



## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated surplus 155 M, EUR/ 0,6% of forecasted GDP (January-September)
- Central government debt outstanding (nominal value) 8 560 M, EUR/ 34,5% of forecasted GDP (end of September)
- Municipalities' borrowings made from the Treasury 131,7 M, EUR/ 0,5% of forecasted GDP (January-September)

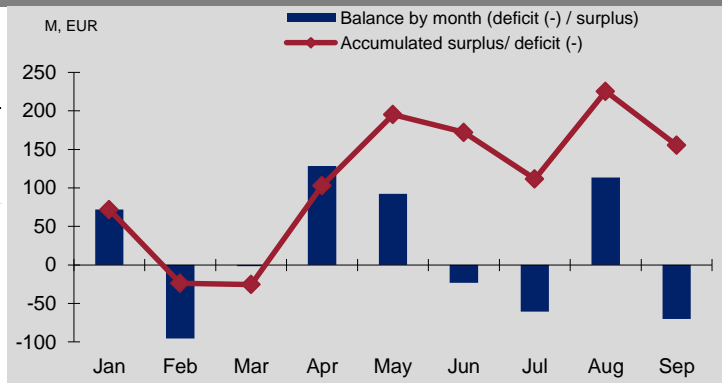
GDP forecast for 2015 on September 2015: EUR 24 841,6 M (Ministry of Finance)

• On September 16 Latvia issued 10-year bonds in amount of 500 million euros at an annual fixed interest (coupon) rate 1.375% (yield 1.449%).

## GENERAL DATA

### Central Government Consolidated Budget\*

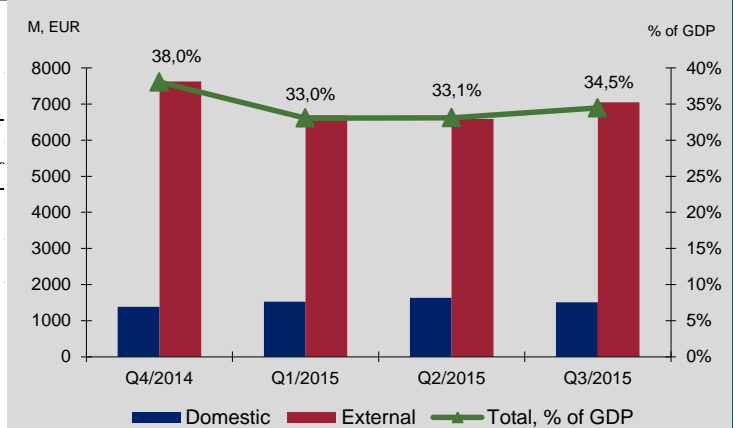
Month	M, EUR								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Balance by month (deficit (-) / surplus)	72	-95	-2	129	92	-23	-60	114	-70
Accumulated surplus/ deficit (-)	72	-24	-25	103	195	172	112	225	155



\* excluding grants, donations and derived public entities

### Central Government Debt Outstanding

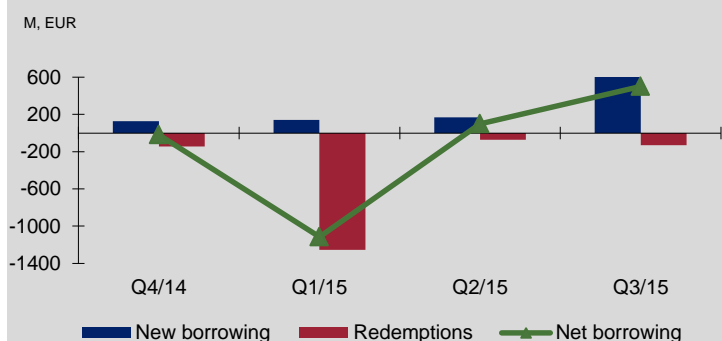
Debt (M, EUR)	Q4/ 2014		Q1/ 2015		Q2/ 2015		Q3/ 2015	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 384	15%	1 522	19%	1 631	20%	1 511	18%
External debt	7 628	85%	6 684	81%	6 590	80%	7 049	82%
<b>Total</b>	<b>9 012</b>	<b>100%</b>	<b>8 206</b>	<b>100%</b>	<b>8 221</b>	<b>100%</b>	<b>8 560</b>	<b>100%</b>
Central government debt (% of GDP)	38,0		33,0		33,1		34,5	
Net debt (% of GDP)	31,5		31,3		30,4		30,6	



(nominal value)

### Central Government Net Borrowing

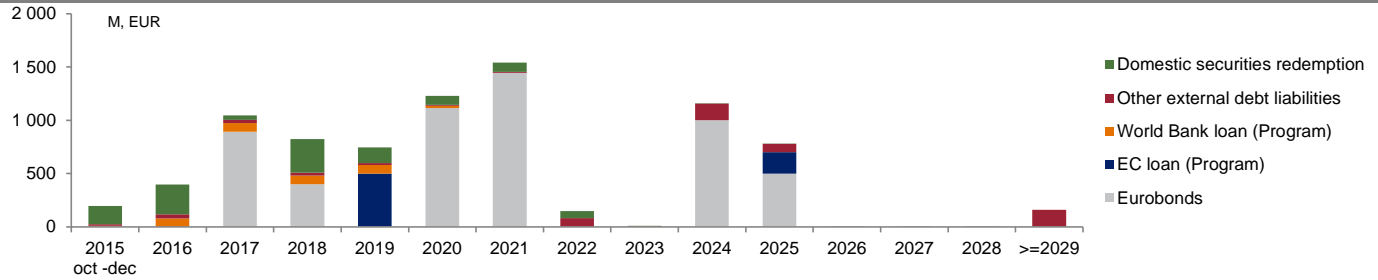
	M, EUR	Q4/14	Q1/15	Q2/15	Q3/15
		New borrowing	126	141	170
incl. Eurobonds				500	
Redemptions	-144	-1 256	-71	-201	
incl. debt redemption to European Commission			-1 200	-20	
World Bank			-20	-10	
Net borrowing	-18	-1 115	99	382	



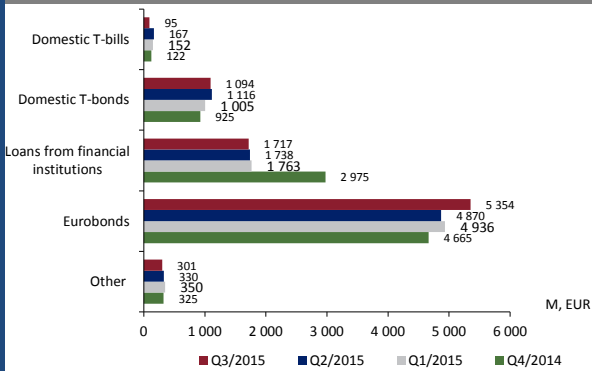
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



## Central Government Debt Redemption Profile ( at the end of September 2015)

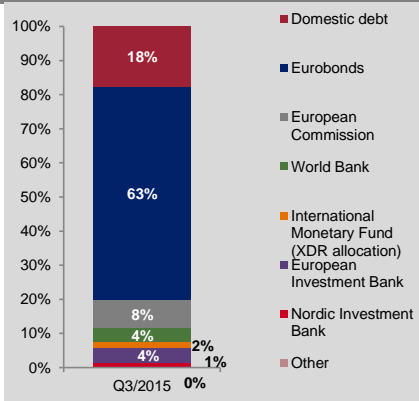


## Debt Outstanding by instruments/

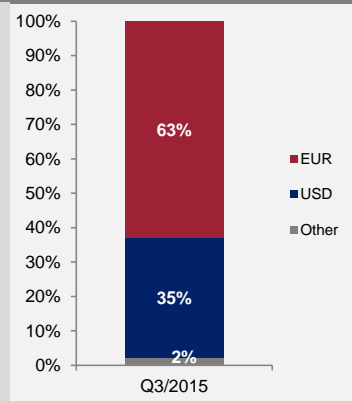


(nominal value)

## lenders/

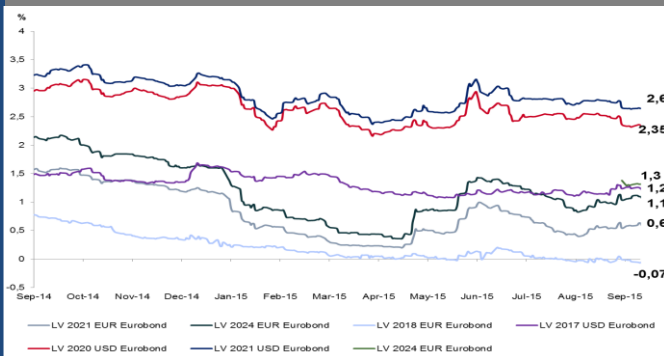


## currencies



## FOREIGN SECURITIES

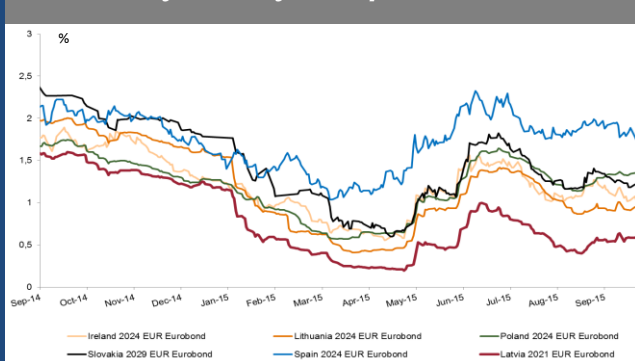
### EUR and USD Eurobond yields



Source: Bloomberg, 30.09.2015

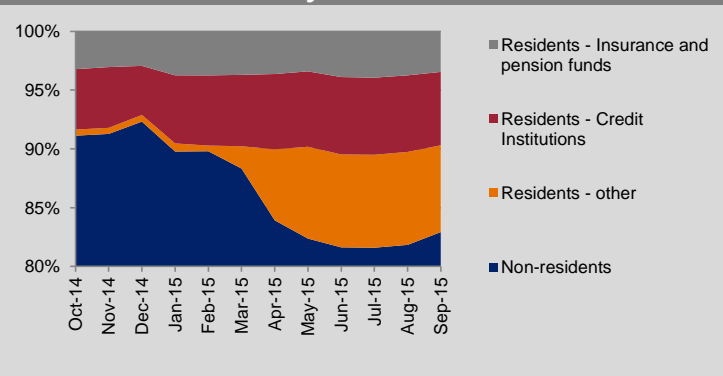
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,25	A-	1,24	79
	12.01.2020	LATVIA	2,75	A-	2,35	119
	16.06.2021	LATVIA	5,25	A-	2,65	123
EUR	05.03.2018	LATVIA	5,5	A-	-0,07	-7
	21.01.2021	LATVIA	2,6	A-	0,63	29
	30.04.2024	LATVIA	2,9	A-	1,1	35
	23.09.2025	LATVIA	1,375	A-	1,32	39

### EUR bond yields by European countries



Source Bloomberg, 30.09.2015

### External Securities Outstanding by Type of Investor in Secondary Market



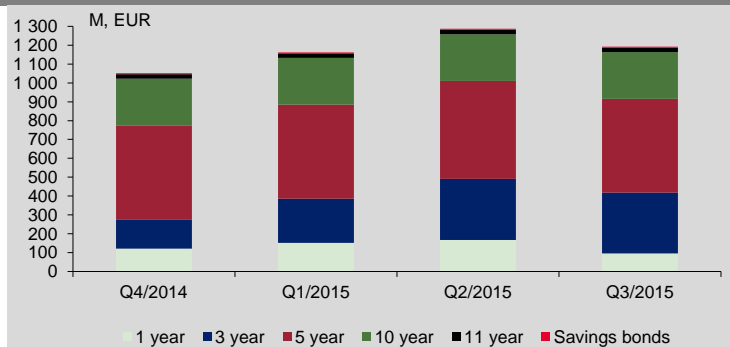
Source: Bank of Latvia



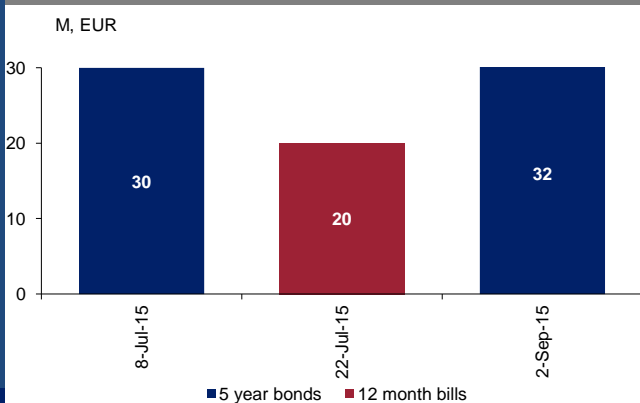
## DOMESTIC SECURITIES

### Domestic Securities Outstanding by original maturities

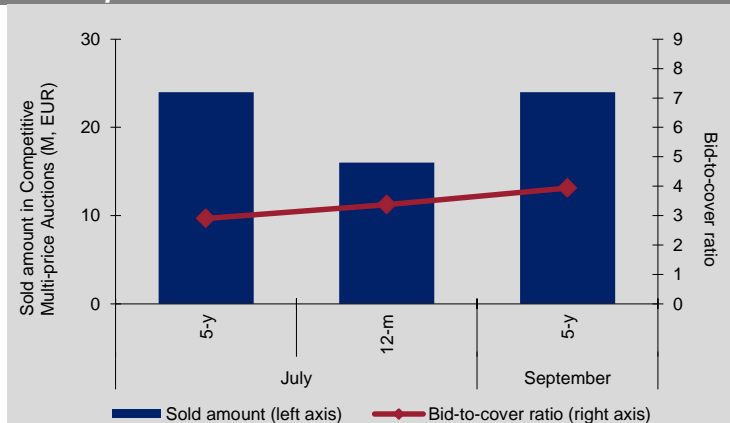
Outstanding	Q4/2014	Q1/2015	Q2/2015	Q3/2015
	M, EUR			
1 year	122	152	167	<b>95</b>
3 year	153	233	324	<b>324</b>
5 year	500	500	520	<b>496</b>
10 year	248	248	248	<b>248</b>
11 year	24	24	24	<b>24</b>
Savings bonds	5	5	5	<b>5</b>
<b>Total</b>	<b>1 052</b>	<b>1 162</b>	<b>1 287</b>	<b>1 193</b>



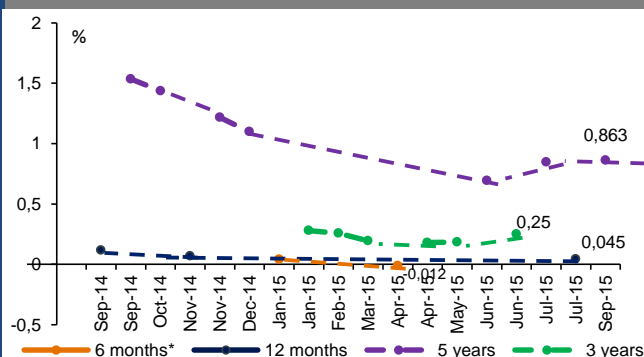
### Sold Amount at Auctions in 3rd quarter



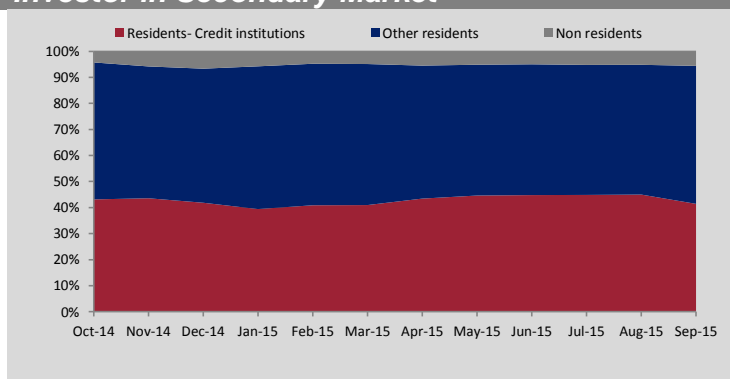
### Bid-to-cover Ratio at Competitive Multi-price Auctions in 3rd quarter



### Competitive Multi-price Auction rates



### Domestic Securities Outstanding by Type of Investor in Secondary Market



\*Since 2015 6m T-Bills benchmarks are issued as TAP's of original 12m T-Bills

Source: Bank of Latvia

### Management of Planned Domestic Securities

Government securities can be issued in Latvia's and international financial markets. Domestic securities are issued by using auction method under the Latvian legislation. Latvian government bonds in international markets are issues by using syndicate method under other countries legislation.

Calendar for the planned auctions is being published each month on the Treasury's website. Government securities auctions are organized on Wednesdays. The Treasury holds the right to amend the calendar, days on which respective auctions are hold, as well as borrowing amounts and instruments at any time. Since February 2013 the primary dealer system is operating in Latvia.



## DEBT PORTFOLIO MANAGEMENT

### Parameters of Debt Management Strategy

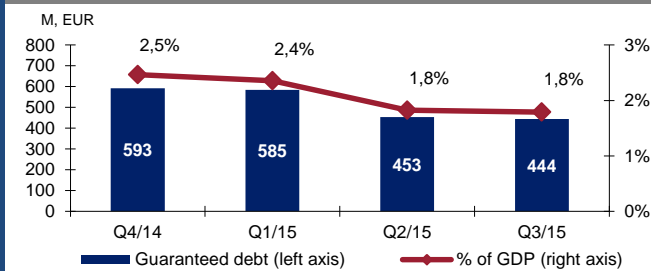
Parameters	30.06.2015		30.09.2015		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	11,5%	34,00%	10,1%	30,6%	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	92,0%		93,2%		≥ 60%	
Macaulay Duration (years)	4,35		4,54		3,65 - 5,15	
Net debt <sup>^^</sup> currency composition	EUR		EUR		EUR	
	100,02%		100,00%		100% (+/- 5%)	

<sup>^</sup> Fixed rate central government debt with a maturity over one year.

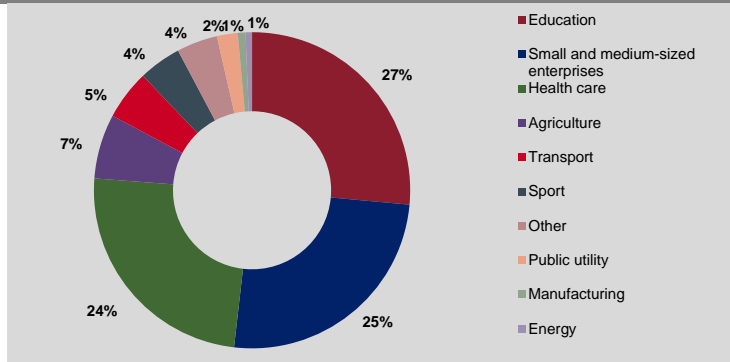
<sup>^^</sup> Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased for derivative financial instruments), and increased by guarantees classified as risky, and derivative financial instrument liabilities not classified as risky.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding in Q3/15



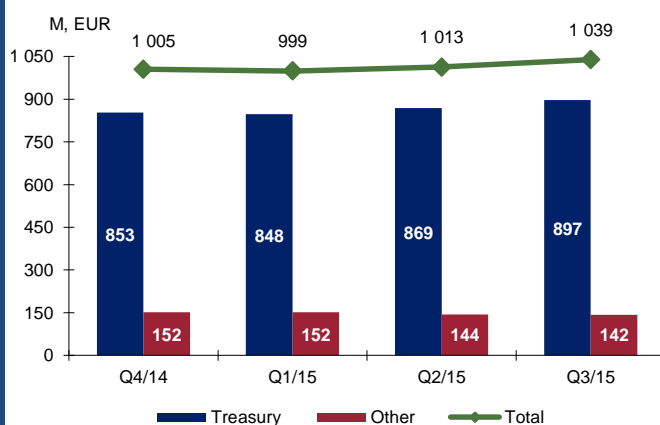
### State guaranteed loans by industry (end of September)



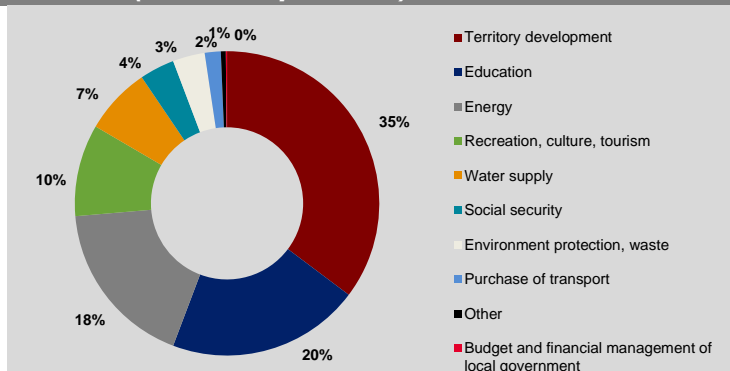
	Planned in 2015, M, EUR	Issued in 3rd quarter
Loans to studies and students	36	2,4
Total	36	2,4

## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



### Municipalities' Borrowings from the Treasury By Sectors (end of September)



	M, EUR
Total increase of municipalities borrowing stated in Budget Law 2015	177,8
Planned limit of loan disbursements to municipalities 2015	185,4
Total disbursements made (January-September)	131,7
from the Treasury	131,7
from other institutions	0,0

**CONTACTS:** The Treasury of the Republic of Latvia, Smilšu street 1, Riga, LV 1919, Latvia,

e-mail: [kase@kase.gov.lv](mailto:kase@kase.gov.lv), home page: [www.kase.gov.lv](http://www.kase.gov.lv), quarterly reports, annual reports, investor presentation and rating updates available online- [www.kase.gov.lv/investor-information](http://www.kase.gov.lv/investor-information)

**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on January 27, 2016.

**DISCLAIMER:** Figures may not sum due to rounding. "0" - the indicator is below 0.5 but over 0, or the result of the computation of the indicator, is 0. The information included in this Bulletin corresponds to the best value obtained for each period at the date of publication, and has been carefully compiled. The possibility of any mistake can not, however, be excluded. The data included in this publication may be clarified in subsequent publications. The Treasury bears no responsibility for losses incurred as a result of using this publication. Reference to the Treasury data compulsory when reproduced.

Latvijas Republika **Fitch:A-** **Moody's: A3** **S&P: A-** **R&I: BBB+** Bloomberg: TREL <GO>