

Appendices

Appendix 1 Monetary Indicators in 2021

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(at the end of the period; millions of euro)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
LATVIJAS BANKA												
Latvia's contribution to the euro area monetary base	10 533.5	10 782.2	11 098.7	10 965.5	10 976.9	11 433.7	11 161.1	11 042.7	10 880.4	10 786.7	10 884.3	12 029.6
Currency in circulation	5 197.7	5 224.5	5 272.1	5 298.9	5 352.4	5 395.5	5 454.1	5 460.9	5 480.2	5 511.3	5 533.0	5 622.9
Current accounts (covering the minimum reserve system)	5 335.8	5 557.7	5 826.6	5 666.6	5 624.5	6 038.2	5 707.0	5 581.8	5 400.2	5 275.4	5 351.3	6 406.7
Foreign assets outside the euro area	10 899.2	10 915.4	11 166.4	11 145.7	11 173.1	11 359.6	11 452.0	11 903.0	11 872.8	11 972.1	12 062.2	12 117.5
Foreign liabilities outside the euro area	1 484.9	926.6	728.3	700.2	710.9	728.8	719.3	720.1	735.3	748.7	747.8	746.3
Credit	6 337.2	6 535.3	6 738.0	6 984.6	7 005.3	7 246.5	7 193.7	7 190.8	7 428.3	7 388.1	7 477.2	6 885.1
To MFIs in the euro area	1 520.0	1 553.5	1 518.8	1 540.7	1 480.7	1 531.0	1 519.8	1 499.1	1 518.6	1 471.2	1 486.3	781.9
To the general government sector in the euro area	4 397.5	4 542.8	4 748.0	4 965.2	5 012.9	5 018.5	4 965.8	4 968.3	5 088.6	5 094.9	5 143.3	5 154.9
To other euro area residents	419.7	439.0	471.2	478.7	511.7	697.0	708.1	723.4	821.1	822.0	847.6	948.3
MFI												
Overnight deposits (Latvia's contribution to M1 of the euro area)	15 654.7	15 869.5	16 402.6	16 155.1	16 254.7	16 623.4	16 655.4	16 583.7	16 645.1	16 838.9	16 954.2	17 354.9
Deposits with an agreed maturity of up to 2 years	1 114.2	1 013.9	1 003.0	1 001.0	998.8	941.5	965.9	947.0	904.2	878.7	860.0	797.6
Deposits redeemable at notice of up to 3 months	670.4	677.1	685.4	691.1	690.3	688.8	688.6	687.8	683.0	685.3	685.9	690.9
Latvia's contribution to M2 of the euro area	17 439.3	17 560.5	18 091.0	17 847.2	17 943.7	18 253.7	18 309.8	18 218.5	18 232.3	18 402.9	18 500.1	18 843.4
Repo transactions	122.9	169.3	170.9	202.6	201.6	203.6	242.5	243.1	234.8	217.2	218.0	219.2
Money market fund shares and units	0	0	0	0	0	0	0	0	0	0	0	0
Debt securities with a maturity of up to 2 years	-1.6	0	0	0	0	0	0	0	0	0	0	0
Latvia's contribution to M3 of the euro area	17 560.6	17 729.8	18 261.8	18 049.8	18 145.3	18 457.3	18 552.3	18 461.6	18 467.1	18 620.1	18 718.1	19 062.6
Net foreign assets outside the euro area	10 541.9	11 084.2	11 611.3	11 538.4	11 762.2	12 009.7	12 294.7	12 597.9	12 655.3	12 916.4	12 967.1	11 425.7
Credit to euro area financial institutions, non-financial corporations and households	13 199.8	13 173.6	13 327.8	13 245.5	13 237.3	13 241.8	13 375.4	13 449.8	13 557.5	13 715.9	13 642.6	13 637.0
Loans to resident financial institutions, non-financial corporations and households	11 957.8	11 934.4	12 075.8	11 987.8	12 008.6	12 029.3	12 200.8	12 254.9	12 371.4	12 559.6	12 497.1	12 423.8
Deposits by resident financial institutions, non-financial corporations and households	14 878.1	15 005.5	15 525.3	15 366.7	15 454.2	15 790.9	15 830.8	15 777.0	15 839.4	15 977.9	16 143.7	16 539.5
INTEREST RATES												
Interest rate on the main refinancing operations (at end of period; %)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Weighted average interest rates on transactions in euro (%)												
Interbank loans	-0.50	-0.50	-0.50	-0.32	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
Loans to non-financial corporations and households with a floating interest rate and an initial rate fixation of up to 1 year (new business)	3.0	3.1	3.0	3.3	2.6	2.8	2.7	2.3	3.3	2.3	2.6	2.9
Time deposits by non-financial corporations and households (new business)	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.1	0.2	0.2	0.3

Appendix 2 Month-End Balance Sheets of Latvijas Banka for 2021

(at the end of the month; thousands of euro)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ASSETS	23 060 952	23 277 499	23 690 804	23 867 958	23 977 117	24 425 907	24 521 185	25 011 443	25 233 591	25 311 439	25 506 392	25 074 429
Gold and gold receivables	329 327	311 166	307 231	312 932	333 978	316 787	328 685	327 693	318 668	328 072	337 512	344 166
Claims on non-euro area residents denominated in foreign currency	4 128 737	4 088 032	4 223 533	4 149 069	4 046 897	4 114 662	4 091 303	4 460 088	4 479 979	4 492 459	4 492 050	4 495 181
Receivables from the IMF	143 498	143 547	145 987	143 607	143 049	144 994	145 127	528 857	534 744	533 821	541 949	542 959
Balances with credit institutions and security investments, external loans and other external assets	3 985 239	3 944 485	4 077 546	4 005 462	3 903 848	3 969 668	3 946 176	3 931 231	3 945 235	3 958 638	3 950 101	3 952 222
Claims on euro area residents denominated in foreign currency	335 634	362 390	334 724	331 097	277 029	437 418	436 647	419 115	499 774	433 249	454 505	528 428
Claims on non-euro area residents denominated in euro	123 644	124 572	144 554	149 954	160 102	195 609	191 910	190 657	202 695	190 940	183 436	174 081
Lending to euro area credit institutions related to monetary policy operations denominated in euro	1 260 000	1 260 000	1 267 700	1 277 700	1 277 700	1 321 600	1 311 600	1 311 600	1 311 600	1 311 600	1 311 600	616 600
Longer-term refinancing operations	1 260 000	1 260 000	1 267 700	1 277 700	1 277 700	1 321 600	1 311 600	1 311 600	1 311 600	1 311 600	1 311 600	616 600
Other claims on euro area credit institutions denominated in euro	430	10 089	3 601	21 486	6	1 212	628	1 706	10 348	4 833	1 867	4 255
Securities of euro area residents denominated in euro	11 058 623	11 294 415	11 623 012	11 888 111	12 082 595	12 218 799	12 284 998	12 382 945	12 478 103	12 599 007	12 758 419	12 839 996
Securities held for monetary policy purposes	9 935 212	10 149 726	10 451 276	10 715 544	10 908 458	11 025 002	11 085 975	11 173 052	11 253 570	11 436 108	11 588 976	11 690 783
Other securities	1 123 411	1 144 689	1 171 736	1 172 567	1 174 137	1 193 797	1 199 023	1 209 893	1 224 533	1 162 899	1 169 443	1 149 213
Intra-Eurosystem claims	5 629 683	5 633 840	5 597 827	5 536 904	5 599 989	5 637 773	5 683 498	5 712 375	5 742 981	5 765 020	5 774 825	5 868 008
Participating interest in the ECB	114 095	114 095	114 095	114 095	114 095	114 095	114 095	114 095	114 095	114 095	114 095	116 472
Claims equivalent to the transfer of foreign reserves to the ECB	157 202	157 202	157 202	157 202	157 202	157 202	157 202	157 202	157 202	157 202	157 202	157 202
Claims related to other operational requirements within the Eurosystem	5 358 386	5 362 543	5 326 530	5 265 607	5 328 692	5 366 476	5 412 201	5 441 078	5 471 684	5 493 723	5 503 528	5 594 334
Other assets	194 874	192 995	188 622	200 705	198 821	182 047	191 916	205 264	189 443	186 259	192 178	203 714

Appendix 2 (cont.)

(at the end of the month; thousands of euro)

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	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
LIABILITIES	23 060 952	23 277 499	23 690 804	23 867 958	23 977 117	24 425 907	24 521 185	25 011 443	25 233 591	25 311 439	25 506 392	25 074 429
Banknotes in circulation	5 117 799	5 144 167	5 191 069	5 216 637	5 270 183	5 311 791	5 369 850	5 376 227	5 395 457	5 425 026	5 446 640	5 536 624
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	5 335 824	5 557 689	5 826 602	5 666 568	5 624 494	6 038 201	5 706 979	5 581 831	5 400 156	5 275 407	5 351 275	6 406 673
Current accounts (covering the minimum reserve system)	5 335 824	5 557 689	5 826 602	5 666 568	5 624 494	6 038 201	5 706 979	5 581 831	5 400 156	5 275 407	5 351 275	6 406 673
Other liabilities to euro area credit institutions denominated in euro	604 084	701 857	790 798	788 381	748 439	789 290	793 108	603 675	725 797	724 121	578 769	649 746
Liabilities to other euro area residents denominated in euro	2 511 227	2 508 676	3 155 086	3 116 310	3 205 734	2 638 410	2 880 634	2 950 622	3 459 224	3 293 487	3 403 422	3 438 792
General government	987 436	970 057	1 619 333	1 573 555	1 667 956	1 102 293	1 276 080	1 351 207	1 860 778	1 707 002	1 814 516	1 803 339
Other liabilities	1 523 791	1 538 619	1 535 753	1 542 755	1 537 778	1 536 117	1 604 554	1 599 415	1 598 446	1 586 485	1 588 906	1 635 453
Liabilities to non-euro area residents denominated in euro	144 095	49 935	20 751	25 438	31 986	58 566	59 301	67 387	58 092	61 715	59 023	57 955
Liabilities to euro area residents denominated in foreign currency	692 978	1 187 484	1 415 369	1 407 183	1 284 007	1 338 949	1 307 101	1 666 623	1 696 924	1 591 570	1 585 998	1 594 262
Liabilities to non-euro area residents denominated in foreign currency	1 340 832	876 664	707 572	674 768	678 959	670 218	659 953	652 665	677 164	686 993	688 801	688 359
Intra-Eurosystem liabilities	6 087 230	6 069 768	5 336 069	5 757 800	5 888 969	6 285 785	6 422 683	6 772 621	6 492 283	6 919 878	7 013 871	5 356 980
Liabilities related to TARGET2 and national central bank correspondent accounts (net)	6 087 230	6 069 768	5 336 069	5 757 800	5 888 969	6 285 785	6 422 683	6 772 621	6 492 283	6 919 878	7 013 871	5 322 638
Liabilities related to other operational requirements within the Eurosystem	-	-	-	-	-	-	-	-	-	-	-	34 342
Other liabilities	421 354	424 295	462 550	422 061	427 623	464 925	443 598	445 487	481 445	457 646	478 613	436 383
Capital and reserves	805 529	756 964	784 938	792 812	816 723	829 772	877 978	894 305	847 049	875 596	899 980	908 655

Appendix 3 Year-End Balance Sheets of Latvijas Banka for the Years 2017–2021

(at the end of the year; thousands of euro)

	2017	2018	2019	2020	2021
ASSETS	17 498 642	18 247 147	18 745 509	23 045 742	25 074 429
Gold and gold receivables	230 856	239 195	289 043	330 139	344 166
Claims on non-euro area residents denominated in foreign currency	3 608 692	3 566 027	3 688 972	3 970 780	4 495 181
Receivables from the IMF	143 477	146 833	149 082	142 411	542 959
Balances with banks and security investments, external loans and other external assets	3 465 215	3 419 194	3 539 890	3 828 369	3 952 222
Claims on euro area residents denominated in foreign currency	355 065	326 308	460 415	333 706	528 428
Claims on non-euro area residents denominated in euro	101 333	101 837	90 139	119 143	174 081
Lending to euro area credit institutions related to monetary policy operations denominated in euro	244 660	38 750	12 250	1 260 000	616 600
Longer-term refinancing operations	244 660	38 750	12 250	1 260 000	616 600
Other claims on euro area credit institutions denominated in euro	438	488	8	120	4 255
Securities of euro area residents denominated in euro	8 131 197	8 813 038	8 721 137	11 129 440	12 839 996
Securities held for monetary policy purposes	6 719 984	7 423 080	7 636 472	10 008 456	11 690 783
Other securities	1 411 213	1 389 958	1 084 665	1 120 984	1 149 213
Intra-Eurosystem claims	4 604 114	4 952 780	5 277 483	5 673 974	5 868 008
Participating interest in the ECB	115 082	115 082	114 108	114 095	116 472
Claims equivalent to the transfer of foreign reserves to the ECB	163 480	163 480	158 264	157 202	157 202
Claims related to other operational requirements within the Eurosystem	4 325 552	4 674 218	5 005 111	5 402 677	5 594 334
Other assets	222 287	208 724	206 062	228 440	203 714

Appendix 3 (cont.)

(at the end of the year; thousands of euro)

	2017	2018	2019	2020	2021
LIABILITIES	17 498 642	18 247 147	18 745 509	23 045 742	25 074 429
Banknotes in circulation	4 314 088	4 536 729	4 666 799	5 142 726	5 536 624
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	5 712 980	5 050 101	5 660 676	6 053 812	6 406 673
Current accounts (covering the minimum reserve system)	5 712 980	5 050 101	5 660 676	6 053 812	6 406 673
Other liabilities to euro area credit institutions denominated in euro	22 610	13 847	11 871	577 746	649 746
Liabilities to other euro area residents denominated in euro	215 712	1 449 237	1 506 709	3 012 014	3 438 792
General government	29 516	129 113	442 044	1 588 192	1 803 339
Other liabilities	186 196	1 320 124	1 064 665	1 423 822	1 635 453
Liabilities to non-euro area residents denominated in euro	2 535	16 524	307 239	238 737	57 955
Liabilities to euro area residents denominated in foreign currency	144 324	150 535	153 351	615 986	1 594 262
Liabilities to non-euro area residents denominated in foreign currency	634	115 284	1 642 368	1 364 010	688 359
Intra-Eurosystem liabilities	6 339 683	6 212 645	3 833 540	4 837 613	5 356 980
Liabilities related to TARGET2 and national central bank correspondent accounts (net)	6 339 683	6 212 645	3 826 452	4 809 553	5 322 638
Liabilities related to other operational requirements within the Eurosystem	-	-	7 088	28 060	34 342
Other liabilities	305 552	251 877	329 326	409 700	436 383
Capital and reserves	440 524	450 368	633 630	793 398	908 655

Appendix 4 Profit and Loss Statements of Latvijas Banka for the Years 2017–2021

(at the end of the year; thousands of euro)

	2017	2018	2019	2020	2021
Net interest income	71 498	79 494	95 946	139 537	123 981
Interest income	138 189	180 907	198 804	190 313	165 248
Interest expense	-66 691	-101 413	-102 858	-50 776	-41 267
Net result of financial operations, recognition of revaluation result in profit and loss statement and financial risk provisions	-28 175	-42 387	-37 821	-68 947	-50 235
Realised gains arising from financial operations	33 292	-49 690	46 253	44 471	357
Recognition of revaluation result on financial assets and positions in profit and loss statement	-18 791	-47 903	-3 856	-35 237	-36 618
Provisions for market risk and credit risk	-42 676	55 206	-80 218	-78 181	-13 974
Net expense from fees and commissions	-3 087	-2 783	-3 607	-3 394	-3 951
Fees and commissions income	397	644	811	949	981
Fees and commissions expense	-3 484	-3 427	-4 418	-4 343	-4 932
Income from participating interest	5 258	6 922	14 884	18 605	14 575
Net result of pooling of monetary income	3 651	122	-6 801	-27 701	-34 342
Other operating income	12 382	9 270	1 300	1 268	3 591
NET INCOME	61 527	50 638	63 901	59 368	53 619
Remuneration	-17 616	-17 515	-17 660	-16 867	-16 403
Social security costs and solidarity tax	-3 962	-4 031	-3 941	-3 764	-3 582
Banknote and coin acquisition costs	-4 542	-2 104	-1 791	-1 546	-1 831
Depreciation of fixed assets and amortisation of intangible assets	-3 750	-4 189	-4 129	-3 851	-3 802
Other operating expenses	-7 773	-8 233	-9 225	-6 694	-7 093
PROFIT OF THE REPORTING YEAR	23 884	14 566	27 155	26 646	20 908
Profit transferrable to the reserve capital	8 359	4 370	8 146	7 994	6 272
Profit transferrable to the state budget	15 525	10 196	19 009	18 652	14 636

Appendix 5

Latvijas Banka publications and major publications by the experts of Latvijas Banka in 2021

Regular publications and serial publications

Latvijas Banka: Annual Report 2020. Latvijas Banka, 2021.

Financial Stability Report, 2021. Latvijas Banka, 2021.

Latvijas Maksājumu Bilance = Latvia's Balance of Payments, 2020. Latvijas Banka, 2021.

Macroeconomic Developments Report. No. 32, March; No. 33, September 2021. Latvijas Banka, 2021.

Working papers

BUŠS, Ginters, GRÜNING, Patrick. Fiscal DSGE Model for Latvia. Working Paper, No. 5, 2020 [online]. Latvijas Banka, 2021. 60 p. Available: https://datnes.latvijasbanka.lv/papers/wp_5_2020_en.pdf

ZLOBINS, Andrejs. ZLB and Beyond: Real and Financial Effects of Low and Negative Interest Rates in the Euro Area. Working Paper, No. 6 [online]. Latvijas Banka, 2021. 40 p. Available: https://datnes.latvijasbanka.lv/papers/wp_6_2020_en.pdf

SILVERSTOVS, Boriss. Gauging the Effect of Influential Observations on Measures of Relative Forecast Accuracy in a Post-COVID-19 Era: Application to Nowcasting Euro Area GDP Growth. Working Paper No. 1, 2021 [online]. Latvijas Banka, 2021. 22 p. Available: https://datnes.latvijasbanka.lv/papers/wp_1_2021_en.pdf

ZLOBINS, Andrejs. On the Time-varying Effects of the ECB's Asset Purchases. Working Paper No. 2, 2021 [online]. Latvijas Banka, 2021. 47 p. Available: https://datnes.latvijasbanka.lv/papers/wp_2_2021.pdf

BUŠS, Ginters, GRÜNING, Patrick. Choosing the European Fiscal Rule. Working Paper No. 3, 2021 [online]. Latvijas Banka, 2021. 52 p. Available: https://datnes.latvijasbanka.lv/papers/wp_3_2021.pdf

Discussion papers

FADEJEVA, Ludmila, MIGALE, Anete, ZONDAKS, Miķelis. Household Finance and Consumption Survey 2017 in Latvia. Discussion Paper No. 1, 2020 [online]. Latvijas Banka, 2021. 54 p. Available: https://datnes.latvijasbanka.lv/papers/discussion/DM_1_2020-en.pdf

FADEJEVA, Ludmila, TKAČEVŠ, Oļegs. Are Tax-Favoured Savings Plans Effective in Raising Private Savings? Discussion Paper No. 1, 2021 [online]. Latvijas Banka, 2021. 31 p. Available: https://datnes.latvijasbanka.lv/papers/discussion/DM_1-2021-en.pdf

BENĶOVSKIS, Konstantīns, TKAČEVŠ, Oļegs, VILERTS, Kārlis. Interest Rate Spreads in the Baltics and the Rest of the Euro Area: Understanding the Factors behind the Differences. Discussion Paper No. 2, 2021 [online]. Latvijas Banka, 2021. 27 p. Available: https://datnes.latvijasbanka.lv/papers/discussion/dp_2_2021.pdf

Appendix 5 (cont.)

Publications

BESSONOVŠ, Andrejs, KRASNOPJOROVŠ, Oļegs. Short-term inflation projections model and its assessment in Latvia. *International Journal of Microsimulation* [online], vol. 21, issue 2, 2021, pp. 184–204.

BODNÁR, Katalin, FADEJEVA, Ludmila, HOEBERICHTS, Marco, PEINADO, Mario Izquierdo, JADEAU, Christophe, VIVIANO, Eliana. The impact of credit shocks on the European labour market. *International Journal of Microsimulation* [online], vol. 21, issue 1, 2021, pp. 1–25.

REUTER, Wolf Heinrich, TKAČEVŠ, Oļegs, VILERTS, Kārlis. Fiscal rules and volatility: the role of stabilising properties and compliance. *Empirica* [online]. Available: <https://doi.org/10.1007/s10663-021-09522-9>

SILIVERSTOVŠ, Boriss. New York FED Staff Nowcasts and Reality: What Can We Learn about the Future, the Present, and the Past? *Econometrics*, vol. 9, issue 1, 2021 [online]. Available: <https://doi.org/10.3390/econometrics9010011>

SANDQVIST, Anna Pauliina, SILIVERSTOVŠ, Boriss. Is it good to be bad or bad to be good? Assessing the aggregate impact of abnormal weather on consumer spending. *Empirical Economics*, vol. 61, issue 6, Springer, December 2021, pp. 3059–3085.

Appendix 6 Glossary

AnaCredit (analytical credit datasets): a common Eurosystem's granular analytical credit and credit risk database collecting data on loans granted to legal entities by the credit institutions of all euro area Member States based on harmonised ECB statistical reporting requirements.

Asset Purchase Programme (APP): part of a package of non-standard monetary policy measures approved by the Governing Council of the ECB, comprising corporate sector purchase programme (CSPP), public sector purchase programme (PSPP), asset-backed securities purchase programme (ABSPP) and the third covered bond purchase programme (CBPP3).

Balance of payments: a statistical statement summarising transactions between Latvia's residents and the residents of the rest of the world. It incorporates the current account, the capital account and the financial account.

Bank for International Settlements (BIS): an international financial organisation operating to facilitate international monetary and financial cooperation. The BIS acts as a bank for central banks.

Banking union: an EU-level framework for banking supervision and resolution operating based on a single rulebook applicable in the entire EU. Euro area countries and those EU countries outside the euro area opting to participate in the banking union are members of the banking union.

Clearing: the process of transmitting, processing and reconciling payment documents or securities transfer orders prior to settlement, resulting in establishment of the net position of each settlement participant by netting all payment documents submitted by the settlement participants, i.e. establishing net cash liabilities to or claims on other settlement participants.

Collateral: assets that are pledged or otherwise transferred to secure the recovery of losses in the case of counterparty default or insolvency. The collateral used in the Eurosystem's reverse transactions must meet certain eligibility criteria.

Council of the EU (EU Council): the institution representing the governments of EU countries. The ministers of EU countries meet in the EU Council to adopt legislative acts and coordinate policies. The EU Council is an essential EU decision-maker. It is a single legal entity, but it meets in 10 different configurations, depending on the subject being discussed. The most significant tasks of the EU Council include negotiating and adopting legislative acts, developing common foreign and security policy of the EU, signing international agreements on behalf of the EU as well as adopting the EU budget together with the European Parliament.

Credit institution: a capital company whose business is to receive deposits or other repayable funds from the public and to grant credits on its own account and provide other financial services.

Debt security: a security representing an obligation on the part of the issuer to make one or more payment(s) to the holder of the security at

Appendix 6 (cont.)

a specified future date or dates. Such security usually carries a specific interest rate (the coupon) or is sold at a discount/premium to the amount that will be repaid at maturity.

Deposit facility: a standing facility of the Eurosystem which credit institutions registered in the Republic of Latvia and branches, registered in Latvia, of credit institutions registered in other countries may use to make overnight deposits with Latvijas Banka at a pre-specified interest rate.

Deposits redeemable at notice: funds deposited with an MFI without any specified maturity, with the possibility of withdrawing on demand either subject to notifying the MFI within an agreed period of notice or subject to payment of a substantial penalty.

Deposits: funds placed on the accounts of MFIs for a specified or unspecified period of time, with or without earning interest.

Direct investment: investment by an investor (direct investor) made directly or indirectly (through subsidiaries or associated companies) to acquire a lasting interest (corresponding to at least 10% ownership of ordinary shares or voting rights) in an enterprise (direct investment enterprise). The components of direct investment are equity and debt instruments. Direct investment data are compiled both on an asset/liability basis (balance of payments and the international investment position data) and according to the directional principle – direct investment in Latvia and direct investment abroad.

E-commerce: trade of goods and services with the help of electronic communications.

Economic and Financial Committee (EFC): a counselling body set up to promote economic and financial policy coordination among the EU countries. In its fields of competence, the EFC delivers opinions at the request of the EU Council or the EC, as well as provides framework for the dialogue between the EU Council and the ECB and contributes to the preparation of the work of the EU Council. The EFC is composed of representatives of the governments (usually Ministries of Finance) and central banks of the EU Member States as well as representatives of the EC and ECB.

Electronic Clearing System of Latvijas Banka (EKS): Latvijas Banka's payment system ensuring the processing of retail payment orders across the SEPA. The EKS system provides two services: clearing service which is netting the payments and ensuring several clearing cycles per the EKS business day for settlements in euro and instant payment service which is processing payments within seconds, 24 hours a day, 7 days a week, 365 days a year.

Equities: securities representing ownership of a stake in a commercial company. They comprise shares and other forms of equity. Equities usually produce income in the form of dividends.

Euro area: EU countries which have adopted the euro as their single currency in accordance with the Treaty on the Functioning of the European Union and in which a single monetary policy is conducted under the responsibility of the Governing Council of the ECB. As at the end of 2021,

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the euro area comprised Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain.

European Banking Authority (EBA): an EU body with legal personality which forms part of the European System of Financial Supervisors and works to ensure effective and consistent prudential regulation and supervision across the EU banking sector. Its overall objective is to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

European Central Bank (ECB): the central institution of the ESCB and the Eurosystem having a legal personality under the EU law. The ECB implements the tasks conferred upon the Eurosystem and the ESCB pursuant to the Statute of the ESCB and the ECB in cooperation with the national central banks of the EU Member States.

European Council: an EU institution defining the EU's overall political direction and priorities. It is comprised of the heads of state or government of the EU Member States, the President of the European Council and the President of the EC.

European System of Central Banks (ESCB): includes the ECB and the national central banks of the EU Member States. The national central banks of those EU countries that have not yet adopted the euro implement an independent monetary policy according to their national law and are thus not involved in the conduct of the monetary policy of the Eurosystem.

European Systemic Risk Board (ESRB): an independent EU body which is a part of the European System of Financial Supervision and is responsible for the macro-prudential oversight of the financial system within the EU in order to contribute to the prevention or mitigation of systemic risks to financial stability in the EU that arise from developments within the financial system, taking into account macroeconomic developments, so as to avoid periods of widespread financial distress. It contributes to the smooth functioning of the internal market and thereby ensures a sustainable contribution of the financial sector to economic growth.

Eurosystem: comprises the ECB and the national central banks of the Member States of the euro area. The decision-making bodies of the Eurosystem are the Governing Council and the Executive Board of the ECB.

Financial stability: a condition of the financial system enabling it to withstand shocks, thereby mitigating the likelihood of disruptions in the financial intermediation process.

Financial vehicle corporation: an institutional unit other than an MFI that has been set up for the purpose of carrying out one or more securitisations.

Fine-tuning operation: an open market operation executed by the Eurosystem in order to deal with unexpected liquidity fluctuations in the market. The frequency and maturity of these operations are not standardised.

Fixed rate instrument: a financial instrument for which the coupon rate is fixed throughout the life of the instrument.

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General Council of the ECB: one of the decision-making bodies of the ECB, comprising the President and the Vice-President of the ECB and the Governors of the central banks of all EU countries.

General government: public institutional units engaged in production of goods or provision of services intended for individual or collective consumption free of charge or at economically insignificant prices, primarily financed from the compulsory payments (taxes and duties) imposed on economic agents, as well as institutional units engaged in redistribution of national income or wealth. General government in the Republic of Latvia includes central government, local governments and social security funds. The list of the institutional units of the Latvian general government is prepared by the CSB.

Governing Council of the ECB: the main decision-making body of the ECB. It consists of members of the Executive Board of the ECB and the governors of the national central banks of the euro area.

Household: a natural person or group of natural persons in the capacity of a consumer and producer of goods and a provider of non-financial services for exclusively own final use; a sole proprietor which is an economic unit established by a natural person or a group of natural persons; this natural person or group of natural persons is liable for the settlement of the obligations of the economic unit with its entire property and the unit's accounting is organised in accordance with the single-entry system.

Instant payment: execution of payments of bank and other payment service provider customers within a matter of seconds, making cash transfers 24 hours a day, 7 days a week, 365 days a year, including on holidays and weekends.

International Monetary Fund (IMF): an international organisation operating to facilitate international monetary cooperation, exchange rate stability, national economic growth and employment growth, and provide short-term financial assistance to IMF member countries for balancing the payment flow.

Key ECB interest rates: the interest rates on the main refinancing operations, on the marginal lending facility and on the deposit facility set by the Governing Council of the ECB.

Local government: institutional units of the local public administration, whose competence covers only a local economic territory. The list of the institutional units of the Latvian general government is prepared by the CSB.

Longer-term refinancing operation (LTRO): an open market operation, executed through reverse transactions with the aim to provide credit institutions with additional longer-term financing.

Main refinancing operation: a regular open market operation executed by the Eurosystem in the form of reverse transactions. Such operations are carried out through a weekly standard tender and normally have a maturity of one week.

Marginal lending facility: a standing facility, offered by the Eurosystem, which credit institutions registered in the Republic of Latvia and branches,

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registered in Latvia, of credit institutions registered in other countries may use to receive overnight credit from Latvijas Banka at a pre-specified interest rate against marketable or non-marketable assets.

Market risk: the risk related to fluctuations of the fair value or cash flow of financial instruments on account of movements in market prices. Market risk reflects the interest rate risk, currency risk and price risk.

Monetary base (base money): currency (banknotes and coins) in circulation, the minimum reserves credit institutions are required to hold with the Eurosystem as well as any excess reserves they may hold under the Eurosystem's deposit facility or as other liabilities related to the monetary policy operations.

Monetary financial institution (MFI): a central bank, credit institution (except a non-MFI credit institution), credit union, money market fund and other financial institution whose business is to receive deposits or close substitutes for deposits from customers other than MFIs and, on their own account, to grant credits and invest in securities, as well as an electronic money institution whose core business is to issue electronic money. MFIs in the Republic of Latvia include Latvijas Banka, credit institutions registered in the Republic of Latvia (except non-MFI credit institutions), credit unions, electronic money institutions that have commenced the issue of electronic money, money market funds managed by investment management companies that are registered in a European Economic Area country as well as branches, registered in the Republic of Latvia, of MFIs of other countries. Latvijas Banka sets up, maintains and regularly updates the List of Monetary Financial Institutions of the Republic of Latvia (see the Statistics section of Latvijas Banka's website www.bank.lv). The list is also available on the ECB website where the ECB publishes the list of MFIs of the EU Member States on a regular basis. As at the end of 2021, there were 52 MFIs in Latvia.

Monetary income: income accruing to the national central banks of the euro area in the process of the Eurosystem's monetary policy implementation, derived from assets earmarked in accordance with guidelines established by the Governing Council and held against banknotes in circulation and credit institutions' deposits with central banks of the euro area.

Net issuance of banknotes and coins: amount of euro banknotes and coins issued (difference between withdrawals and deposits of euro banknotes and coins) by the national central bank. It is estimated as at a specific date or for a specific period of time, in amounts or numbers.

Non-financial corporation: an institutional unit whose principal activity is producing goods and providing non-financial services, including an economic unit established by a natural person or a group of natural persons; this natural person or group of natural persons is liable for the settlement of the obligations of the economic unit with its entire property and the unit's accounting is organised in accordance with the double-entry system; head offices, whose subsidiaries or their largest part are non-financial corporations.

Non-MFI credit institution: a non-MFI credit institution within the meaning of Article 2(4) of Regulation (EU) 2021/379 of the European Central Bank of

Appendix 6 (cont.)

22 January 2021 on the balance sheet items of credit institutions and of the monetary financial institutions sector (recast) (ECB/2021/2).

Open market operation: an operation executed in the financial market on the initiative of a central bank. With regard to their aims, regularity and procedures, Eurosystem's open market operations can be divided into four categories: main refinancing operations, longer-term refinancing operations, fine-tuning operations and structural operations.

Organisation for Economic Co-operation and Development (OECD): an intergovernmental organisation, a forum providing a platform for seeking answers to common problems, identifying good practices and stimulating policies that improve the economic and social well-being of persons.

Pandemic emergency asset purchase programme (PEPP): a non-standard monetary policy measure approved by the Governing Council of the ECB to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the Covid-19 pandemic.

Pandemic emergency longer-term refinancing operation (PELTRO): a non-standard monetary policy measure approved by the Governing Council of the ECB to ensure sufficient liquidity to the euro area's financial system and smooth money market conditions during the Covid-19 pandemic period.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council of the ECB has defined price stability as a year-on-year increase in the HICP for the euro area that is 2%. The Governing Council has also stated that, in the pursuit of price stability, it aims to maintain inflation rates at 2% in the medium term.

Proxy (instant link): a link between the customer's current account number and his/her mobile phone number or other identifier. The customers who have registered the links between their current account numbers and identifiers with the Proxy Registry "Instant Links" can also receive transfers when the payer indicates the phone number only.

Request to pay: a payment request sent by the payee to the payer; the payer just has to confirm the request for the initiator of the request to receive the requested amount. It is possible to initiate a request to pay also by indicating the payer's mobile phone number only.

Reserve requirement: a requirement for credit institutions and credit unions to hold their minimum reserves with the national central bank over the reserve maintenance period. Compliance with the requirement is determined on the basis of the average end-of-day balance on the reserve account over the reserve maintenance period.

Residual maturity: time remaining until the maturity date of a debt instrument or a loan or time remaining until the final date of any other financial operation.

Reverse transaction: a transaction whereby the Eurosystem buys or sells assets under a repurchase agreement or conducts credit operations against collateral.

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Securities settlement system: an agreement between at least three participants, apart from the operator of the system, on the execution of securities' transfer orders between those participants in accordance with uniform regulations and standardised procedures.

Single Euro Payments Area (SEPA): a process developed by the Eurosystem for retail payments in euro, making payments in euro across European countries as fast, secure and effective as domestic payments. SEPA enables consumers, businesses and other economic agents to make both domestic and cross-border payments in euro on the same main terms and conditions, with the same rights and obligations, regardless of their location. As at the end of 2021, SEPA encompassed all EU Member States, Andorra, Iceland, Liechtenstein, Monaco, Norway, San Marino, Switzerland, the United Kingdom and the Vatican City.

Single Supervisory Mechanism (SSM): an EU-level framework for a prudential supervision of credit institutions in the euro area countries and in those EU countries outside the euro area opting to participate in the mechanism. The SSM is one of the central pillars of the banking union, comprising the ECB as the final responsible supervisory authority and the relevant national supervisory authorities of the EU countries.

Special Data Dissemination Standard Plus (SDDS Plus): the highest data dissemination standard of the IMF. Its purpose is to provide comprehensive, internationally comparable, timely, accessible, reliable and high-quality statistical data on population, financial, economic, fiscal and external sectors, including information on statistical data categories and responsible institutions in each country, as well as links to data and their clarification notes.

Structural operations: open market operations executed by the Eurosystem on a regular or non-regular basis whenever the ECB wishes to adjust the structural liquidity position of the Eurosystem vis-à-vis the financial sector.

Systemic risk: a risk of disruptions in the financial system with the potential to have significant negative consequences for the discharge of the functions of the financial system as a whole and the real economy.

TARGET: a new payment system that is being developed within the framework of TARGET2 and TARGET2-Securities consolidation project and will replace TARGET2 as of 21 November 2022.

TARGET2: a multiplicity of the TARGET2 component systems of all central banks. TARGET2 settles payments in euro in central bank money and functions on the basis of a single IT platform, to which all payment orders are submitted for processing. TARGET2 operation is ensured by Latvijas Banka in conjunction with the national central banks of the ESCB participating in TARGET2.

TARGET2-Latvija: a component system of TARGET2 in Latvia.

TARGET2-Securities (T2S): the Eurosystem's single technical platform enabling central securities depositories and national central banks to provide borderless and neutral core securities settlement services in the central bank money in Europe.

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Targeted longer-term refinancing operation (TLTRO): a reverse operation of the Eurosystem providing longer-term liquidity to credit institutions on attractive terms, so that they can continue easing the terms and conditions of lending to the private sector and to encourage their lending to the real economy. It is part of a package of non-standard monetary policy measures approved by the Governing Council of the ECB.

Travel: goods purchased and services received by travellers, except international carriage of passengers.

World Bank: the world's largest institutional investor whose primary objectives are the reduction of poverty and stimulating the economic growth of developing countries. It was founded in 1944 at the Bretton Woods (USA) conference. Currently, the World Bank Group consists of five closely linked institutions: International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, Multilateral Investment Guarantee Agency and International Centre for Settlement of Investment Disputes.

Appendix 7 Abbreviations and explanations

AML/CFT	anti-money laundering and combating the financing of terrorism and proliferation
APP	asset purchase programme
AS	joint stock company
AUKUS	trilateral pact between Australia, the United Kingdom and the United States
BIS	Bank for International Settlements
CSB	Central Statistical Bureau of Latvia
DSGE model	Dynamic Stochastic General Equilibrium model
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EFC	Economic and Financial Committee
EKS	Latvijas Banka's electronic clearing system
ESCB	European System of Central Banks
ESRB	European Systemic Risk Board
EU	European Union
FCMC	Financial and Capital Market Commission
FRS	US Federal Reserve System
GDP	Gross Domestic Product
HICP	Harmonised Index of Consumer Prices
IMF	International Monetary Fund
LTRO	longer-term refinancing operation
MFI	Monetary Financial Institution
NCB	national central bank
OECD	Organisation for Economic Co-operation and Development
PEPP	pandemic emergency purchase programme
PIT	personal income tax
PSPP	public sector purchase programme
SDDS	Plus Special Data Dissemination Standard Plus
SDR	Special Drawing Rights
SEPA	Single Euro Payments Area
SIA	limited liability company
SSM	Single Supervisory Mechanism
TLTRO	targeted longer-term refinancing operation
UK	United Kingdom
UN	United Nations
US	United States of America
VAT	Value Added Tax

Details may not add because of rounding-off.

-	no transactions or no outstanding amounts in the period.
x	no data available or no computation of indicators possible.
0; 0.0	magnitude less than half of the unit employed.