

Appendices

Appendix 1. Month-End Balance Sheets of Latvijas Banka for 2024

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

	01	02	03	04	05	06	07	08	09	10	11	12
ASSETS	25 274 224	25 129 847	25 088 147	24 508 172	24 664 469	24 719 650	24 573 075	24 716 321	24 698 634	24 562 652	24 796 911	24 835 827
Gold and gold receivables	401 969	401 094	437 577	461 174	461 785	466 098	477 401	486 142	504 546	544 029	538 679	536 915
Claims on non-euro area residents denominated in foreign currency	4 134 522	4 082 050	4 186 029	4 097 782	4 113 606	4 199 572	4 210 048	4 219 584	4 264 141	4 259 778	4 435 718	4 354 419
Receivables from the International Monetary Fund	539 810	539 514	539 381	541 010	537 110	540 941	540 192	535 312	533 814	539 454	549 745	553 097
Balances with credit institutions and security investments, external loans, and other external assets	3 594 712	3 542 536	3 646 648	3 556 772	3 576 496	3 658 631	3 669 856	3 684 272	3 730 327	3 720 324	3 885 973	3 801 322
Claims on euro area residents denominated in foreign currency	602 904	597 637	569 908	612 981	614 674	634 816	626 219	615 873	620 408	638 496	653 312	652 502
Claims on non-euro area residents denominated in euro	171 856	161 579	167 463	159 826	161 252	173 173	164 408	167 168	165 760	163 423	169 449	174 642
Lending to euro area credit institutions related to monetary policy operations denominated in euro	92 900	92 900	82 900	82 900	82 900	–	–	–	–	–	–	–
Main refinancing operations	–	–	–	–	–	–	–	–	–	–	–	–
Longer-term refinancing operations	92 900	92 900	82 900	82 900	82 900	–	–	–	–	–	–	–
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	14 732	1 644	4 049	5 364	5 550	7 473	2 045	575	1 414	16 972	13 656	17 707
Securities of euro area residents denominated in euro	13 414 044	13 295 906	13 117 979	12 580 749	12 628 454	12 589 208	12 408 954	12 442 196	12 325 811	12 151 231	12 141 486	12 134 084
Securities held for monetary policy purposes	12 464 018	12 339 113	12 147 769	11 647 403	11 679 402	11 604 979	11 425 164	11 425 484	11 274 723	11 111 816	11 116 663	11 116 256
Other securities	950 026	956 793	970 210	933 346	949 052	984 229	983 790	1 016 712	1 051 088	1 039 415	1 024 823	1 017 828
Intra-Eurosystem claims	6 211 073	6 223 822	6 219 365	6 250 071	6 279 753	6 302 439	6 353 846	6 383 645	6 400 831	6 438 170	6 459 607	6 722 756
Participating interest in the European Central Bank	118 849	119 222	119 222	119 222	119 222	119 222	119 222	119 222	119 222	119 222	119 222	119 222
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 other operational requirements within the Eurosystem	–	–	–	–	–	–	–	–	–	216	4 592	181 729
Claims related to TARGET2	–	–	–	–	–	–	–	–	–	–	–	–
Net claims related to the allocation of banknotes within the Eurosystem	5 935 022	5 947 398	5 942 941	5 973 647	6 003 329	6 026 015	6 077 422	6 107 221	6 124 407	6 161 530	6 178 591	6 264 603
Pending settlements	–	–	–	–	–	–	–	–	–	–	–	–
Other assets	230 224	273 215	302 877	257 325	316 495	346 871	330 154	401 138	415 723	350 553	385 004	242 802

	01	02	03	04	05	06	07	08	09	10	11	12
LIABILITIES	25 274 224	25 129 847	25 088 147	24 508 172	24 664 469	24 719 650	24 573 075	24 716 321	24 698 634	24 562 652	24 796 911	24 835 827
Banknotes in circulation	5 506 599	5 498 877	5 526 841	5 531 661	5 537 718	5 561 093	5 579 175	5 572 615	5 564 869	5 570 355	5 575 054	5 662 446
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	6 532 328	6 901 975	6 278 509	6 130 757	6 454 569	5 496 164	5 697 362	5 847 662	5 671 370	5 847 441	6 391 481	8 231 618
Current accounts (covering the minimum reserve system)	251 947	196 567	248 493	204 754	192 865	225 078	246 200	224 443	250 802	235 395	204 012	255 763
Deposit facility	6 280 381	6 705 408	6 030 016	5 926 003	6 261 704	5 271 086	5 451 162	5 623 219	5 420 568	5 612 046	6 187 469	7 975 855
Time deposits	–	–	–	–	–	–	–	–	–	–	–	–
Fine-tuning reverse operations	–	–	–	–	–	–	–	–	–	–	–	–
Deposits related to margin calls	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities to euro area credit institutions denominated in euro	230 105	235 858	319 484	321 668	443 203	450 666	961 456	904 863	770 576	847 058	773 723	313 190
Liabilities to other euro area residents denominated in euro	2 150 397	2 427 272	2 148 533	1 746 410	3 468 847	2 371 405	2 368 879	2 211 882	2 714 234	2 701 206	2 663 800	2 578 706
General government	1 114 347	1 360 241	1 082 670	683 459	2 398 198	1 306 836	1 273 410	1 142 345	1 654 160	1 657 664	1 621 107	1 652 356
Other liabilities	1 036 050	1 067 031	1 065 863	1 062 951	1 070 649	1 064 569	1 095 469	1 069 537	1 060 074	1 043 542	1 042 693	926 350
Liabilities to non-euro area residents denominated in euro	62 511	48 892	44 589	43 522	62 780	78 674	79 925	71 455	97 298	113 825	113 397	123 674
Liabilities to euro area residents denominated in foreign currency	721 138	718 993	1 257 227	1 260 213	1 358 020	1 368 393	1 373 479	1 332 251	1 268 650	1 274 891	1 116 837	921 536
Liabilities to non-euro area residents denominated in foreign currency	–	–	151 851	309 175	304 723	254 859	250 956	220 302	90 060			
Intra-Eurosystem liabilities	9 144 552	8 431 192	8 404 314	8 264 539	6 127 907	8 143 982	7 241 794	7 470 477	7 380 968	7 072 516	6 963 789	5 846 041
Liabilities related to other operational requirements within the Eurosystem	–	–	–	–	–	–	–	–	–	–	–	–
Liabilities related to TARGET	9 144 552	8 431 192	8 404 314	8 264 539	6 127 907	8 143 982	7 241 794	7 470 477	7 380 968	7 072 516	6 963 789	5 846 041
Pending settlements	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities	211 182	181 744	190 837	188 790	176 800	195 333	176 804	179 987	166 842	198 443	218 137	214 985
Capital and reserves	715 412	685 044	765 962	711 437	729 902	799 081	843 245	904 827	973 767	936 917	980 693	943 631

Appendix 2. Balance Sheets of Latvijas Banka for the Years 2020–2024

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

	2020	2021	2022	2023	2024
ASSETS	23 045 742	25 074 429	25 750 694	25 564 820	24 835 827
Gold and gold receivables	330 139	344 166	364 821	399 378	536 915
Claims on non-euro area residents denominated in foreign currency	3 970 780	4 495 181	3 788 044	4 049 526	4 354 419
Receivables from the International Monetary Fund	142 411	542 959	549 961	534 839	553 097
Balances with credit institutions and security investments, external loans, and other external assets	3 828 369	3 952 222	3 238 083	3 514 687	3 801 322
Claims on euro area residents denominated in foreign currency	333 706	528 428	522 039	595 802	652 502
Claims on non-euro area residents denominated in euro	119 143	174 081	156 383	168 476	174 642
Lending to euro area credit institutions related to monetary policy operations denominated in euro	1 260 000	616 600	522 900	92 900	–
Main refinancing operations	–	–	–	–	–
Longer-term refinancing operations	1 260 000	616 600	522 900	92 900	–
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	120	4 255	6 304	133	17 707
Securities of euro area residents denominated in euro	11 129 440	12 839 996	14 081 606	13 550 657	12 134 084
Securities held for monetary policy purposes	10 008 456	11 690 783	13 134 812	12 586 724	11 116 256
Other securities	1 120 984	1 149 213	946 794	963 933	1 017 828
Intra-Eurosystem claims	5 673 974	5 868 008	5 926 959	6 412 443	6 722 756
Participating interest in the European Central Bank	114 095	116 472	118 849	118 849	119 222
Claims equivalent to the transfer of foreign reserves to the European Central Bank	157 202	157 202	157 202	157 202	157 202
Claims related to other operational requirements within the Eurosystem	4 910	769	300	207 065	181 729
Claims related to TARGET	–	–	–	–	–
Net claims related to the allocation of banknotes within the Eurosystem	5 397 767	5 593 565	5 650 608	5 929 327	6 264 603
Pending settlements	–	–	–	–	–
Other assets	228 440	203 714	381 638	295 505	242 802
LIABILITIES	23 045 742	25 074 429	25 750 694	25 564 820	24 835 827
Banknotes in circulation	5 142 726	5 536 624	5 635 738	5 571 492	5 662 446
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	6 053 812	6 406 673	5 217 165	7 073 547	8 231 618
Current accounts (covering the minimum reserve system)	6 053 812	6 406 673	343 816	205 834	255 763
Deposit facility	–	–	4 873 349	6 867 713	7 975 855
Time deposits	–	–	–	–	–
Fine-tuning reverse operations	–	–	–	–	–
Deposits related to margin calls	–	–	–	–	–
Other liabilities to euro area credit institutions denominated in euro	577 746	649 746	320 273	314 720	313 190
Liabilities to other euro area residents denominated in euro	3 012 014	3 438 792	2 517 104	2 218 786	2 578 706
General government	1 588 192	1 803 339	1 157 761	1 131 021	1 652 356
Other liabilities	1 423 822	1 635 453	1 359 343	1 087 765	926 350
Liabilities to non-euro area residents denominated in euro	238 737	57 955	171 688	184 075	123 674
Liabilities to euro area residents denominated in foreign currency	615 986	1 594 262	706 038	1 262 758	921 536
Liabilities to non-euro area residents denominated in foreign currency	1 364 010	688 359	34 701	457 718	–
Intra-Eurosystem liabilities	4 837 613	5 356 980	10 376 364	7 569 389	5 846 041
Liabilities related to other operational requirements within the Eurosystem	28 060	34 342	6 237	–	–
Liabilities related to TARGET	4 809 553	5 322 638	10 370 127	7 569 389	5 846 041
Pending settlements	–	–	–	–	–
Other liabilities	409 700	436 383	184 740	182 217	214 985
Capital and reserves	793 398	908 655	586 883	730 118	943 631

Appendix 3. Profit and Loss Statements of Latvijas Banka for the Years 2020–2024

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

	2020	2021	2022	2023	2024
Net interest income	139 537	123 981	47 021	-229 006	-195 451
Interest income	190 313	165 248	211 229	503 974	556 182
Interest expense	-50 776	-41 267	-164 208	-732 980	-751 633
Net result of financial operations, recognition of revaluation result in profit and loss statement	9 234	-36 261	-301 983	-25 999	-31 664
Realised gains arising from financial operations	44 471	357	39 732	9 000	24 473
Recognition of revaluation result on financial assets and positions in profit and loss statement	-35 237	-36 618	-341 715	-34 999	-56 137
Net expense from fees and commissions	-3 394	-3 951	-4 441	-3 912	-3 925
Fees and commissions income	949	981	1 011	1 037	1 146
Fees and commissions expense	-4 343	-4 932	-5 452	-4 949	-5 071
Income from participating interest	18 605	14 575	14 755	12 222	13 465
Net result of pooling of monetary income	-27 701	-34 342	-6 237	206 554	181 595
Other operating income	1 268	3 591	5 766	19 561	19 371
NET INCOME	137 549	67 593	-245 119	-20 580	-16 609
Remuneration	-16 867	-16 403	-16 502	-24 728	-26 019
Social security costs and solidarity tax	-3 764	-3 582	-3 653	-5 540	-5 755
Banknote and coin acquisition costs	-1 546	-1 831	-2 618	-2 338	-1 968
Depreciation of fixed assets and amortisation of intangible assets	-3 851	-3 802	-3 641	-3 660	-3 462
Other operating expenses	-6 694	-7 093	-9 113	-11 965	-11 165
PROFIT/LOSS OF THE REPORTING YEAR BEFORE PROVISIONS FOR FINANCIAL RISKS	104 827	34 882	-280 646	-68 811	-64 978
Provisions for financial risks	-78 181	-13 974	280 646	15 051	-
PROFIT/LOSS OF THE REPORTING YEAR AFTER PROVISIONS FOR FINANCIAL RISKS	26 646	20 908	-	-53 760	-64 978
Profit transferrable to the reserve capital	7 994	6 272	-	-53 760	-64 978
Profit transferrable to the state budget	18 652	14 636	-	-	-

Appendix 4. Latvijas Banka's Publications and Major Publications by the Experts of Latvijas Banka in 2024

Working papers

BENKOVSKIS, Konstantīns, MERIKÜLL, Jaanika, PROŠKUTE, Aurelija. The transmission of trade shocks across countries: firm-level evidence from the Covid-19 crisis. Riga: Latvijas Banka, Working Paper No 1, 2024. 51 p. Available: https://datnes.latvijasbanka.lv/papers/WP_1-2024.pdf.

BENKOVSKIS, Konstantīns, TKAČEVŠ, Oļegs, VILERTS, Kārlis. Understanding How Job Retention Schemes Reshape the Within-Occupation Skill Profile of Employees within Firms. Riga: Latvijas Banka, Working Paper No 2, 2024. 44 p. Available: https://datnes.latvijasbanka.lv/papers/WP_2-2024.pdf.

FADEJEVA, Ludmila, JOUVANCEAU, Valentin, PAULUS, Alari. Consumer price rigidity in the Baltic states during periods of low and high inflation. Riga: Latvijas Banka, Working Paper No 3, 2024. 51 p. Available: https://datnes.latvijasbanka.lv/papers/WP_3-2024.pdf.

FADEJEVA, Ludmila, KALNBĒRZIŅA, Krista. Childhood circumstances defining the inequality of opportunity in Europe: what are the trees telling us? Riga: Latvijas Banka, Working Paper No 4, 2024. 34 p. Available: https://datnes.latvijasbanka.lv/papers/WP_4-2024.pdf.

AFONSO, António, ALVES, José, MATVEJEVS, Oļegs, TKAČEVŠ, Oļegs. Impact of Sovereign Debt Maturity on Fiscal Sustainability. Riga: Latvijas Banka, Working Paper No 5, 2024. 34 p. Available: https://datnes.latvijasbanka.lv/papers/WP_5-2024.pdf.

GRÜNING, Patrick, KANTUR, Zeynep. Financial intermediation and climate change in a production and investment network model for the euro area. Riga: Latvijas Banka, Working Paper No 6, 2024. 92 p. Available: https://datnes.latvijasbanka.lv/papers/WP_6-2024.pdf.

AJEVSKIS, VIKTORS. One who hesitates is lost: monetary policy under model uncertainty and model misspecification. Riga: Latvijas Banka, Working Paper No 7, 2024. 24 p. Available: https://datnes.latvijasbanka.lv/papers/WP_7-2024.pdf.

Discussion paper

KANTUR, Zeynep. The Impact of Decarbonization on Physical Capital Asset Utilization in Latvia. Riga: Latvijas Banka, Discussion Paper No 1, 2024. 23 p. Available: https://datnes.latvijasbanka.lv/papers/discussion/DP_1_2024.pdf.

Reports

Financing of the Economy, 2024. Riga: Latvijas Banka, 2024. 38 p. Available: https://datnes.latvijasbanka.lv/fpp/FPP_2024_EN.pdf.

Financial Stability Report, 2024. Riga: Latvijas Banka, 2024. 59 p. Available: https://datnes.latvijasbanka.lv/fsp/FSP_2024_EN.pdf.

Macroeconomic Projections Report, 2024, March. Riga: Latvijas Banka, 2024. 47 p. Available: https://datnes.latvijasbanka.lv/MPP/MPP_2024_marts_EN.pdf.

Macroeconomic Projections Report, 2024, October. Riga: Latvijas Banka, 2024. 54 p.
Available: https://datnes.latvijasbanka.lv/MPP/MPP_2024_oktobris_EN.pdf.

Publications

Beņkovskis, K., Jarrett, P., Krill, Z., Tkačevs, O., & Yashiro, N. (2024). Aim high, shoot low? Product complexity and export survival in Latvia. *Empirica* 2024(51), 185–207. doi: <https://doi.org/10.1007/s10663-023-09601-z>.

Beņkovskis, K., Fadejeva, L., Pluta, A., & Zasova, A. (2024). Keeping the Best of Two Worlds: Linking CGE and Microsimulation Models for Policy Analysis. *International Journal of Microsimulation* 17(1), 122–144. doi: <https://doi.org/10.34196/ijm.00306>.

Bušs, G., Grüning, P., & Tkačevs, O. (2024). Choosing the European fiscal rule. *Baltic Journal of Economics* 24(1), 116–144. doi: <https://doi.org/10.1080/1406099X.2024.2340402>.

Gautier, E., Conflitti, C., Faber, R. P., Fabo, B., Fadejeva, L., Jouvanceau, V., Menz, J., Messner, T., Petroulas, P., Roldan-Blanco, P., Rumler, F., Santoro, S., Wieland, E., & Zimmer, H. (2024). New Facts on Consumer Price Rigidity in the Euro Area. *American Economic Journal: Macroeconomics* 16(4), 386–431. doi: <https://doi.org/10.1257/mac.20220289>.

Liepnieks, R., Staehr, K., & Tkačevs, O. (2024). Contributions of Demand and Supply Shocks to Inflation in the Euro Area Countries. *Applied Economics Letters*, doi: <https://doi.org/10.1080/13504851.2024.2394204>.

Staehr, K., Tkačevs, O., & Urke, K. (2024). Fiscal Performance under Inflation and Inflation Surprises: Evidence from Fiscal Reaction Functions for the Euro Area. *Review of World Economics* 160, 1477–1504. doi: <https://doi.org/10.1007/s10290-024-00536-6>.

Other publications co-authored by employees of Latvijas Banka

ECB Occasional Paper Series

Carlos Montes-Galdón, Viktors Ajevskis, František Brázdík et al. Using structural models to understand macroeconomic tail risks. Frankfurt am Main, European Central Bank, Occasional Paper Series, No 357, 2024. 53 p. Available: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op357~804f63ec49.en.pdf>.

Tibor Lalinsky (editor), Marianthi Anastasatou, Sofia Anyfantaki, et al. The impact of the COVID-19 pandemic and policy support on productivity. Frankfurt am Main, European Central Bank, Occasional Paper Series, No 341, 2024. 102 p. Available: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op341~dfff9548ed.en.pdf>.

Dennis Bonam, Matteo Ciccarelli, Sandra Gomes et al. Challenges for monetary and fiscal policy interactions in the postpandemic era. Frankfurt am Main, European Central Bank, Occasional Paper Series, No 337, 2024. 111 p. Available: <https://www.ecb.europa.eu/pub/pdf/scpops/ecb.op337~fe2b751b27.en.pdf>.

Appendix 5. Glossary

AnaCredit (analytical credit datasets): a common Eurosystem's granular analytical credit and credit risk database containing 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, grant credits on its own account, and provide other financial services.

Credit union: a co-operative society that has a variable number of members and capital and that provides financial services to its members in accordance with the Law on Credit Unions.

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.

Deposit-taking corporations: monetary financial institutions, except money market funds and the central bank, i.e. credit institutions (except credit institutions other than monetary financial institutions),

credit unions, and other financial institutions whose business is to receive deposits or close substitutes for deposits from customers other than monetary financial institutions, and, for their own account, to grant loans and invest in securities, as well as electronic money institutions whose core business is to issue electronic money.

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.

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.

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 2024, the euro area comprised Austria, Belgium, Croatia, 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.

Financial literacy: a combination of understanding financial matters, knowledge, skills, attitudes, and behaviours needed to make sound financial decisions and ultimately achieve the well-being of individuals.

Financial resilience: an individual's ability to withstand, in financial terms, unexpected life events affecting income and/or assets, such as job loss, health issues, accidents, etc.

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 sustainability: an individual's ability to ensure development and the planned long-term growth, while concurrently upholding the present quality of life. Financial sustainability empowers an individual to achieve financial security both in the present and in the future.

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 establishes, maintains, and regularly updates the List of Financial Vehicle Corporations in 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.

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 a group of natural persons in the capacity of a consumer and a producer of goods and a provider of non-financial services exclusively for their own final use, as well as a sole proprietor that is an economic unit established by a natural person or a group of natural persons, provided this natural person or group of natural persons is liable to settle the obligations of the economic unit with their entire property, and that organises accounting 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 weekends and holidays.

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 and ensuring optimal data availability on the level of both granular and aggregated data. IReF envisages collection of data from credit institutions' information systems and reporting of data in accordance with an integrated reporting dictionary and standard for data exchange.

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 deposit facility, the main refinancing operations, and the marginal lending facility set by the Governing Council of the ECB.

Longer-term refinancing operation (LTRO): a regular open market operation of the Eurosystem, executed through reverse transactions with the aim of providing credit institutions with additional longer-term financing.

Main refinancing operation (MRO): 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 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.

Network for Greening the Financial System (NGFS): a group of central banks and supervisors committed to sharing best practices, contributing to the development of the climate and environment risk management in the financial sector, and mobilising finance to support the transition toward a sustainable economy.

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, provided this natural person or group of natural persons is liable for settling the obligations of the economic unit with its entire property, and whose accounting is organised in accordance with the double-entry system, as well as 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. its business activities are not the activities referred to in Article 4(1)(1)(a) of Regulation (EU) No 575/2013.

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.

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 conducts credit operations against collateral or buys or sells assets under a repurchase agreement.

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 payment system developed within the framework of TARGET2 and TARGET2-Securities consolidation project and whose T2 service replaced TARGET2 on 20 March 2023. TARGET is a multiplicity of the TARGET component systems of all central banks. TARGET 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. TARGET operation is ensured by Latvijas Banka in conjunction with the national central banks of the ESCB participating in TARGET.

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.

Targeted longer-term refinancing operation (TLTRO): 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.

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

Abbreviations

AML/CFTP	anti-money laundering and countering the financing of terrorism and proliferation
AS	joint stock company
BIS	Bank for International Settlements
CIS	Commonwealth of Independent States
CSB	Central Statistical Bureau of Latvia
DGF	Deposit Guarantee Fund
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
EEA	European Economic Area
EIB	European Investment Bank
EIOPA	European Insurance and Occupational Pensions Authority
ESCB	European System of Central Banks
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
EU	European Union
FCMC	Financial and Capital Market Commission
FinTech	financial technologies
FPI	Fund for the Protection of the Insured
GDP	gross domestic product
IAIS	International Association of Insurance Supervisors
ICT	information and communication technologies
IMF	International Monetary Fund
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organization of Securities Commissions
IT	information technologies
ML/FTP	money laundering and the financing of terrorism and proliferation
MONEYVAL	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
NBMF	Nordic-Baltic Macroprudential Forum
NGFS	Network for Greening the Financial System
OECD	Organisation for Economic Co-operation and Development
SIA	limited liability company
SRB	Single Resolution Board
SRF	Single Resolution Fund
SSM	single supervisory mechanism
SupTech	supervisory technologies
UK	United Kingdom
US	United States of America