

Appendix 1. Monetary Indicators in 2022

(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	11 139.8	11 295.6	11 549.3	11 335.8	11 236.0	11 308.5	11 244.4	11 204.9	11 568.1	10 483.1	10 397.0	10 943.4
Currency in circulation	5 605.0	5 634.8	5 730.5	5 778.2	5 802.1	5 834.3	5 828.7	5 740.1	5 704.5	5 694.0	5 676.8	5 726.3
Current accounts of credit institutions	5 534.8	5 660.8	5 818.8	5 557.6	5 433.9	5 474.2	5 415.7	5 464.8	450.8	307.4	351.8	343.8
Deposit facility and other liabilities related to monetary policy operations	0	0	0	0	0	0	0	0	5 412.8	4 481.7	4 368.4	4 873.3
Foreign assets outside the euro area	12 196.6	12 300.6	12 401.6	12 666.1	12 585.8	12 636.2	12 767.1	12 731.8	12 676.0	12 268.7	12 290.5	12 323.0
Foreign liabilities outside the euro area	756.0	772.5	771.8	795.5	773.0	787.5	649.8	327.3	31.2	44.9	176.3	206.4
Credit	6 979.5	7 017.6	7 167.2	7 254.6	7 298.5	7 227.0	7 256.8	7 227.7	7 144.7	7 121.9	7 103.4	7 119.1
To MFIs in the euro area	790.3	794.9	807.1	803.8	802.5	751.0	771.4	769.0	787.3	754.0	705.9	707.0
To the general government sector in the euro area	5 259.2	5 309.2	5 445.2	5 533.3	5 590.7	5 583.5	5 587.1	5 563.8	5 522.8	5 537.7	5 561.3	5 583.3
To other euro area residents	930.0	913.5	914.9	917.5	905.3	892.5	898.3	894.9	834.6	830.2	836.2	828.8
MFI												
Overnight deposits (Latvia's contribution to M1 of the euro area)	17 260.2	17 448.8	17 649.5	17 589.3	17 665.0	17 839.8	17 788.4	17 907.4	17 916.3	18 111.6	17 961.3	18 501.6
Deposits with an agreed maturity of up to 2 years	739.7	679.8	656.2	658.8	619.2	586.8	572.4	554.8	564.1	663.1	798.8	853.1
Deposits redeemable at notice of up to 3 months	687.9	688.9	684.9	694.8	694.5	693.6	694.3	700.0	703.2	697.2	689.2	686.4
Latvia's contribution to M2 of the euro area	18 687.8	18 817.4	18 990.6	18 943.0	18 978.7	19 120.2	19 055.1	19 162.2	19 183.6	19 471.9	19 449.3	20 041.1
Repo transactions	219.3	215.8	215.7	214.8	177.7	175.9	179.5	155.9	0	0	0	0
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	0	0	0	0	0	0	0	0	0	0	0	0
Latvia's contribution to M3 of the euro area	18 907.0	19 033.2	19 206.3	19 157.8	19 156.4	19 296.1	19 234.6	19 318.1	19 183.6	19 471.9	19 449.3	20 041.1
Net foreign assets outside the euro area	12 319.7	12 248.9	12 375.5	12 727.3	12 745.1	12 721.3	12 976.6	12 941.8	13 219.2	13 938.0	13 892.4	14 029.7
Credit to euro area financial institutions, non-financial corporations and households	13 558.8	13 567.3	13 615.6	13 672.8	13 747.1	13 942.3	14 131.8	14 472.1	14 555.5	14 700.6	14 740.1	14 526.1
Loans to resident financial institutions, non-financial corporations and households	12 373.6	12 407.2	12 473.2	12 539.5	12 616.1	12 800.8	12 998.8	13 340.5	13 369.5	13 517.0	13 568.2	13 390.0
Deposits by resident financial institutions, non-financial corporations and households	16 335.0	16 492.8	16 673.4	16 680.3	16 727.0	16 957.1	16 950.2	17 046.4	17 223.7	17 452.8	17 363.9	17 997.3
Interest rates												
Interest rate on the main refinancing operations (at the end of the period; %)	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.50	1.25	1.25	2.00	2.50
Weighted average interest rates on transactions in euro (%)												
Interbank loans	-0.03	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	0.00	0.27	0.42	0.81	0.95
Loans to non-financial corporations and households with a floating interest rate and an initial rate fixation of up to 1 year (new business)	2.9	2.8	2.7	2.5	2.2	2.8	2.9	3.4	3.6	3.8	3.9	5.2
Time deposits by non-financial corporations and households (new business)	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.8	1.0

Appendix 2. Month-End Balance Sheets of Latvijas Banka for 2022

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

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
ASSETS	25 248 910	25 335 437	25 597 906	25 972 136	26 004 085	26 017 016	26 199 159	26 102 703	26 071 101	25 457 388	25 595 512	25 750 694
Gold and gold receivables	343 258	364 891	371 868	388 801	369 668	371 831	368 615	366 323	364 792	353 054	362 869	364 821
Claims on non-euro area residents denominated in foreign currency	4 436 089	4 407 448	4 359 466	4 421 212	4 262 488	4 260 318	4 372 859	4 354 131	4 051 462	3 927 659	3 851 481	3 788 044
Receivables from the International Monetary Fund	548 055	547 221	547 133	559 873	553 672	561 360	569 092	572 143	576 454	568 282	556 859	549 961
Balances with credit institutions and security investments, external loans and other external assets	3 888 034	3 860 227	3 812 333	3 861 339	3 708 816	3 698 958	3 803 767	3 781 988	3 475 008	3 359 377	3 294 622	3 238 083
Claims on euro area residents denominated in foreign currency	541 905	530 869	526 589	535 528	504 993	498 990	540 992	520 433	544 960	533 855	525 808	522 039
Claims on non-euro area residents denominated in euro	179 601	163 108	176 275	174 719	163 459	162 475	176 821	160 125	351 266	152 195	155 264	156 383
Lending to euro area credit institutions related to monetary policy operations denominated in euro	616 600	616 600	616 600	616 600	656 600	596 600	596 600	596 600	575 600	575 600	532 900	522 900
Main refinancing operations	-	-	-	-	-	-	-	-	-	-	-	-
Longer-term refinancing operations	616 600	616 600	616 600	616 600	616 600	596 600	596 600	596 600	575 600	575 600	532 900	522 900
Fine-tuning reverse operations	-	-	-	-	-	-	-	-	-	-	-	-
Structural reverse operations	-	-	-	-	-	-	-	-	-	-	-	-
Marginal lending facility	-	-	-	-	40 000	-	-	-	-	-	-	-
Credits related to margin calls	-	-	-	-	-	-	-	-	-	-	-	-
Other claims on euro area credit institutions denominated in euro	8 791	16 960	29 120	20 413	2 829	14 120	9 337	29 003	30 601	11	15	6 304
Securities of euro area residents denominated in euro	13 049 858	13 218 299	13 488 772	13 763 380	13 924 192	13 958 930	13 958 693	13 932 884	13 902 001	13 848 163	13 965 604	14 081 606
Securities held for monetary policy purposes	11 910 813	12 086 475	12 371 065	12 650 790	12 820 311	12 874 852	12 879 098	12 919 289	12 966 047	12 906 514	13 010 713	13 134 812
Other securities	1 139 045	1 131 824	1 117 707	1 112 590	1 103 881	1 084 078	1 079 595	1 013 595	935 954	941 649	954 891	946 794
Intra-Eurosystem claims	5 873 662	5 825 474	5 817 033	5 844 954	5 886 773	5 941 849	5 946 425	5 906 582	5 874 903	5 867 810	5 874 335	5 926 959
Participating interest in the European Central Bank	116 472	116 472	116 472	116 472	116 472	116 472	116 472	116 472	116 472	116 472	116 472	118 849
Claims equivalent to the transfer of foreign reserves to the European Central Bank	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 TARGET2 and national central bank correspondent accounts (net)	-	-	-	-	-	-	-	-	-	-	-	-
Claims related to other operational requirements within the Eurosystem	5 599 988	5 551 800	5 543 359	5 571 280	5 613 099	5 668 175	5 672 751	5 632 908	5 601 229	5 594 136	5 600 661	5 650 908
Pending settlements	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	199 146	191 788	212 183	206 529	233 083	211 903	228 817	236 622	375 516	199 041	327 236	381 638

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
LIABILITIES	25 248 910	25 335 437	25 597 906	25 972 136	26 004 085	26 017 016	26 199 159	26 102 703	26 071 101	25 457 388	25 595 512	25 750 694
Banknotes in circulation	5 519 118	5 548 888	5 644 332	5 691 119	5 714 504	5 745 522	5 739 126	5 649 713	5 614 153	5 604 015	5 586 430	5 635 738
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	5 534 791	5 660 766	5 818 782	5 557 560	5 433 876	5 474 152	5 415 671	5 464 815	5 863 597	4 789 120	4 720 218	5 217 165
Current accounts (covering the minimum reserve system)	5 534 791	5 660 766	5 818 782	5 557 560	5 433 876	5 474 152	5 415 671	5 464 815	450 814	307 421	351 833	343 816
Deposit facility	-	-	-	-	-	-	-	-	5 412 783	4 481 699	4 368 385	4 873 349
Time deposits	-	-	-	-	-	-	-	-	-	-	-	-
Fine-tuning reverse operations	-	-	-	-	-	-	-	-	-	-	-	-
Deposits related to margin calls	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities to euro area credit institutions denominated in euro	642 483	750 118	735 631	728 444	738 324	733 501	680 843	261 543	53 335	87 101	100 673	320 273
Liabilities to other euro area residents denominated in euro	3 514 061	3 550 612	3 306 063	3 672 046	3 684 629	3 646 531	3 704 029	3 847 712	3 151 304	3 597 114	3 284 787	2 517 104
General government	1 845 340	1 881 708	1 592 936	2 007 979	2 038 619	2 041 646	2 121 924	2 286 009	1 856 172	2 305 381	1 993 471	1 157 761
Other liabilities	1 668 721	1 668 904	1 713 127	1 664 067	1 646 010	1 604 885	1 582 105	1 561 703	1 295 132	1 291 733	1 291 316	1 359 343
Liabilities to non-euro area residents denominated in euro	58 078	71 445	55 223	53 912	57 437	63 525	34 147	31 722	31 215	44 851	176 287	171 688
Liabilities to euro area residents denominated in foreign currency	1 592 909	1 627 662	1 598 660	1 625 732	1 483 242	1 505 135	1 531 659	1 158 350	672 830	614 752	557 702	706 038
Liabilities to non-euro area residents denominated in foreign currency	697 954	701 007	716 565	741 560	715 527	723 992	615 623	295 577	-	-	-	34 701
Intra-Eurosystem liabilities	6 407 924	6 200 780	6 519 321	6 722 509	7 120 298	7 148 571	7 377 503	8 364 061	9 819 512	9 912 216	10 333 554	10 376 364
Liabilities related to TARGET2 and national central bank correspondent accounts (net)	6 407 924	6 200 780	6 519 321	6 722 509	7 120 298	7 148 571	7 377 503	8 364 061	9 819 512	9 912 216	10 333 554	10 370 127
Liabilities related to other operational requirements within the Eurosystem	-	-	-	-	-	-	-	-	-	-	-	6 237
Pending settlements	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	470 797	454 115	470 770	539 038	449 351	496 189	480 237	504 432	542 843	508 615	484 549	184 740
Capital and reserves	810 795	770 044	732 559	640 216	606 897	479 898	620 321	524 778	322 312	299 604	351 312	586 883

Appendix 3. Balance Sheets of Latvijas Banka for the Years 2018–2022

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

	2018	2019	2020	2021	2022
ASSETS	18 247 147	18 745 509	23 045 742	25 074 429	25 750 694
Gold and gold receivables	239 195	289 043	330 139	344 166	364 821
Claims on non-euro area residents denominated in foreign currency	3 566 027	3 688 972	3 970 780	4 495 181	3 788 044
Receivables from the International Monetary Fund	146 833	149 082	142 411	542 959	549 961
Balances with credit institutions and security investments, external loans and other external assets	3 419 194	3 539 890	3 828 369	3 952 222	3 238 083
Claims on euro area residents denominated in foreign currency	326 308	460 415	333 706	528 428	522 039
Claims on non-euro area residents denominated in euro	101 837	90 139	119 143	174 081	156 383
Lending to euro area credit institutions related to monetary policy operations denominated in euro	38 750	12 250	1 260 000	616 600	522 900
Main refinancing operations	-	-	-	-	-
Longer-term refinancing operations	38 750	12 250	1 260 000	616 600	522 900
Fine-tuning reverse operations	-	-	-	-	-
Structural reverse operations	-	-	-	-	-
Marginal lending facility	-	-	-	-	-
Credits related to margin calls	-	-	-	-	-
Other claims on euro area credit institutions denominated in euro	488	8	120	4 255	6 304
Securities of euro area residents denominated in euro	8 813 038	8 721 137	11 129 440	12 839 996	14 081 606
Securities held for monetary policy purposes	7 423 080	7 636 472	10 008 456	11 690 783	13 134 812
Other securities	1 389 958	1 084 665	1 120 984	1 149 213	946 794
Intra-Eurosystem claims	4 952 780	5 277 483	5 673 974	5 868 008	5 926 959
Participating interest in the European Central Bank	115 082	114 108	114 095	116 472	118 849
Claims equivalent to the transfer of foreign reserves to the European Central Bank	163 480	158 264	157 202	157 202	157 202
Claims related to TARGET2 and national central bank correspondent accounts (net)	-	-	-	-	-
Claims related to other operational requirements within the Eurosystem	4 674 218	5 005 111	5 402 677	5 594 334	5 650 908
Pending settlements	-	-	-	-	-
Other assets	208 724	206 062	228 440	203 714	381 638

	2018	2019	2020	2021	2022
LIABILITIES	18 247 147	18 745 509	23 045 742	25 074 429	25 750 694
Banknotes in circulation	4 536 729	4 666 799	5 142 726	5 536 624	5 635 738
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	5 050 101	5 660 676	6 053 812	6 406 673	5 217 165
Current accounts (covering the minimum reserve system)	5 050 101	5 660 676	6 053 812	6 406 673	343 816
Deposit facility	-	-	-	-	4 873 349
Time deposits	-	-	-	-	-
Fine-tuning reverse operations	-	-	-	-	-
Deposits related to margin calls	-	-	-	-	-
Other liabilities to euro area credit institutions denominated in euro	13 847	11 871	577 746	649 746	320 273
Liabilities to other euro area residents denominated in euro	1 449 237	1 506 709	3 012 014	3 438 792	2 517 104
General government	129 113	442 044	1 588 192	1 803 339	1 157 761
Other liabilities	1 320 124	1 064 665	1 423 822	1 635 453	1 359 343
Liabilities to non-euro area residents denominated in euro	16 524	307 239	238 737	57 955	171 688
Liabilities to euro area residents denominated in foreign currency	150 535	153 351	615 986	1 594 262	706 038
Liabilities to non-euro area residents denominated in foreign currency	115 284	1 642 368	1 364 010	688 359	34 701
Intra-Eurosystem liabilities	6 212 645	3 833 540	4 837 613	5 356 980	10 376 364
Liabilities related to TARGET2 and national central bank correspondent accounts (net)	6 212 645	3 826 452	4 809 553	5 322 638	10 370 127
Liabilities related to other operational requirements within the Eurosystem	-	7 088	28 060	34 342	6 237
Pending settlements	-	-	-	-	-
Other liabilities	251 877	329 326	409 700	436 383	184 740
Capital and reserves	450 368	633 630	793 398	908 655	586 883

Appendix 4. Profit and Loss Statements of Latvijas Banka for the Years 2018–2022

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

	2018	2019	2020	2021	2022
Net interest income	79 494	95 946	139 537	123 981	47 021
Interest income	180 907	198 804	190 313	165 248	211 229
Interest expense	-101 413	-102 858	-50 776	-41 267	-164 208
Net result of financial operations, recognition of revaluation result in profit and loss statement and financial risk provisions	-42 387	-37 821	-68 947	-50 235	-21 337
Realised gains arising from financial operations	-49 690	46 253	44 471	357	39 732
Recognition of revaluation result on financial assets and positions in profit and loss statement	-47 903	-3 856	-35 237	-36 618	-341 715
Provisions for market risk and credit risk	55 206	-80 218	-78 181	-13 974	280 646
Net expense from fees and commissions	-2 783	-3 607	-3 394	-3 951	-4 441
Fees and commissions income	644	811	949	981	1 011
Fees and commissions expense	-3 427	-4 418	-4 343	-4 932	-5 452
Income from participating interest	6 922	14 884	18 605	14 575	14 755
Net result of pooling of monetary income	122	-6 801	-27 701	-34 342	-6 237
Other operating income	9 270	1 300	1 268	3 591	5 766
NET INCOME	50 638	63 901	59 368	53 619	35 527
Remuneration	-17 515	-17 660	-16 867	-16 403	-16 502
Social security costs and solidarity tax	-4 031	-3 941	-3 764	-3 582	-3 653
Banknote and coin acquisition costs	-2 104	-1 791	-1 546	-1 831	-2 618
Depreciation of fixed assets and amortisation of intangible assets	-4 189	-4 129	-3 851	-3 802	-3 641
Other operating expenses	-8 233	-9 225	-6 694	-7 093	-9 113
PROFIT OF THE REPORTING YEAR	14 566	27 155	26 646	20 908	0
Profit transferrable to the reserve capital	4 370	8 146	7 994	6 272	0
Profit transferrable to the state budget	10 196	19 009	18 652	14 636	0

Appendix 5. Latvijas Banka Publications and Major Publications by the Experts of Latvijas Banka in 2022

Working papers

BEŅKOVSKIS, Konstantīns, FADEJEVA, Ludmila. Chasing the Shadow: the Evaluation of Unreported Wage Payments in Latvia. Riga: Latvijas Banka. Working Paper No 1, 2022, p. 21. Available: https://datnes.latvijasbanka.lv/papers/wp_1_2022.pdf. The summary in Latvian "Ēnai pa pēdām: aplokšņu algu novērtējums Latvijā" is available on the website www.bank.lv.

BEŅKOVSKIS, Konstantīns, TKAČEVŠ, Oļegs, JARRET, Peter, KRILL, Ze'ev, YASHIRO, Naomitsu. The Survival of Latvian Products and Firms in Export Markets. Riga: Latvijas Banka. Working Paper No 2, 2022, p. 46. Available: https://datnes.latvijasbanka.lv/papers/wp_2_2022.pdf. The summary in Latvian "Latvijas uzņēmumu un to produkcijas izdzīvošana eksporta tirgos" is available on the website www.bank.lv.

GAUTIER, Erwan, CONFLITTI, Cristina, FABER, Riemer, FABO, Brian, FADEJEVA, Ludmila, JOUVANCEAU, Valetnin, MENZ, Jan-Oliver, MESSNER, Teresa, PETROULAS, Pavlos, ROLDAN-BLANCO, Pau, RUMLER, Fabio, SANTORO, Sergio, WIELAND, Elisabeth, ZIMMER, Hélène. New Facts on Consumer Price Rigidity in the Euro Area. Riga: Latvijas Banka Working Paper No 3, 2022, p. 99. Available: https://datnes.latvijasbanka.lv/papers/WP_3-2022.pdf. The summary in Latvian "Jauni fakti par patēriņa cenu mainību eiro zonā" is available on the website www.bank.lv.

MATVEJEVS, Oļegs, TKAČEVŠ, Oļegs. Public investment crowds in private investment – with ifs and buts. Riga: Latvijas Banka Working Paper No 4, 2022, p. 41. Available: https://datnes.latvijasbanka.lv/papers/wp_4_2022.pdf. The summary in Latvian "Vai valsts investīcijas veicina privātās investīcijas?" is available on the website www.bank.lv.

ZLOBINS, Andrejs. Into the Universe of Unconventional Monetary Policy: State-dependence, Interaction and Complementarities. Riga: Latvijas Banka Working Paper No 5, 2022, p. 37. Available: https://datnes.latvijasbanka.lv/papers/wp_5_2022.pdf. The summary in Latvian "Nestandarta monetārās politikas šķautnes: nelinearitāte, mijiedarbība un komplementaritāte" is available on the website www.bank.lv.

GRÜNING, Patrick. Fiscal, Environmental, and Bank Regulation Policies in a Small Open Economy for the Green Transition. Riga: Latvijas Banka Working Paper No 6, 2022, p. 94. Available: https://datnes.latvijasbanka.lv/papers/wp_6_2022.pdf. The summary in Latvian "Fiskālā, vides un banku regulējuma politika, nodrošinot pāreju uz zaļo ekonomiku mazā un atvērtā tautsaimniecībā" is available on the website www.bank.lv.

Discussion papers

BRINĶE, Anete, FADEJEVA, Ludmila, SILIVERSTOVŠ, Boriss, VILERTS, Kārlis. Consumer Spending in the Covid-19 Pandemic: Evidence from Card Transactions in Latvia. Riga: Latvijas Banka, Discussion Paper No 1, 2022, p. 30. Available: https://datnes.latvijasbanka.lv/papers/discussion/DP_1_2022.pdf. The summary in Latvian "Patēriņa paradumi Covid-19 pandēmijas laikā: Latvijas maksājumu karšu datu liecības" is available on the website www.bank.lv.

KRASNOPJOROVS, Oļegs. Ready for the next 820? Looking for the keys to paradise of Riga city. Riga: Latvijas Banka, Discussion Paper No 2, 2022, p. 106. Available: https://datnes.latvijasbanka.lv/diskusijas-materiali/DP_2_2022_Riga_12_04.pdf. The summary in Latvian "Vai Rīga ir gatava nākamajiem 820 gadiem? Rīgas paradīzes atslēgas meklējot" is available on the website www.bank.lv.

Publications

AJEVSKIS, Viktors. 2022. Generalized impulse response function as a perturbation of a global solution to DSGE models. *AIP Conference Proceedings* 2522, <https://doi.org/10.1063/5.0100888>.

FADEJEVA, Ludmila, TKAČEVŠ, Oļegs. 2022. The effectiveness of tax incentives to encourage private savings. *Baltic Journal of Economics* 22(2).

KRASNOPJOROVS, Oļegs. 2022. Whether Low-income Households and Retirees Face Higher Inflation? Evidence from Latvia. University of Latvia international scientific conference proceedings "New Challenges in Economic and Business Development – 2022: Responsible Growth" Available: https://www.bvef.lu.lv/fileadmin/user_upload/LU.LV/Apaksvietnes/Fakultates/www.bvef.lu.lv/Proceeding_of_Reports_2022.pdf.

Public wage and pension indexation in the euro area: an overview. *ECB Occasional Paper Series*, No 299 / August 2022. Available: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op299~61d0565cfb.en.pdf>. Appendix "A.12 Latvia" prepared by Baiba Brusbārde (Latvijas Banka).

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 the 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 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 Latvia and branches 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: 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.

Electronic Clearing System of Latvijas Banka (EKS): Latvijas Banka's payment system ensuring the processing of retail payment orders across the SEPA. The EKS provides two services: clearing service which is netting the payments and ensuring several clearing cycles per 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 2022, the euro area comprised Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, 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 Supervision 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 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, and 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.

External statistics: balance of payments statistics, international investment position, external debt and direct investments.

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. Latvijas Banka sets up, maintains and regularly updates the List of Financial Vehicle Corporations (see the Statistics section of Latvijas Banka's website www.bank.lv).

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.

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 the 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 the redistribution of national income or wealth. General government in Latvia includes central government, local governments and social security funds.

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.

Integrated Reporting Framework (IReF): an important initiative of the ESCB providing for maximum harmonisation of data requirements for the needs of statistics and supervision of credit institutions ensuring optimal data availability on the level of both granular and aggregate data. IReF envisages data collection from credit institutions' information systems and reporting based on the Bank's Integrated Reporting Dictionary (BIRD) and a data exchange standard.

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 only covers a local economic territory. The list of institutional units of the Latvian general government is prepared by the Central Statistical Bureau.

Longer-term refinancing operation (LTRO): an open market operation, executed through reverse transactions with the aim of providing 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, 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 financial institution (MFI): a central bank, credit institution (except for 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 Latvia include Latvijas Banka, credit institutions registered in Latvia (except for 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 registered in a European Economic Area country, as well as branches of MFIs of other countries in Latvia. Latvijas Banka sets up, maintains and regularly updates the List of Monetary Financial Institutions 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 2022, there were 48 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 of the ECB 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 credit institution that does not take deposits or other repayable funds from the public and does not grant credits for its own account, i.e. whose business activities are not the activities referred to in Article 4(1)(1)(a) of Regulation (EU) No 575/2013.

Official electronic address (e-address): a set of elements (a unique string of numbers or numbers and letters) that ensures the addressee's reachability in the electronic environment.

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.

Price stability: the maintenance of price stability is the primary objective of the Eurosystem. The Governing Council of the ECB 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.

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

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 whose T2 service replaced TARGET2 as of 20 March 2023.

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.

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.

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.

The list of institutional units of the Latvian general government is prepared by the Central Statistical Bureau.

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

Abbreviations

AS	joint stock company
ECB	European Central Bank
ESCB	European System of Central Banks
EU	European Union
FCMC	Financial and Capital Market Commission
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
UK	United Kingdom
USA	United States of America