



BULLETIN IN BRIEF

- Budget¹ with accumulated surplus 254 M, EUR/ 1.0 % of forecasted GDP (January-September)
- Central government debt outstanding (nominal value) 9 667 M, EUR/ 36.2 % of forecasted GDP (end of September)
- Municipalities' borrowings made from the Treasury 110 M, EUR/ 0.4 % of forecasted GDP (January-September)

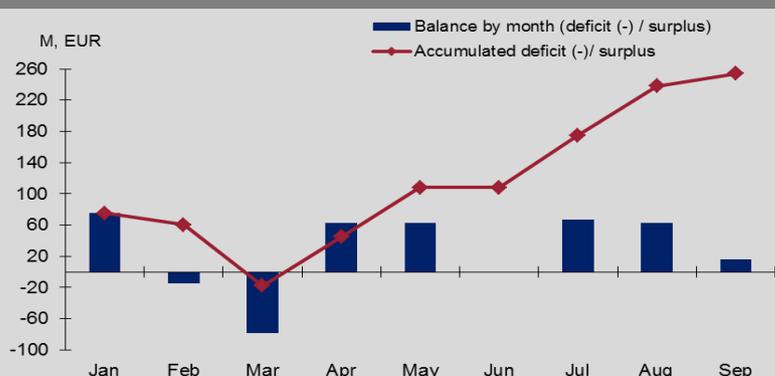
GDP forecast for 2017 on July 2017: EUR 26 676 M (Ministry of Finance)

On September 22, international credit rating agency S&P Global changed Latvia's credit rating outlook to positive from stable. S&P Global has affirmed the Foreign Currency Issuer Rating at A-.

GENERAL DATA

Central Government Consolidated Budget*

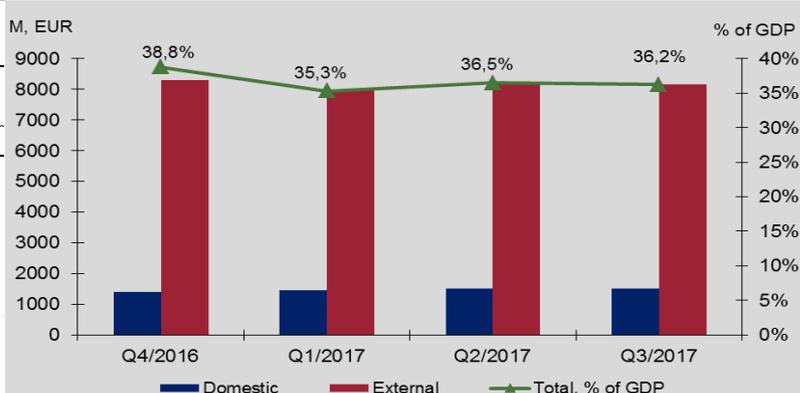
Month	M, EUR								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Balance by month (deficit (-) / surplus)	75	-15	-78	63	63	-0,1	67	63	16
Accumulated deficit (-)/ surplus	75	60	-18	45	108	108	175	238	254



* excluding grants, donations and derived public entities

Central Government Debt Outstanding*

Debt (M, EUR)	Q4/ 2016		Q1/ 2017		Q2/ 2017		Q3/ 2017	
		%		%		%		%
Domestic debt	1 404	14%	1 451	15%	1 506	15%	1 503	16%
External debt	8 298	86%	7 972	85%	8 223	85%	8 165	84%
Total	9 702	100%	9 423	100%	9 729	100%	9 667	100%

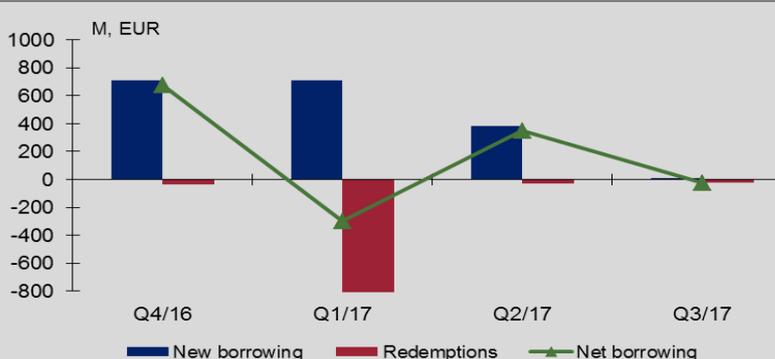


(nominal value)

* without the derivative financial instruments currency result

Central Government Net Borrowing

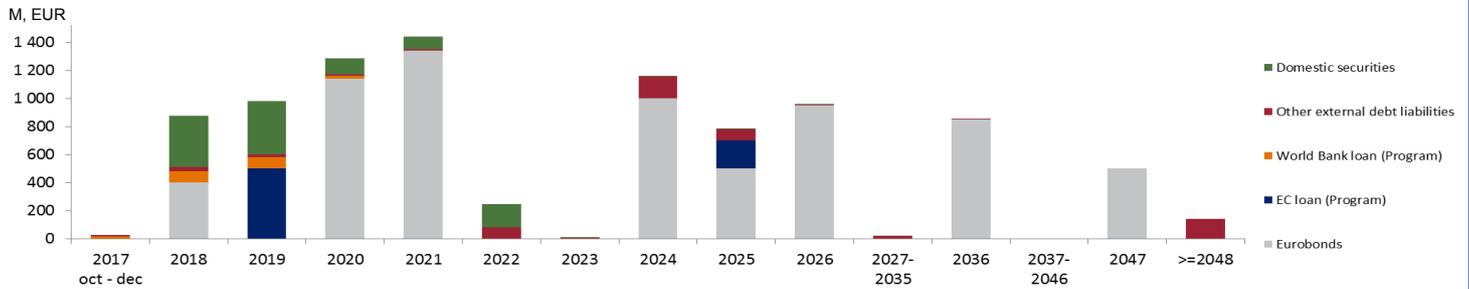
	M, EUR			
	Q4/16	Q1/17	Q2/17	Q3/17
New borrowing	711	711	381	0
<i>incl. Eurobonds</i>	650	650	350	
Redemptions	-33	-1011	-32	-23
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>		-942		
Net borrowing	677	-300	348	-23



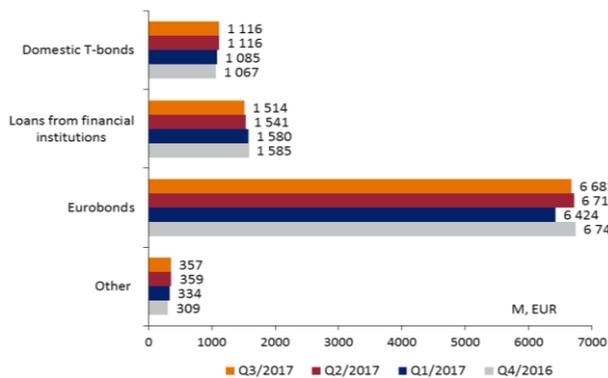
¹Central government consolidated budget (excluding grants, donations and derived public entities)



Central Government Debt Redemption Profile (at the end of September 2017)

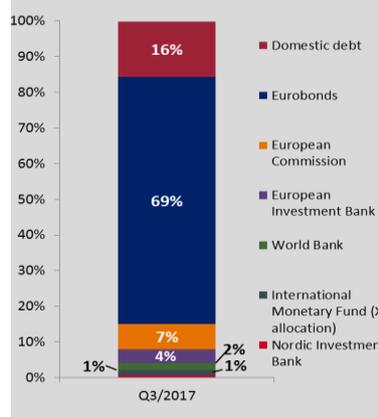


Debt Outstanding by instruments/

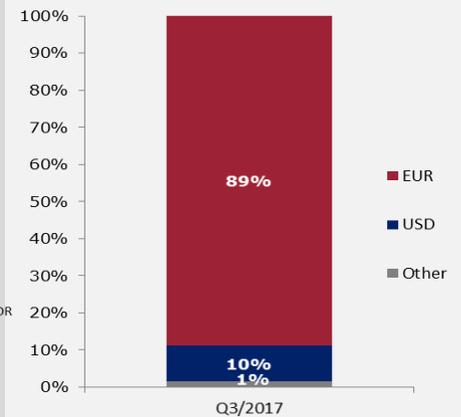


(nominal value)

lenders/

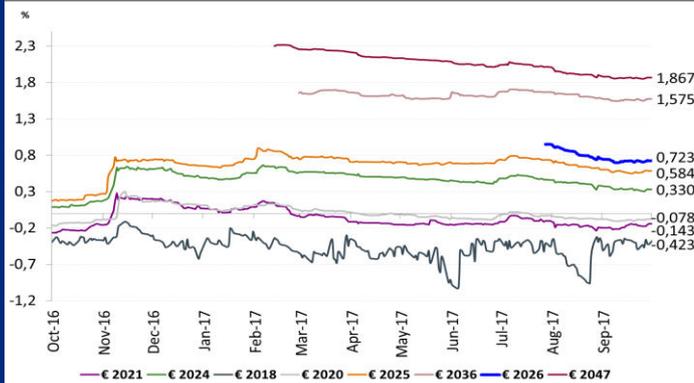


currencies



FOREIGN SECURITIES

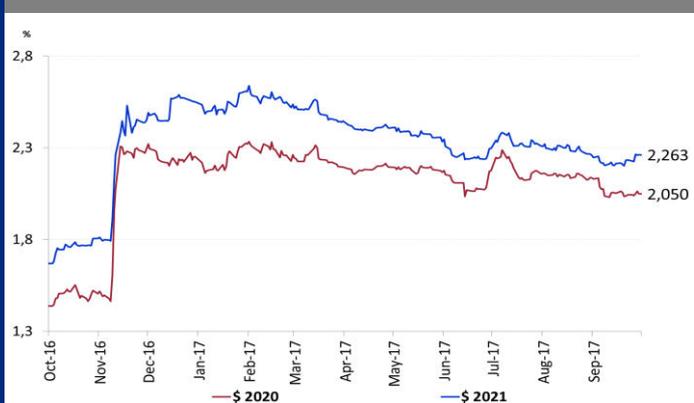
EUR Eurobond yields



Source: Bloomberg, 30.09.2017.

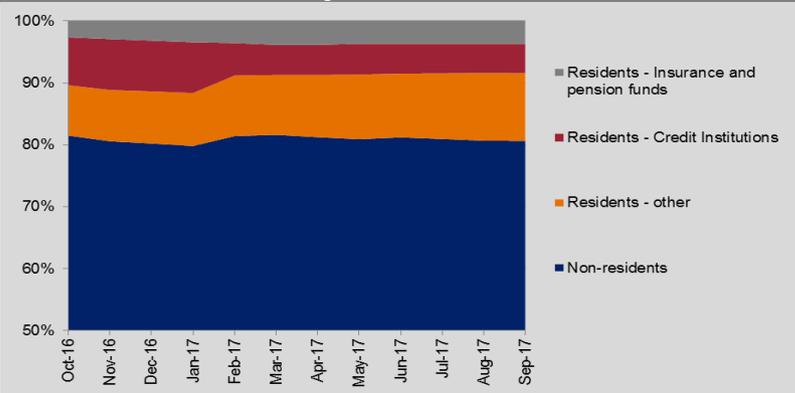
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2,750	A-	2,050	35
	16.06.2021	LATVIA	5,250	A-	2,263	41
EUR	05.03.2018	LATVIA	5,500	A-	-0,423	9
	15.12.2020	LATVIA	0,500	A-	-0,078	2
	21.01.2021	LATVIA	2,625	A-	-0,177	-10
	30.04.2024	LATVIA	2,875	A-	0,330	-9
	23.09.2025	LATVIA	1,375	A-	0,588	-4
	07.10.2026	LATVIA	0,375	A-	0,723	-4
	16.05.2036	LATVIA	1,375	A-	1,575	14
15.02.2047	LATVIA	2,250	A-	1,867	32	

USD Eurobond yields



Source: Bloomberg, 30.09.2017.

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

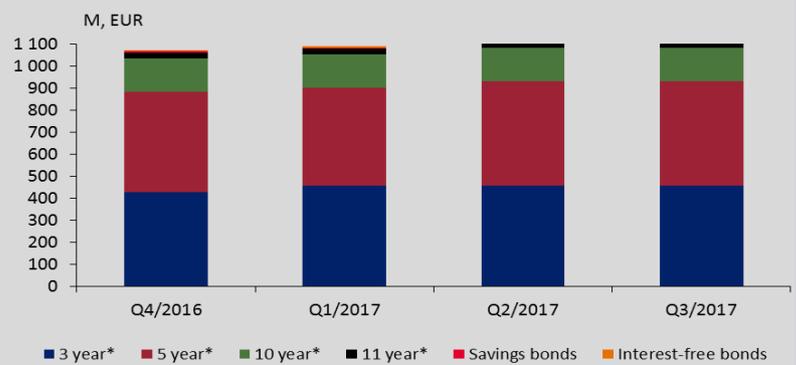


DOMESTIC SECURITIES

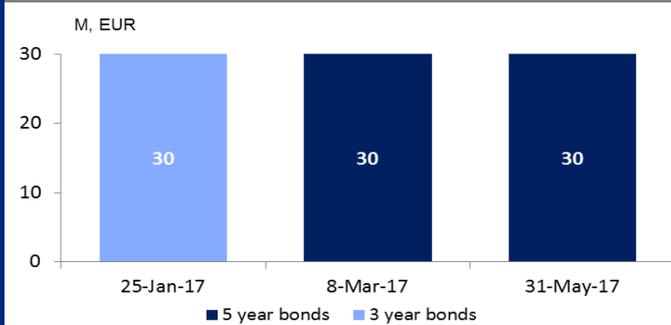
Domestic Securities

Outstanding	Q4/2016	Q1/2017	Q2/2017	M, EUR Q3/2017
3 year*	428	458	458	458
5 year*	457	444	474	474
10 year*	152	152	152	152
11 year*	24	24	24	24
Savings bonds	5	5	5	5
Interest-free bonds	6	7	7,5	7,5
Total	1 072	1 090	1 121	1 121

*original maturity



Sold Amount at Auctions*

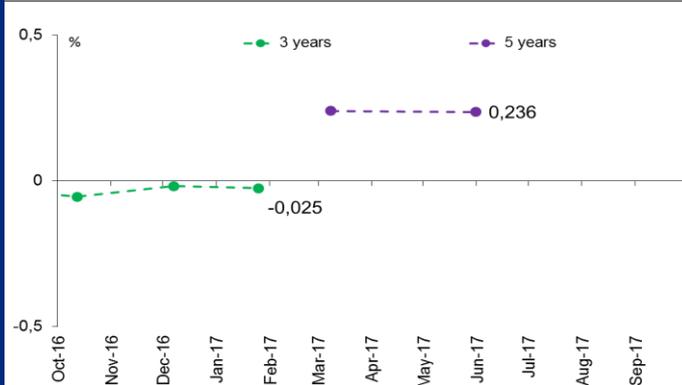


* In the 3rd quarter of 2017 no auctions took place

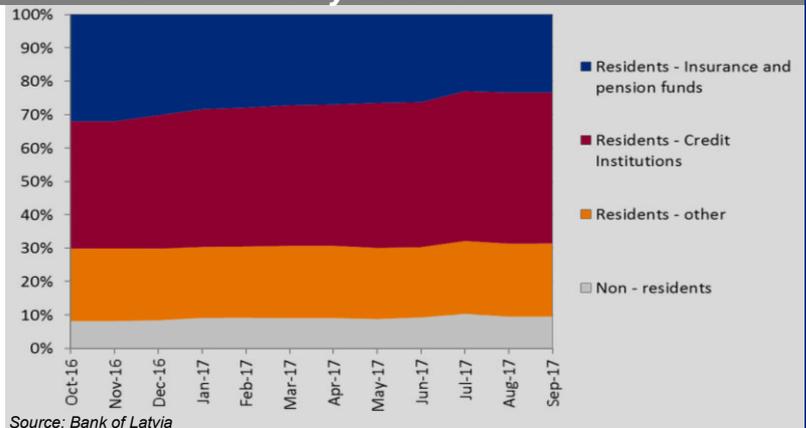
Bid-to-cover Ratio at Competitive Multi-price Auctions*



Competitive Multi-price Auction rates



Domestic Securities Outstanding by Type of Investor in Secondary Market



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

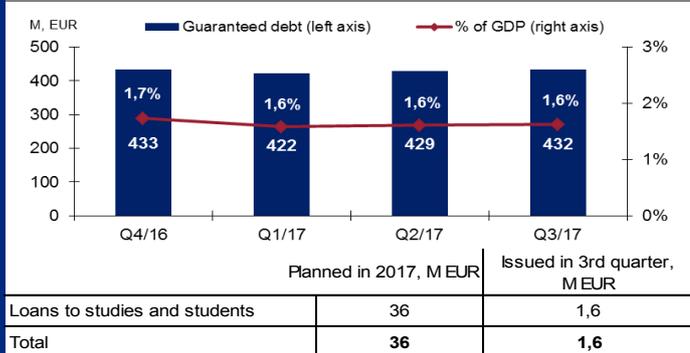
Parameters of Debt Management Strategy

Parameters	30.06.2017.		30.09.2017.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	11,4%	31,2%	11,6%	30,9%	≤ 25%	≤ 50%
Share of fixed rate [^]	92,0%		91,8%		≥ 60%	
Macaulay Duration (years) ^{^^^}	6,31		6,09		4,70 - 6,25	
Net debt ^{^^} currency composition	EUR		EUR		EUR	
	100,20%		100,15%		100% (+/- 5%)	

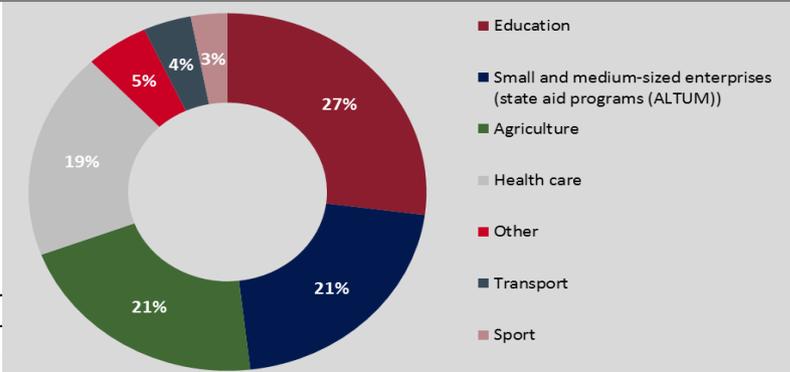
[^]Fixed rate central government debt with a maturity over one year.
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of derivative financial instruments which are not classified as risky from credit risk perspective)), and increased by provisions of guarantees as well as liabilities of derivative financial instruments which are not classified as risky from credit risk perspective.
^{^^^} In line with Strategy point 2.3.2 deviation from the limits of the Macaulay Duration is permissible if the deviation does not cause additional financial risk.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

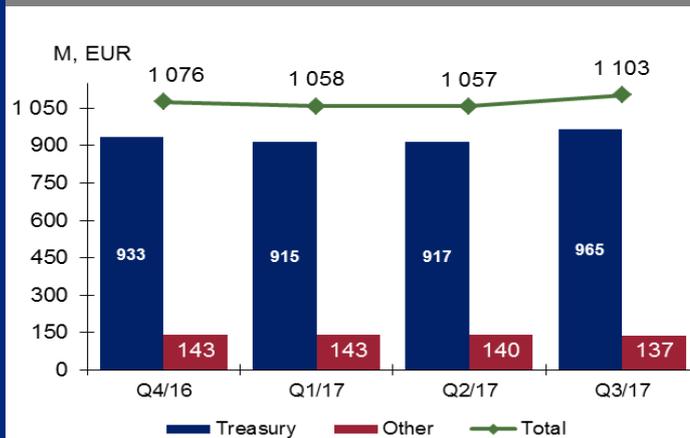


State guaranteed loans by industry (end of September)

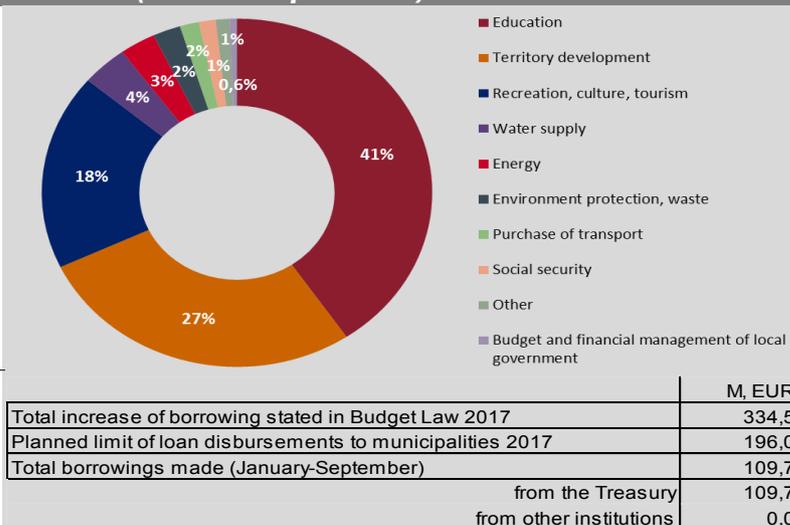


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on January 29, 2018.

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