



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 100 M, EUR/ 0.3 % of forecasted GDP (January-December)
- Central government debt outstanding (nominal value) 10 197 M, EUR/ 35.1 % of forecasted GDP (end of December)
- Municipalities' borrowings made from the Treasury 303 M, EUR/ 1.0 % of forecasted GDP (January-December)

GDP forecast for 2018 on October 2018: EUR 29 039 M (Ministry of Finance)

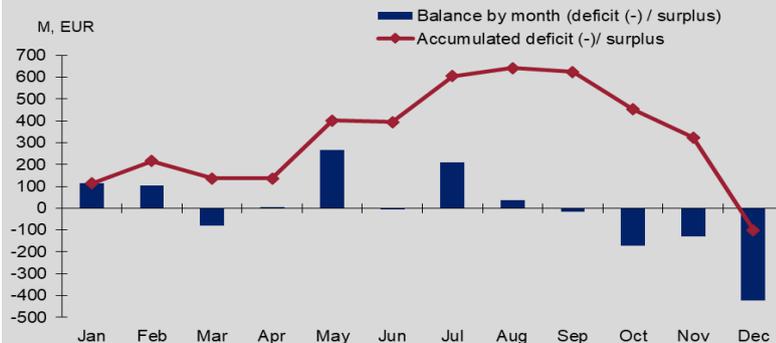
October 26, the credit rating agency *Fitch* reaffirmed its 'A-' long-term foreign and local currency sovereign credit ratings on the Republic of Latvia. The outlook remains stable.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	113	103	-79	0.2	265	-7	209	38	-18	-171	-129	-424
Accumulated deficit (-) / surplus	113	216	136	137	402	395	605	643	625	453	325	-100

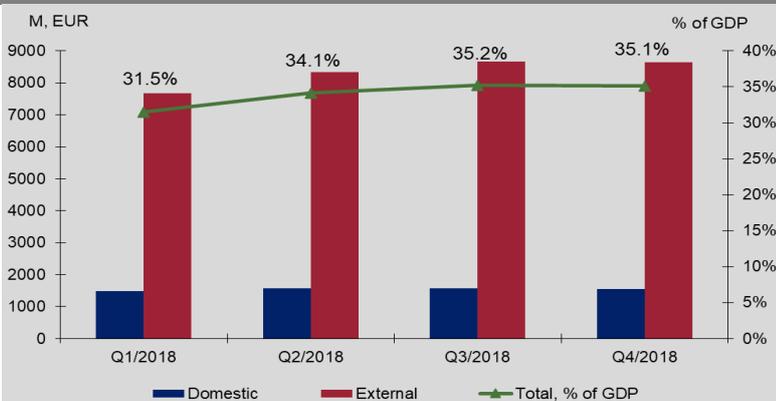
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

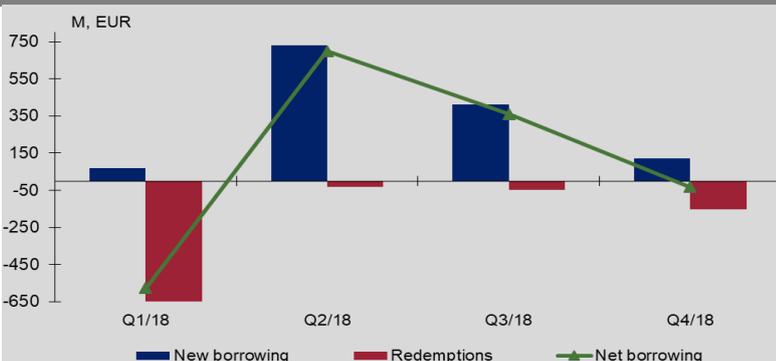
Debt (M, EUR)	Q1/2018		Q2/2018		Q3/2018		Q4/2018	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 474	16%	1 574	16%	1 562	15%	1 543	15%
External debt	7 666	84%	8 338	84%	8 672	85%	8 654	85%
Total	9 140	100%	9 912	100%	10 234	100%	10 197	100%
Central government debt (% of GDP)	31.5		34.1		35.2		35.1	
Net debt* (% of GDP) (nominal value)	28.8		28.2		27.6		30.4	

* without the derivative financial instruments effect result



Central Government Net Borrowing

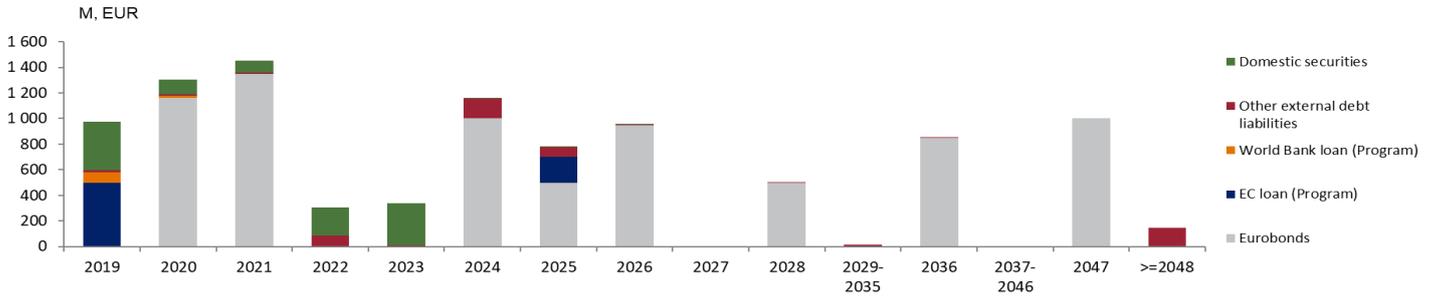
	M, EUR			
	Q1/18	Q2/18	Q3/18	Q4/18
New borrowing	71	730	410	120
<i>incl. Eurobonds</i>		650	350	
Redemptions	-649	-32	-49	-154
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>	-400			
<i>domestic securities</i>	-221		-27	-124
Net borrowing	-578	698	361	-34



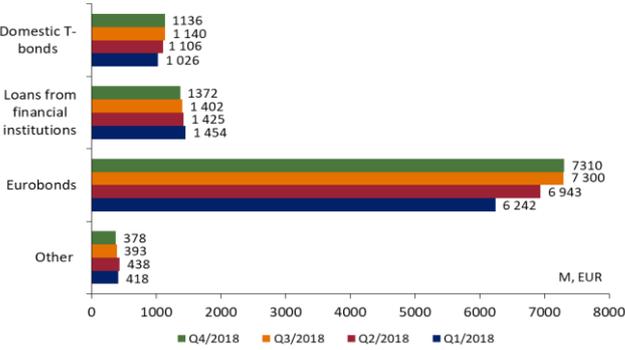
¹Central government consolidated budget (excluding grants, donations and derived public entities)



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

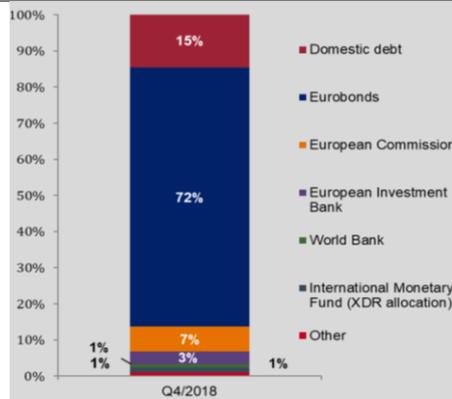


Debt Outstanding by instruments/

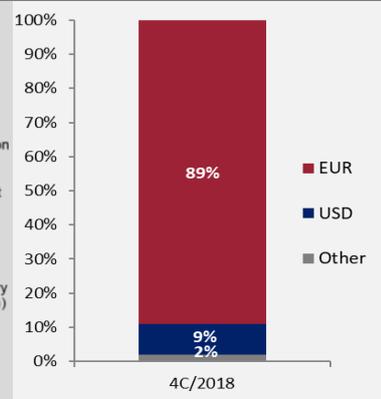


(nominal value, EUR)

lenders/

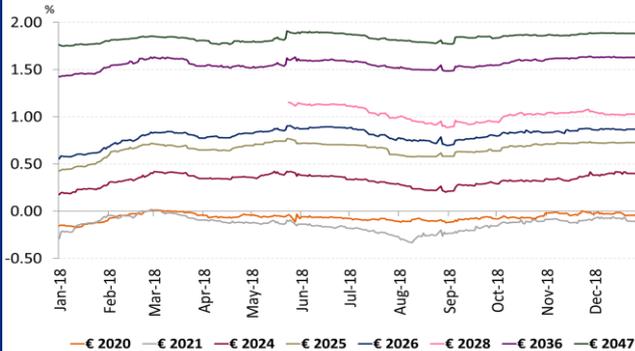


currencies



FOREIGN SECURITIES

EUR Eurobond yields



Source: Bloomberg, 31.12.2018

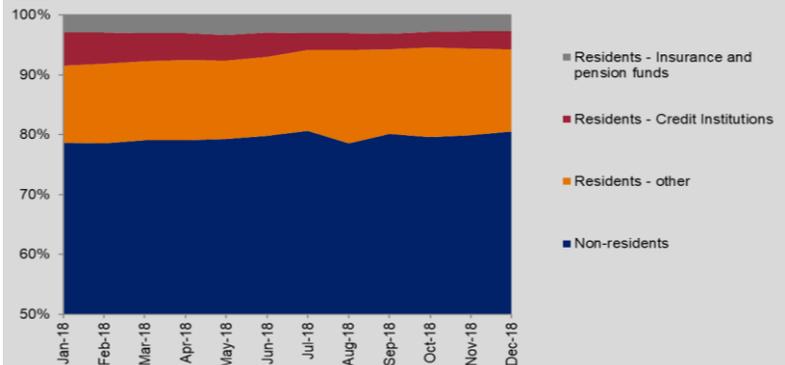
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2.750	A	3.216	84
	16.06.2021	LATVIA	5.250	A	3.301	85
EUR	15.12.2020	LATVIA	0.500	A	-0.051	26
	21.01.2021	LATVIA	2.625	A	-0.099	20
	30.04.2024	LATVIA	2.875	A	0.406	25
	23.09.2025	LATVIA	1.375	A	0.724	35
	07.10.2026	LATVIA	0.375	A	0.866	36
	30.05.2028	LATVIA	1.125	A	1.021	32
	16.05.2036	LATVIA	1.375	A	1.634	43
15.02.2047	LATVIA	2.250	A	1.888	57	

USD Eurobond yields



Source: Bloomberg, 31.12.2018

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

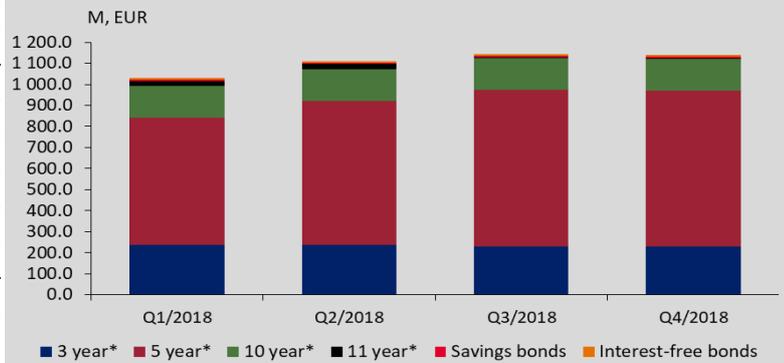


DOMESTIC SECURITIES

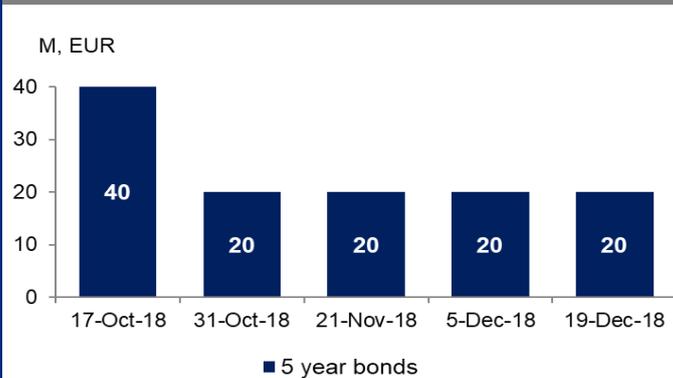
Domestic Securities

Outstanding	M, EUR			
	Q1/2018	Q2/2018	Q3/2018	Q4/2018
3 year*	236.8	236.8	229.8	229.8
5 year*	604.3	684.3	744.3	739.9
10 year*	151.6	151.6	151.6	151.6
11 year*	24.4	24.4	4.8	4.8
Savings bonds	5.2	5.3	5.2	5.1
Interest-free bonds	8.8	9.0	9.3	9.5
Total	1 031.1	1 111.4	1 145.0	1 140.7

*original maturity



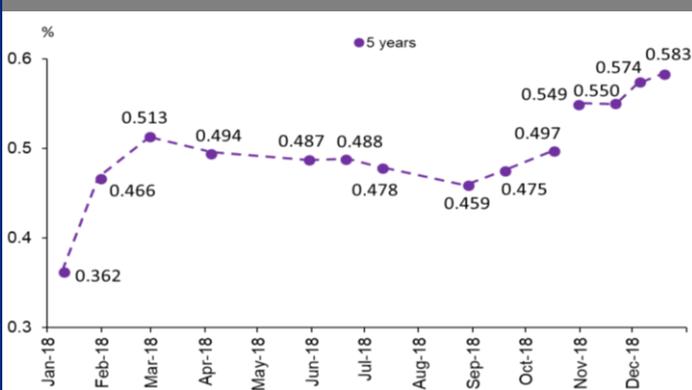
Sold Amount at Auctions in 4th quarter



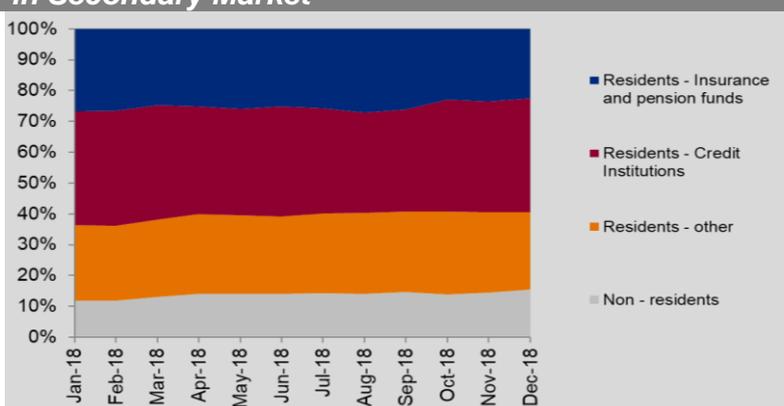
Bid-to-cover Ratio at Competitive Multi-price Auctions in 4th quarter



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 issued 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 held, as well as borrowing amounts and instruments at any time. Since February 2013 the primary dealer system is operating in Latvia.



DEBT PORTFOLIO MANAGEMENT

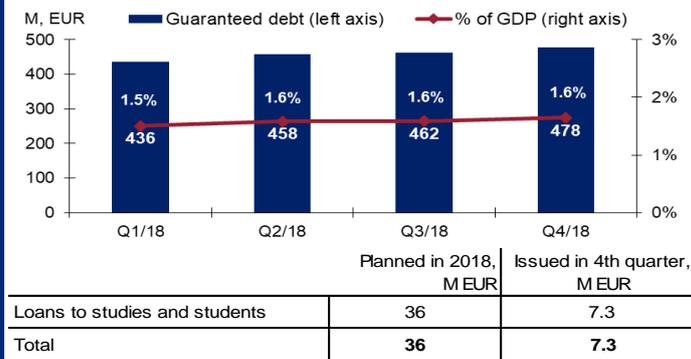
Parameters of the Central Government Debt Portfolio Structure

Parameters	30.09.2018	31.12.2018	STRATEGY			
Domestic securities outstanding amount on the end of the year	1168.07 M, EUR ^{^^}	1126.08 M, EUR	not less than the amount on the end of the previous year ^{^^^}			
Maturity profile (%) of central government debt	≤ 1 year 13.5%	≤ 3 years 41.9%	≤ 1 year 13.4%	≤ 3 years 40.5%	≤ 1 year ≤ 25%	≤ 3 years ≤ 50%
Share of fixed rate [^]	90.1%	90.1%	≥ 60%			
Macaulay Duration (years)	6.64	6.49	5.00 - 9.00			
Net debt currency composition ^{^^}	EUR 99.96%	EUR 100.07%	EUR 100% (+/- 5%)			

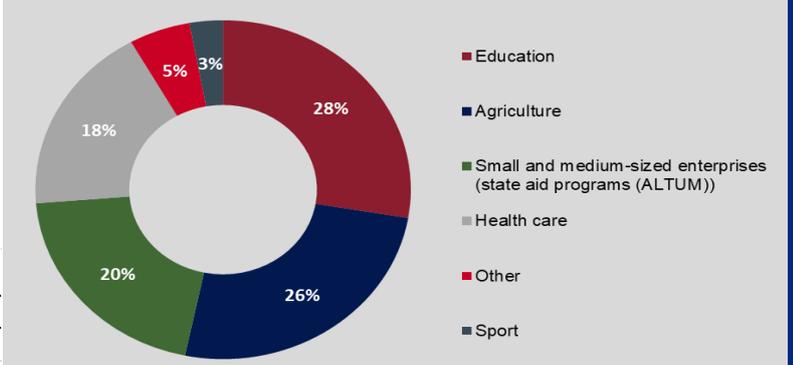
[^]Fixed rate central government debt with a maturity over one year.
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income 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.
^{^^^} The index value is set once a year, i.e., at the end of the current year; value to 31.12.2017.
^{^^^} Deviation is acceptable if, having a negative net issuance in the current year, it is compensated with the corresponding amount 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 December)

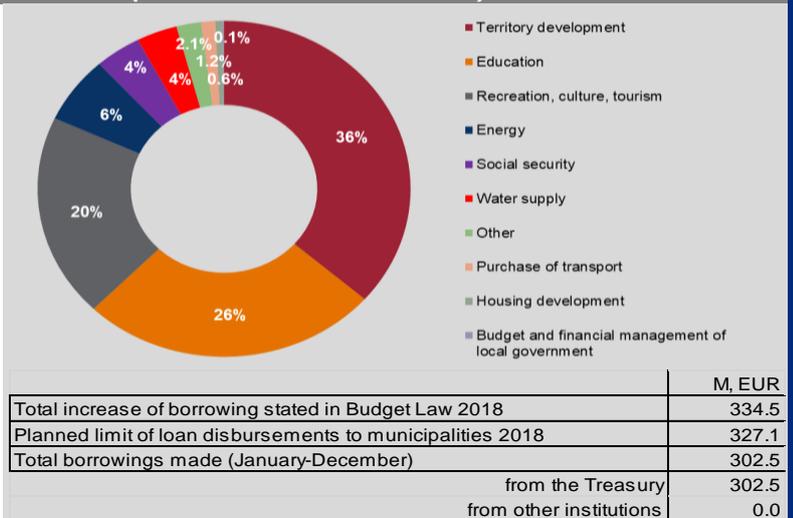


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



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

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on April 24, 2019.

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