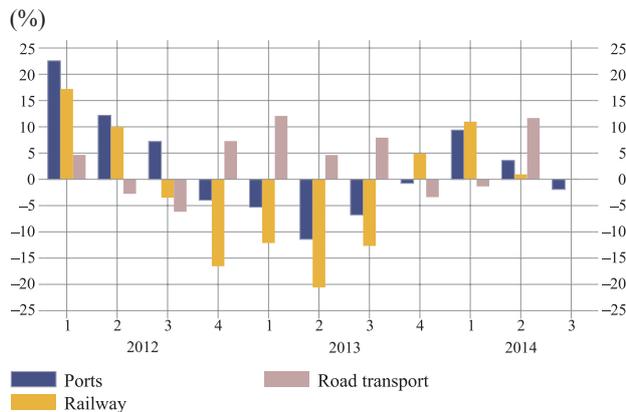


Chart 4.8  
ANNUAL CHANGES IN FREIGHT TURNOVER BY MAIN  
TYPES OF FREIGHT TRAFFIC



time, the retail trade turnover rose by 1.2% and 2.3% (including the sales of motor vehicles) in the second and third quarters respectively. Buoyant growth rate of the second quarter is primarily attributable to the volatility of demand associated with the introduction of the euro, contributing to the contained spending at the beginning of the year, as well as the impact of Easter holidays. Meanwhile, the growth in the third quarter can be considered as the return to a more stable gradual increase on account of a rising disposable income rather than one-off factors. The impact of one-off factors is not fully excluded, for instance, a rapidly rising number of tourists has been observed in 2014, associated in particular with the status of Riga as the European Capital of Culture. The third quarter is a peak of the tourist season; hence the spending by foreign visitors also had a positive impact on the point of sale revenue.

In the second and third quarters, the value added of the transportation and storage sector (seasonally adjusted) rose by 2.7% year-on-year (see Chart 4.8 for the annual changes in freight turnover by main types of freight traffic). The value added of the sector recorded a quarter-on-quarter decline of 0.2% in the second quarter and an increase of 0.6% in the third quarter.

The volume of cargoes loaded and unloaded at Latvia's ports in the second quarter recorded an overall expansion of 2.1% year-on-year. The situation improved at all ports, excluding Ventspils port (a decline of 11.0%). An increasing volume of overall cargo traffic was attributable to the growing volume of cargoes loaded and unloaded at Riga port (12.7%; mainly oil products). Volume also expanded by 6.2% at Liepāja port. In contrast to the developments of the first two quarters when improving performance was observed at ports, a declining volume of cargoes loaded and unloaded was recorded again in the third quarter (2.2%). The volume of cargoes shrank only at Ventspils port (by 21.4%) in the third quarter, however, an increasing volume at Riga port, Liepāja port and small ports (9.7%, 6.5% and 10.4% respectively) could not offset the above fall. Deterioration performance of the sector is associated with the channelling of Russia's oil and coal cargoes from the ports of Latvia (Ventspils port in particular) to other transit corridors.

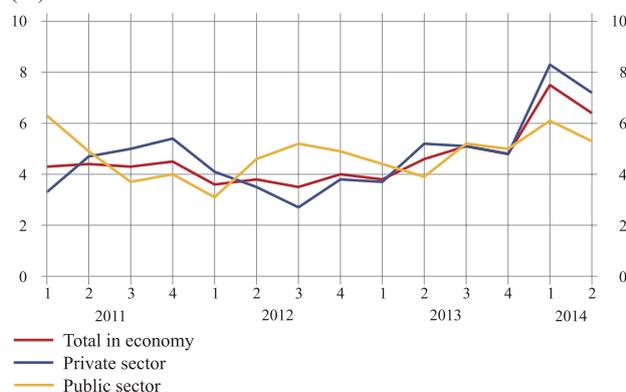
The turnover of rail freight (indicator based on the distance covered and freight weight) shrank by 1.3% in the second quarter and narrowed by 6.4% in the third quarter. The turnover of international freightage

increased in the second quarter, albeit declined in the third quarter. At the same time, the turnover of domestic freight shrank in the second quarter and, in turn, edged up notably in the third quarter.

The volume of rail freight (indicator based on the freight weight only) posted a year-on-year rise of 1.3% in the second quarter. This development was attributable to an expanding volume of freight imports (of 1.7%; freight transported by rail into Latvia; 88% of the total volume of rail freight). The volume of freight exports (freight transported by rail from Latvia) also recorded an increase by 25.5% while that of freight transit (freight transported across the territory of Latvia by rail and not loaded into and unloaded from other types of transport) declined by 35.4%. Freight volume shrank by 3.0% in the third quarter. The volume of import, export and transit freights fell by 0.6%, 7.1% and 39.6% respectively.

In the second quarter, the volume of freight traffic by road increased by 8.0% year-on-year and turnover of freight traffic by road (indicator based on the distance covered and freight weight) rose by 11.7%. The growing turnover of international freight traffic by road and expanding turnover of domestic road freight (by 12.3% and 9.1% respectively) contributed to an overall annual expansion. In the third quarter, the volume of freight traffic by road grew modestly (by 0.5%). Such a subdued increase in the volume of freight traffic by road is likely to be attributable to the sanctions imposed by Russia since agricultural and food products are primarily transported by road.

Chart 4.9  
ANNUAL CHANGE IN THE AVERAGE MONTHLY GROSS NOMINAL WAGE FOR FULL-TIME JOB (%)

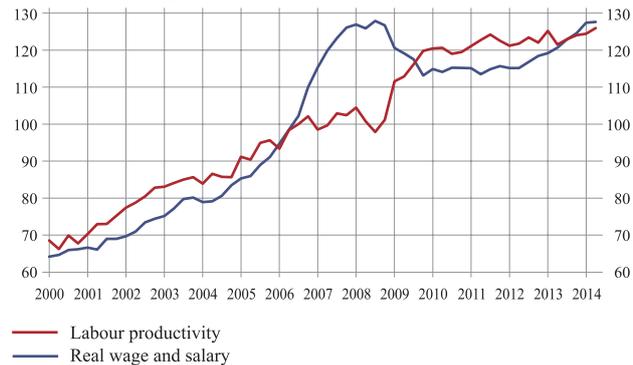


### 4.3 Labour market

The purchasing power of the average monthly wage and salary returned to its pre-crisis level. The acceleration in the increase of wages in the first quarter was underpinned by several one-off factors, inter alia, the rise in the minimum wage and salary, the easing of the tax burden on labour and the wage round-up at the euro changeover. The impact of one-off factors was stronger in the private sector (see Chart 4.9). In the second quarter, the quarterly rate of increase (seasonally adjusted) in the average wage and salary was again similar to that observed previously, thus mitigating the concerns about the upward trend in the wage-inflation spiral. However, due to the impact of the first quarter data, the rise in the wage and salary will exceed the increase observed in recent years (4%–5%) in 2014. Looking ahead, the rise in the average wage and salary could decline again to approximately 5%, mainly reflecting the real

Chart 4.10

**REAL WAGE AND SALARY AND LABOUR PRODUCTIVITY INDEX**  
(historical average = 100; seasonally adjusted data)



labour productivity growth and inflation instead of the increase in the wage and salary exceeding the nominal labour productivity growth.

Real wages and salaries have grown somewhat faster than the real labour productivity since 2012 (see Chart 4.10). However, this does not point to the deviation from the macroeconomic balance as was the case in 2005–2007. The assessment of labour shortage by businesses is moderate and stable at this stage (see Chart 4.11), while the share of businesses who plan to increase the number of employees is similar to the share of businesses who plan to reduce it (see Chart 4.12). In contrast to the beginning of the period of economic overheating (2005 and 2006), the labour shortage level as assessed by businesses increased significantly and employment expectations of businesses were particularly positive.

Chart 4.11

**THE PERCENTAGE OF BUSINESSES WHO FIND LABOUR SHORTAGE AN IMPORTANT OBSTACLE TO BUSINESS GROWTH**  
(%)

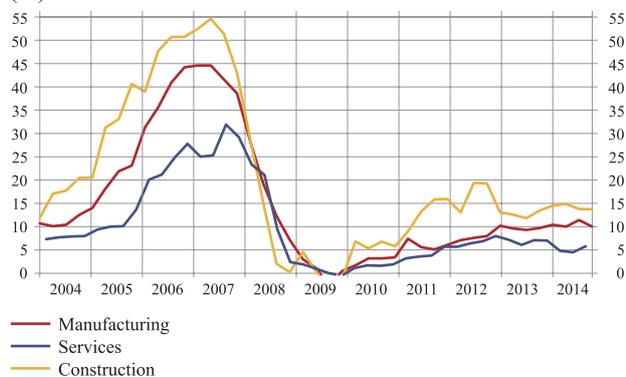


Chart 4.12

**DATA FROM BUSINESS SURVEYS ON THE PROJECTED 3-MONTH EMPLOYMENT DYNAMICS**  
(net responses; percentage points)

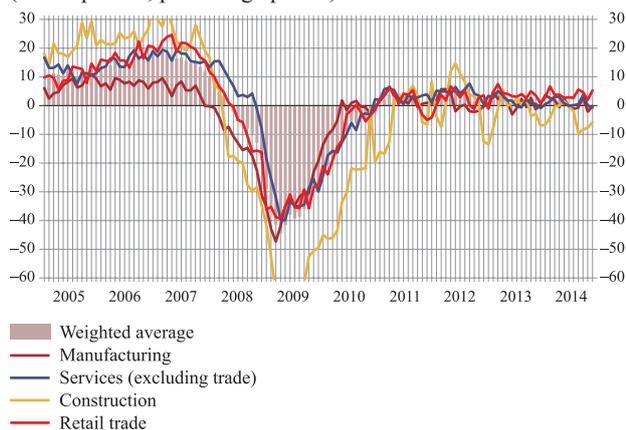


Chart 4.13  
LABOUR INCOME SHARE IN VALUE ADDED IN EU COUNTRIES (2013)

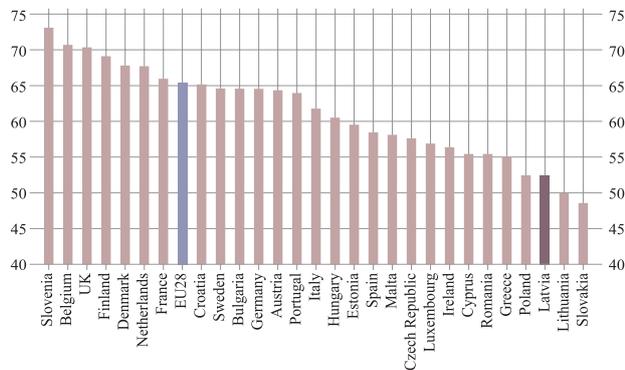
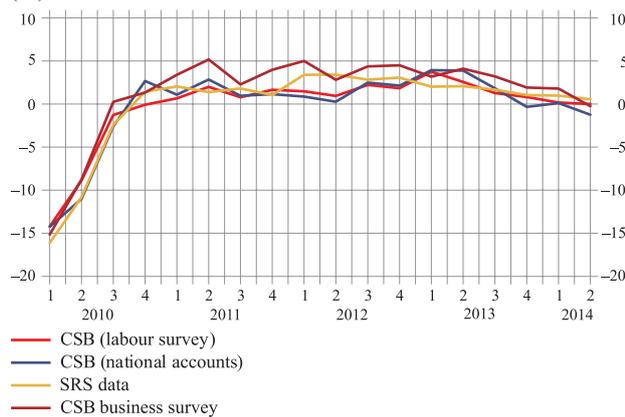


Chart 4.14  
ANNUAL INCREASE IN EMPLOYMENT (%)



Consequently, the gradual unit labour cost growth is likely to reflect structural changes on the income side of the GDP, with the equilibrium level of the labour income share in the total value added growing. The labour income share in value added in Latvia is much smaller than in most other EU countries (see Chart 4.13); however, convergence for this indicator (at least partly) is expected in the long term. It is also lower than the labour input in production estimated by the production function model. The low level is associated with the relatively high tax burden on labour and low tax burden on corporate profits at the EU level. In this case, the gradual easing of the tax burden on labour may drive an increase in the labour income share in the total value added.

All available statistical data sources confirmed that employment growth slowed down sharply in 2014 (see Chart 4.14). Such developments were already expected before, and this was mainly determined by the shrinking cyclical unemployment component and more subdued economic growth. As a result of these factors, employment will not rise further (and unemployment will not contract) as rapidly as in 2011–2013. Moreover, employment growth will be hindered by demographic developments – the shrinking share of population and working age population. The SRS data suggest that employment growth mainly occurs when persons of pre-retirement age and pensioners continue or commence to work. Participation rate is currently also close to its historic high, and it is unlikely that it will record a rapid increase.

Registered unemployment continues to fall gradually, reaching 8.2% of the economically active population at the end of October. The share of long-term (unemployed for more than a year) unemployment as well as the regional differences in unemployment decline slowly, with registered unemployment in Latgale shrinking faster than in Riga.

With the rate of jobseekers (10.6% of the economically active population in the third quarter) approaching its natural rate, a sustainable decline in unemployment rate is possible only on account of intensive implementation of labour market policy measures (e.g. vocational retraining, promotion of motivation and work with particular population groups) instead of stimulating aggregate demand. With the pace of economic growth slowing down, unemployment is expected to remain close to its natural rate also in the coming years (the natural rate of unemployment will follow a gradual downward

trend); therefore, the fall in unemployment will create no significant pressure on inflation.

The recent trends in household spending behaviour suggest a year-on-year increase in the savings rate in the first and second quarters. Although gross saving of the disposable income is negative in the first two quarters of the year, the savings ratio which is adjusted by changes in pension fund reserves is positive, with changes in pension fund reserves growing several times in the second quarter in comparison with the second quarter of 2013. The assumptions regarding the trends in household spending in 2014–2016, inter alia, consumption and saving are adjusted in line with the current trends. While nominal private consumption is revised downwards, the household savings ratio is revised upwards. In the short term, under the impact of the escalating Russian–Ukrainian conflict households could increase their precautionary savings, and the household savings as a percentage of the disposable income will remain in a positive territory. The decline in the funds accumulated on account of consumption postponed during the crisis will encourage households to increase their savings, inter alia, by investing in pension funds. With the labour market conditions gradually improving, the savings ratio is expected to continue to grow progressively in 2014–2016.

Chart 5.1  
CHANGES IN HICP BY COMPONENT  
(percentage points)

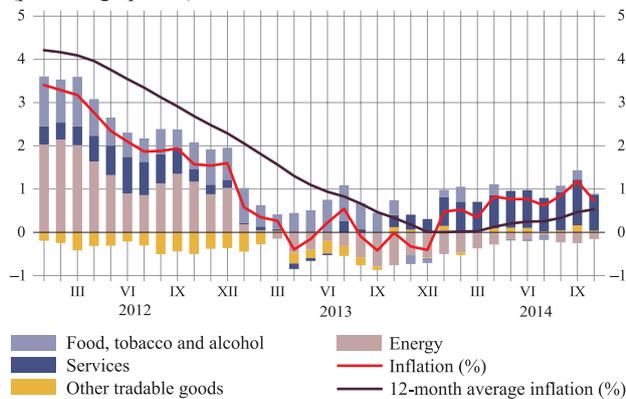


Chart 5.2  
GLOBAL FOOD PRICES  
(average monthly indicator of 2002–2004 = 100)

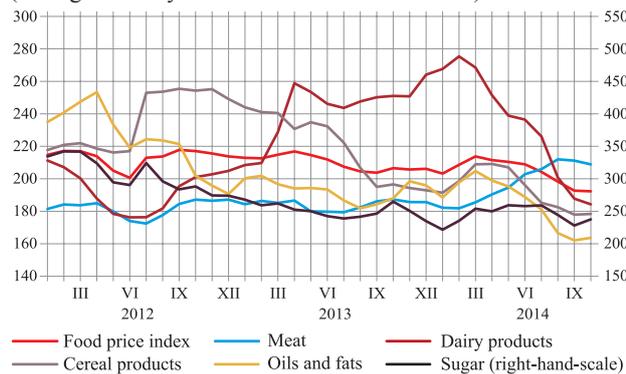
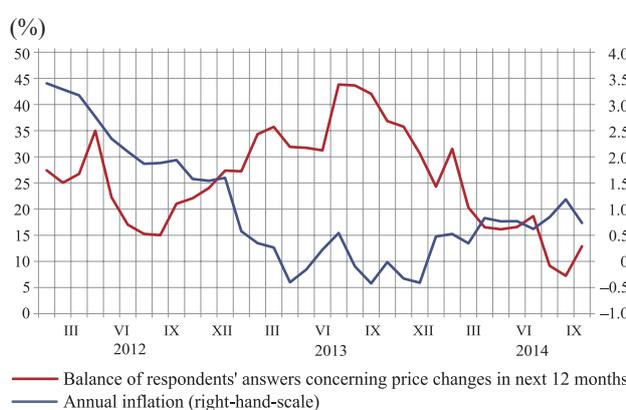


Chart 5.3  
ASSESSMENT OF HOUSEHOLD CONSUMER PRICE  
CHANGES IN NEXT 12 MONTHS



## 5. Costs and Prices

The annual inflation rate in Latvia remains low both from the perspective of a longer time period and growing economy. The 12-month average HCPI reached 0.5% in October (see Chart 5.1; 0.6% in the euro area). In 2014, a low inflation rate in Latvia is underpinned by both the global price developments (the food price developments in particular; see Chart 5.2), affecting inflation also in the euro area which is an important Latvia's trade partner, and the postponement of electricity market liberalisation until 2015. The growth in major trade partner countries also remains weak, without triggering a rise in prices there and leading to spill-over effects into Latvia through the use of foreign trade transactions.

In the second half of the year, the increase in inflation was expected to decelerate in the wake of the falling oil prices on the global market, the decline in inflation in the euro area and import restrictions imposed by Russia. In response to the Russian import ban on certain food products from the EU countries and the expected increase in food supply on the domestic market, inflation expectations decreased in August and September (see Chart 5.3). Mainly dairy product and vegetable prices were expected to shrink due to increased supply. However, the data for August and September suggested that expectations had not fully materialised and inflation continued its gradual upward trend. Speaking of the prices of some food products, this could be partly explained by the inability to curb the increase in producer per unit costs if the output declined with the export opportunities to Russia decreasing. Overall, hikes in producer prices for goods sold on the domestic market (see Chart 5.4) do not exert any pressure on consumer prices, with energy production (having a decreasing effect) and manufacturing of products of wood (having an increasing effect) playing the most significant role.

In September, several examples showed that traders and service providers, especially by selling the goods of the new season, try to measure the increase in the purchasing power resulting from the gradual rise in the income level within the course of approximately three years: the average economic growth was 4%–5%, a gradual wage increase was observed, while inflation decreased from more than 4% to zero.

Thus, in September the prices of footwear and appliances and products for personal care of the new season grew more than expected due to seasonal factors and low inflation rates of major trade partners.

Chart 5.4  
CONTRIBUTION OF INDIVIDUAL SECTORS IN THE ANNUAL RATE OF INCREASE IN PRODUCER PRICES OF GOODS SOLD ON THE DOMESTIC MARKET (percentage points)

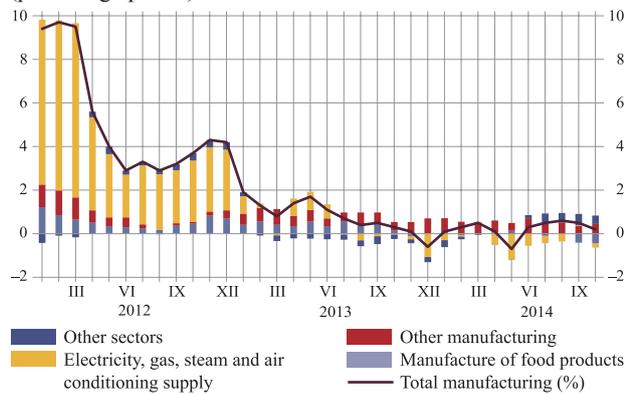


Chart 5.5  
BRENT CRUDE OIL PRICES ON GLOBAL MARKET IN 2014 (EUR/barrel)

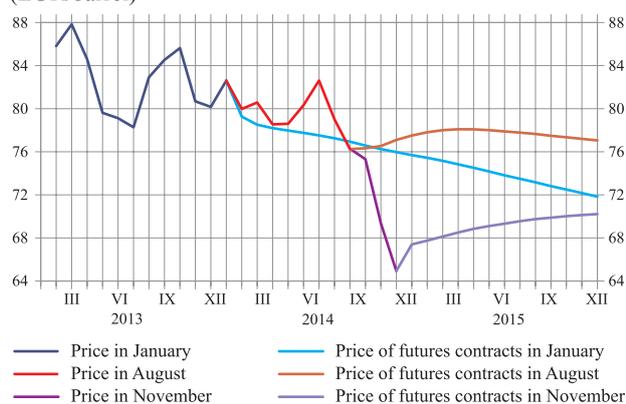
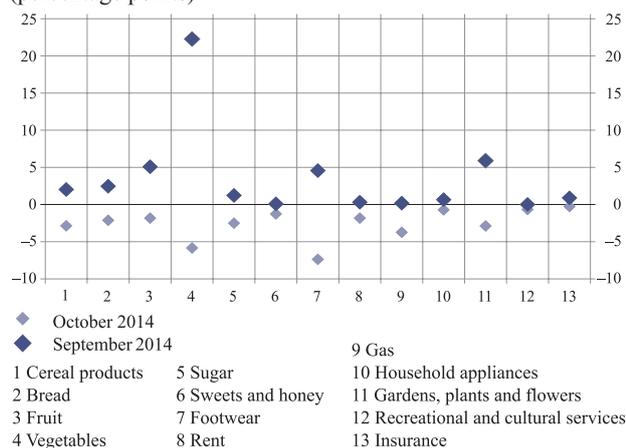


Chart 5.6  
PRICE CHANGES IN INDIVIDUAL GROUPS OF GOODS AND SERVICES IN COMPARISON WITH THE AVERAGE LEVEL OF THE CORRESPONDING MONTH OF 1998–2013 (percentage points)



Unusual for the season, vegetable prices posted an increase. The prices of catering services, however, rose along with the slowdown of tourism activity. With the global oil prices decreasing (see Chart 5.5), fuel prices reported a moderate decline as the impact was partly offset by the US dollar appreciation vis-à-vis the euro.

In September, with the launch of the academic year, the prices of education services posted a rather significant rise, while the increase was less pronounced in the previous years. Moreover, the prices of general school education services grew substantially this year. In October, the price rise in several groups of goods and services that is unusual for September (see Chart 5.6) was already replaced by a price drop unusual for October, suggesting that such a price level had not been sustainable this time. However, education services usually do not represent such changes in one year, i.e. this service group will have a higher base effect within a year.

Although the prices of oil products declined, considering the development of the average oil price of the preceding months, the JSC *Latvijas Gāze* raised tariffs for business customers in October and November. This means a moderate increase in heating tariffs. However, already in November the JSC *Latvijas Gāze* published its assessment about the potential dynamics of tariffs in December and January, stating that natural gas tariffs for business customers would return to the level seen in September owing to the persistence of the low level of global oil prices. Thus, the temporary rise in tariffs will have no substantial impact on the average inflation and consumption expenditure in 2014 and 2015 as heating consumption in October and November is much lower than in other months during the heating season.

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

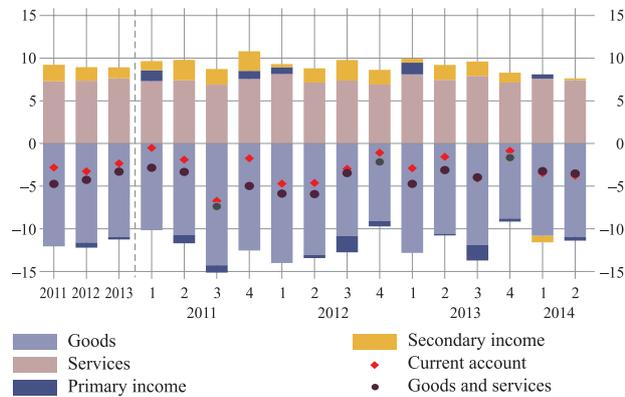
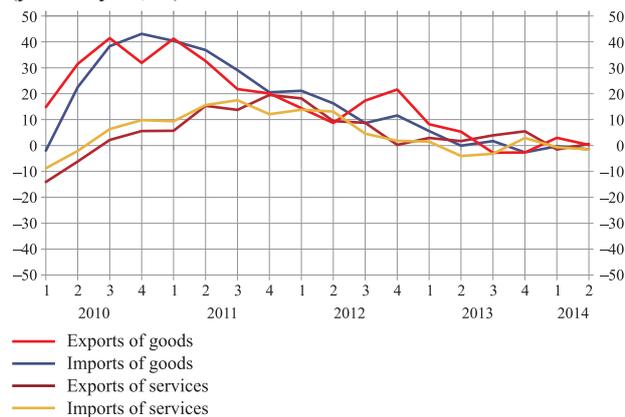


Chart 6.2  
RATE OF CHANGE IN EXPORTS AND IMPORTS OF GOODS AND SERVICES  
(year-on-year; %)



## 6. Balance of Payments

In the second quarter, the current account deficit of Latvia's balance of payments amounted to 224.0 million euro or 3.8% of GDP (see Chart 6.1). The ratio of the current account deficit to GDP increased in comparison with the ratio of the current account deficit (-89.7 million euro) to GDP (1.6%) of the corresponding period of the previous year. The current account deficit also increased quarter-on-quarter, amounting to 186.7 million euro or 3.5% of GDP. In July–September, the current account deficit was 178.1 million euro.

In the second quarter, the foreign trade deficit in goods increased and reached 650.6 million euro in comparison with the previous quarter, while the foreign trade surplus in services expanded to 441.5 million euro; yet it was supported by the rise in exports of construction services abroad, technical, trade-related and other business services, financial services paid for directly, and other financial services caused by seasonal factors (see Chart 6.2 for the annual rate of change in exports and imports of goods and services). In July–September, exports of goods increased quarter-on-quarter, while the foreign trade deficit in goods was 662.8 million euro, recording a slight quarter-on-quarter rise, which was determined by the excess of imports over exports. The surplus of foreign trade in services contracted somewhat in July–September in comparison with the second quarter, amounting to 431.5 million euro and resulting mainly from travel services.

The surplus of the primary income account turned negative in the second quarter (quarter-on-quarter), reaching 26.5 million euro. The volatility displayed in some months was primarily affected by the decline in funding received by Latvia from the EU funds. In July–September, the deficit of the primary income account increased in comparison with the second quarter. It was driven by the decrease in other primary income received.

In the second quarter, the secondary income account increased to 11.6 million euro due to the shrinking contributions to the EU budget. The surplus of the capital account also rose to 309.4 million euro in the second quarter. These changes were caused by flows of EU funds intended for investment.

In the second quarter, the financial account deficit declined to 374.6 million euro as a result of financial transactions. Foreign direct investment flows (see

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

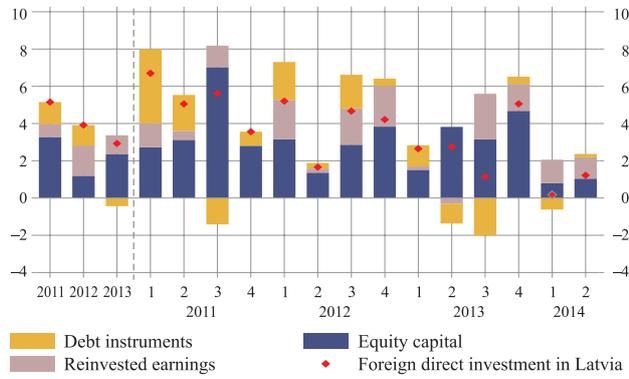


Chart 6.3) in Latvia, on the contrary, increased to 72.6 million euro in the second quarter on account of transactions. In July–September, the inflow of direct investment in Latvia amounted to 90.3 million euro. In April, Latvia issued bonds in the amount of 1.0 billion euro on the international markets to refinance the EC loan.

## 7. Conclusions and Forecasts

### 7.1 Economic developments

In the second and third quarters, stable growth persisted in the Latvian economy; recently, however, the annual growth rate of GDP gradually moderated due to weaker contribution from the sectors mostly driving GDP growth in the previous years (manufacturing, transportation, storage and energy). At the same time, growth is supported by the domestic-demand-oriented sectors such as trade, construction and public utilities.

Previously, the dynamics of the Latvian economy was almost equally affected by external and internal (or domestic) factors; in 2014, however, the external factors have been dominating. Of the internal factors, two aspects with a potential negative impact on the future growth are to be singled out. First, the period of subdued investment activity has lasted for too long now, and, most likely due to the current negative geopolitical situation, businesses, instead of making new investment, more often opt for running at full production capacity (presently in manufacturing, production capacity utilisation is at the highest post-crisis level). This has a milder effect on the short-term developments in the economy than on its medium-term and long-term growth potential. The amendments made to the Immigration Law and Insolvency Law of Latvia also figure as an important factor, as those to the former impose substantially higher threshold value on transactions entitling foreigners to temporary residence permits in Latvia, while the latter stipulate the introduction of liberalised personal bankruptcy regime (or the so-called clause of returned keys) in mortgage financing. The said amendments may have a potentially negative impact on Latvia's economic progress, particularly affecting the real estate sector and construction.

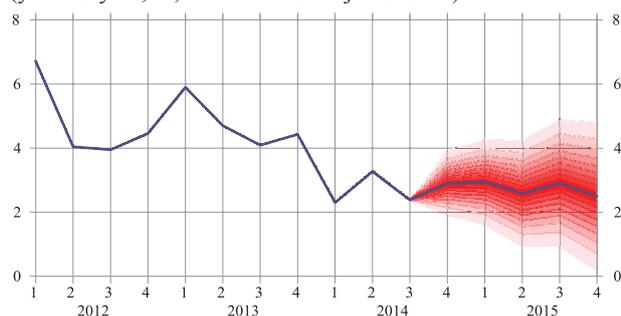
However in 2014, the external factors have primarily been driving the economic growth potential in Latvia and are likely to retain this role also in 2015. Undoubtedly, the regional economy has been adversely affected by aggravating geopolitical situation and the imposed economic and political sanctions in the last six months. That is why the 2014 growth in the Russian economy has so far been substantially weaker than projected and is likely to remain such also in 2015. The position of Latvian exporters in the Russian market notably deteriorated

already in early 2014, primarily due to two factors – depreciation of the Russian ruble and sluggishness of external demand. However, in the recent months additional concerns about the sustainability and resilience of economic growth in Russia, triggered by the sharp depreciation of the ruble and a fall in the *Brent* crude oil price, have emerged. Even though the direct effect on Latvia's economy of the imposed sanctions has been quite mild so far, the indirect impact on the confidence of such economic agents as households and businesses may stronger affect deceleration of Latvia's economy. If geopolitical uncertainty continues to persist, risk aversion of businesses may mount and investment in business expansion contract; households, at the same time, may refrain from making large purchases, thus boosting savings.

In the second and third quarters, the growth was weaker than expected in the euro area as well, and the worries about the euro area growth outlook intensified in the reporting period. The ECB gradually addresses the issue of weak economic growth by actively using the monetary policy instruments which are at its disposal for enhancing lending; labour market and high sovereign debt level adjustments, on the other hand, are long-term issues that cannot be addressed in the absence of sustained economic growth.

At the current junction, i.e. with 2014 closing, it is obvious that the negative growth scenario referred to in the previous issue of "Macroeconomic Developments Report" has materialised: in the reporting period, geopolitical situation has significantly deteriorated and a number of sanctions adversely impacting the region's economy, Latvia including, have been imposed. Previously, the projections of Latvijas Banka were made public at a press conference<sup>3</sup> on 26 September 2014, with the GDP forecast revised due to the negative geopolitical situation. This forecast has been subject to slight technical modifications so that to account for the GDP second and third quarter data and the CSB's adjustments to the historical time series. Consequently, Latvijas Banka forecasts a 2.8% GDP increase in 2014 and 2.7% in 2015 (see Chart 7.1). Such modest adjustments to the GDP forecast in comparison with one in the previous "Macroeconomic Developments Report" are explained by the fact that negative geopolitical effects had in part been already captured by Latvijas Banka's forecast in June.

Chart 7.1  
CHANGES IN GDP  
(year-on-year; %; forecast of Latvijas Banka\*)



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

<sup>3</sup> See <http://www.bank.lv/en/for-media/press-conferences/26092014-press-conference-of-ilmars-rimsevics-governor-of-latvijas-banka>.

Risks related to the country's economic development are currently balanced. Negative risks are primarily associated with external developments. On the one hand, extremely strong uncertainty about the geopolitical outlook for the region and Russia's economic development is still in place. On the other hand, the outlook for most euro area countries has been revised downwards.

Balanced risks are simultaneously underpinned by an essential internal upside risk, posed by the JSC *KVV Liepājas metalurģis* potentially resuming its operation. It is albeit too early to speak about the planned operational framework and potential capacity of the company; nevertheless, it is obvious that its resumed operation would add a positive impetus to macroeconomic indicators and GDP dynamics.

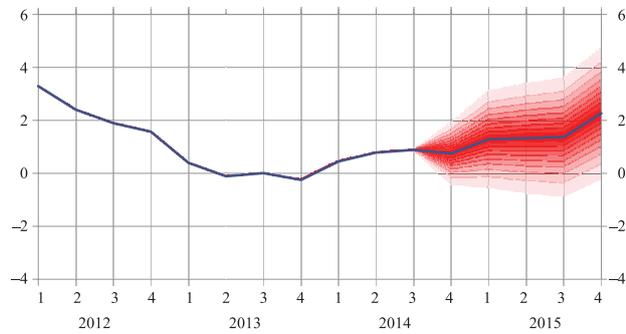
## 7.2 Inflation

The impact on consumer prices in Latvia anticipated from the Russian trade embargo did not materialise fully in August and September. In a number of cases it was associated with hiking producer per-unit costs, while in some other the resilient demand was likely responsible for it. From the middle of the year, however, the impact of external factors on inflation has generally been downward, primarily on account of falling global oil and food prices as well as untypically low inflation in most euro area countries. The euro exchange rate dynamics was an external driver of inflation hikes, yet its impact in Latvia was substantially offset by the euro being the settlement currency in a large part of Latvian foreign trade transactions, which, thus, little depended on euro fluctuations. As a result, in the second half of the year overall, Latvia's inflation indicators were lower than projected. This is a confirmation for the downward-revised average inflation estimate, at 0.7%, announced on 26 September 2014 at Latvijas Banka's press conference<sup>4</sup>.

The current oil price level and corresponding lower oil futures contract prices for 2014 and 2015 as well as the retained slow and uneven pace of economic growth in European countries do not send any signals about a potential emergence of significant external factors likely to boost inflation in 2015. Similarly, the outlook for Latvia's economic growth in 2015 does not point to serious inflation risks in the near future. Wage rises will continue, albeit at a more moderate pace than in 2014, whereas external-environment-

<sup>4</sup> See <http://www.bank.lv/en/for-media/press-conferences/26092014-press-conference-of-ilmars-rimsevics-governor-of-latvijas-banka>.

Chart 7.2  
HICP CHANGES  
(year-on-year; %; forecast of Latvijas Banka\*)



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

related uncertainties are likely to intensify the building of savings. Consequently, the electricity market liberalisation for households figures as the central domestic factor driving a moderate acceleration of inflation in 2015. Due to it, the latter is estimated to stand at 1.4% in 2015 (see Chart 7.2).

Risks to the inflation forecast are balanced. The main downward risk is connected with the on-going fall in global oil prices, while the upward ones are related to eventual further depreciation of the euro. At the moment, harvest estimates of the new harvesting season are not available, and a colder winter season is anticipated. This may also affect food prices, which have posted a notable global decline since 2011.

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## 1. MONETARY INDICATORS AND INTEREST RATES

	2013					2014				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
Latvian contribution to the euro area M1 <sup>1</sup> – overnight deposits <sup>2</sup>	8.0	10.4	14.1	9.1	8.0	16.0	6.5	7.8		
Latvian contribution to the euro area M2 <sup>1,2</sup>	1.9	2.1	1.2	-0.4	1.9	7.9	3.7	5.2		
M3 <sup>2</sup>	2.8	3.8	3.3	1.0	2.8	x	x	x		
M2X <sup>2</sup>	2.0	3.3	2.7	1.0	2.0	x	x	x		
Loans to resident financial institutions, non-financial corporations and households <sup>2</sup>	-6.4	-6.7	-6.4	-7.6	-6.4	-8.7	-7.0	-5.6		
Deposits of resident financial institutions, non-financial corporations and households <sup>2</sup>	13.2	4.1	4.2	5.1	13.2	11.4	9.9	10.8		
Long-term interest rate for convergence assessment purposes <sup>3</sup>	3.34	3.20	3.14	3.32	3.70	3.14	2.69	2.34		
EURIBOR (3-month loans) <sup>4,5</sup>	0.4	0.5	0.4	0.3	0.3	0.295	0.299	0.165		
Weighted average yield on government bonds	2.2 <sup>6</sup>	1.4 <sup>7</sup>	1.1 <sup>7</sup>	1.2 <sup>7</sup>	2.2 <sup>6</sup>	1.8 <sup>6</sup>	1.7 <sup>6</sup>	1.7 <sup>6</sup>		
OMXR <sup>4</sup>	432.5	405.8	416.5	457.7	448.2	460.3	430.8	435.8		

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Latvian contribution to the euro area M1 <sup>1</sup> – overnight deposits <sup>2</sup>	11.9	11.4	9.1	7.9	7.7	8.0	15.7	14.2	16.0	10.1	7.8	6.5	3.9	3.6	7.8
Latvian contribution to the euro area M2 <sup>1,2</sup>	0.4	-0.2	-0.4	-0.8	-0.6	1.9	7.9	6.3	7.9	4.3	3.5	3.7	1.8	1.4	5.2
M3 <sup>2</sup>	1.8	1.2	1.0	0.8	0.7	2.8	x	x	x	x	x	x	x	x	x
M2X <sup>2</sup>	2.0	1.4	1.0	0.1	-0.4	2.0	x	x	x	x	x	x	x	x	x
Loans to resident financial institutions, non-financial corporations and households <sup>2</sup>	-6.6	-6.9	-7.6	-8.2	-7.7	-6.4	-8.8	-9.0	-8.7	-8.0	-8.3	-7.0	-6.9	-6.6	-5.6
Deposits of resident financial institutions, non-financial corporations and households <sup>2</sup>	4.2	4.3	5.1	5.1	5.5	13.2	10.0	9.4	11.4	9.1	9.5	9.9	10.6	10.4	10.8
Long-term interest rate for convergence assessment purposes <sup>3</sup>	3.25	3.25	3.45	3.78	3.71	3.62	3.48	3.07	2.87	2.80	2.74	2.53	2.40	2.35	2.28
EURIBOR (3-month loans) <sup>4,5</sup>	0.3	0.3	0.3	0.3	0.2	0.3	0.292	0.288	0.305	0.330	0.325	0.241	0.205	0.192	0.097
Weighted average yield on government bonds	1.1 <sup>7</sup>	1.2 <sup>7</sup>	-	2.3 <sup>6</sup>	2.0 <sup>6</sup>	-	-	1.8 <sup>6</sup>	-	1.6 <sup>6</sup>	1.9 <sup>6</sup>	1.8 <sup>6</sup>	1.8 <sup>6</sup>	-	1.5 <sup>6</sup>
OMXR <sup>4</sup>	452.3	468.1	452.9	447.2	446.9	451.2	474.6	478.4	427.9	421.3	428.6	443.0	450.1	429.3	427.2

<sup>1</sup> Up to Q4 2013 – the respective indicator for Latvia.

<sup>2</sup> Year-on-year changes (%).

<sup>3</sup> Average secondary market yield of 10-year government bonds.

<sup>4</sup> Average of the period.

<sup>5</sup> Up to Q4 2013 – RIGIBOR (3-month loans).

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

<sup>7</sup> Weighted average primary market yield of 3-year government bonds.

## 2.a REAL SECTOR INDICATORS AND PRICES

	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
<b>Industrial output<sup>1</sup></b>								
Increase/decrease <sup>2</sup> (at constant prices; working day adjusted data; %)	0.6	-1.8	-0.6	1.7	2.7	0.3	1.8	-0.6
<b>Cargoes loaded and unloaded at ports</b>								
Turnover (thousands of tons)	70 480	18 969	17 990	16 523	17 000	20 749	18 637	16 206
Increase/decrease <sup>2</sup> (%)	-6.3	-5.3	-11.4	-6.8	-0.8	9.4	3.6	-1.9
<b>Retail trade turnover<sup>1,3,4</sup></b>								
Turnover (at current prices; millions of euro)	6 281.2	1 401.7	1 543.9	1 676.4	1 659.2	1 430.9	1 610.1	1 731.1
Increase/decrease <sup>2</sup> (at constant prices; %)	3.8	4.9	4.2	2.6	4.3	2.3	5.0	3.8
Unemployment rate (%)	9.5	10.8	9.6	9.1	9.5	9.8	8.9	8.2
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	1.5	0.3	0.4	0.3	-0.1	0.2	0	0.5
<b>Consumer price inflation</b>								
Year-on-year basis (%)	0	0.3	-0.1	-0.1	-0.3	0.4	0.7	0.8
Quarter-on-quarter basis (%)	x	-0.1	0.5	-0.6	0	0.6	0.7	-0.5
<b>Financial surplus/deficit in the consolidated general government budget</b>								
Surplus/deficit (millions of euro)	-128.3	45.2	190.4	136.5	-500.4	27.0	248.9	38.7
Ratio to GDP (%)	0.6	0.9	3.3	2.2	8.0 <sup>4</sup>	0.5	4.2	0.6

<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> Sale of motor vehicles and motorcycles not included.

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

## 2.b REAL SECTOR INDICATORS AND PRICES

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Industrial output<sup>1</sup></b>															
Increase/decrease <sup>2</sup> (at constant prices; working day adjusted data; %)	4.7	-1.3	1.9	2.3	2.7	3.2	-3.1	-0.2	3.9	6.0	1.9	-2.2	-2.6	-0.9	1.7
<b>Cargoes loaded and unloaded at ports</b>															
Turnover (thousands of tons)	5 491	5 724	5 308	5 307	5 336	6 356	6 653	6 873	7 223	6 591	6 225	5 820	5 393	5 300	5 513
Increase/decrease <sup>2</sup> (%)	-7.1	-2.9	-10.3	-0.6	-8.4	6.5	1.5	22.4	6.2	5.1	3.2	2.3	-1.8	-7.4	3.9
<b>Retail trade turnover<sup>1,3,4</sup></b>															
Turnover (at current prices; millions of euro)	565.0	572.2	539.2	544.0	514.2	601.0	478.6	444.2	508.1	528.3	540.0	541.8	585.5	585.0	560.6
Increase/decrease <sup>2</sup> (at constant prices; %)	3.3	2.1	2.4	3.0	5.2	4.8	1.7	1.2	4.1	10.5	2.3	2.7	3.8	3.9	3.6
Unemployment rate (%)	9.5	9.3	9.1	9.1	9.3	9.5	9.8	9.9	9.8	9.6	9.1	8.9	8.6	8.4	8.2
Producer prices <sup>1</sup> (increase/decrease compared with the previous period; %)	-0.1	0.2	0.3	0	-0.2	-0.7	0.7	0.1	-0.2	0.3	-0.5	0.6	0.2	0	0.1
<b>Consumer price inflation</b>															
Year-on-year basis (%)	0.3	-0.2	-0.4	0	-0.4	-0.4	0.4	0.5	0.3	0.7	0.6	0.7	0.6	0.8	1.0
Month-on-month basis (%)	-0.3	-0.8	0.3	0.3	-0.5	0	0.6	0	0.3	0.5	-0.1	0.3	-0.4	-0.6	0.5
Annual core inflation (%)	0.2	0.4	0.5	1.2	0.4	0.6	1.3	1.4	1.3	1.6	1.6	2.0	1.6	1.7	1.7
Financial surplus/deficit in the consolidated general government budget (millions of euro)	45.5	75.4	15.5	9.7	-150.1	-360.0	91.3	-21.5	-42.8	-37.7	90.7	195.9	-10.9	47.4	2.2

<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> Sale of motor vehicles and motorcycles not included.

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

## 3. ANALYTICAL ACCOUNTS OF THE CENTRAL BANK

(in millions of euro)

	2014								
	I	II	III	IV	V	VI	VII	VIII	IX
National contribution to the euro area monetary base	5 831.9	5 905.9	5 852.2	5 692.5	5 785.1	4 762.3	4 528.9	4 484.6	4 627.5
Currency in circulation	3 779.6	3 727.9	3 715.4	3 736.3	3 745.6	3 753.7	3 783.0	3 782.4	3 788.6
Current accounts of credit institutions with Latvijas Banka	1 417.3	1 218.9	1 191.8	1 206.2	999.5	1 008.6	745.9	702.2	838.9
Deposit facility and other liabilities related to monetary policy operations	635.0	959.1	945.0	750.0	1 040.0	0	0	0	0
Credit	1 683.9	1 595.5	1 615.8	1 611.8	1 583.2	1 577.6	1 586.4	1 577.2	1 656.9
To MFIs in the euro area	522.8	434.8	451.6	487.8	493.3	483.5	497.2	496.2	564.9
To the central government in the euro area	298.6	298.7	283.1	273.1	273.6	272.7	272.7	274.1	273.5
To other resident sectors in the euro area	862.5	862.0	881.1	850.9	816.3	821.4	816.5	806.9	818.5
External assets outside euro area	2 768.3	2 734.1	2 752.2	2 729.0	2 813.4	2 796.3	2 815.4	2 830.6	2 837.6
External liabilities outside euro area	46.5	20.5	3.3	28.4	62.0	9.3	5.2	28.9	5.4

## 4.

## MONETARY AGGREGATES AND COUNTERPARTS IN THE EURO AREA: LATVIAN CONTRIBUTION

(at end of period; millions of euro)

	2014								
	I	II	III	IV	V	VI	VII	VIII	IX
Monetary aggregates: Latvian contribution									
M3	10 009.1	9 863.2	9 962.3	9 871.2	9 814.7	9 861.3	9 919.8	10 071.4	10 080.3
Repurchase agreements	0	0	0	0	0	0	0	0	0
Money market fund shares/units	67.8	67.0	68.2	70.1	68.7	67.0	64.6	64.6	62.8
Debt securities issued with maturity of up to 2 years	6.0	13.6	13.9	28.6	28.8	26.7	31.6	31.9	32.2
Deposits with agreed maturity of up to 2 years	1 871.5	1 827.4	1 880.2	1 822.1	1 807.0	1 748.5	1 687.0	1 624.7	1 647.2
Deposits redeemable at notice of up to 3 months	484.7	491.3	494.4	502.9	514.0	531.6	541.0	542.4	553.3
Overnight deposits	7 579.0	7 464.0	7 505.6	7 447.5	7 396.3	7 487.6	7 595.5	7 807.7	7 784.8
Counterparts of monetary aggregates and longer-term financial liabilities: Latvian contribution									
Deposits of central government	2 312.5	2 283.0	1 337.0	1 942.6	1 599.4	1 506.9	1 513.9	1 532.7	1 615.6
Longer-term financial liabilities against residents	3 834.5	3 860.0	3 786.0	3 822.3	3 908.6	3 932.8	3 965.2	4 010.0	4 003.6
Deposits with agreed maturity of over 2 years	438.3	437.5	442.9	433.1	433.6	428.8	429.0	430.6	432.9
Deposits redeemable at notice of over 3 months	3.5	3.5	3.5	3.5	3.6	4.6	4.7	4.6	4.7
Debt securities issued with maturity of over 2 years	15.0	14.4	14.5	16.9	17.0	17.5	18.1	19.0	19.2
Capital and reserves	3 263.0	3 291.1	3 211.2	3 252.3	3 336.5	3 363.1	3 392.0	3 430.6	3 417.6
Credit to euro area residents	14 745.8	14 689.4	14 579.3	14 556.9	14 539.6	14 493.9	14 481.1	14 499.7	14 543.6
Credit to general government	1 127.0	1 128.9	1 109.7	1 094.8	1 093.8	1 371.0	1 374.0	1 379.5	1 344.9
Credit to other euro area residents	14 466.6	14 390.7	14 305.3	14 257.8	14 112.3	14 083.0	14 142.2	14 165.2	14 132.4
Loans	13 712.3	13 647.5	13 574.7	13 526.9	13 398.2	13 341.2	13 301.6	13 322.4	13 340.5
Net external assets	-661.8	-900.2	-842.3	-1 130.1	-736.5	-110.5	41.7	129.3	169.5

## 5. KEY ECB INTEREST RATES

(percentages per annum)

With effect from (dd.mm.yyyy)	Deposit facility	Main refinancing operations			Marginal lending facility
		Fixed rate tenders		Variable rate tenders	
		Fixed rate		Minimum bid rate	
01.01.1999	2.00	3.00	–	4.50	
04.01.1999	2.75	3.00	–	3.25	
22.01.1999	2.00	3.00	–	4.50	
09.04.1999	1.50	2.50	–	3.50	
05.11.1999	2.00	3.00	–	4.00	
04.02.2000	2.25	3.25	–	4.25	
17.03.2000	2.50	3.50	–	4.50	
28.04.2000	2.75	3.75	–	4.75	
09.06.2000	3.25	4.25	–	5.25	
28.06.2000	3.25	–	4.25	5.25	
01.09.2000	3.50	–	4.50	5.50	
06.10.2000	3.75	–	4.75	5.75	
11.05.2001	3.50	–	4.50	5.50	
31.08.2001	3.25	–	4.25	5.25	
18.09.2001	2.75	–	3.75	4.75	
09.11.2001	2.25	–	3.25	4.25	
06.12.2002	1.75	–	2.75	3.75	
07.03.2003	1.50	–	2.50	3.50	
06.06.2003	1.00	–	2.00	3.00	
06.12.2005	1.25	–	2.25	3.25	
08.03.2006	1.50	–	2.50	3.50	
15.06.2006	1.75	–	2.75	3.75	
09.08.2006	2.00	–	3.00	4.00	
11.10.2006	2.25	–	3.25	4.25	
13.12.2006	2.50	–	3.50	4.50	
14.03.2007	2.75	–	3.75	4.75	
13.06.2007	3.00	–	4.00	5.00	
09.07.2008	3.25	–	4.25	5.25	
08.10.2008	2.75	–	–	4.75	
09.10.2008	3.25	–	–	4.25	
15.10.2008	3.25	3.75	–	4.25	
12.11.2008	2.75	3.25	–	3.75	
10.12.2008	2.00	2.50	–	3.00	
21.01.2009	1.00	2.00	–	3.00	
11.03.2009	0.50	1.50	–	2.50	
08.04.2009	0.25	1.25	–	2.25	
13.05.2009	0.25	1.00	–	1.75	
13.04.2011	0.50	1.25	–	2.00	
13.07.2011	0.75	1.50	–	2.25	
09.11.2011	0.50	1.25	–	2.00	
14.12.2011	0.25	1.00	–	1.75	
11.07.2012	0	0.75	–	1.50	
08.05.2013	0	0.50	–	1.00	
13.11.2013	0	0.25	–	0.75	
11.06.2014	–0.10	0.15	–	0.40	
10.09.2014	–0.20	0.05	–	0.30	

## 6. ASSETS AND LIABILITIES OF LATVIJAS BANKA

(at end of period; millions of euro)

	2014								
	I	II	III	IV	V	VI	VII	VIII	IX
<b>ASSETS</b>									
Gold and gold receivables	196.8	205.1	200.3	199.1	196.7	205.1	206.5	208.0	205.2
Claims on non-euro area residents denominated in foreign currency	2 376.0	2 337.6	2 355.5	2 319.5	2 401.4	2 375.0	2 396.7	2 408.1	2 416.4
Claims on euro area residents denominated in foreign currency	465.2	467.0	478.2	504.5	483.1	470.5	469.8	472.0	515.0
Claims on non-euro area residents denominated in euro	195.5	191.3	196.5	210.4	215.3	216.1	212.2	214.4	216.0
Lending to euro area credit institutions related to monetary policy operations denominated in euro	1.0	5.0	4.0	4.0	0	0	6.0	6.0	31.0
Main refinancing operations	1.0	1.0	0	0	0	0	0	0	0
Longer-term refinancing operations	0	4.0	4.0	4.0	0	0	6.0	6.0	31.0
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0
Structural reverse operations	0	0	0	0	0	0	0	0	0
Marginal lending facility	0	0	0	0	0	0	0	0	0
Credits related to margin calls	0	0	0	0	0	0	0	0	0
Other claims on euro area credit institutions denominated in euro	96.8	1.8	0.4	0	4.0	5.1	4.5	3.1	7.0
Securities of euro area residents denominated in euro	1 120.9	1 121.7	1 133.3	1 103.2	1 096.1	1 102.0	1 106.2	1 096.1	1 103.9
Intra-Eurosystem claims	3 147.2	3 150.5	4 156.1	3 134.6	3 155.7	3 158.2	3 214.5	3 221.9	3 242.0
Other assets	102.0	130.6	104.9	117.5	110.4	117.0	116.7	118.5	121.0
<b>Total assets</b>	<b>7 701.4</b>	<b>7 610.7</b>	<b>8 629.1</b>	<b>7 592.9</b>	<b>7 662.6</b>	<b>7 649.1</b>	<b>7 733.1</b>	<b>7 748.2</b>	<b>7 857.6</b>
<b>LIABILITIES</b>									
Banknotes in circulation	3 669.7	3 626.4	3 615.8	3 636.0	3 643.9	3 650.8	3 680.0	3 684.8	3 684.3
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	2 052.3	2 178.0	2 136.8	1 956.2	2 039.5	1 008.6	745.9	702.2	838.9
Current accounts (covering the minimum reserve system)	1 417.3	1 218.9	1 191.8	1 206.2	999.5	1 008.6	745.9	702.2	838.9
Deposit facility	0	0	0	0	0	0	0	0	0
Fixed-term deposits	635.0	959.1	945.0	750.0	1 040.0	0	0	0	0
Fine-tuning reverse operations	0	0	0	0	0	0	0	0	0
Deposits related to margin calls	0	0	0	0	0	0	0	0	0
Other liabilities to euro area credit institutions denominated in euro	0	0	0	0	0	0	0	0	0
Liabilities to other euro area residents denominated in euro	1 179.2	1 059.3	641.7	1 265.1	557.3	119.5	129.1	147.0	135.9
General government	1 153.9	1 033.4	606.7	1 219.6	514.0	68.6	69.2	77.0	67.9
Other liabilities	25.3	25.9	35.0	45.4	43.3	50.9	60.0	70.0	68.0
Liabilities to non-euro area residents denominated in euro	46.5	19.8	3.3	27.5	62.0	9.3	5.2	28.9	5.4
Liabilities to euro area residents denominated in foreign currency	138.4	136.2	136.3	136.5	137.4	137.7	138.6	139.3	142.6
Liabilities to non-euro area residents denominated in foreign currency	0	0.7	0	0.9	0	0	0	0	0
Intra-Eurosystem liabilities	0	0	475.0	0	618.1	2 137.9	2 429.6	2 429.8	2 395.1
Other liabilities	141.8	113.0	1 149.4	123.0	141.6	121.5	141.0	143.6	179.3
Capital and reserves	473.6	477.3	470.8	447.6	462.7	463.8	463.7	472.7	476.1
<b>Total liabilities</b>	<b>7 701.4</b>	<b>7 610.7</b>	<b>8 629.1</b>	<b>7 592.9</b>	<b>7 662.6</b>	<b>7 649.1</b>	<b>7 733.1</b>	<b>7 748.2</b>	<b>7 857.6</b>

## 7. AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2014								
	I	II	III	IV	V	VI	VII	VIII	IX
<b>ASSETS</b>									
Loans to euro area residents	18 862.1	18 964.8	18 177.0	18 252.6	18 137.7	17 655.5	17 582.5	17 546.9	17 668.8
General government	42.2	42.3	41.7	40.7	39.9	30.5	29.4	29.2	28.6
Other residents	13 712.3	13 647.5	13 574.7	13 526.9	13 398.2	13 341.2	13 301.6	13 322.4	13 340.5
MFIs	5 107.7	5 275.0	4 560.6	4 685.0	4 699.5	4 283.8	4 251.5	4 195.4	4 299.7
Holdings of securities other than shares issued by euro area residents	1 278.4	1 298.8	1 323.8	1 324.9	1 307.2	1 640.8	1 795.7	1 804.0	1 744.2
General government	786.2	787.9	784.9	781.0	780.4	1 067.8	1 071.9	1 076.3	1 042.8
Other residents	123.7	113.5	124.2	120.3	110.3	147.5	245.4	247.6	180.3
MFIs	368.5	397.4	414.7	423.6	416.5	425.5	478.5	480.1	521.1
Holdings of money market fund shares or units issued by euro area residents	4.3	4.2	4.2	4.2	4.3	4.3	4.3	4.4	4.6
Holdings of shares/other equity issued by euro area residents	650.9	650.0	626.6	630.9	624.0	614.6	620.5	620.5	636.9
External <sup>1</sup> assets	7 028.6	7 063.0	6 774.3	6 669.3	7 065.6	7 521.5	8 112.0	8 161.8	8 540.9
Fixed assets	129.4	129.9	129.8	130.3	129.6	126.3	125.4	125.6	125.6
Remaining assets	882.3	837.6	903.1	930.2	822.3	833.4	791.3	779.6	753.5
<b>Total</b>	<b>28 836.1</b>	<b>28 948.2</b>	<b>27 938.9</b>	<b>27 942.4</b>	<b>28 090.5</b>	<b>28 396.4</b>	<b>29 031.8</b>	<b>29 042.9</b>	<b>29 474.5</b>
<b>LIABILITIES</b>									
Currency in circulation	x	x	x	x	x	x	x	x	x
Deposits of euro area residents	13 925.6	13 660.9	12 890.3	12 737.3	12 824.4	13 285.1	13 471.6	13 472.1	13 623.5
Central government	1 020.3	1 113.4	594.1	586.5	948.0	1 300.6	1 306.1	1 316.4	1 405.1
Other residents	10 351.8	10 197.9	10 291.6	10 163.6	10 111.1	10 150.1	10 197.3	10 340.1	10 354.9
MFIs	2 553.5	2 349.7	2 004.6	1 987.1	1 765.3	1 834.4	1 968.2	1 815.7	1 863.5
Money market fund shares or units held by euro area residents	68.3	67.5	68.7	70.7	69.3	67.6	65.2	65.2	63.3
Debt securities issued with a maturity of over 2 years held by euro area residents	15.0	14.4	14.5	16.9	17.0	17.5	18.1	19.0	19.2
Capital and reserves	2 789.4	2 813.8	2 740.3	2 804.8	2 873.8	2 899.4	2 928.3	2 957.9	2 941.5
External <sup>1</sup> liabilities	10 412.2	10 676.8	10 365.5	10 500.0	10 553.5	10 419.0	10 880.6	10 834.2	11 203.6
Remaining liabilities	1 625.6	1 714.8	1 859.6	1 812.8	1 752.6	1 707.8	1 668.1	1 694.4	1 623.3
<b>Total</b>	<b>28 836.1</b>	<b>28 948.2</b>	<b>27 938.9</b>	<b>27 942.4</b>	<b>28 090.5</b>	<b>28 396.4</b>	<b>29 031.8</b>	<b>29 042.9</b>	<b>29 474.5</b>

<sup>1</sup> Non-euro area countries.

## 8. CONSOLIDATED BALANCE SHEET OF MFIs

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>ASSETS</b>															
Loans to residents	13 970.3	13 958.7	13 821.6	13 717.6	13 733.1	13 661.1	13 194.3	13 138.4	13 070.4	13 060.3	13 023.7	12 956.6	12 931.4	12 957.2	12 970.6
General government	118.1	119.0	119.0	118.8	120.2	123.4	42.2	42.3	41.7	40.7	39.9	30.5	29.4	29.2	28.6
Other residents	13 852.2	13 839.7	13 702.7	13 598.7	13 612.9	13 537.8	13 152.1	13 096.1	13 028.7	13 019.6	12 983.8	12 926.1	12 902.0	12 928.1	12 942.0
Holdings of securities other than shares issued by other residents	634.7	648.4	654.8	650.4	670.0	683.5	690.2	690.0	686.6	679.9	706.3	737.9	749.9	741.7	758.2
General government	615.1	629.1	635.0	631.0	641.7	654.9	661.6	661.8	658.5	651.3	670.7	702.4	713.5	705.7	721.2
Other residents	19.6	19.4	19.8	19.4	28.3	28.6	28.6	28.2	28.1	28.6	35.6	35.5	36.4	36.0	37.0
Holdings of shares and other equity issued by other residents	537.7	559.5	593.8	544.4	559.0	579.3	562.7	562.3	539.2	543.5	536.1	526.8	527.1	526.7	541.3
Foreign assets	15 509.2	15 472.6	15 009.4	15 072.8	14 758.6	14 892.6	18 644.0	18 793.9	18 892.2	18 058.6	18 355.2	19 640.4	20 622.9	20 702.5	20 999.1
Fixed assets	173.2	173.7	174.3	171.2	173.4	176.3	172.4	172.7	172.4	172.7	171.7	168.2	167.1	167.5	167.3
Remaining assets	497.3	500.6	493.6	467.1	476.4	471.0	456.7	443.8	502.8	538.0	471.0	477.3	446.9	442.3	429.9
<b>Total</b>	<b>31 322.4</b>	<b>31 313.4</b>	<b>30 747.5</b>	<b>30 623.5</b>	<b>30 370.6</b>	<b>30 463.8</b>	<b>33 720.3</b>	<b>33 801.0</b>	<b>33 863.7</b>	<b>33 053.1</b>	<b>33 263.9</b>	<b>34 507.1</b>	<b>35 445.1</b>	<b>35 537.9</b>	<b>35 866.5</b>
<b>LIABILITIES</b>															
Currency outside MFIs	1 339.9	1 292.3	1 214.4	1 108.1	1 028.2	667.8	3 515.6	3 479.2	3 474.8	3 518.4	3 561.9	3 562.3	3 609.4	3 615.6	3 615.3
Deposits of central government	1 706.5	1 827.0	1 862.7	1 866.0	1 625.9	1 276.0	2 312.5	2 282.6	1 336.0	1 941.7	1 598.4	1 505.9	1 513.1	1 531.9	1 614.6
Deposits of other general government and other residents	8 369.0	8 443.6	8 370.3	8 511.1	8 729.5	9 377.2	9 150.2	9 176.0	9 165.8	9 093.5	9 091.7	9 150.1	9 189.4	9 292.0	9 241.2
Money market fund shares and units	81.2	79.5	78.0	75.4	72.7	66.3	67.8	67.0	68.2	70.1	68.7	67.0	64.6	64.6	62.8
Debt securities issued	326.8	332.1	327.4	358.4	395.7	333.8	331.4	366.3	371.9	386.8	392.2	383.1	440.8	449.9	468.4
Capital and reserves	3 246.0	3 271.2	3 315.4	3 342.0	3 361.4	3 377.5	3 263.0	3 291.1	3 211.2	3 252.3	3 336.5	3 363.1	3 392.0	3 430.6	3 417.6
Foreign liabilities	14 423.4	14 280.7	13 806.6	13 696.6	13 456.4	13 691.6	13 648.2	13 671.9	13 546.6	13 203.5	13 709.2	14 981.0	15 808.4	15 719.4	16 022.7
Remaining liabilities	1 829.5	1 785.7	1 765.1	1 671.6	1 706.9	1 677.3	1 439.0	1 474.5	2 697.4	1 585.7	1 513.6	1 502.6	1 435.6	1 441.8	1 437.2
Excess of inter-MFI liabilities	0	1.1	7.8	-5.5	-6.0	-3.6	-7.3	-7.5	-8.1	1.0	-8.4	-8.1	-8.2	-8.0	-13.4
<b>Total</b>	<b>31 322.4</b>	<b>31 313.4</b>	<b>30 747.5</b>	<b>30 623.5</b>	<b>30 370.6</b>	<b>30 463.8</b>	<b>33 720.3</b>	<b>33 801.0</b>	<b>33 863.7</b>	<b>33 053.1</b>	<b>33 263.9</b>	<b>34 507.1</b>	<b>35 445.1</b>	<b>35 537.9</b>	<b>35 866.5</b>

**9.a AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA )**

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
MFI reserves	3 093.5	3 133.7	3 241.9	3 477.9	3 576.4	4 357.5	2 316.2	2 426.2	2 377.3	2 174.1	2 223.2	1 200.0	919.4	876.4	1 012.2
Vault cash in euro <sup>1</sup>	160.2	162.6	167.2	163.2	169.6	229.7	264.0	248.7	240.5	217.9	183.6	191.4	173.5	174.3	173.3
Deposits with Latvijas Banka	2 933.3	2 971.1	3 074.7	3 314.7	3 406.8	4 127.9	2 052.3	2 177.5	2 136.8	1 956.2	2 039.5	1 008.6	745.9	702.2	838.9
Foreign assets	9 738.4	9 700.7	9 177.2	9 098.8	8 914.4	9 061.1	11 081.9	11 233.4	10 311.6	10 514.2	10 736.8	12 035.3	12 939.5	13 004.2	13 216.3
Claims on the central government	621.9	635.3	640.6	635.7	646.6	661.6	668.9	669.1	665.3	657.6	676.6	708.6	719.6	711.5	726.4
Loans	7.1	6.5	5.8	5.1	5.1	7.0	7.6	7.5	7.1	6.6	6.1	6.4	6.4	6.1	5.5
Holdings of securities other than shares	614.8	628.8	634.7	630.8	641.4	654.7	661.3	661.5	658.2	651.0	670.5	702.2	713.2	705.4	720.9
Claims on the local government	111.1	112.7	113.4	114.1	115.4	116.8	34.9	35.0	34.9	34.4	34.0	24.4	23.3	23.4	23.4
Loans	111.0	112.4	113.1	113.8	115.1	116.5	34.6	34.7	34.6	34.1	33.8	24.1	23.0	23.1	23.1
Holdings of securities other than shares	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Claims on the financial institutions	849.6	873.8	912.1	842.3	865.0	899.1	845.5	839.6	856.5	941.2	959.1	958.6	980.0	987.1	1 018.3
Loans	424.9	427.7	424.3	405.4	408.9	430.8	393.6	390.0	417.5	496.9	506.3	515.7	535.5	542.9	566.4
Holdings of securities other than shares	0	0	0	0	9.4	9.7	9.8	9.3	9.1	9.6	18.0	17.6	18.5	18.5	20.0
Holdings of shares and other equity	424.7	446.1	487.8	437.0	446.6	458.6	442.1	440.3	429.8	434.7	434.8	425.2	426.0	425.6	431.9
Claims on public non-financial corporations	687.2	684.3	686.7	699.5	697.1	696.4	777.3	768.5	763.3	759.5	756.3	747.6	744.5	743.1	731.6
Loans	683.1	680.4	682.6	695.9	693.9	693.1	774.3	765.4	760.1	756.3	753.1	743.9	740.8	739.8	728.8
Holdings of securities other than shares	4.0	3.7	4.0	3.7	3.1	3.3	3.0	3.1	3.2	3.2	3.2	3.7	3.7	3.3	2.8
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	6 561.6	6 581.4	6 478.5	6 433.8	6 487.4	6 500.7	6 159.8	6 147.6	6 080.4	6 033.4	6 013.3	5 988.6	5 966.9	6 016.0	6 020.1
Loans	6 432.9	6 452.2	6 356.7	6 310.6	6 359.4	6 364.4	6 023.4	6 009.9	5 955.1	5 908.7	5 897.6	5 872.9	5 851.6	5 900.7	5 896.4
Holdings of securities other than shares	15.7	15.7	15.8	15.8	15.8	15.8	15.7	15.8	15.8	15.8	14.4	14.2	14.2	14.2	14.2
Holdings of shares and other equity	113.0	113.4	106.0	107.4	112.4	120.5	120.6	121.9	109.4	108.9	101.3	101.6	101.1	101.1	109.4
Claims on households	6 311.1	6 279.3	6 239.0	6 186.9	6 150.6	6 049.5	5 960.8	5 930.8	5 896.0	5 857.7	5 826.8	5 793.5	5 774.1	5 744.7	5 750.4
Loans	6 311.1	6 279.3	6 239.0	6 186.9	6 150.6	6 049.5	5 960.8	5 930.8	5 896.0	5 857.7	5 826.8	5 793.5	5 774.1	5 744.7	5 750.4
Holdings of securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	129.2	130.1	130.9	128.1	130.6	133.3	129.4	129.9	129.8	130.3	129.6	126.3	125.4	125.6	125.6
Other assets	496.0	499.3	492.3	466.0	475.1	470.0	455.7	441.2	500.8	535.9	468.9	475.2	444.8	440.2	427.8
Claims on resident MFIs	367.1	313.0	339.2	381.0	368.0	311.2	405.1	326.3	322.6	303.6	265.4	337.8	393.7	370.2	421.9
Holdings of MFI securities other than shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money market fund shares and units	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
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>28 967.5</b>	<b>28 943.9</b>	<b>28 452.5</b>	<b>28 464.8</b>	<b>28 427.3</b>	<b>29 257.5</b>	<b>28 836.1</b>	<b>28 948.2</b>	<b>27 938.9</b>	<b>27 942.4</b>	<b>28 090.5</b>	<b>28 396.4</b>	<b>29 031.8</b>	<b>29 042.9</b>	<b>29 474.5</b>

<sup>1</sup> In lats up to December 2013.

**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA)**

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Overnight deposits in euro <sup>1</sup>	2 942.9	2 979.1	3 004.7	3 080.1	3 225.5	3 664.2	5 729.9	5 752.3	5 663.9	5 714.3	5 662.9	5 773.0	5 886.6	5 945.4	5 869.3
Financial institutions	103.7	115.0	128.2	140.6	147.0	136.0	323.8	343.5	275.9	281.9	310.3	325.9	346.1	372.3	269.4
Public non-financial corporations	210.0	191.7	209.0	179.0	203.5	192.9	289.6	302.1	330.4	352.7	298.9	298.4	302.5	309.1	314.8
Private non-financial corporations	1 178.0	1 211.7	1 187.4	1 242.5	1 272.5	1 481.6	2 299.1	2 287.1	2 254.5	2 191.7	2 191.3	2 212.9	2 259.5	2 290.3	2 261.6
Households	1 451.2	1 460.9	1 480.1	1 517.9	1 602.4	1 853.6	2 817.4	2 819.6	2 803.1	2 888.1	2 862.3	2 935.8	2 978.5	2 973.7	3 023.5
Time deposits in euro <sup>1</sup>	658.5	648.3	651.0	654.5	628.9	595.5	1 941.5	1 910.2	1 973.2	1 872.6	1 858.3	1 808.7	1 711.0	1 689.0	1 704.8
Financial institutions	137.4	143.7	137.2	129.1	119.5	159.4	350.1	348.7	381.7	328.0	322.5	309.6	301.2	295.0	311.7
Public non-financial corporations	64.6	43.3	41.7	50.4	50.2	31.0	245.9	218.5	235.1	217.5	199.6	187.8	182.2	181.3	175.5
Private non-financial corporations	55.3	66.7	79.1	81.8	71.9	36.7	293.9	285.0	310.9	299.0	313.3	307.0	251.2	236.2	237.5
Households	401.1	394.6	393.0	393.1	387.3	368.4	1 051.6	1 058.0	1 045.5	1 028.0	1 022.9	1 004.3	976.3	976.6	980.0
Deposits redeemable at notice in euro <sup>1</sup>	157.8	163.6	172.0	180.7	195.6	212.7	444.5	450.5	453.7	462.0	471.2	488.4	496.7	499.5	508.2
Financial institutions	10.1	10.2	10.2	10.4	10.4	10.4	16.3	19.9	9.8	5.5	6.8	8.7	4.9	3.1	2.5
Public non-financial corporations	0.7	0.7	0.7	1.3	1.3	1.3	16.1	12.5	12.8	13.0	13.2	13.2	13.4	13.6	13.9
Private non-financial corporations	8.1	8.5	9.4	8.4	13.9	14.7	33.0	29.0	34.7	36.7	37.3	41.2	42.2	38.1	39.1
Households	138.9	144.1	151.7	160.6	170.0	186.4	379.1	389.1	396.4	406.8	413.9	425.3	436.2	444.7	452.8
Repos in euro <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign currency deposits of residents	4 304.5	4 360.5	4 257.4	4 321.3	4 395.4	4 694.9	820.8	840.9	826.2	788.1	828.6	813.2	823.8	863.3	876.6
Financial institutions	387.3	384.9	363.3	347.2	361.4	384.9	36.1	34.5	39.9	30.4	34.6	36.3	35.5	45.1	38.7
Public non-financial corporations	255.5	235.2	200.5	227.4	261.5	345.2	3.8	3.9	4.0	4.3	3.7	5.6	5.9	5.8	7.4
Private non-financial corporations	1 315.7	1 378.9	1 332.4	1 385.2	1 397.8	1 553.2	275.9	293.6	268.9	243.9	278.2	262.7	265.5	276.6	287.6
Households	2 346.0	2 361.5	2 361.3	2 361.4	2 374.6	2 411.6	504.9	508.8	513.4	509.5	512.2	508.6	516.9	535.8	542.9
Deposits of central government	878.6	949.1	985.3	977.7	924.6	935.7	1 019.3	1 112.2	593.1	585.6	947.0	1 299.6	1 305.3	1 315.6	1 404.0
Overnight deposits in euro <sup>1</sup>	24.3	20.1	19.8	17.2	13.4	14.1	44.4	42.2	32.4	38.0	34.1	28.3	46.9	25.7	136.7
Time deposits in euro <sup>1</sup>	14.7	26.7	19.6	16.8	7.8	7.1	969.2	1 062.7	553.3	541.9	905.9	1 260.4	1 250.1	1 283.1	1 260.5
Deposits redeemable at notice and repos in euro <sup>1</sup>	0	0	0	0.7	1.1	1.1	0.6	0.6	0.6	2.6	2.6	2.6	2.6	2.6	2.6
Foreign currency deposits	839.6	902.1	945.8	943.1	902.2	913.3	5.1	6.7	6.8	3.1	4.4	8.3	5.7	4.2	4.2
Deposits of local government	275.6	277.5	267.1	252.3	248.1	195.8	188.9	197.9	215.3	213.7	228.3	216.0	212.0	226.1	214.8
Overnight deposits in euro <sup>1</sup>	196.5	199.9	198.8	178.4	174.9	128.9	185.1	193.9	210.9	208.6	223.5	212.5	208.1	222.3	210.7
Time deposits in euro <sup>1</sup>	1.0	1.0	1.0	0.9	0.7	0.7	0.8	0.8	1.1	0.8	0.8	0.5	0.4	0.4	0.4
Deposits redeemable at notice and repos in euro <sup>1</sup>	2.3	2.3	2.3	2.3	2.3	2.1	2.3	2.6	2.7	3.0	3.0	3.0	3.5	3.5	3.7
Foreign currency deposits	75.8	74.3	65.0	70.7	70.4	64.0	0.7	0.6	0.6	1.4	1.0	0	0	0	0.1

<sup>1</sup> In lats up to December 2013.

**9.b AGGREGATED BALANCE SHEET OF MFIs (EXCLUDING LATVIJAS BANKA) (CONT.)**

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Foreign liabilities	14 372.0	14 246.8	13 757.5	13 659.4	13 393.4	13 656.6	13 572.1	13 641.0	13 050.7	13 168.7	12 990.4	12 817.8	13 338.1	13 223.9	13 549.9
Liabilities to Latvijas Banka	0	0	0	0	0	14.2	95.4	5.0	4.0	4.0	0	0	6.0	6.0	31.0
Money market fund shares and units	81.8	80.1	78.5	75.8	73.3	66.9	68.3	67.5	68.7	70.7	69.3	67.6	65.2	65.2	63.3
Debt securities issued	326.8	332.1	327.4	358.4	395.7	333.8	331.4	366.3	371.9	386.8	392.2	383.1	440.8	449.9	468.4
Capital and reserves	2 775.9	2 809.6	2 843.3	2 861.5	2 881.0	2 907.5	2 789.4	2 813.8	2 740.3	2 804.8	2 873.8	2 899.4	2 928.3	2 957.9	2 941.5
Residents	767.8	801.5	827.1	845.3	864.1	825.8	796.3	824.2	796.4	868.4	956.3	982.7	1 011.6	1 035.9	1 019.6
Retained earnings of the reporting year	131.6	167.5	189.5	241.2	261.7	245.6	42.1	70.1	43.8	118.9	152.8	178.0	212.3	242.2	241.4
Non-residents	2 008.1	2 008.1	2 016.2	2 016.2	2 016.9	2 081.7	1 993.1	1 989.6	1 943.9	1 936.4	1 917.5	1 916.7	1 916.7	1 922.0	1 922.0
Provisions	1 361.1	1 323.0	1 247.6	1 204.5	1 191.2	1 126.1	1 042.8	1 038.3	1 065.5	1 063.5	1 054.2	1 045.8	1 043.6	1 044.6	1 044.2
Other liabilities (incl. subordinated liabilities)	464.7	459.9	513.7	463.1	512.5	546.4	394.0	434.0	597.9	503.1	457.2	454.2	388.9	394.1	389.9
Liabilities to resident MFIs	367.1	314.2	347.0	375.6	362.0	307.6	397.8	318.2	314.5	304.6	257.0	329.7	385.4	362.3	408.5
<b>TOTAL LIABILITIES</b>	<b>28 967.5</b>	<b>28 943.9</b>	<b>28 452.5</b>	<b>28 464.8</b>	<b>28 427.3</b>	<b>29 257.5</b>	<b>28 836.1</b>	<b>28 948.2</b>	<b>27 938.9</b>	<b>27 942.4</b>	<b>28 090.5</b>	<b>28 396.4</b>	<b>29 031.8</b>	<b>29 042.9</b>	<b>29 474.5</b>
Memo items															
Trust assets	1 186.7	1 113.1	1 194.9	1 282.9	949.6	1 274.0	1 339.3	1 599.2	1 409.4	1 440.9	1 638.9	1 462.8	1 452.3	1 447.8	1 499.1
Foreign	1 039.4	970.4	1 053.8	1 151.1	824.0	1 146.4	1 206.1	1 470.2	1 268.0	1 304.1	1 495.4	1 310.8	1 303.2	1 300.0	1 358.7
Domestic	147.3	142.7	141.1	131.8	125.8	127.6	133.2	129.0	141.4	136.8	143.6	152.0	149.1	147.8	140.5
Trust liabilities	1 186.7	1 113.1	1 194.9	1 282.9	949.6	1 274.0	1 339.3	1 599.2	1 409.4	1 440.9	1 638.9	1 462.8	1 452.3	1 447.8	1 499.1
Foreign	1 114.1	1 041.7	1 122.9	1 212.7	872.1	1 196.2	1 254.9	1 511.3	1 320.7	1 352.1	1 549.1	1 372.5	1 361.8	1 357.9	1 409.3
Domestic	72.6	71.4	72.0	70.0	77.7	77.8	84.4	87.9	88.7	88.9	89.9	90.3	90.5	89.9	89.8

## 10. MONETARY SURVEY OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	Overnight deposits (resident)				Deposits with agreed maturity and redeemable at notice (resident)				Total
		Households	Financial institutions and private non-financial corporations	Public non-financial corporations		Households	Financial institutions and private non-financial corporations	Public non-financial corporations	
2014									
I	6 295.9	3 099.2	2 903.9	292.9	2 640.7	1 653.7	724.4	262.6	8 936.6
II	6 350.9	3 116.0	2 929.4	305.4	2 603.1	1 659.5	712.1	231.5	8 954.0
III	6 250.6	3 103.9	2 812.9	333.8	2 666.4	1 654.5	763.4	248.4	8 917.0
IV	6 254.3	3 182.9	2 714.5	356.9	2 582.8	1 649.5	702.7	230.6	8 837.0
V	6 240.2	3 158.8	2 779.2	302.1	2 580.9	1 652.6	715.1	213.2	8 821.1
VI	6 344.9	3 236.0	2 805.3	303.6	2 538.3	1 638.1	698.9	201.4	8 883.2
VII	6 454.4	3 286.3	2 861.4	306.7	2 463.8	1 621.7	644.9	197.2	8 918.1
VIII	6 548.0	3 297.2	2 937.5	313.3	2 449.2	1 633.5	619.2	196.5	8 997.2
IX	6 471.9	3 348.6	2 804.4	318.9	2 487.0	1 650.7	643.7	192.6	8 959.0
2014	Net foreign assets	Net domestic assets							Total
		Credit to residents					Other items (net)		
			General government (net)	Households	Financial institutions and private non-financial corporations	Public non-financial corporations			
I	-2 490.2	13 239.0	-504.4	5 960.8	7 005.3	777.3	-1 812.1	11 426.8	8 936.6
II	-2 407.6	13 080.5	-606.1	5 930.8	6 987.3	768.5	-1 718.9	11 361.6	8 954.0
III	-2 739.1	13 487.8	-108.3	5 896.0	6 936.8	763.3	-1 831.7	11 656.1	8 917.0
IV	-2 654.5	13 484.5	-107.3	5 857.7	6 974.6	759.5	-1 993.0	11 491.5	8 837.0
V	-2 253.6	13 090.7	-464.7	5 826.8	6 972.3	756.3	-2 016.0	11 074.7	8 821.1
VI	-782.5	12 705.7	-782.6	5 793.5	6 947.2	747.6	-3 040.0	9 665.7	8 883.2
VII	-398.6	12 691.1	-774.4	5 774.1	6 946.9	744.5	-3 374.4	9 316.7	8 918.1
VIII	-219.7	12 683.9	-806.9	5 744.7	7 003.0	743.1	-3 467.0	9 216.9	8 997.2
IX	-333.6	12 651.3	-869.0	5 750.4	7 038.3	731.6	-3 358.7	9 292.6	8 959.0

**11.a FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)**

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Claims on MFIs	6 174.0	6 016.0	5 472.9	5 587.9	5 370.5	5 356.8	7 471.6	7 445.4	6 589.3	6 558.2	6 840.5	7 778.9	8 306.8	8 360.1	8 654.2
Loans															
Overnight	3 730.3	3 280.4	2 988.5	3 124.5	2 906.5	3 088.5	4 746.2	4 957.8	4 324.0	4 020.0	4 434.3	4 689.7	4 939.7	4 579.1	5 154.1
Short-term	1 633.5	1 927.7	1 629.6	1 586.9	1 571.3	1 333.2	1 791.9	1 539.6	1 300.3	1 586.0	1 425.8	2 081.0	2 227.4	2 641.7	2 258.5
Long-term	25.8	28.2	27.6	26.5	21.8	44.1	53.8	54.5	42.3	42.2	42.7	42.4	39.0	36.6	42.7
Redeemable at notice	18.9	21.5	20.3	13.7	17.8	20.3	20.2	28.7	20.7	20.7	8.5	8.5	0	0	0
Holdings of securities other than shares	686.4	679.4	727.4	753.6	769.9	787.4	776.6	782.1	819.3	806.8	846.7	874.7	1 013.1	1 015.0	1 111.0
Holdings of shares and other equity	1.6	1.4	1.8	5.1	5.4	5.4	5.1	5.0	5.0	4.9	4.9	4.9	4.9	5.0	5.2
Other claims	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	77.7	82.7	82.7	82.7
Claims on non-MFIs	3 282.8	3 418.3	3 419.6	3 230.8	3 298.2	3 375.6	3 388.0	3 592.7	3 508.4	3 732.0	3 673.2	4 041.4	4 412.5	4 422.5	4 368.2
Loans															
Short-term	710.3	722.4	703.0	701.3	720.1	693.2	675.7	674.6	597.6	665.5	552.7	494.8	655.4	668.8	596.5
Long-term	1 261.4	1 254.8	1 212.6	1 208.7	1 217.7	1 232.3	1 197.9	1 185.2	1 168.2	1 168.9	1 190.4	1 173.9	1 140.8	1 162.1	1 188.2
Holdings of securities other than shares															
Government	742.9	839.8	903.4	706.3	725.1	819.4	881.2	1 098.9	1 076.7	1 183.9	1 219.7	1 623.2	1 748.2	1 651.2	1 610.4
Private sector	470.1	495.4	495.4	510.2	525.2	524.6	530.1	529.2	563.0	610.2	604.5	643.2	760.9	832.0	863.0
Holdings of shares and other equity	51.9	59.8	58.9	58.1	59.5	56.8	54.0	55.8	53.8	54.5	57.0	57.3	58.3	59.5	60.9
Other claims	46.1	46.1	46.1	46.1	50.7	49.1	49.1	49.0	49.0	49.0	49.0	49.0	49.0	49.0	49.2
Vault cash in foreign currencies	95.6	86.8	91.2	87.8	92.9	101.2	59.6	47.7	52.1	47.6	53.4	48.2	47.1	56.5	41.5
Other assets															
Other assets	186.0	179.6	193.7	192.5	152.8	227.7	162.7	147.6	161.8	176.4	169.7	166.8	173.0	165.1	152.4
Total foreign assets	9 738.4	9 700.7	9 177.2	9 098.8	8 914.4	9 061.1	11 081.9	11 233.4	10 311.6	10 514.2	10 736.8	12 035.3	12 939.5	13 004.2	13 216.3
Memo items															
Trust assets	1 039.4	970.4	1 053.8	1 151.1	824.0	1 146.4	1 206.1	1 470.2	1 268.0	1 304.1	1 495.4	1 310.8	1 303.2	1 300.0	1 358.7

## 11.b FOREIGN ASSETS AND LIABILITIES OF MFIs (EXCLUDING LATVIJAS BANKA)

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Liabilities to MFIs</b>															
Overnight	658.9	734.2	775.6	761.5	757.1	744.6	859.4	889.5	615.9	447.9	400.0	287.8	531.4	516.3	553.1
Short-term	904.9	751.7	714.9	516.5	520.2	777.2	392.7	523.3	450.2	587.5	388.7	448.3	409.0	268.1	458.4
Long-term	3 527.9	3 435.0	3 074.3	3 008.8	2 924.4	2 763.8	2 761.5	2 761.4	2 655.7	2 623.3	2 594.1	2 421.9	2 349.9	2 321.4	2 108.7
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	4 953.6	4 775.7	4 432.2	4 158.1	4 072.8	4 176.7	3 950.1	4 111.3	3 650.6	3 552.9	3 307.1	3 101.0	3 200.0	3 024.0	3 049.7
<b>Non-MFI deposits</b>															
Overnight	7 965.2	8 108.8	7 899.5	8 129.0	7 983.9	8 085.2	8 460.3	8 343.6	8 243.7	8 367.8	8 494.2	8 601.7	8 886.6	8 932.7	9 301.9
Short-term	383.0	329.0	336.5	307.8	284.0	367.7	329.8	315.8	331.7	350.8	324.6	307.5	368.3	356.6	338.9
Long-term	626.8	601.2	584.8	580.0	477.9	494.6	501.5	497.5	488.7	498.4	500.5	496.2	510.6	523.9	540.5
Redeemable at notice	75.6	86.5	95.6	88.8	93.8	86.8	84.1	80.8	82.4	75.4	75.8	74.5	79.7	82.6	93.4
<b>Other liabilities</b>															
Other liabilities <sup>1</sup>	229.8	200.5	276.3	267.2	351.9	336.8	182.8	229.0	182.4	217.7	212.4	179.8	202.5	222.3	155.0
<b>Total foreign liabilities</b>	<b>14 372.0</b>	<b>14 246.8</b>	<b>13 757.5</b>	<b>13 659.4</b>	<b>13 393.4</b>	<b>13 656.6</b>	<b>13 572.1</b>	<b>13 641.0</b>	<b>13 050.7</b>	<b>13 168.7</b>	<b>12 990.4</b>	<b>12 817.8</b>	<b>13 338.1</b>	<b>13 223.9</b>	<b>13 549.9</b>
<b>Memo items</b>															
Trust liabilities	1 114.1	1 041.7	1 122.9	1 212.7	872.1	1 196.2	1 254.9	1 511.3	1 320.7	1 352.1	1 549.1	1 372.5	1 361.8	1 357.9	1 409.3

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

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

(at end of period; millions of euro)

2014	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
I	4 785.6	2 650.3	1 826.6	901.4	560.2	972.2	3 174.4	2 060.4	839.1	3 030.3	1 227.2	6 345.5
II	4 799.6	2 771.2	1 781.1	902.4	551.4	957.4	3 333.7	2 026.4	840.5	2 830.3	1 047.2	6 407.5
III	3 949.1	2 101.3	1 738.3	824.6	546.0	941.3	2 898.0	1 686.1	823.8	2 893.8	1 160.2	6 252.8
IV	4 095.4	2 425.2	1 573.4	861.1	507.3	973.3	2 799.4	1 678.6	859.3	2 868.2	1 113.8	6 424.3
V	4 320.7	2 394.6	1 590.6	739.5	414.5	1 003.6	2 560.4	1 508.3	822.4	2 922.9	1 062.6	6 472.3
VI	5 270.6	2 937.4	1 551.0	684.1	415.1	984.6	2 441.0	1 504.8	717.1	3 004.2	1 051.9	6 475.8
VII	5 488.1	3 111.9	1 718.1	762.1	399.7	1 034.1	2 574.4	1 576.8	715.9	3 056.9	1 068.0	6 788.4
VIII	5 562.3	3 123.0	1 695.1	758.7	394.3	1 072.2	2 385.5	1 447.4	720.3	3 153.2	1 117.5	6 742.7
IX	5 509.8	3 039.0	1 945.5	664.5	398.5	1 120.2	2 394.5	1 424.0	725.8	3 273.7	1 182.1	7 001.0

### 13. MATURITY PROFILE OF DEPOSITS OF RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Overnight deposits</b>															
Amount	5 440.8	5 558.0	5 539.4	5 695.0	5 939.6	6 561.4	6 295.9	6 350.9	6 250.6	6 254.3	6 240.2	6 344.9	6 454.4	6 548.0	6 471.9
% <sup>1</sup>	67.5	68.2	68.5	69.1	70.3	71.6	70.5	70.9	70.1	70.7	70.7	71.4	72.4	72.8	72.2
<b>Time deposits</b>															
<b>Maturity of 1–6 months</b>															
Amount	572.0	564.6	513.9	478.4	475.0	606.0	617.1	598.3	629.5	573.8	548.8	497.2	458.1	417.1	419.9
% <sup>1</sup>	7.1	6.9	6.4	5.8	5.6	6.6	6.9	6.7	7.1	6.5	6.2	5.6	5.1	4.6	4.7
<b>Maturity of 6–12 months</b>															
Amount	1 057.3	1 038.3	1 024.2	1 031.9	994.4	948.9	923.3	899.2	929.2	916.6	940.9	935.2	892.1	908.1	934.4
% <sup>1</sup>	13.1	12.7	12.7	12.5	11.8	10.4	10.3	10.1	10.4	10.4	10.7	10.5	10.0	10.1	10.4
<b>Long-term</b>															
Amount	635.2	619.8	621.8	622.8	609.8	602.3	618.2	617.0	616.2	591.6	580.0	577.5	576.2	583.6	581.7
% <sup>1</sup>	7.9	7.6	7.7	7.6	7.2	6.6	6.9	6.9	6.9	6.7	6.6	6.5	6.5	6.4	6.5
<b>Maturity of 1–2 years</b>															
Amount	273.8	267.2	277.0	276.0	279.7	284.1	299.3	299.9	293.7	280.7	268.3	268.7	267.6	274.0	268.0
% <sup>1</sup>	3.4	3.3	3.4	3.4	3.3	3.1	3.3	3.4	3.3	3.2	3.0	3.0	3.0	3.0	3.0
<b>Maturity of over 2 years</b>															
Amount	361.4	352.6	344.8	346.9	330.1	318.2	318.9	317.2	322.4	310.9	311.7	308.8	308.5	309.7	313.8
% <sup>1</sup>	4.5	4.3	4.3	4.2	3.9	3.5	3.6	3.5	3.6	3.5	3.5	3.5	3.5	3.4	3.5
<b>Deposits redeemable at notice</b>															
<b>Up to 3 months</b>															
Amount	355.1	367.5	382.2	404.9	423.2	445.1	478.6	485.0	487.9	497.3	507.6	523.8	532.8	535.7	546.2
% <sup>1</sup>	4.4	4.5	4.7	4.9	5.0	4.9	5.4	5.4	5.5	5.6	5.8	5.9	5.9	6.0	6.1
<b>Over 3 months</b>															
Amount	3.4	3.4	3.4	3.4	3.6	3.6	3.5	3.5	3.5	3.5	3.6	4.6	4.7	4.6	4.7
% <sup>1</sup>	0	0	0	0	0	0	0	0	0	0	0	0.1	0.1	0.1	0.1
<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>8 063.8</b>	<b>8 151.6</b>	<b>8 085.0</b>	<b>8 236.4</b>	<b>8 445.5</b>	<b>9 167.1</b>	<b>8 936.7</b>	<b>8 953.9</b>	<b>8 917.0</b>	<b>8 837.0</b>	<b>8 821.1</b>	<b>8 883.2</b>	<b>8 918.1</b>	<b>8 997.2</b>	<b>8 959.0</b>

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

## 14.a DEPOSITS BY FINANCIAL INSTITUTIONS

(at end of period; millions of euro)

Insurance corporations and pension funds									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In euro <sup>1</sup>
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2013									
VII	135.9	89.2	76.8	65.6	0.4	0	0	368.0	204.5
VIII	131.9	83.0	79.3	60.8	0.4	0	0	355.4	205.7
IX	154.8	72.3	77.5	58.9	0.4	0	0	363.8	206.0
X	170.0	71.6	75.3	63.7	0.4	0	0	381.0	206.7
XI	179.4	62.2	78.1	50.5	0.4	0	0	370.7	194.5
XII	120.2	137.6	82.1	50.5	0.4	0	0	391.0	191.5
2014									
I	215.8	84.8	83.1	50.3	0.4	0	0	434.4	411.1
II	233.2	71.6	85.0	50.4	0.4	0	0	440.6	417.1
III	177.4	117.5	89.5	50.8	0.6	0	0	435.9	408.7
IV	192.6	81.8	75.2	47.1	0.5	0	0	397.2	377.9
V	212.2	75.5	74.3	47.1	0.4	0	0	409.4	391.4
VI	241.4	61.4	76.8	46.8	0.4	0	0	426.7	408.4
VII	257.7	51.5	76.8	45.6	0.3	0	0	432.0	412.5
VIII	281.8	53.1	84.2	44.9	0.3	0	0	464.3	430.5
IX	182.5	78.4	79.5	41.8	0.3	0	0	382.5	363.5
OFIs and financial auxiliaries									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In euro <sup>1</sup>
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2013									
VII	80.0	86.1	1.4	93.1	10.1	0	0	270.5	46.8
VIII	111.6	87.1	1.4	87.9	10.2	0	0	298.4	63.2
IX	85.4	88.6	5.8	84.8	10.2	0	0	274.9	69.4
X	103.0	39.3	8.8	84.8	10.2	0	0	246.3	73.3
XI	121.5	40.3	9.1	86.5	10.4	0	0	267.6	82.2
XII	169.6	30.3	9.8	79.7	10.2	0	0	299.8	114.3
2014									
I	138.4	52.0	7.0	78.5	16.1	0	0	291.9	279.1
II	139.2	63.0	7.2	77.0	19.7	0	0	306.1	295.0
III	132.6	45.6	6.8	76.9	9.5	0	0	271.4	258.7
IV	114.2	47.6	6.1	75.4	5.3	0	0	248.6	237.5
V	126.7	49.8	5.8	75.2	7.3	0	0	264.8	248.3
VI	119.0	44.2	6.0	75.4	9.1	0	0	253.8	235.8
VII	118.8	51.4	4.6	75.6	5.3	0	0	255.6	239.6
VIII	129.9	37.8	4.1	75.8	3.6	0	0	251.2	239.9
IX	119.7	37.5	5.1	74.6	3.0	0	0	239.8	220.2

<sup>1</sup> In lats up to December 2013.

## 14.b DEPOSITS BY NON-FINANCIAL CORPORATIONS

(at end of period; millions of euro)

Public non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In euro <sup>1</sup>
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2013									
VII	318.2	197.4	12.5	0.9	2.1	0	0	531.0	275.5
VIII	286.6	173.4	7.7	0.9	2.4	0	0	471.0	235.6
IX	305.3	136.5	6.5	0.9	2.7	0	0	451.9	251.4
X	273.9	165.9	3.3	0.9	14.2	0	0	458.2	230.8
XI	333.0	165.2	3.3	0.9	14.5	0	0	516.6	255.1
XII	328.3	225.8	3.3	0.9	12.2	0	0	570.3	225.2
2014									
I	292.9	241.9	3.7	0.8	16.1	0	0	555.4	551.6
II	305.4	215.9	2.3	0.8	12.5	0	0	537.0	533.1
III	333.8	234.7	0.1	0.8	12.8	0	0	582.2	578.2
IV	356.9	216.7	0.1	0.8	13.0	0	0	587.5	583.3
V	302.1	199.1	0.1	0.8	13.2	0	0	515.3	511.7
VI	303.6	187.3	0.1	0.8	13.2	0	0	504.9	499.3
VII	306.7	182.9	0.1	0.8	13.4	0	0	504.0	498.1
VIII	313.3	182.0	0.1	0.8	13.6	0	0	509.8	504.0
IX	319.0	177.9	0.1	0.8	13.9	0	0	511.6	504.1
Private non-financial corporations									
	Overnight	With agreed maturity			Redeemable at notice		Repos		In euro <sup>1</sup>
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months			
2013									
VII	2 274.3	189.1	32.0	36.6	25.3	0	0	2 557.2	1 241.5
VIII	2 365.2	209.2	29.6	36.0	25.8	0	0	2 665.9	1 287.0
IX	2 302.2	204.3	39.0	35.4	27.3	0	0	2 608.3	1 275.9
X	2 403.9	215.4	40.4	31.3	26.9	0	0	2 718.0	1 332.7
XI	2 444.2	213.9	40.3	26.9	30.9	0	0	2 756.1	1 358.3
XII	2 756.7	238.0	36.6	21.6	33.2	0	0	3 086.1	1 532.9
2014									
I	2 549.7	259.8	37.1	21.0	34.3	0	0	2 901.9	2 626.0
II	2 557.0	253.2	33.8	20.4	30.4	0	0	2 894.7	2 601.1
III	2 502.9	280.9	28.7	20.4	36.1	0	0	2 869.1	2 600.1
IV	2 407.6	275.5	31.7	18.3	38.2	0	0	2 771.3	2 527.4
V	2 440.3	302.5	21.1	17.5	38.7	0	0	2 820.2	2 542.0
VI	2 444.9	299.3	21.0	16.1	42.5	0	0	2 823.7	2 561.0
VII	2 484.9	253.7	20.5	16.1	43.5	0	0	2 818.6	2 553.0
VIII	2 525.8	241.5	18.6	15.8	39.3	0	0	2 841.1	2 564.5
IX	2 502.2	251.3	14.6	17.4	40.4	0	0	2 825.8	2 538.3

<sup>1</sup> In lats up to December 2013.

## 14.c DEPOSITS BY HOUSEHOLDS

(at end of period; millions of euro)

	Households									In euro <sup>1</sup>
	Overnight	With agreed maturity			Redeemable at notice		Repos			
		Up to 1 year	1–2 years	Over 2 years	Up to 3 months	Over 3 months				
2013										
VII	2 632.5	1 067.6	151.1	165.5	317.0	3.4	0	4 337.2	1 991.2	
VIII	2 662.5	1 050.2	149.3	167.0	328.5	3.4	0	4 361.1	1 999.6	
IX	2 691.5	1 036.3	148.3	164.8	341.6	3.4	0	4 386.0	2 024.7	
X	2 744.0	1 018.3	148.3	166.2	353.0	3.4	0	4 433.1	2 071.7	
XI	2 861.5	987.9	149.1	165.3	367.0	3.6	0	4 534.4	2 159.8	
XII	3 186.7	923.2	152.4	165.5	389.0	3.6	0	4 820.1	2 408.5	
2014										
I	3 099.2	901.8	168.5	168.2	411.7	3.5	0	4 753.0	4 248.1	
II	3 116.1	893.8	171.6	168.6	421.9	3.5	0	4 775.5	4 266.7	
III	3 103.9	880.0	168.5	173.5	429.0	3.5	0	4 758.5	4 245.0	
IV	3 182.9	868.8	167.6	169.2	440.3	3.5	0	4 832.4	4 322.9	
V	3 158.8	862.9	167.1	171.1	448.0	3.6	0	4 811.4	4 299.2	
VI	3 236.0	840.2	164.9	169.7	458.6	4.6	0	4 874.1	4 365.5	
VII	3 286.3	810.7	165.6	170.4	470.2	4.7	0	4 907.9	4 391.0	
VIII	3 297.2	810.8	167.0	172.4	478.8	4.6	0	4 930.8	4 395.0	
IX	3 348.6	809.3	168.7	179.2	488.7	4.7	0	4 999.2	4 456.3	

<sup>1</sup> In lats up to December 2013.

## 14.d DEPOSITS BY GOVERNMENT AND NON-RESIDENTS

(at end of period; millions of euro)

	General government				Non-residents					In euro <sup>1</sup>
	Central government	Local government		In euro <sup>1</sup>	MFIs	Non-MFIs				
						General government	Other			
2013										
VII	878.6	275.6	1 154.2	238.8	5 091.7	9 050.5	5.0	9 045.6	14 142.3	187.5
VIII	949.1	277.5	1 226.7	250.3	4 920.9	9 125.3	5.1	9 120.2	14 046.3	190.8
IX	985.3	267.1	1 252.4	241.5	4 564.7	8 916.3	5.1	8 911.3	13 481.1	256.7
X	977.7	252.3	1 229.9	216.1	4 286.8	9 105.5	4.6	9 100.8	13 392.2	234.9
XI	924.6	248.1	1 172.9	200.2	4 201.7	8 839.7	4.7	8 834.9	13 041.5	231.5
XII	935.7	195.8	1 131.5	154.1	4 285.5	9 034.2	4.3	9 030.0	13 319.8	137.4
2014										
I	1 019.3	188.9	1 208.2	1 202.4	4 013.5	9 375.8	4.9	9 370.9	13 389.3	6 245.7
II	1 112.2	197.9	1 310.2	1 302.8	4 174.2	9 237.8	11.4	9 226.3	13 411.9	6 315.7
III	593.1	215.3	808.4	801.0	3 721.8	9 146.6	4.9	9 141.6	12 868.3	5 871.9
IV	585.6	213.7	799.3	794.9	3 658.6	9 292.4	5.9	9 286.5	12 951.1	5 879.9
V	947.0	228.3	1 175.3	1 169.9	3 382.8	9 395.2	5.1	9 390.1	12 778.0	5 657.4
VI	1 299.6	216.0	1 515.6	1 507.3	3 158.1	9 479.9	4.9	9 475.1	12 638.0	5 507.4
VII	1 305.3	212.0	1 517.3	1 511.6	3 290.3	9 845.3	10.9	9 834.5	13 135.6	5 721.0
VIII	1 315.6	226.1	1 541.7	1 537.5	3 105.8	9 895.9	10.6	9 885.3	13 001.7	5 620.3
IX	1 404.0	214.8	1 618.8	1 614.5	3 120.3	10 274.7	5.1	10 269.5	13 394.9	5 753.2

<sup>1</sup> In lats up to December 2013.

## 15. MATURITY PROFILE OF LOANS TO RESIDENT FINANCIAL INSTITUTIONS, NON-FINANCIAL CORPORATIONS AND HOUSEHOLDS

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Short-term</b>															
Amount	2 296.2	2 330.4	2 267.3	2 235.0	2 214.1	2 229.2	2 098.0	2 126.2	2 076.8	2 052.7	2 067.0	2 016.3	2 026.3	2 039.4	2 036.0
% <sup>1</sup>	16.6	16.8	16.5	16.4	16.3	16.5	16.0	16.2	15.9	15.8	15.9	15.6	15.7	15.7	15.7
<b>Maturity of 1–5 years</b>															
Amount	2 510.8	2 530.3	2 541.1	2 531.6	2 596.5	2 589.3	2 512.0	2 488.8	2 523.5	2 582.8	2 555.5	2 568.1	2 570.1	2 605.8	2 638.4
% <sup>1</sup>	18.1	18.3	18.5	18.6	19.1	19.1	19.1	19.0	19.4	19.8	19.7	19.9	19.9	20.2	20.4
<b>Maturity of over 5 years</b>															
Amount	9 045.2	8 979.0	8 894.2	8 832.0	8 802.3	8 719.2	8 542.1	8 481.0	8 428.4	8 384.1	8 361.2	8 341.6	8 305.6	8 282.8	8 267.7
% <sup>1</sup>	65.3	64.9	64.9	64.9	64.6	64.4	64.9	64.8	64.7	64.4	64.4	64.5	64.4	64.1	63.9
Total loans	13 852.2	13 839.7	13 702.7	13 598.7	13 612.9	13 537.8	13 152.1	13 096.1	13 028.7	13 019.6	12 983.8	12 926.1	12 902.0	12 928.1	12 942.0

<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; millions of euro)

	Insurance corporations and pension funds			OFIs and financial auxiliaries			Public non-financial corporations					Private non-financial corporations				
	Up to 1 year		In euro <sup>1</sup>	Up to 1 year		In euro <sup>1</sup>	Up to 1 year	1–5 years	Over 5 years		In euro <sup>1</sup>	Up to 1 year	1–5 years	Over 5 years		In euro <sup>1</sup>
<b>2013</b>																
VII	0	0	0	200.5	424.9	90.2	5.3	39.8	638.2	683.1	50.5	1 550.9	1 896.0	2 986.2	6 432.9	1 003.3
VIII	0	0	0	202.0	427.7	90.2	5.4	49.1	625.9	680.4	50.8	1 581.7	1 917.5	2 953.0	6 452.2	1 005.3
IX	0	0	0	190.7	424.3	90.4	5.8	48.5	628.2	682.6	50.7	1 535.1	1 928.0	2 893.6	6 356.7	993.4
X	0	0	0	169.0	405.4	85.1	4.1	50.1	641.6	695.9	51.9	1 538.0	1 915.0	2 857.6	6 310.6	986.8
XI	0	0	0	171.7	408.9	80.7	5.3	54.4	634.2	693.9	53.2	1 529.0	1 997.3	2 833.1	6 359.4	992.9
XII	0	0	0	193.9	430.7	57.1	6.1	61.6	625.4	693.1	53.4	1 555.3	1 998.1	2 811.0	6 364.4	991.5
<b>2014</b>																
I	0.1	0.1	0.1	160.1	393.5	369.7	5.9	77.0	691.3	774.3	539.4	1 469.5	1 932.6	2 621.3	6 023.4	5 813.6
II	0	0	0	159.2	390.0	367.0	5.5	75.6	684.3	765.4	531.2	1 498.7	1 918.9	2 592.4	6 009.9	5 790.0
III	0	0	0	162.6	417.5	392.1	4.9	76.5	678.6	760.1	528.3	1 450.0	1 937.9	2 567.3	5 955.1	5 738.7
IV	0	0	0	184.5	496.9	470.7	5.5	72.3	678.5	756.3	527.1	1 408.2	1 951.7	2 548.7	5 908.7	5 693.0
V	0	0	0	198.0	506.3	480.4	5.6	64.2	683.3	753.1	523.8	1 415.1	1 949.4	2 533.2	5 897.6	5 689.0
VI	0	0	0	200.7	515.7	488.8	5.0	62.7	676.2	743.9	524.8	1 371.9	1 959.6	2 541.5	5 872.9	5 694.4
VII	0	0	0	203.9	535.5	509.9	4.4	76.6	659.8	740.8	522.3	1 384.3	1 930.0	2 537.3	5 851.6	5 662.9
VIII	0	0	0	207.3	542.9	516.7	6.8	75.5	657.4	739.8	520.7	1 397.1	1 963.0	2 540.6	5 900.7	5 706.1
IX	0	0	0	208.2	566.4	538.8	7.5	78.4	643.0	728.8	508.5	1 401.6	1 980.0	2 514.9	5 896.5	5 680.3

<sup>1</sup> In lats up to December 2013.

## 16.b LOANS TO HOUSEHOLDS

(at end of period; millions of euro)

	Households													In euro <sup>1</sup>
	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>2013</b>														
VII	549.4	233.8	126.5	189.1	5 261.2	225.1	176.6	4 859.4	500.6	80.7	83.4	336.7	6 311.1	709.3
VIII	545.4	229.5	126.8	189.1	5 236.7	222.8	171.5	4 842.5	497.2	88.9	75.0	333.2	6 279.3	710.0
IX	547.2	228.5	129.3	189.5	5 204.0	219.4	168.0	4 816.7	487.8	87.8	68.3	331.7	6 239.0	711.3
X	546.0	225.2	129.1	191.5	5 162.3	212.0	165.9	4 784.4	478.7	86.5	68.4	323.6	6 186.9	707.5
XI	536.8	222.7	122.5	191.8	5 135.3	207.9	163.5	4 763.8	478.5	77.5	71.7	329.3	6 150.6	701.8
XII	518.1	208.3	120.8	189.0	5 061.9	193.8	159.4	4 708.9	469.5	71.7	70.6	327.3	6 049.5	679.3
<b>2014</b>														
I	513.8	207.5	119.7	186.5	4 996.9	187.9	153.3	4 655.6	450.2	66.9	66.9	316.4	5 960.8	5 785.3
II	510.1	205.3	119.5	185.3	4 969.9	187.8	148.7	4 633.4	450.7	69.7	66.2	314.8	5 930.8	5 757.9
III	511.2	205.7	119.6	185.8	4 940.9	184.9	143.4	4 612.5	444.0	68.5	64.5	310.9	5 896.0	5 725.5
IV	509.4	204.5	119.9	185.0	4 913.6	180.6	136.7	4 596.3	434.6	69.5	61.8	303.3	5 857.7	5 689.3
V	510.2	204.9	121.2	184.0	4 889.7	175.9	132.5	4 581.3	427.0	67.6	59.8	299.6	5 826.8	5 659.4
VI	505.9	200.0	122.6	183.2	4 864.0	170.4	128.5	4 565.2	423.6	68.3	59.9	295.5	5 793.5	5 626.9
VII	509.3	200.9	126.2	182.3	4 847.4	168.0	125.7	4 553.7	417.3	64.8	59.8	292.7	5 774.1	5 608.5
VIII	511.4	201.2	128.8	181.4	4 821.6	163.7	123.6	4 534.3	411.7	63.4	59.7	288.5	5 744.7	5 578.6
IX	513.2	199.5	131.5	182.2	4 803.7	159.0	120.6	4 524.0	433.5	60.2	63.1	310.3	5 750.4	5 581.9

<sup>1</sup> In lats up to December 2013.

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

(at end of period; millions of euro)

	General government				Non-residents					In euro <sup>1</sup>
	Central government	Local government	In euro <sup>1</sup>	MFIs	Non-MFIs					
					General government	Other				
<b>2013</b>										
VII	7.1	111.0	118.1	17.2	5 408.5	1 971.8	16.1	1 955.7	7 380.2	542.3
VIII	6.5	112.4	119.0	17.2	5 257.7	1 977.1	15.8	1 961.4	7 234.7	509.5
IX	5.8	113.1	119.0	17.4	4 666.0	1 915.6	15.7	1 900.0	6 581.6	491.7
X	5.1	113.8	118.8	14.5	4 751.4	1 909.9	15.7	1 894.4	6 661.5	470.0
XI	5.1	115.1	120.2	15.9	4 517.5	1 937.8	9.7	1 928.1	6 455.3	464.4
XII	7.0	116.5	123.4	18.4	4 486.3	1 925.7	9.7	1 916.0	6 412.0	515.9
<b>2014</b>										
I	7.6	34.6	42.2	42.2	6 612.2	1 873.5	0	1 873.5	8 485.7	3 543.1
II	7.5	34.7	42.3	42.3	6 580.6	1 859.8	0	1 859.8	8 440.4	3 286.0
III	7.1	34.6	41.7	41.7	5 687.4	1 765.8	0	1 765.8	7 453.2	2 501.0
IV	6.6	34.1	40.7	40.7	5 668.8	1 834.4	0	1 834.4	7 503.2	2 501.7
V	6.1	33.8	39.9	39.9	5 911.3	1 743.1	0	1 743.1	7 654.4	2 686.0
VI	6.4	24.1	30.5	30.5	6 821.6	1 668.7	0	1 668.7	8 490.3	3 301.4
VII	6.4	23.0	29.4	29.4	7 206.1	1 796.1	0	1 796.1	9 002.2	3 898.4
VIII	6.1	23.1	29.2	29.2	7 257.4	1 830.9	0	1 830.9	9 088.3	4 112.4
IX	5.5	23.1	28.6	28.6	7 455.3	1 784.7	0	1 784.7	9 240.0	4 270.8

<sup>1</sup> In lats up to December 2013.

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

(at end of Q2 2014, millions of euro; 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 euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
<b>Total</b>	2 331.1	100.0	2 201.3	100.0	3 616.7	100.0	3 474.3	100.0	1 174.0	100.0	1 021.5	100.0	7 121.8	100.0	6 697.1	100.0
<b>A</b> Agriculture, forestry and fishing	136.5	5.9	119.9	5.5	231.8	6.4	230.9	6.6	50.8	4.3	50.8	5.0	419.0	5.9	401.6	6.0
<b>B</b> Mining and quarrying	12.2	0.5	4.6	0.2	19.9	0.6	19.9	0.6	3.1	0.3	3.1	0.3	35.3	0.5	27.6	0.4
<b>C</b> Manufacturing	347.0	14.9	339.1	15.4	505.9	14.0	495.9	14.3	62.6	5.3	62.6	6.1	915.5	12.9	897.6	13.4
<b>D</b> Electricity, gas, steam and air conditioning supply	122.2	5.2	120.5	5.5	268.1	7.4	188.3	5.4	102.8	8.8	52.9	5.2	493.1	6.9	361.7	5.4
<b>E</b> Water supply; sewerage, waste management and remediation activities	7.4	0.3	7.4	0.3	41.5	1.1	41.5	1.2	30.0	2.6	30.0	2.9	78.9	1.1	78.9	1.2
<b>F</b> Construction	97.2	4.2	97.2	4.4	138.6	3.8	138.6	4.0	229.0	19.5	176.2	17.2	464.8	6.5	412.0	6.2
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	422.4	18.1	381.4	17.3	217.5	6.0	213.1	6.1	26.5	2.3	26.5	2.6	666.5	9.4	621.0	9.3
<b>H</b> Transportation and storage	115.0	4.9	111.7	5.1	280.3	7.7	275.4	7.9	223.6	19.0	216.8	21.2	618.9	8.7	603.9	9.0
<b>I</b> Accommodation and food service activities	31.5	1.4	31.5	1.4	74.3	2.1	74.2	2.1	24.6	2.1	24.6	2.4	130.4	1.8	130.3	1.9
<b>J</b> Information and communication	9.2	0.4	9.2	0.4	22.2	0.6	22.2	0.6	11.9	1.0	11.9	1.2	43.3	0.6	43.3	0.7
<b>K</b> Financial and insurance activities	267.3	11.5	245.5	11.2	343.4	9.5	332.7	9.6	5.6	0.5	5.1	0.5	616.3	8.7	583.3	8.7
<b>L</b> Real estate activities	628.2	27.0	610.7	27.7	1 344.2	37.2	1 312.7	37.8	285.1	24.3	242.7	23.8	2 257.5	31.7	2 166.1	32.3
<b>M</b> Professional, scientific and technical activities	5.4	0.2	5.4	0.3	16.3	0.4	16.3	0.5	3.2	0.3	3.2	0.3	24.9	0.3	24.9	0.4
<b>N</b> Administrative and support service activities	61.6	2.6	49.7	2.3	14.0	0.4	14.0	0.4	13.9	1.2	13.9	1.4	89.6	1.3	77.6	1.2
<b>O</b> Public administration and defence; compulsory social security	0.5	0	0.5	0	1.7	0	1.7	0	24.6	2.1	24.6	2.4	26.8	0.4	26.8	0.4
<b>P</b> Education	2.1	0.1	2.1	0.1	6.3	0.2	6.3	0.2	0.4	0.0	0.4	0	8.8	0.1	8.8	0.1
<b>Q</b> Human health and social work activities	6.9	0.3	6.9	0.3	13.4	0.4	13.4	0.4	2.8	0.2	2.8	0.3	23.1	0.3	23.1	0.3
<b>R</b> Arts, entertainment and recreation	6.8	0.3	6.6	0.3	5.7	0.2	5.7	0.2	10.9	0.9	10.9	1.1	23.5	0.3	23.2	0.3
<b>S</b> Other service activities	51.6	2.2	51.4	2.3	71.5	2.0	71.5	2.1	62.5	5.3	62.5	6.1	185.6	2.6	185.4	2.8

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

(at end of Q3 2014, millions of euro; 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 euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%	Amount	%	Of which in euro	%
<b>Total</b>	2 420.0	100.0	2 270.0	100.0	3 685.0	100.0	3 520.9	100.0	1 086.4	100.0	936.3	100.0	7 191.5	100.0	6 727.2	100.0
<b>A</b> Agriculture, forestry and fishing	153.5	6.3	134.9	5.9	229.7	6.2	228.9	6.5	47.2	4.3	47.2	5.0	430.5	6.0	411.0	6.1
<b>B</b> Mining and quarrying	19.1	0.8	10.8	0.5	12.7	0.3	12.7	0.4	3.0	0.3	2.9	0.3	34.8	0.5	26.4	0.4
<b>C</b> Manufacturing	351.7	14.5	344.6	15.2	492.1	13.4	480.9	13.7	64.0	5.9	64.0	6.8	907.9	12.6	889.5	13.2
<b>D</b> Electricity, gas, steam and air conditioning supply	103.5	4.3	101.7	4.5	278.4	7.6	198.9	5.6	106.4	9.8	54.9	5.9	488.3	6.8	355.5	5.3
<b>E</b> Water supply; sewerage, waste management and remediation activities	8.0	0.3	8.0	0.4	40.5	1.1	40.5	1.1	30.4	2.8	30.4	3.2	78.8	1.1	78.9	1.2
<b>F</b> Construction	90.9	3.8	90.9	4.0	142.0	3.9	141.9	4.0	223.6	20.6	170.6	18.2	456.5	6.3	403.4	6.0
<b>G</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	426.3	17.6	388.0	17.1	224.0	6.1	214.1	6.1	25.2	2.3	25.2	2.7	675.5	9.4	627.3	9.3
<b>H</b> Transportation and storage	119.1	4.9	116.0	5.1	242.0	6.6	225.8	6.4	214.3	19.7	211.0	22.5	575.4	8.0	552.8	8.2
<b>I</b> Accommodation and food service activities	28.8	1.2	28.8	1.3	86.8	2.4	86.7	2.5	11.8	1.1	11.8	1.3	127.4	1.8	127.3	1.9
<b>J</b> Information and communication	5.2	0.2	5.2	0.2	30.4	0.8	29.8	0.8	5.8	0.5	5.8	0.6	41.5	0.6	40.8	0.6
<b>K</b> Financial and insurance activities	292.1	12.1	270.3	11.9	395.3	10.7	383.5	10.9	4.6	0.4	4.1	0.4	692.0	9.6	657.9	9.8
<b>L</b> Real estate activities	664.7	27.5	649.8	28.6	1375.1	37.3	1341.2	38.1	229.0	21.1	187.4	20.0	2268.8	31.6	2178.4	32.4
<b>M</b> Professional, scientific and technical activities	4.8	0.2	4.8	0.2	13.7	0.4	13.7	0.4	4.3	0.4	4.3	0.5	22.9	0.3	22.8	0.3
<b>N</b> Administrative and support service activities	84.1	3.5	48.4	2.1	16.5	0.4	16.5	0.5	14.6	1.3	14.6	1.6	115.2	1.6	79.5	1.2
<b>O</b> Public administration and defence; compulsory social security	0.1	0	0.1	0	1.6	0	1.6	0	24.5	2.3	24.5	2.6	26.1	0.4	26.2	0.4
<b>P</b> Education	1.1	0	1.1	0.1	5.9	0.2	5.9	0.2	0.6	0.1	0.6	0.1	7.6	0.1	7.6	0.1
<b>Q</b> Human health and social work activities	7.4	0.3	7.3	0.3	12.3	0.3	12.3	0.3	2.7	0.3	2.7	0.3	22.3	0.3	22.3	0.3
<b>R</b> Arts, entertainment and recreation	6.2	0.3	6.2	0.3	6.7	0.2	6.7	0.2	4.4	0.4	4.4	0.5	17.4	0.2	17.3	0.3
<b>S</b> Other service activities	53.5	2.2	53.1	2.3	79.3	2.1	79.3	2.3	69.9	6.4	69.9	7.5	202.7	2.8	202.3	3.0

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

(at end of period; millions of euro)

	2012				2013				2014			
	III	VI	IX	XII	III	VI	IX	XII	III <sup>1</sup>	VI	IX	
Commercial credit	2 259.8	2 317.9	2 404.9	2 356.7	2 359.1	2 309.5	2 305.1	2 412.8	2 212.3	2 269.8	2 334.8	
Industrial credit	2 764.8	2 569.1	2 627.9	2 504.1	2 500.3	2 441.1	2 402.4	2 295.2	2 167.9	2 197.7	2 217.5	
Reverse repo	0.7	0.9	0.9	0.7	0.9	0.9	0.9	1.1	0.6	0.3	0.3	
Financial leasing	33.2	37.8	40.7	44.0	42.4	39.0	43.4	44.5	49.7	50.8	49.3	
Consumer credit	585.1	565.7	558.5	489.0	333.1	330.0	332.1	326.8	324.7	328.3	335.9	
Mortgage loans	8 556.4	8 302.6	8 125.9	7 916.6	7 884.7	7 609.5	7 451.7	7 359.4	7 024.0	6 946.5	6 879.7	
Factoring	3.3	2.6	2.6	2.6	2.7	3.7	3.1	2.8	3.3	3.5	2.4	
Other credit	1 063.9	1 056.8	1 065.3	1 107.3	1 065.0	1 069.3	1 100.6	1 072.0	1 188.0	1 102.8	1 101.9	
<b>Total loans</b>	<b>15 267.4</b>	<b>14 853.6</b>	<b>14 826.6</b>	<b>14 420.9</b>	<b>14 188.3</b>	<b>13 802.9</b>	<b>13 639.2</b>	<b>13 514.7</b>	<b>12 970.6</b>	<b>12 899.6</b>	<b>12 921.8</b>	

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

## 19.a HOLDINGS OF SECURITIES OTHER THAN SHARES

(at end of period; millions of euro)

	Securities other than shares								In euro <sup>1</sup>	
	MFIs		General government		Other residents		Non-residents			
		incl. long-term		incl. long-term		incl. long-term		incl. long-term		
2013										
VII	0	0	615.1	445.8	19.6	19.6	1 899.4	1 833.1	2 534.1	446.1
VIII	0	0	629.1	444.1	19.4	19.4	2 014.6	1 837.9	2 663.0	464.3
IX	0	0	635.0	442.4	19.8	19.8	2 126.2	1 844.3	2 781.0	469.3
X	0	0	631.0	443.1	19.4	19.4	1 970.3	1 830.4	2 620.6	470.3
XI	0	0	641.7	450.5	28.3	28.3	2 020.2	1 877.5	2 690.2	478.9
XII	0	0	654.9	448.5	28.6	28.6	2 131.5	2 052.8	2 815.0	491.0
2014										
I	0	0	661.6	454.0	28.6	28.6	2 188.0	2 093.0	2 878.1	1 086.7
II	0	0	661.8	475.9	28.2	28.2	2 410.2	2 196.8	3 100.2	1 127.5
III	0	0	658.5	475.7	28.1	28.1	2 459.1	2 372.9	3 145.7	1 170.4
IV	0	0	651.3	469.0	28.6	28.6	2 600.9	2 431.7	3 280.8	1 190.1
V	0	0	670.7	489.6	35.6	35.6	2 670.8	2 529.6	3 377.1	1 184.8
VI	0	0	702.4	506.7	35.5	35.5	3 141.1	2 634.5	3 879.0	1 478.5
VII	0	0	713.5	517.0	36.4	36.4	3 522.2	2 878.9	4 272.1	1 587.7
VIII	0	0	705.7	522.8	36.0	36.0	3 498.2	2 978.7	4 239.9	1 592.6
IX	0	0	721.2	554.5	37.0	37.0	3 584.5	3 134.7	4 342.7	1 519.4

<sup>1</sup> In lats up to December 2013.

## 19.b HOLDINGS OF SHARES AND OTHER EQUITY

(at end of period; millions of euro)

	Shares and other equity					In euro <sup>1</sup>	
	MFIs		Other residents		Non-residents		
2013							
VII		0.6		537.7	177.1	715.4	351.2
VIII		0.6		559.5	184.8	744.9	351.0
IX		0.6		593.8	184.5	778.9	343.2
X		0.6		544.4	187.0	731.9	331.1
XI		0.6		559.0	193.2	752.7	337.4
XII		0.6		579.3	189.0	768.8	295.1
2014							
I		0.5		562.7	185.9	749.2	621.8
II		0.5		562.3	187.5	750.3	621.3
III		0.5		539.2	185.4	725.2	598.2
IV		0.5		543.5	186.1	730.2	602.5
V		0.5		536.1	188.6	725.2	609.4
VI		0.5		526.8	188.9	716.2	600.1
VII		0.5		527.1	194.9	722.6	605.2
VIII		0.5		526.7	196.2	723.4	604.7
IX		0.5		541.3	198.0	739.9	615.4

<sup>1</sup> In lats up to December 2013.

## 20.a CURRENCY BREAKDOWN OF RESIDENT DEPOSITS

(at end of period)

2014	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP	incl. USD			incl. JPY	incl. CHF	incl. GBP		
I	493.1	74.0	26.0	25.5	0	0	0.2	10 144.9	91.8	8.2	6.3	0	0.2	0.5
II	323.2	71.5	28.5	27.9	0	0.1	0.3	10 264.1	91.7	8.3	6.4	0	0.2	0.5
III	318.5	50.0	50.0	49.4	0	0	0.3	9 725.4	91.4	8.6	6.7	0	0.2	0.5
IV	308.6	43.5	56.5	49.7	0	0	0.3	9 636.4	91.8	8.2	6.4	0	0.2	0.5
V	257.0	53.5	46.5	45.5	0	0.1	0.5	9 996.4	91.7	8.3	6.6	0	0.2	0.5
VI	329.7	45.6	54.4	49.5	0	0.1	4.6	10 398.8	92.1	7.9	6.1	0	0.2	0.5
VII	391.4	33.6	66.4	62.3	0	0.1	3.8	10 435.4	92.1	7.9	6.2	0	0.2	0.5
VIII	368.3	42.3	57.7	53.9	0	0.1	3.6	10 538.9	91.8	8.2	6.5	0	0.1	0.5
IX	439.5	33.7	66.3	63.9	0	0.1	2.0	10 577.8	91.7	8.3	6.6	0	0.1	0.5

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

(at end of period)

2014	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP	incl. USD			incl. JPY	incl. CHF	incl. GBP		
I	4 013.5	89.8	10.2	2.1	0	1.6	1.3	9 375.8	28.2	71.8	66.8	0.1	0.4	1.1
II	4 174.2	89.6	10.4	2.4	0	1.5	1.3	9 237.8	27.9	72.1	66.8	0.1	0.4	1.3
III	3 721.8	88.4	11.6	2.6	0	1.7	1.4	9 146.6	28.2	71.8	67.3	0.1	0.4	1.4
IV	3 658.6	86.9	13.1	3.5	0	1.7	1.5	9 292.4	29.0	71.0	66.7	0.1	0.4	1.2
V	3 382.8	85.7	14.3	4.4	0	1.9	1.5	9 395.2	29.4	70.6	65.6	0.1	0.4	1.3
VI	3 158.1	87.2	12.8	2.8	0	2.0	1.6	9 479.9	29.0	71.0	66.5	0.1	0.5	1.3
VII	3 290.3	86.9	13.1	3.7	0	1.9	1.6	9 845.3	29.1	70.9	65.0	0	0.5	1.7
VIII	3 105.8	86.6	13.4	3.5	0	2.0	1.7	9 895.9	29.6	70.4	64.8	0.1	0.6	1.6
IX	3 120.3	86.6	13.4	3.4	0	1.9	1.7	10 274.7	29.7	70.3	64.8	0	0.5	1.6

## 20.c CURRENCY BREAKDOWN OF LOANS TO RESIDENTS

(at end of period)

Non-MFIs										
2014	Outstanding amount (all currencies; millions of euro)	Structure (%)								
		In euro	In foreign currencies				incl. USD	incl. JPY	incl. CHF	incl. GBP
			incl. USD	incl. JPY	incl. CHF	incl. GBP				
I	13 194.3	95.1	4.9	2.2	0	0.7	0.5			
II	13 138.4	95.1	4.9	2.3	0	0.7	0.5			
III	13 070.4	95.1	4.9	2.3	0	0.7	0.5			
IV	13 060.3	95.1	4.9	2.3	0	0.7	0.5			
V	13 023.7	95.1	4.9	2.2	0	0.7	0.5			
VI	12 956.6	95.4	4.6	2.0	0	0.7	0.5			
VII	12 931.4	95.4	4.6	2.1	0	0.7	0.5			
VIII	12 957.2	95.3	4.7	2.1	0	0.7	0.5			
IX	12 970.6	95.1	4.9	2.3	0	0.7	0.5			

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

(at end of period)

2014	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP	incl. USD			incl. JPY	incl. CHF	incl. GBP		
I	6 612.2	44.2	55.8	50.1	0.2	0.4	1.1	1 873.5	33.0	67.0	64.0	0	0.1	0.8
II	6 580.6	40.4	59.6	53.9	0.2	0.4	1.2	1 859.8	33.8	66.2	64.1	0	0.1	0.8
III	5 687.4	32.9	67.1	59.7	0.5	0.5	1.8	1 765.8	35.6	64.4	62.0	0	0.1	1.1
IV	5 668.8	33.1	66.9	60.9	0.1	0.5	1.5	1 834.4	34.0	66.0	63.6	0	0.1	1.1
V	5 911.3	34.7	65.3	58.5	0.3	0.6	1.6	1 743.1	36.4	63.6	60.9	0	0.1	1.2
VI	6 821.6	39.4	60.6	55.3	0.4	0.6	1.4	1 668.7	36.6	63.4	60.6	0	0.1	1.4
VII	7 206.1	45.3	54.7	49.1	0.3	0.5	1.7	1 796.1	35.1	64.9	62.5	0	0.1	1.3
VIII	7 257.4	48.0	52.0	45.3	0.4	0.6	2.2	1 830.9	34.3	65.7	63.5	0	0.1	1.0
IX	7 455.3	48.9	51.1	45.2	0.4	0.6	1.7	1 784.7	35.1	64.9	62.8	0	0.1	1.2

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

(at end of period)

2014	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP	incl. USD			incl. JPY	incl. CHF	incl. GBP		
I	0	0	0	0	0	0	0	690.2	88.3	11.7	11.6	0	0	0
II	0	0	0	0	0	0	0	690.0	88.7	11.3	11.3	0	0	0
III	0	0	0	0	0	0	0	686.6	88.6	11.4	11.3	0	0	0
IV	0	0	0	0	0	0	0	679.9	86.9	13.1	13.0	0	0	0
V	0	0	0	0	0	0	0	706.3	85.2	14.8	14.7	0	0	0
VI	0	0	0	0	0	0	0	737.9	85.5	14.5	14.5	0	0	0
VII	0	0	0	0	0	0	0	749.9	85.3	14.7	14.7	0	0	0
VIII	0	0	0	0	0	0	0	741.7	84.9	15.1	15.1	0	0	0
IX	0	0	0	0	0	0	0	758.2	83.4	16.6	16.6	0	0	0

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

(at end of period)

2014	MFIs							Non-MFIs						
	Outstanding amount (all currencies; millions of euro)	Structure (%)						Outstanding amount (all currencies; millions of euro)	Structure (%)					
		In euro	In foreign currencies						In euro	In foreign currencies				
			incl. USD	incl. JPY	incl. CHF	incl. GBP	incl. USD			incl. JPY	incl. CHF	incl. GBP		
I	776.6	29.5	70.5	67.4	0	0.8	0.2	1 411.4	17.6	82.4	79.8	0	0	0.5
II	782.1	32.0	68.0	64.9	0	0.8	0.2	1 628.1	16.3	83.7	81.5	0	0	0.3
III	819.3	31.3	68.7	65.3	0	0.7	0.2	1 639.8	18.6	81.4	79.0	0	0	0.3
IV	806.8	31.9	68.1	64.6	0	0.7	0.2	1 794.1	19.1	80.9	78.8	0	0	0.2
V	846.7	30.9	69.1	65.6	0	0.7	0.2	1 824.1	17.6	82.4	79.9	0	0	0.2
VI	874.7	30.8	69.2	65.7	0	0.7	0.2	2 266.4	25.5	74.5	72.6	0	0	0.2
VII	1 013.1	32.1	67.9	65.2	0	0.6	0	2 509.1	24.8	75.2	73.6	0	0	0.2
VIII	1 015.0	30.8	69.2	66.5	0	0.6	0	2 483.1	26.2	73.8	72.2	0	0	0.1
IX	1 111.0	28.4	71.6	69.2	0	0.5	0	2 473.4	23.1	76.9	75.0	0	0	0.2

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

(at end of period)

2014	Outstanding amount (all currencies; millions of euro)	Structure (%)	
		In euro	In foreign currencies
I	331.4	26.5	73.5
II	366.3	27.4	72.6
III	371.9	27.3	72.7
IV	386.8	30.5	69.5
V	392.2	30.2	69.8
VI	383.1	31.0	69.0
VII	440.8	31.6	68.4
VIII	449.9	31.6	68.4
IX	468.4	30.6	69.4

## 21.a 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)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight <sup>1</sup>	0.11	0.11	0.11	0.12	0.11	0.12	0.10	0.10	0.11	0.14	0.11	0.07	0.07	0.07	0.07
With agreed maturity															
Up to 1 year	0.41	0.26	0.31	0.40	0.36	0.54	0.57	0.42	0.29	0.35	0.37	0.32	0.29	0.38	0.30
Over 1 and up to 2 years	0.93	0.96	0.89	1.36	1.73	1.32	1.62	1.24	0.96	1.05	0.94	1.07	0.98	1.09	1.31
Over 2 years	2.28	5.52	1.41	1.21	1.59	1.62	1.41	1.46	2.02	1.79	1.24	1.54	1.47	2.61	3.12
Redeemable at notice <sup>2</sup>															
Up to 3 months	0.15	0.15	0.15	0.16	0.16	0.16	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.11
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>	0.05	0.05	0.07	0.08	0.07	0.08	0.07	0.07	0.11	0.11	0.09	0.09	0.08	0.07	0.06
With agreed maturity															
Up to 1 year	0.12	0.08	0.14	0.16	0.19	0.26	0.14	0.11	0.17	0.24	0.27	0.07	0.08	0.03	0.07
Over 1 and up to 2 years	0.77	0.83	0.62	1.31	0.66	1.36	0.72	1.27	0.59	0.50	0.46	0.95	x	0.40	1.23
Over 2 years	0.35	2.69	0.06	x	1.09	0.98	0.48	0.96	0.58	0.72	0.94	x	0.75	x	0.53
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 EURO (CONT.)

(%)

2. Interest rates on deposits (outstanding amounts)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Households</b>															
Overnight <sup>1</sup>	0.11	0.11	0.11	0.12	0.11	0.12	0.10	0.10	0.11	0.14	0.11	0.07	0.07	0.07	0.07
With agreed maturity															
Up to 2 years	1.02	0.99	0.97	0.96	0.94	0.91	0.87	0.86	0.85	0.85	0.84	0.85	0.84	0.83	0.83
Over 2 years	3.94	3.90	3.90	3.88	3.84	3.81	3.85	3.83	3.87	3.79	3.75	3.66	3.57	3.56	3.62
Redeemable at notice <sup>2</sup>															
Up to 3 months	0.15	0.15	0.15	0.16	0.16	0.16	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.11
Over 3 months	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
<b>Non-financial corporations</b>															
Overnight <sup>1</sup>	0.05	0.05	0.07	0.08	0.07	0.08	0.07	0.07	0.11	0.11	0.09	0.09	0.08	0.07	0.06
With agreed maturity															
Up to 2 years	0.49	0.48	0.54	0.53	0.51	0.46	0.45	0.45	0.45	0.46	0.48	0.47	0.48	0.49	0.47
Over 2 years	2.54	2.55	2.54	2.36	2.39	2.14	1.81	1.78	1.51	1.60	1.56	1.53	1.53	1.49	1.32
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 EURO (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	4.99	4.97	5.88	4.72	4.75	4.89	18.45	17.65	17.54	17.57	17.82	17.70	17.69	17.66	17.77
Extended credit card credit <sup>1</sup>	23.37	23.15	23.14	23.55	22.89	22.83	23.16	23.23	23.16	23.19	23.17	23.15	23.15	23.13	23.09
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	3.31	3.19	3.05	2.97	3.34	3.08	2.99	3.06	3.20	3.27	3.08	3.28	3.11	3.26	3.13
of wich with collateral or guarantees	3.35	3.05	2.99	2.90	3.33	3.07	2.93	3.06	3.16	3.25	3.06	3.26	3.08	3.31	3.13
Over 1 and up to 5 years	4.94	5.71	5.54	6.76	5.83	4.77	12.13	10.98	13.42	10.19	11.70	12.98	8.63	10.50	9.01
of wich with collateral or guarantees	4.76	5.50	5.40	6.74	5.76	4.77	5.96	6.36	7.61	5.93	6.16	7.39	5.42	5.53	6.70
Over 5 and up to 10 years	x	6.48	x	x	x	x	x	x	6.30	6.36	6.99	6.92	7.09	8.06	7.01
of wich with collateral or guarantees	x	x	x	x	x	x	x	x	6.19	6.33	x	x	5.47	6.50	x
Over 10 years	x	x	5.86	5.96	5.36	5.91	x	5.53	x	x	5.85	x	5.37	x	x
of wich with collateral or guarantees	x	x	6.10	6.27	5.20	5.97	x	x	x	x	5.95	x	x	x	x
Annual percentage rate of charge <sup>2</sup>	3.48	3.40	3.38	3.34	3.54	3.35	3.25	3.34	3.53	3.63	3.37	3.63	3.42	3.59	3.44
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	15.14	18.32	12.27	12.74	14.05	14.71	18.82	19.67	21.90	20.97	21.06	21.03	20.29	21.74	19.40
of wich with collateral or guarantees	x	x	3.67	4.24	5.45	4.30	5.27	4.39	6.12	5.52	6.88	5.55	5.22	6.96	5.13
Over 1 year	26.27	24.52	24.27	21.61	23.18	25.36	22.94	23.05	22.76	21.89	20.14	19.61	13.35	19.12	18.67
of wich with collateral or guarantees	16.19	10.53	13.71	12.77	11.50	13.74	10.79	13.10	14.30	14.01	14.62	14.63	2.50	11.04	10.71
Annual percentage rate of charge <sup>2</sup>	30.14	31.29	26.16	25.45	27.13	31.11	30.36	30.99	31.68	29.65	26.77	26.29	19.99	26.50	25.82
Other lending by initial rate fixation															
Floating rate and up to 1 year	4.55	4.78	3.52	4.03	4.95	5.99	4.56	5.09	5.61	5.05	4.46	5.30	5.96	5.12	5.03
Over 1 year	x	x	x	x	x	x	7.83	9.15	10.20	10.60	5.71	3.39	1.37	8.35	5.13

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

<sup>2</sup> The annual percentage rate of charge (APRC) 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 EURO (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)																
	2013						2014									
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	3.27	3.24	3.72	3.25	3.33	3.24	2.82	2.92	3.01	2.99	2.95	2.75	2.75	2.81	2.76	
Extended credit card credit <sup>1</sup>	23.14	24.47	24.08	24.28	24.41	24.01	28.90	29.14	19.62	19.75	19.58	19.97	19.44	20.14	19.65	
Other loans up to 0.25 million euro by initial rate fixation																
Floating rate and up to 1 year	5.45	4.17	4.39	5.34	4.07	4.23	4.38	4.75	4.55	4.71	4.63	4.69	4.68	4.73	4.58	
of wich with collateral or guarantees	5.44	4.31	4.25	3.86	4.02	4.23	4.26	4.60	4.52	4.60	4.44	4.63	4.62	4.55	4.38	
Over 1 year	3.72	4.15	3.83	5.21	5.39	4.32	x	4.36	5.88	6.83	7.81	4.71	6.22	7.21	2.94	
of wich with collateral or guarantees	4.98	3.68	4.97	5.04	6.17	5.30	x	x	5.70	6.90	x	5.29	6.60	7.42	5.55	
Other loans over 0.25 million euro and up to 1 million euro by initial rate fixation																
Floating rate and up to 1 year	4.76	4.04	4.29	4.06	3.98	4.60	4.18	4.59	3.96	4.58	3.70	4.37	4.10	4.58	4.34	
of wich with collateral or guarantees	4.16	4.14	4.27	4.09	3.96	4.61	4.22	4.68	3.95	4.61	3.67	4.40	4.08	4.60	4.41	
Over 1 year	3.87	4.23	6.79	x	2.94	5.70	x	x	5.90	6.35	x	x	x	3.54	x	
of wich with collateral or guarantees	x	x	7.49	x	4.15	6.08	–	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	3.53	3.47	3.26	2.57	3.57	4.29	3.14	3.66	3.37	4.24	2.51	2.76	3.35	2.95	4.03	
of wich with collateral or guarantees	3.83	3.48	3.13	2.40	3.57	3.19	3.30	3.69	3.40	4.28	2.40	2.68	3.25	2.93	3.95	
Over 1 year	4.90	x	x	x	x	4.32	x	x	–	x	x	x	x	x	x	
of wich with collateral or guarantees	4.90	x	x	x	x	4.32	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 EURO (CONT.)**

(%)

5. Interest rates on loans (outstanding amounts)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	2.80	2.79	3.00	2.50	2.33	2.43	3.85	2.66	2.86	9.40	9.30	3.06	7.57	4.06	3.96
Over 1 and up to 5 years	3.98	3.97	3.95	3.97	3.97	3.97	4.13	4.17	4.20	4.24	4.26	4.29	4.27	4.27	4.26
Over 5 years	2.56	2.55	2.54	2.54	2.54	2.54	2.55	2.56	2.56	2.57	2.58	2.57	2.55	2.53	2.49
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	11.19	10.73	11.48	11.01	11.39	12.71	22.86	19.19	19.34	19.29	19.53	19.71	19.60	19.48	19.67
Over 1 and up to 5 years	10.93	11.70	11.83	11.87	11.95	12.18	15.52	15.57	15.68	15.90	16.11	16.07	16.14	15.92	15.89
Over 5 years	4.20	4.22	4.22	4.25	4.23	4.40	6.36	5.44	5.41	5.46	5.48	5.46	5.43	5.45	5.34
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	3.40	3.39	3.41	3.78	3.33	3.19	3.05	3.23	3.39	3.37	3.32	3.19	3.21	3.13	3.05
Over 1 and up to 5 years	3.38	3.32	3.36	3.36	3.33	3.34	3.34	3.39	3.41	3.46	3.44	3.43	3.36	3.37	3.30
Over 5 years	2.80	2.86	2.84	2.84	2.82	2.83	2.74	2.77	2.75	2.78	2.77	2.73	2.71	2.75	2.67

<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 US DOLLARS**

(%)

1. Interest rates on deposits (new business)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Deposits from households</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity	0.14	0.15	0.22	0.21	0.20	0.20	0.20	0.19	0.24	0.24	0.24	0.21	0.27	0.25	0.25
Up to 1 year	0.18	0.12	0.15	0.23	0.24	0.37	0.24	0.12	0.13	0.15	0.12	0.16	0.17	0.20	0.16
Over 1 and up to 2 years	0.89	0.90	0.95	1.25	0.98	2.68	1.10	1.39	0.65	1.03	1.25	1.19	0.89	0.96	1.05
Over 2 years	2.53	1.75	0.81	0.72	1.27	1.69	1.11	1.64	2.14	0.86	1.96	1.69	2.03	1.19	2.50
<b>Redeemable at notice<sup>2</sup></b>															
Up to 3 months	0.17	0.17	0.17	0.17	0.17	0.17	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	x	-	x
<b>Deposits from non-financial corporations</b>															
<b>Overnight<sup>1</sup></b>															
With agreed maturity	0.05	0.06	0.06	0.06	0.05	0.07	0.07	0.09	0.06	0.05	0.07	0.06	0.06	0.06	0.05
Up to 1 year	0.08	0.07	0.13	0.19	0.08	0.06	0.07	0.04	0.04	0.05	0.05	0.07	0.08	0.06	0.20
Over 1 and up to 2 years	-	x	-	-	-	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.b** 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)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Deposits from households															
Overnight <sup>1</sup>	0.14	0.15	0.22	0.21	0.20	0.20	0.20	0.19	0.24	0.24	0.24	0.21	0.27	0.25	0.25
With agreed maturity															
Up to 2 years	1.00	0.99	0.95	0.94	0.93	0.90	0.84	0.77	0.76	0.78	0.78	0.76	0.75	0.74	0.74
Over 2 years	3.13	3.10	3.05	3.02	2.91	2.88	2.79	2.81	2.84	2.99	3.00	2.97	2.97	2.99	2.99
Redeemable at notice <sup>2</sup>															
Up to 3 months	0.17	0.17	0.17	0.17	0.17	0.17	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Over 3 months	-	-	-	-	-	-	-	-	-	-	-	-	x	-	x
Deposits from non-financial corporations															
Overnight <sup>1</sup>	0.05	0.06	0.06	0.06	0.05	0.07	0.07	0.09	0.06	0.05	0.07	0.06	0.06	0.06	0.05
With agreed maturity															
Up to 2 years	0.32	0.25	0.39	0.47	0.66	0.58	0.88	0.85	0.84	0.69	0.61	0.58	0.55	0.57	0.58
Over 2 years	0.87	0.87	0.87	0.86	0.89	0.89	0.20	0.32	0.34	0.34	0.34	0.34	0.34	0.34	0.34
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 US DOLLARS (CONT.)

(%)

3. Interest rates on loans to households (new business)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	7.38	7.53	6.24	6.38	6.41	6.41	7.30	6.67	7.79	7.81	13.63	10.28	14.51	14.62	21.04
Extended credit card credit <sup>1</sup>	24.66	24.85	24.79	25.10	24.95	24.68	24.80	25.42	24.97	24.29	24.25	24.89	24.66	24.80	24.87
Lending for house purchase															
By initial rate fixation															
Floating rate and up to 1 year	2.31	3.23	2.90	2.82	2.45	5.26	3.55	2.79	3.22	2.16	2.28	4.20	3.22	2.45	2.13
of wich with collateral or guarantees	2.25	3.21	2.90	2.81	2.28	5.43	3.99	2.74	3.22	1.98	4.36	4.15	3.80	2.45	x
Over 1 and up to 5 years	x	x	x	x	x	–	x	–	–	–	–	–	–	x	–
of wich with collateral or guarantees	–	–	–	–	–	–	x	–	–	–	–	–	–	x	–
Over 5 and up to 10 years	–	–	–	–	–	–	–	–	x	x	x	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Over 10 years	–	x	x	x	x	–	–	x	–	–	x	–	–	–	–
of wich with collateral or guarantees	–	–	–	–	–	–	–	x	–	–	–	–	–	–	–
Annual percentage rate of charge <sup>2</sup>	2.42	3.51	3.42	3.20	2.80	5.42	4.01	3.01	3.41	2.31	2.83	4.24	3.48	2.54	2.15
Consumer credit															
By initial rate fixation															
Floating rate and up to 1 year	x	16.53	x	x	16.72	17.00	x	x	x	14.94	x	x	17.27	x	x
of wich with collateral or guarantees	–	x	–	–	x	x	–	x	x	x	–	–	–	x	–
Over 1 year	x	x	x	x	x	x	x	x	x	x	–	–	x	–	x
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	x	–	–	–	–	–	–
Annual percentage rate of charge <sup>2</sup>	13.85	21.38	14.59	14.05	14.31	18.09	17.77	17.68	16.50	15.22	17.36	17.55	17.35	17.88	17.55
Other lending by initial rate fixation															
Floating rate and up to 1 year	x	x	x	3.83	4.41	3.77	x	3.78	3.59	x	x	5.00	4.82	x	4.21
Over 1 year	x	–	x	–	–	–	–	–	–	–	–	–	–	x	–

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

<sup>2</sup> The annual percentage rate of charge (APRC) 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 US DOLLARS (CONT.)

(%)

4. Interest rates on loans to non-financial corporations (new business)																
	2013						2014									
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX	
Bank overdraft <sup>1</sup>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Revolving loans and overdraft <sup>1</sup>	3.53	3.48	3.52	3.56	3.56	3.51	3.82	3.55	3.32	3.73	3.49	4.03	4.01	4.05	3.80	
Extended credit card credit <sup>1</sup>	16.34	15.28	16.77	12.33	13.34	15.99	17.68	12.76	10.85	20.20	15.57	16.54	15.91	16.13	19.11	
Other loans up to 0.25 million euro by initial rate fixation																
Floating rate and up to 1 year	3.58	x	x	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	
Over 1 year	x	–	–	–	x	–	x	–	–	–	–	–	–	–	–	
of wich with collateral or guarantees	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	
of wich with collateral or guarantees	x	–	x	–	x	x	x	x	–	–	x	x	x	x	x	
Over 1 year	–	x	–	–	–	–	–	–	–	–	–	–	–	–	x	
of wich with collateral or guarantees	–	x	–	–	–	–	–	–	–	–	–	–	–	–	x	
Other loans over 1 million euro by initial rate fixation																
Floating rate and up to 1 year	x	7.80	–	x	x	x	x	x	–	x	x	x	–	x	x	
of wich with collateral or guarantees	x	7.80	–	x	x	x	x	x	–	x	x	x	–	x	x	
Over 1 year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	x	
of wich with collateral or guarantees	–	–	–	–	–	–	–	–	–	–	–	–	–	–	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 US DOLLARS (CONT.)

(%)

5. Interest rates on loans (outstanding amounts)															
	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>Loans to households</b>															
<b>Lending for house purchase, with maturity</b>															
Up to 1 year	1.52	3.90	2.07	2.09	4.16	3.42	1.68	1.80	1.91	1.89	1.91	2.12	1.88	1.77	1.68
Over 1 and up to 5 years	5.62	6.07	6.07	6.12	6.13	6.19	6.13	5.35	5.33	5.34	5.39	5.34	5.33	5.33	5.39
Over 5 years	2.80	2.79	2.77	2.77	2.77	2.75	2.72	2.76	2.75	2.74	2.74	2.74	2.74	2.74	2.74
<b>Consumer credit and other loans, with maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	10.27	10.06	10.09	9.52	9.86	11.34	10.64	10.80	10.91	10.82	11.97	12.02	12.34	12.12	15.96
Over 1 and up to 5 years	7.18	7.26	7.30	7.21	7.26	7.47	7.39	7.42	7.23	7.23	7.27	7.47	7.14	7.14	7.11
Over 5 years	3.75	3.75	3.73	3.72	3.79	3.84	3.82	3.85	3.84	3.73	3.72	3.66	3.64	3.63	3.63
<b>Loans to non-financial corporations</b>															
<b>With maturity<sup>1</sup></b>															
Up to 1 year <sup>2</sup>	4.77	4.19	4.25	3.99	4.23	4.21	4.38	4.07	4.07	3.93	3.79	4.13	4.21	4.39	3.96
Over 1 and up to 5 years	5.78	5.82	5.58	5.44	5.50	5.56	5.62	5.59	5.86	5.95	6.37	6.45	6.75	6.46	7.24
Over 5 years	5.59	5.41	5.41	5.52	5.48	5.72	5.76	5.71	5.74	5.78	6.05	6.12	6.20	6.11	6.21

<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 (NEW BUSINESS)

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

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
<b>In euro</b>															
<b>Loans up to an amount of 0.25 million euro</b>															
	4.24	4.18	4.35	4.19	4.28	3.87	4.37	4.65	4.53	4.52	4.76	4.62	4.59	4.76	4.38
of wich with collateral or guarantees	4.22	4.21	4.24	4.07	4.17	3.83	4.22	4.48	4.50	4.42	4.61	4.55	4.55	4.65	4.30
<b>Loans over an amount of 0.25 million euro and up to 1 million euro</b>															
	4.34	4.16	4.42	4.18	3.84	4.06	4.19	4.45	3.62	4.76	4.23	4.41	4.05	4.65	4.15
of wich with collateral or guarantees	4.35	4.13	4.40	4.22	3.85	4.06	4.24	4.47	3.54	4.76	4.33	4.43	4.02	4.68	4.21
<b>Loans over 1 million euro</b>															
	3.18	3.17	3.31	2.37	3.63	5.35	2.98	3.66	3.47	3.94	2.49	2.76	3.35	2.67	3.93
of wich with collateral or guarantees	3.40	3.16	3.35	2.25	3.62	3.68	3.11	3.70	3.50	3.99	2.33	2.66	3.24	2.65	3.83
<b>In US dollars</b>															
<b>Loans up to an amount of 0.25 million euro</b>															
	x	5.49	x	x	x	x	x	x	x	x	x	x	x	x	x
of wich with collateral or guarantees	x	5.37	x	x	x	-	-	x	x	x	-	x	-	-	-
<b>Loans over an amount of 0.25 million euro and up to 1 million euro</b>															
	x	-	-	-	x	x	x	-	-	-	x	x	x	x	-
of wich with collateral or guarantees	x	-	-	-	x	x	x	-	-	-	x	x	x	x	-
<b>Loans over 1 million euro</b>															
	-	x	-	-	-	x	x	-	-	x	x	x	-	x	-
of wich with collateral or guarantees	-	x	-	-	-	x	x	-	-	x	x	x	-	x	-

## 22. LENDING IN THE INTERBANK MARKETS

(transactions; millions of euro)

2014	Loans to resident MFIs										
	In euro					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		
I	906.8	348.5	0.5	–	1 255.8	1 500.6	367.3	–	–	1 867.9	3 123.7
II	956.0	240.7	0.2	–	1 196.9	1 165.2	220.2	–	–	1 385.4	2 582.3
III	911.9	110.3	0.2	–	1 022.4	1 532.5	113.5	–	–	1 646.0	2 668.4
IV	200.6	55.6	25.0	–	281.2	883.7	488.6	–	–	1 372.3	1 653.5
V	263.5	72.7	0.2	–	336.4	470.8	522.8	–	–	993.6	1 330.0
VI	107.0	91.7	0.1	0.2	199.0	492.6	468.6	–	–	961.2	1 160.2
VII	5.0	142.7	0.4	–	148.1	1 075.6	596.8	0.1	–	1 672.5	1 820.6
VIII	56.7	144.8	0.2	–	201.7	1 238.1	646.3	–	–	1 884.4	2 086.1
IX	140.7	92.4	–	–	233.1	1 265.9	728.9	–	–	1 994.8	2 227.9

2014	Loans to non-resident MFIs					Total loans
	Overnight	Up to 1 month	1-3 months	Over 3 months		
I	44 792.6	5 596.6	24.2	164.0	50 577.4	53 701.1
II	36 019.2	4 687.7	70.7	19.4	40 797.0	43 379.3
III	39 538.2	3 354.8	27.8	20.7	42 941.5	45 609.9
IV	34 055.7	4 868.6	62.8	24.4	39 011.5	40 665.0
V	29 643.6	5 718.2	16.7	35.6	35 414.1	36 744.1
VI	31 728.6	5 510.7	167.2	340.9	37 747.4	38 907.6
VII	37 444.9	4 329.6	10.0	134.1	41 918.6	43 739.2
VIII	33 004.2	5 373.2	146.7	78.0	38 602.1	40 688.2
IX	36 708.4	4 183.5	132.2	30.8	41 054.9	43 282.8

## 23. INTEREST RATES IN THE DOMESTIC INTERBANK MARKET

(% per annum)

	2014									
	I	II	III	IV	V	VI	VII	VIII	IX	
Weighted average interest rates on loans in euro										
Overnight	0.1	0.1	0.1	0.1	0.1	0.1	0	0	0	
Up to 1 month	0.1	0.1	0.1	0.1	0.1	0.1	0.03	0.02	0.01	
1-3 months	0.2	0.1	0.1	0.2	0.2	0.1	0.1	0.2	–	
Over 3 months	–	–	–	–	–	0.1	–	–	–	
Weighted average interest rates on loans in foreign currencies										
Overnight	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
Up to 1 month	0.1	0.1	0.04	0.03	0.1	0.03	0.04	0.1	0.1	
1-3 months	–	–	–	–	–	–	0.02	–	–	
Over 3 months	–	–	–	–	–	–	–	–	–	

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

(millions of euro)

2014	I	II	III	IV	V	VI	VII	VIII	IX
Type of transaction									
Spot exchange transactions	18 767.8	24 116.8	33 654.7	32 783.2	25 429.4	22 735.8	19 735.1	14 935.3	23 141.0
Forward exchange contracts	377.5	306.7	523.5	413.6	467.8	318.8	530.1	346.9	557.1
Currency swap arrangements	55 675.7	51 876.7	59 457.8	60 245.6	55 891.5	51 982.5	46 450.0	41 110.5	38 817.2
Counterparties									
Resident MFIs	5 122.8	5 527.8	8 245.0	8 217.9	7 566.4	6 867.8	2 191.4	1 151.3	1 453.2
Resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	92.9	43.5	130.6	41.5	44.3	141.4	72.6	47.9	253.5
Resident government, non-financial corporations and non-profit institutions serving households	488.1	379.1	487.4	474.0	414.7	404.3	392.5	315.4	385.5
Non-resident MFIs	43 858.7	43 916.8	52 182.9	54 537.1	48 422.9	40 859.4	34 654.0	33 666.1	37 381.2
Non-resident other financial intermediaries, financial auxiliaries, insurance corporations and pension funds	5 274.4	4 236.8	4 328.1	2 948.0	2 265.7	3 672.8	6 493.3	5 758.0	6 828.9
Non-resident government, non-financial corporations and non-profit institutions serving households	17 925.5	20 331.7	25 379.4	24 510.5	20 561.2	20 049.5	20 133.0	13 572.3	15 206.6
Households	2 058.5	1 864.4	2 882.6	2 713.5	2 513.5	3 041.9	2 778.5	1 881.6	1 006.5
Currencies									
Total in all currencies	74 821.0	76 300.2	93 635.9	93 442.4	81 788.6	75 037.1	66 715.3	56 392.6	62 515.4
incl. USD for EUR	40 544.4	42 207.6	54 039.7	54 310.5	46 404.3	40 307.2	35 515.6	29 351.1	33 851.0
incl. GBP for EUR	1 497.9	1 399.9	2 726.9	3 833.2	2 203.7	1 223.6	366.3	441.8	468.7
incl. other currencies for EUR	3 489.3	3 689.8	3 701.9	3 721.6	3 468.4	2 502.9	2 392.6	2 150.1	2 073.5

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

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

(millions of euro)

2014	I	II	III	IV	V	VI	VII	VIII	IX
USD for EUR									
Amount	40 524.8	42 189.8	54 021.4	54 292.6	46 384.6	40 290.2	35 492.4	29 329.6	33 829.7
% <sup>2</sup>	54.2	55.3	57.7	58.1	56.7	53.7	53.2	52.0	54.1
GBP for EUR									
Amount	1 493.7	1 396.4	2 723.0	3 828.7	2 199.6	1 218.2	358.8	435.5	463.6
% <sup>2</sup>	2.0	1.8	2.9	4.1	2.7	1.6	0.5	0.8	0.7
Other currencies (except USD and GBP) for EUR									
Amount	3 484.2	3 685.4	3 696.9	3 716.6	3 463.0	2 496.9	2 385.5	2 143.4	2 067.3
% <sup>2</sup>	4.7	4.8	4.0	4.0	4.2	3.3	3.6	3.8	3.3
RUB for USD									
Amount	6 440.1	8 578.4	9 386.5	8 827.1	7 636.9	8 506.3	7 804.5	8 534.9	8 747.9
% <sup>2</sup>	8.6	11.2	10.0	9.5	9.4	11.4	11.7	15.1	14.1
GBP for USD									
Amount	12 480.9	11 271.9	12 931.5	14 491.6	13 229.5	13 088.1	9 841.6	6 514.3	9 380.0
% <sup>2</sup>	16.7	14.8	13.8	15.5	16.2	17.5	14.8	11.6	15.0
SEK for USD									
Amount	76.4	209.6	247.8	189.1	202.7	313.1	462.1	416.2	384.5
% <sup>2</sup>	0.1	0.3	0.3	0.2	0.2	0.4	0.7	0.7	0.6
Other currencies (except EUR, RUB, GBP and SEK) for USD									
Amount	7 278.2	6 603.3	8 149.6	6 387.6	6 634.1	6 757.6	8 111.7	7 491.3	6 997.8
% <sup>2</sup>	9.7	8.7	8.7	6.8	8.1	9.0	12.2	13.3	11.2
Other currencies (except EUR and USD) for other currencies									
Amount	3 008.9	2 347.8	2 446.3	1 679.8	2 007.3	2 345.1	2 228.0	1 499.2	619.8
% <sup>2</sup>	4.0	3.1	2.6	1.8	2.5	3.1	3.3	2.7	1.0

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

<sup>2</sup> As per cent of the total.

## 26. EURO FOREIGN EXCHANGE REFERENCE RATES PUBLISHED BY THE EUROPEAN CENTRAL BANK

(end-of-period; foreign currency vs 1 EUR)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
LVL	0.7028	0.7028	0.7027	0.7030	0.7030	0.7028	x	x	x	x	x	x	x	x	x
USD	1.3275	1.3235	1.3505	1.3641	1.3611	1.3791	1.3516	1.3813	1.3788	1.3850	1.3607	1.3658	1.3379	1.3188	1.2583
GBP	0.8735	0.8540	0.8361	0.8502	0.8328	0.8337	0.8214	0.8263	0.8282	0.8230	0.8131	0.8015	0.7928	0.7953	0.7773
JPY	130.0000	130.0100	131.7800	133.9900	139.2100	144.7200	138.1300	140.6300	142.4200	142.0700	138.3600	138.4400	137.6600	137.1100	138.1100
CHF	1.2317	1.2310	1.2225	1.2333	1.2298	1.2276	1.2220	1.2153	1.2194	1.2200	1.2204	1.2156	1.2169	1.2061	1.2063

**27. WEIGHTED AVERAGE EXCHANGE RATES (CASH TRANSACTIONS)<sup>1</sup>**

(foreign currency vs EUR)

2014	I	II	III	IV	V	VI	VII	VIII	IX
USD									
Buy	1.3694	1.3723	1.3897	1.3901	1.3815	1.3703	1.3642	1.3432	1.3006
Sell	1.3590	1.3622	1.3757	1.3794	1.3724	1.3595	1.3554	1.3353	1.2893
GBP									
Buy	0.8382	0.8343	0.8438	0.8357	0.8280	0.8165	0.8078	0.8094	0.8042
Sell	0.8279	0.8219	0.8289	0.8247	0.8151	0.8049	0.7950	0.7983	0.7913
JPY									
Buy	146.0264	143.2043	144.1188	142.9082	143.1593	145.7061	142.3464	143.8699	143.0721
Sell	140.7426	141.6543	139.1933	139.8647	138.5742	136.0955	137.0976	139.0408	139.4604
SEK									
Buy	8.9392	9.0262	9.3177	9.1708	9.1994	9.1953	9.5185	9.3027	9.3117
Sell	8.7432	8.7663	8.7881	8.9205	8.8815	8.9293	9.1009	9.0562	9.0882
RUB									
Buy	47.1407	48.7524	50.5964	49.8121	48.7251	47.3517	47.6471	48.9239	49.5005
Sell	45.7601	47.4479	49.7964	48.7785	47.1851	46.2444	46.3340	47.7862	48.5698
CHF									
Buy	1.2457	1.2350	1.2306	1.2340	1.2345	1.2337	1.2326	1.2316	1.2250
Sell	1.2256	1.2177	1.2125	1.2154	1.2089	1.2127	1.1853	1.2117	1.2045

<sup>1</sup> Including the weighted average exchange rates of cash transactions performed by credit institutions and currency exchange bureaus.

**28. STRUCTURE OF GOVERNMENT SECURITIES**

(at end of period; millions of euro)

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Stock of government securities outstanding	863.3	898.8	905.9	929.3	949.5	966.6	951.6	972.4	973.9	990.7	1 008.6	1 044.4	1 066.8	1 052.6	1 051.7
Residents	822.3	855.6	864.3	888.6	909.8	926.4	908.7	918.1	918.7	939.3	963.3	998.1	1 018.1	1 004.8	1 007.3
Non-financial corporations	28.5	28.5	28.5	28.5	28.5	29.0	29.3	29.3	29.3	28.8	28.8	30.3	28.8	28.8	28.7
Credit institutions	420.2	438.0	444.6	448.6	454.9	478.8	446.7	444.9	438.8	406.5	420.5	444.1	453.7	445.7	448.0
Money market funds	15.8	16.6	15.5	12.1	13.7	4.3	10.4	12.1	12.6	12.4	12.6	12.4	11.5	10.3	10.4
MFIs excluding central banks, credit institutions and money market funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other financial intermediaries excluding investment funds	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	88.5	84.9	84.9	84.9	82.9	80.8	77.0
Financial auxiliaries	0	0	0	0	0	0	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Insurance corporations and pension funds	262.7	277.3	280.3	304.4	316.9	318.3	317.5	326.7	332.9	390.0	399.9	409.6	424.3	422.3	425.8
Central government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Households	4.4	4.4	4.4	4.4	4.4	4.4	4.6	4.6	4.6	4.4	4.3	4.4	4.4	4.5	4.5
Non-profit institutions serving households	2.3	2.3	2.3	2.3	3.0	3.1	3.1	3.4	3.4	3.6	3.6	3.8	3.8	3.8	4.3
Non-residents	41.0	43.3	41.7	40.7	39.8	40.1	42.9	54.2	55.2	51.3	45.3	46.3	48.7	47.8	44.4
Non-financial corporations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit institutions	31.7	33.9	32.4	31.3	30.9	30.9	30.9	35.9	34.5	33.9	31.2	31.1	31.3	31.0	26.6
Money market funds	0	0	0	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	0	0	0
Other financial intermediaries excluding investment funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Financial auxiliaries	9.2	9.4	9.2	9.4	9.0	9.2	11.9	18.2	20.5	17.3	14.0	15.1	17.3	16.7	17.6
Insurance corporations and pension funds	0	0	0	0	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	0	0	0
Households	0	0	0	0	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Non-profit institutions serving households	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

(Q2 and Q3 2014)

Date (dd.mm.)	Initial maturity (months)	Supply (thousands of euro)	Demand (thousands of euro)	Purchase (thousands of euro)	Weighted average discount rate (%)
<b>Competitive multi-price auctions</b>					
02.04.	60	48 000	137 465	48 000	1.577
09.04.	12	12 000	45 000	12 000	0.373
07.05.	12	12 000	45 500	12 000	0.370
21.05.	60	16 000	62 190	16 000	1.877
04.06.	6	12 000	44 100	12 000	0.216
11.06.	12	12 000	49 000	12 000	0.188
18.06.	60	16 000	59 700	16 000	1.819
09.07.	12	12 000	50 000	12 000	0.150
23.07.	60	16 000	57 458	16 000	1.800
03.09.	12	12 000	53 000	12 000	0.118
24.09.	60	16 000	90 230	16 000	1.535
<b>Primary placement of government securities via outright sales of securities</b>					
03.04.	60	12 000	31 010	12 000	1.577
10.04.	12	3 000	8 500	3 000	0.373
08.05.	12	3 000	7 500	3 000	0.370
22.05.	60	4 000	13 000	4 000	1.877
05.06.	6	3 000	6 510	3 000	0.216
12.06.	12	3 000	6 020	3 000	0.188
19.06.	60	4 000	15 600	4 000	1.819
10.07.	12	3 000	9 010	3 000	0.150
24.07.	60	4 000	19 000	4 000	1.800
03.09.	12	3 000	6 020	3 000	0.118
24.09.	60	4 000	20 000	4 000	1.535

## 30. DYNAMICS OF GDP

	2013 <sup>1</sup>				2014			
		Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Q2	Q3
At current prices; millions of euro	23 221.9	5 153.2	5 739.0	6 077.1	6 252.5	5 362.5	5 942.6	6 288.7
At constant prices <sup>2</sup> ; millions of euro	20 839.4	5 160.2	5 152.9	5 225.8	5 261.4	5 278.8	5 321.4	5 350.1
Annual growth rate (%)	4.2	5.9	4.7	4.1	4.4	2.3	3.3	2.4
Gross value added	3.6	2.4	3.8	3.8	3.9	3.0	2.0	1.8

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

<sup>2</sup> Chain-linked; average prices in 2010. Quarterly data seasonally adjusted.

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

	2013						2014								
	VII	VIII	IX	X	XI	XII	I	II	III	IV	V	VI	VII	VIII	IX
Average gross wages and salaries															
EUR per month	751	713	702	722	709	775	744 <sup>1</sup>	723 <sup>1</sup>	753 <sup>1</sup>	767	756	765	806	761	760
Year-on-year changes (%)	106.8	103.4	105.1	104.5	104.5	106.1	107.8 <sup>1</sup>	107.0 <sup>1</sup>	107.5 <sup>1</sup>	107.3	105.5	107.1	107.4	106.6	108.1
Real net wage index (year-on-year basis; %)	107.7	104.7	106.7	105.6	106.0	107.7	109.4	108.4 <sup>1</sup>	109.2 <sup>1</sup>	108.5	107.0	108.4	108.1	107.0	108.4
Number of registered unemployed persons															
At end of month	92 975	91 202	89 435	89 616	91 619	93 321	96 762	97 736	96 696	92 010	87 780	85 296	83 163	80 938	79 104
Year-on-year changes (%)	81.1	81.8	82.6	84.8	87.7	89.7	90.0	90.8	90.3	89.5	89.8	90.0	89.4	88.7	88.4

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

### 32. LATVIAN FOREIGN TRADE BALANCE

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

	2013 <sup>1</sup>				2014			
	Q1	Q2	Q3	Q4	Q1 <sup>1</sup>	Q2	Q3	
Exports	10 021.3	2 337.5	2 421.6	2 550.1	2 712.1	2 406.2	2 473.5	2 573.7
Imports	12 635.1	3 016.9	3 060.9	3 293.8	3 263.5	3 007.0	3 079.9	3 181.4
Balance	-2 613.8	-679.4	-639.3	-743.6	-551.5	-600.8	-606.4	-607.8

	2013 <sup>1</sup>						2014								
	VII	VIII	IX	X	XI	XII	I <sup>1</sup>	II <sup>1</sup>	III <sup>1</sup>	IV	V	VI	VII	VIII	IX
Exports	789.8	843.7	916.7	982.4	919.6	810.1	747.5	802.0	856.7	847.2	837.0	789.3	848.4	811.2	914.0
Imports	1 093.1	1 090.0	1 110.7	1 200.1	1 070.0	993.5	940.6	973.7	1 092.7	1 061.3	1 014.1	1 004.5	1 055.1	988.2	1 138.2
Balance	-303.3	-246.3	-194.0	-217.6	-150.4	-183.4	-193.1	-171.7	-236.0	-214.1	-177.1	-215.2	-206.6	-177.0	-224.1

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

### 33. MAIN EXPORT GOODS OF LATVIA

(in FOB prices)

	2013 <sup>1</sup>		2014					
	Millions of euro	%	Q1 <sup>1</sup>		Q2		Q3	
			Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	10 021.3	100.0	2 406.2	100.0	2 473.5	100.0	2 573.7	100.0
Agricultural and food products	2 047.7	20.4	481.6	20.0	412.4	16.7	474.9	18.5
Mineral products	873.0	8.7	185.4	7.7	201.4	8.1	245.6	9.5
Products of the chemical and allied industries	673.6	6.7	160.4	6.7	184.6	7.5	181.0	7.0
Plastics and articles thereof; rubber and articles thereof	303.7	3.0	68.7	2.9	81.8	3.3	89.0	3.5
Wood and articles of wood	1 594.0	15.9	429.1	17.8	446.9	18.1	450.1	17.5
Pulp of wood; paper and paperboard	218.9	2.2	52.4	2.2	50.6	2.0	58.9	2.3
Textiles and textile articles	430.2	4.3	106.5	4.4	93.5	3.8	101.8	4.0
Articles of stone, plaster, cement, glassware and ceramic products	216.8	2.2	53.1	2.2	61.8	2.5	64.5	2.5
Base metals and articles of base metals	1 051.7	10.5	223.8	9.3	274.7	11.1	238.0	9.2
Machinery and mechanical appliances; electrical equipment	1 561.0	15.6	372.1	15.5	397.9	16.1	421.9	16.4
Transport vehicles	452.4	4.5	121.5	5.1	122.2	4.9	103.2	4.0
Miscellaneous manufactured articles	295.9	3.0	73.9	3.1	76.5	3.1	83.1	3.2
Other goods	302.3	3.0	77.7	3.1	69.2	2.8	61.6	2.4

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

### 34. MAIN IMPORT GOODS OF LATVIA

(in CIF prices)

	2013 <sup>1</sup>		2014					
	Millions of euro	%	Q1 <sup>1</sup>		Q2		Q3	
			Millions of euro	%	Millions of euro	%	Millions of euro	%
Total	12 635.1	100.0	3 007.0	100.0	3 079.9	100.0	3 181.4	100.0
Agricultural and food products	2 003.4	15.8	496.7	16.5	484.8	15.7	481.6	15.1
Mineral products	2 170.8	17.2	457.6	15.2	434.2	14.1	457.4	14.4
Products of the chemical and allied industries	1 187.9	9.4	302.8	10.1	316.8	10.3	302.8	9.5
Plastics and articles thereof; rubber and articles thereof	698.6	5.5	166.0	5.5	185.6	6.0	207.0	6.5
Wood and articles of wood	248.0	1.9	75.2	2.5	92.4	3.0	76.7	2.4
Pulp of wood; paper and paperboard	299.7	2.4	75.3	2.5	76.4	2.5	89.6	2.8
Textiles and textile articles	601.1	4.8	152.0	5.0	136.8	4.4	164.3	5.2
Articles of stone, plaster, cement, glassware and ceramic products	213.5	1.7	50.6	1.7	63.5	2.1	68.1	2.1
Base metals and articles of base metals	1 093.5	8.7	261.9	8.7	264.3	8.6	276.4	8.7
Machinery and mechanical appliances; electrical equipment	2 326.9	18.4	549.7	18.3	562.6	18.3	649.1	20.4
Transport vehicles	967.8	7.7	207.8	6.9	267.1	8.7	187.0	5.9
Miscellaneous manufactured articles	290.1	2.3	68.1	2.3	68.4	2.2	80.2	2.5
Other goods	533.9	4.2	143.2	4.8	127.0	4.1	141.1	4.5

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

### 35. LATVIAN FOREIGN TRADE PARTNERS

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

2014	Q1 <sup>1</sup>					Q2					Q3				
	Millions of euro			% of the total		Millions of euro			% of the total		Millions of euro			% of the total	
	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports	Exports	Imports	Balance	Exports	Imports
Total	2 406.2	3 007.0	-600.8	100.0	100.0	2 473.5	3 079.9	-606.4	100.0	100.0	2 573.7	3 181.4	-607.8	100.0	100.0
EU15 countries	801.2	1 149.8	-348.6	33.3	38.2	797.1	1 204.5	-407.4	32.2	39.1	796.8	1 243.4	-446.6	31.0	39.1
EU28 countries	1 744.6	2 347.1	-602.5	72.5	78.1	1 814.6	2 487.2	-672.5	73.3	80.8	1 848.9	2 547.7	-698.8	71.8	80.1
incl. Germany	174.6	352.3	-177.7	7.3	11.7	177.1	359.1	-182.0	7.2	11.7	174.5	338.2	-163.7	6.8	10.6
Sweden	138.9	99.0	39.9	5.8	3.3	136.1	97.5	38.6	5.5	3.2	137.1	99.3	37.8	5.3	3.1
UK	112.1	51.1	61.0	4.7	1.7	127.4	58.6	68.8	5.2	1.9	129.1	52.9	76.2	5.0	1.7
Finland	57.1	156.6	-99.5	2.4	5.2	58.1	183.3	-125.2	2.3	6.0	51.3	218.8	-167.5	2.0	6.9
Denmark	93.0	68.2	24.8	3.9	2.3	89.3	70.9	18.4	3.6	2.3	93.1	75.4	17.7	3.6	2.4
Netherlands	58.4	113.4	-55.0	2.4	3.8	49.5	109.5	-60.0	2.0	3.6	43.2	113.8	-70.6	1.7	3.6
Lithuania	400.3	519.9	-119.6	16.6	17.3	457.3	552.8	-95.5	18.5	17.9	497.6	548.1	-50.5	19.3	17.2
Estonia	287.4	234.7	52.7	11.9	7.8	300.4	238.5	61.9	12.1	7.7	302.3	245.9	56.4	11.7	7.7
Poland	180.7	325.0	-144.3	7.5	10.8	171.8	357.3	-185.4	6.9	11.6	155.6	359.0	-203.4	6.0	11.3
CIS	329.9	414.9	-84.9	13.7	13.8	350.5	355.3	-4.8	14.2	11.5	411.8	348.6	63.2	16.0	10.9
incl. Russia	230.4	298.8	-68.4	9.6	9.9	243.1	223.6	19.5	9.8	7.3	310.4	214.8	95.6	12.1	6.8
Other countries	331.7	245.1	86.6	13.8	8.1	308.3	237.5	70.8	12.5	7.7	313.0	285.1	27.8	12.2	9.0
incl. USA	25.3	16.6	8.7	1.1	0.6	28.4	18.1	10.3	1.1	0.6	32.0	16.2	15.8	1.2	0.5
Norway	67.8	13.9	54.0	2.8	0.5	57.4	16.1	41.3	2.3	0.5	60.1	14.8	45.3	2.3	0.5
China	23.6	79.2	-55.6	1.0	2.6	20.3	72.6	-52.3	0.8	2.4	29.7	107.8	-78.1	1.2	3.4

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

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

(at end of period; millions of euro)

2014	Non-financial corporations			Households		
	Revolving loans and overdraft	Convenience credit	Extended credit	Revolving loans and overdraft	Convenience credit	Extended credit
I	917.9	1.7	1.2	65.6	13.0	125.7
II	927.2	1.6	1.2	68.0	12.7	124.0
III	930.2	1.8	1.3	68.1	13.0	123.9
IV	931.7	1.8	1.3	66.2	12.9	123.4
V	936.6	1.8	1.3	66.2	13.0	123.5
VI	919.4	1.7	1.3	64.4	12.9	121.8
VII	904.2	1.8	1.3	64.1	12.9	121.9
VIII	961.6	1.6	1.3	64.6	13.0	121.7
IX	951.9	1.8	1.3	64.0	11.3	122.1

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

(at end of period; millions of euro)

2014	In euro					
	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 $\leq 1$ year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period $\leq 2$ years
III	4 930.8	898.1	3 572.2	4 681.5	1 297.2	3 239.4
VI	4 923.2	943.7	3 492.5	4 654.7	1 384.4	3 123.9
IX	4 905.4	1 055.2	3 344.5	4 631.9	1 610.7	2 891.7

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

(at end of period; millions of euro)

2014	In euro					
	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 $\leq 1$ year		with a residual maturity of up to 2 years	with a residual maturity of over 2 years and interest rate reset period $\leq 2$ years
III	5 277.2	237.9	4 288.1	5 211.1	423.3	4 303.3
VI	5 199.1	232.5	4 237.8	5 144.0	423.2	4 265.9
IX	5 173.2	227.3	4 195.7	5 118.0	415.6	4 243.2

## Additional Information

### General notes

The cut-off date for the information used in this report is 3 December 2014.

The Macroeconomic Developments Report published by Latvijas Banka is based on data provided by the CSB, ECB, the Treasury, NASDAQ OMX Riga, Euribor-EBF and Latvijas Banka.

Data sources for charts are EC (Charts 1.1, 3.4, 3.6, 4.3, 4.4, 4.11–4.14 and 5.3), Datastream (Chart 1.1), Reuters (Charts 1.2 and 5.5), CSB (Charts 1.3, 1.4, 2.22, 3.1–3.4, 3.7–3.9, 4.1, 4.2, 4.5–4.10, 4.14, 5.1, 5.4, 5.6, 6.2 and 6.3), Bloomberg (Charts 2.1–2.4 and 2.6–2.8), the Treasury (Charts 2.5 and 3.10–3.12), Latvijas Banka (Charts 2.9–2.23, 4.10, 4.12, 5.1, 6.1–6.3, 7.1 and 7.2), ECB (Chart 2.10), Road Traffic Safety Directorate (Chart 3.5), SRS (Chart 4.14) and Food and Agriculture Organization of the United Nations (Chart 5.2).

Data sources for Statistics tables are Latvijas Banka (Tables 1, 3, 4, 6–25, 27, 28, 36 and 37), NASDAQ OMX Riga (Table 1), the Treasury (Tables 1, 2ab and 29), Euribor-EBF (Table 1), CSB (Tables 2ab and 30–35) and ECB (Tables 5 and 26).

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 balance sheet data of Latvijas Banka and information from the financial position reports of other MFIs, prepared using methodology of Latvijas Banka (see Latvijas Banka Regulation No. 99 "Regulation for Compiling the 'Monthly Financial Position Report' of Monetary Financial Institutions" of 16 May 2013).

In the publication, the following terms have been used:

MFIs – financial institutions forming the money-issuing sector. In Latvia, MFIs include Latvijas Banka, credit institutions and other MFIs in compliance with the List of Monetary Financial Institutions of the Republic of Latvia compiled by Latvijas Banka. In the EU, MFIs include the ECB, the national central banks of the euro area, credit institutions and other MFIs (money market funds) in compliance with the original List of MFIs 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. In Latvia, the FCMC and the NASDAQ OMX Riga shall also 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) Assets and liabilities of Latvijas Banka (Table 6), expanding the range of reported financial instruments;

2) Aggregated balance sheet of MFIs (excluding Latvijas Banka), i.e. the sum of the harmonised balance sheets of Latvia's MFIs, excluding Latvijas Banka (Table 7);

3) monetary aggregates and their components (Table 4) reflect Latvia's contributions to the euro area monetary aggregates and their counterparts. These are obtained from the consolidated balance sheet of MFIs. Latvia's contributions to the following monetary aggregates are calculated and published:

- overnight deposits in all currencies held with MFIs;
- 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.
- repurchase agreements, debt securities with a maturity of up to and including 2 years issued by MFIs, and money market fund shares and units.

The monetary aggregates of Latvijas Banka (Table 3) are also published comprising the national contribution to the euro area monetary base and the counterparts, as well as a monetary survey of Latvia's MFIs (excluding Latvijas Banka; Table 10).

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

1) consolidated balance sheet of MFIs obtained by netting out inter-MFI positions in the aggregated balance sheet of Latvia's MFIs (Table 8). Due to slight accounting methodology differences, the sum of the inter-MFI positions is not always zero; therefore, the balance is reported under the item Excess of inter-MFI liabilities.

2) Aggregated balance sheet of Latvia's MFIs (excluding Latvijas Banka) which is the sum of the harmonised balance sheets (Tables 9ab);

3) Information characterising foreign assets and foreign liabilities of MFIs (excluding Latvijas Banka; Tables 11ab), including selected items in the monthly financial position

report of MFIs (excluding Latvijas Banka) by group of countries (Table 12);

4) Information characterising the maturity profile and types of deposits (including repo agreements) of Latvia's financial institutions, non-financial corporations and households with MFIs (excluding Latvijas Banka; 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 Latvijas Banka) deposits by currency is provided in Tables 20ab;

5) Information characterising the maturity profile and types of MFI (excluding Latvijas Banka) loans to Latvia's financial institutions, non-financial corporations and households (Tables 15, 16ab, 17, 18, 36 and 37) as well as government and non-resident loans (Table 16c). The breakdown of MFI (excluding Latvijas Banka) loans by currency is provided in Tables 20cd;

6) Information characterising MFI (excluding Latvijas Banka) securities holdings (Tables 19ab and 20ef);

7) Information characterising debt securities issued by MFIs (excluding Latvijas Banka; Table 20g).

### **Interest rates**

The interest rates calculation includes information from MFI reports prepared in compliance with Latvijas Banka Regulation No. 100 "Regulation for Compiling Interest Rate Reports of Monetary Financial Institutions" of 16 May 2013. Based on the methodology laid out in the above Regulation, 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.

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 on 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 23) are reported as weighted average interest rates on new business, aggregating the information submitted by credit institutions, prepared based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 102

"Regulation for Compiling the 'Report on Monetary Market Transactions'" of 16 May 2013).

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

Information characterising the foreign currency selling and buying transactions is reported based on the methodology of Latvijas Banka (see Latvijas Banka Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009, Latvijas Banka Regulation No. 118 "Amendments to Latvijas Banka Regulation No. 36 "Regulation for Purchasing and Selling Cash Foreign Currency" of 13 May 2009" of 11 July 2013 and Latvijas Banka Regulation No. 101 "Regulation for Compiling Reports on Foreign Currency Purchases and Sales" of 16 May 2013). 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.

The euro reference rates published by the ECB (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.