



BULLETIN IN BRIEF

- Budget¹ with accumulated surplus 395 M, EUR/ 1.4 % of forecasted GDP (January-June)
- Central government debt outstanding (nominal value) 9 912 M, EUR/ 34.4 % of forecasted GDP (end of June)
- Municipalities' borrowings made from the Treasury 84 M, EUR/ 0.3 % of forecasted GDP (January-June)

GDP forecast for 2018 on February 2018: EUR 28 798 M (Ministry of Finance)

April 27, the credit rating agency Fitch reaffirmed its 'A-' long-term foreign and local currency sovereign credit ratings on the Republic of Latvia. The outlook remains stable.

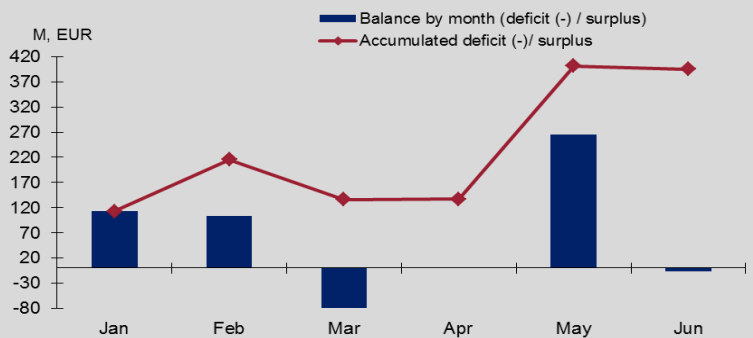
May 23, Latvia priced the Eurobond dual-tranche in the international capital markets in a total amount of EUR 650 million. A new 10-year Eurobond with a size of EUR 350 million was issued at a yield 1.148 %, as well as a 30-year Eurobond maturing in February 2047 was reopened at a yield 1.938 % increasing the outstanding amount by EUR 300 million.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR					
	Jan	Feb	Mar	Apr	May	Jun
Balance by month (deficit (-) / surplus)	113	103	-79	0.2	265	-7
Accumulated deficit (-)/ surplus	113	216	136	137	402	395

* excluding grants, donations and derived public entities

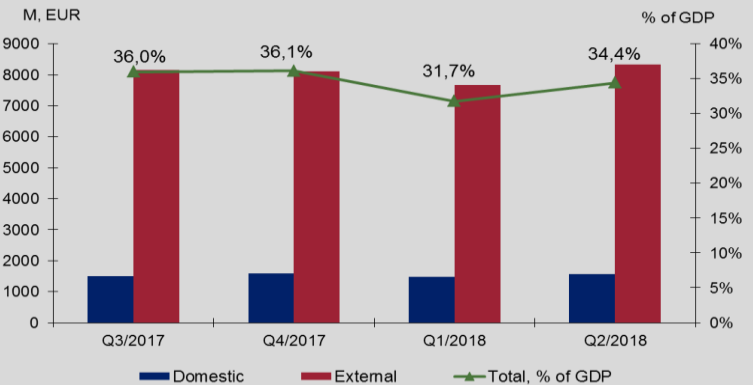


Central Government Debt Outstanding

Debt (M, EUR)	Q3/ 2017		Q4/ 2017		Q1/ 2018		Q2/ 2018	
		%		%		%		%
Domestic debt	1 503	16%	1 580	16%	1 474	16%	1 574	16%
External debt	8 165	84%	8 119	84%	7 666	84%	8 338	84%
Total	9 667	100%	9 699	100%	9 140	100%	9 912	100%
Central government debt (% of GDP)	36.0		36.1		31.7		34.4	
Net debt* (% of GDP)	29.3		31.7		29.1		28.4	

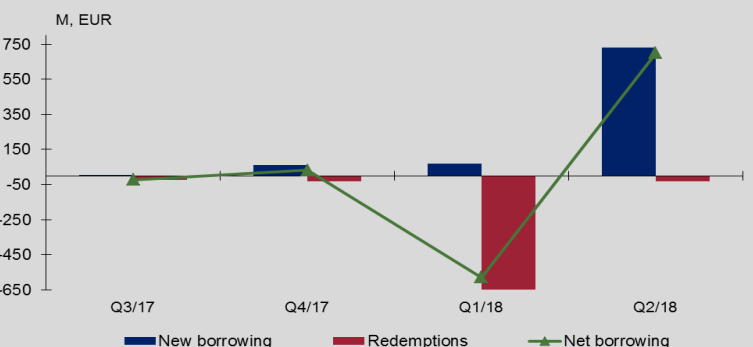
(nominal value)

* without the derivative financial instruments effect result



Central Government Net Borrowing

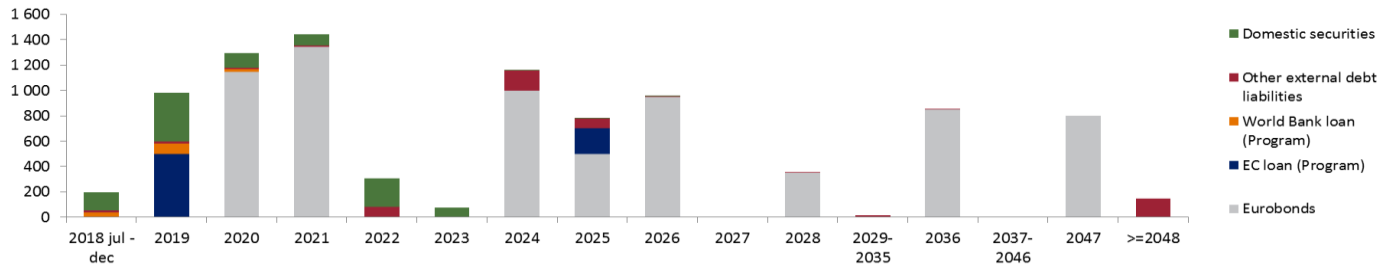
	M, EUR			
	Q3/17	Q4/17	Q1/18	Q2/18
New borrowing	0	61	71	730
<i>incl. Eurobonds</i>				650
Redemptions	-23	-30	-649	-32
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>			-400	
<i>domestic securities</i>			-221	
Net borrowing	-23	31	-578	698



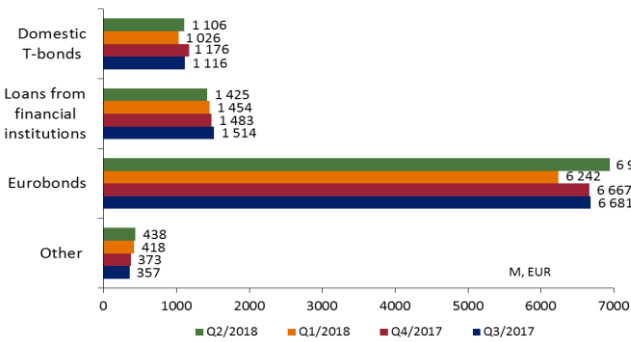
¹Central government consolidated budget (excluding grants, donations and derived public entities)



Central Government Debt Redemption Profile (at the end of June 2018)

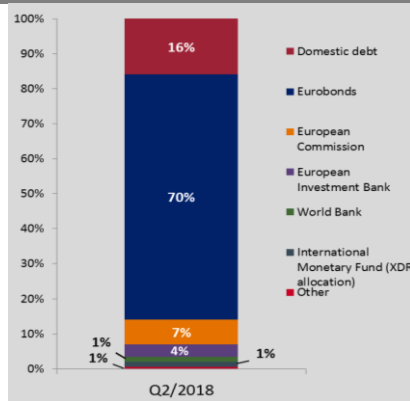


Debt Outstanding by instruments/

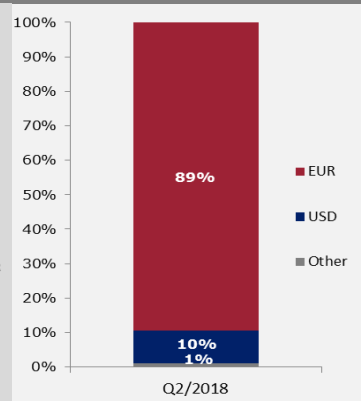


(nominal value, EUR)

lenders/

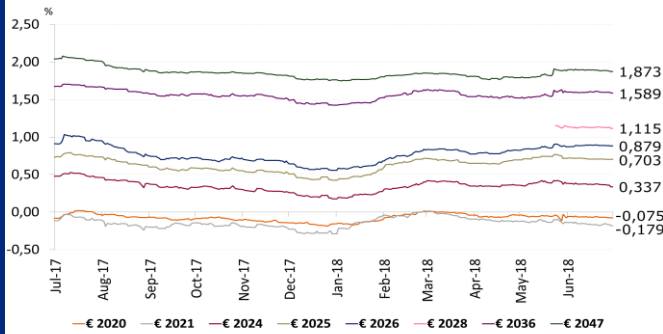


currencies



FOREIGN SECURITIES

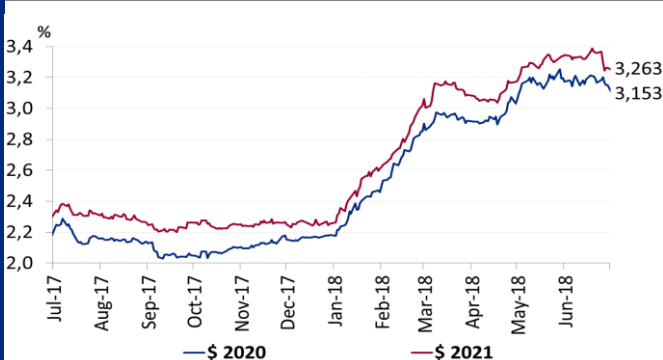
EUR Eurobond yields



Source: Bloomberg, 29.06.2018

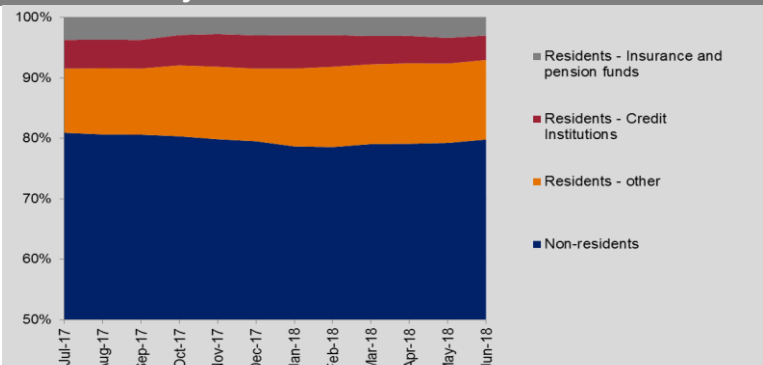
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A-	3.153	67
	16.06.2021	LATVIA	5.250	A-	3.263	53
EUR	15.12.2020	LATVIA	0.500	A-	-0.075	11
	21.01.2021	LATVIA	2.625	A-	-0.179	-1
	30.04.2024	LATVIA	2.875	A-	0.337	2
	23.09.2025	LATVIA	1.375	A-	0.703	19
	07.10.2026	LATVIA	0.375	A-	0.879	23
	30.05.2028	LATVIA	1,125	A-	1.115	28
	16.05.2036	LATVIA	1.375	A-	1.589	31
15.02.2047	LATVIA	2.250	A-	1.873	48	

USD Eurobond yields



Source: Bloomberg, 29.06.2018

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

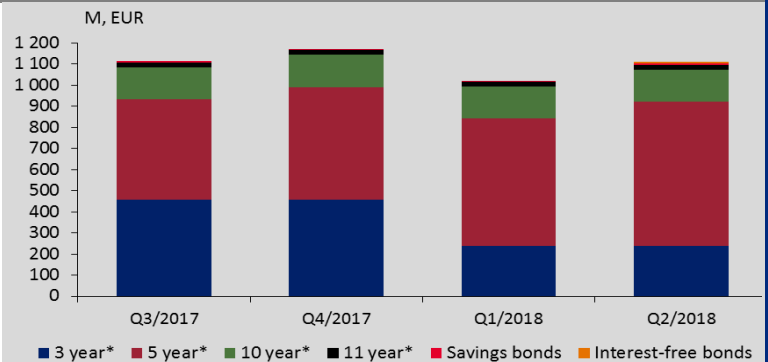


DOMESTIC SECURITIES

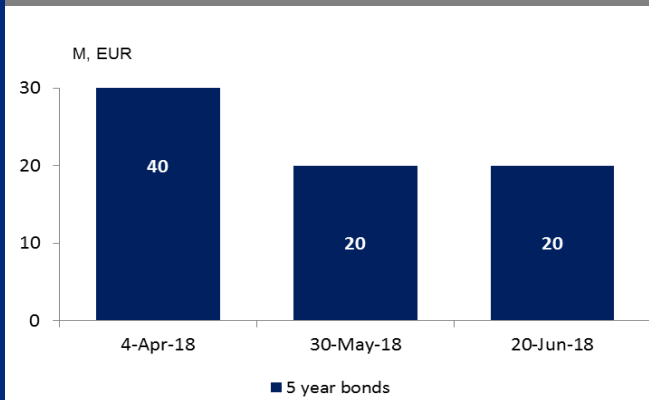
Domestic Securities

Outstanding	Q3/2017	Q4/2017	Q1/2018	M, EUR Q2/2018
3 year*	458	458	237	237
5 year*	474	534	604	684
10 year*	152	152	152	152
11 year*	24	24	24	24
Savings bonds	5	5	5	5
Interest-free bonds	7.5	8.25	8.75	9
Total	1 121	1 181	1 031	1 111

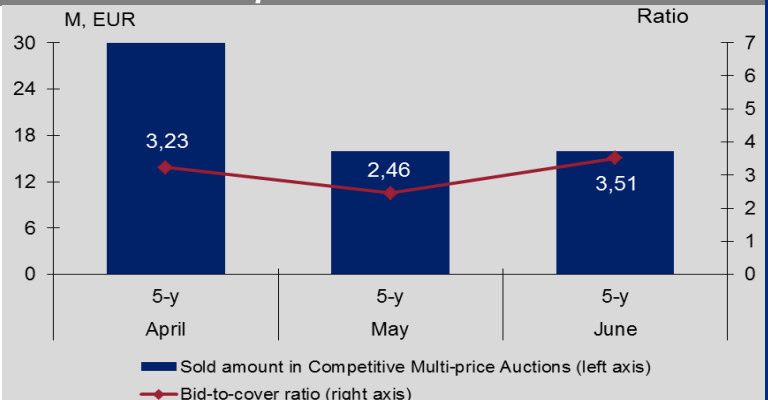
*original maturity



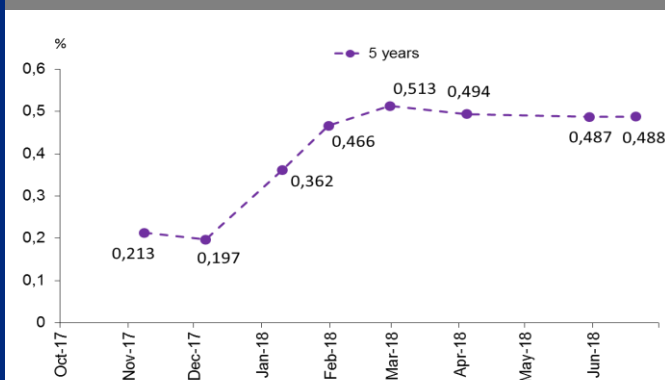
Sold Amount at Auctions in 2nd quarter



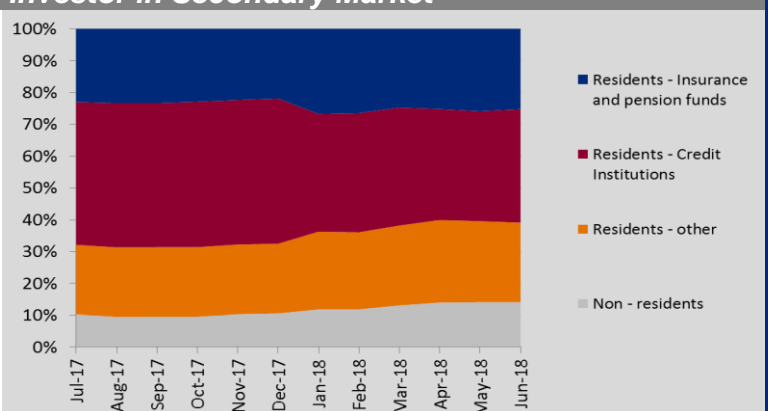
Bid-to-cover Ratio at Competitive Multi-price Auctions in 2nd quarter



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

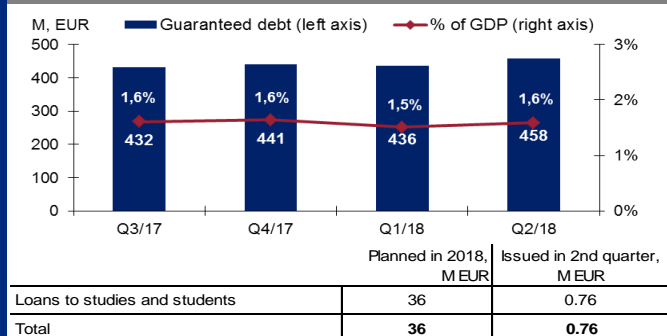
Parameters of the Central Government Debt Portfolio Structure

Parameters	31.03.2018.		30.06.2018.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	10.2%	43.8%	14.6 %	44.1 %	≤ 25%	≤ 50%
Share of fixed rate [^]	93.8%		89.1%		≥ 60%	
Macaulay Duration (years)	6.05		6.47		5.00 - 9.00	
Net debt ^{^^} currency composition	EUR		EUR		EUR	
	99.96%		99.97%		100% (+/- 5%)	

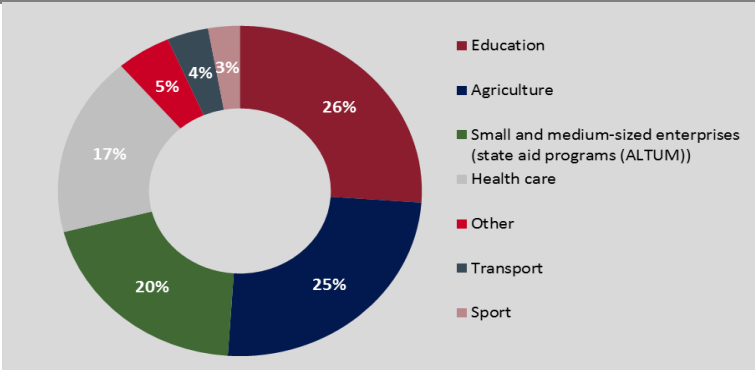
[^]Fixed rate central government debt with a maturity over one year.
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income 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.
Parameter for the domestic market. Outstanding amount of central government securities distributed for domestic market investors at the end of the year is not less than the outstanding amount at the beginning of the year. Deviation is acceptable if, having a negative net issuance in the current year, it is compensated with the corresponding amount in the medium term Borrowing Plan by increased planned borrowings in domestic market in the next year.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

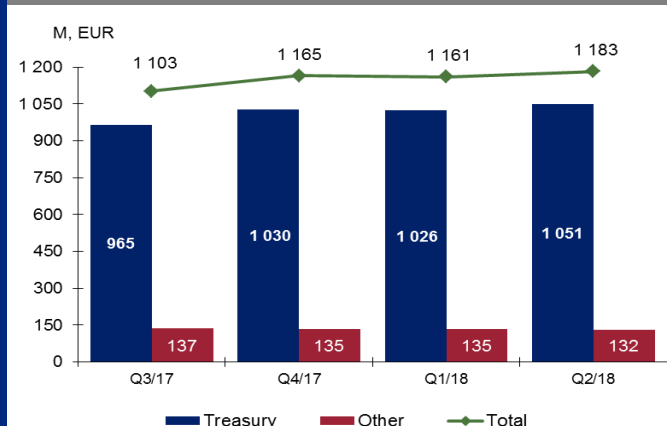


State guaranteed loans by industry (at the end of June)

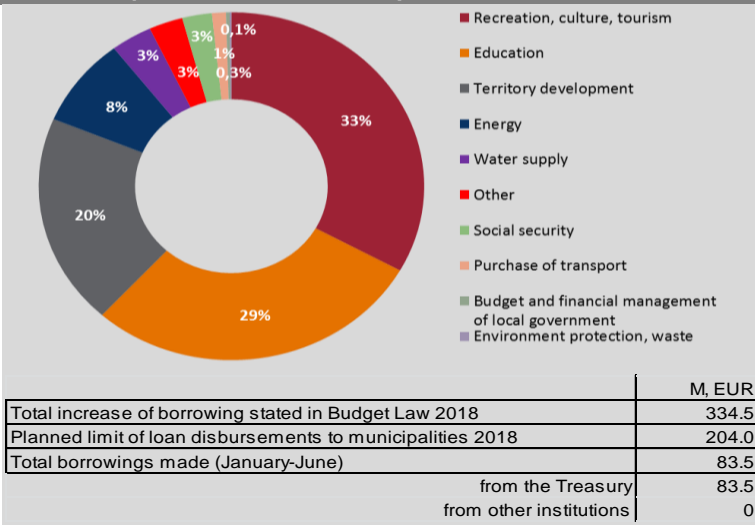


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on October 22, 2018.

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.