



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 1 127 M, EUR/ 4.0 % of forecasted GDP (January-December)
- Central government debt outstanding (nominal value) 12 459 M, EUR/ 44.2 % of forecasted GDP (end of December)
- Municipalities' borrowings made from the Treasury 264,3 M, EUR/ 0.9 % of forecasted GDP (January-December)

GDP forecast for 2020 EUR 28 194 M (Ministry of Finance on October 2020)

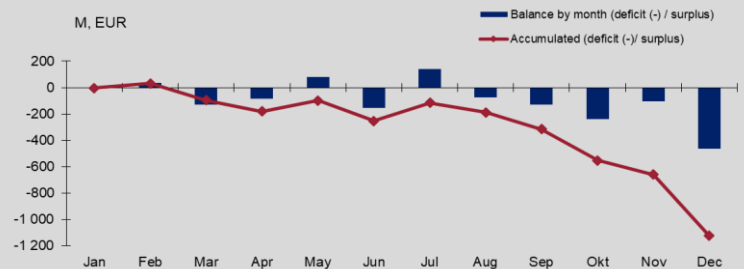
- On October 1, second tranche of Nordic Investment bank loan in amount of 125 M EUR were received to fund extraordinary government expenditure in order to mitigate the impact of the Covid 19 epidemic.
- On October 9, the international credit rating agency Fitch affirmed Latvia's long-term foreign currency sovereign credit ratings at the 'A-' level, but the outlook was revised to stable (previously - negative).
- On October 14, for the first time in domestic market GMTN Notes were offered due on 7th October, 2026.
- On November 17, first instalment of the European Commission SURE (support to mitigate unemployment risks in an emergency following the COVID-19 outbreak) loan were received in amount of 120 M EUR.

GENERAL DATA

Central Government Consolidated Budget*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Okt	Nov	Dec
Balance by month (deficit (-) / surplus)	-5	37	-128	-86	82	-154	138	-73	-129	-237	-107	-465
Accumulated (deficit (-)/ surplus)	-5	32	-95	-181	-99	-253	-115	-188	-317	-554	-662	-1127

* excluding grants, donations and derived public entities

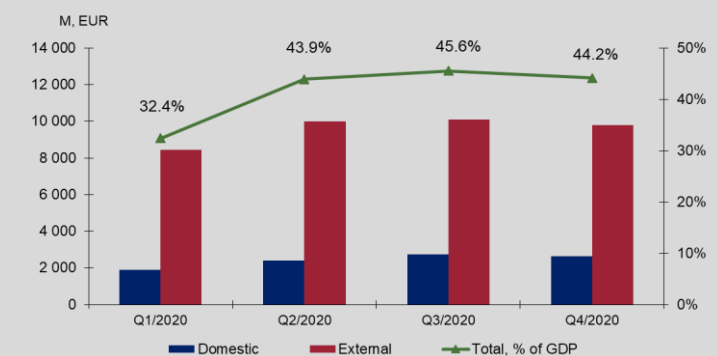


Central Government Debt Outstanding

Debt (M, EUR)	Q1/2020	%	Q2/2020	%	Q3/2020	%	Q4/2020	%
Domestic debt	1 902	18%	2 390	19%	2 741	21%	2 648	21%
External debt	8 460	82%	9 996	81%	10 105	79%	9 811	79%
Total	10 362	100%	12 386	100%	12 846	100%	12 459	100%
Central government debt (% of GDP)	32.4		43.9		45.6		44.2	
Net debt* (% of GDP)	28.8		33.6		34.9		38.0	

(nominal value)

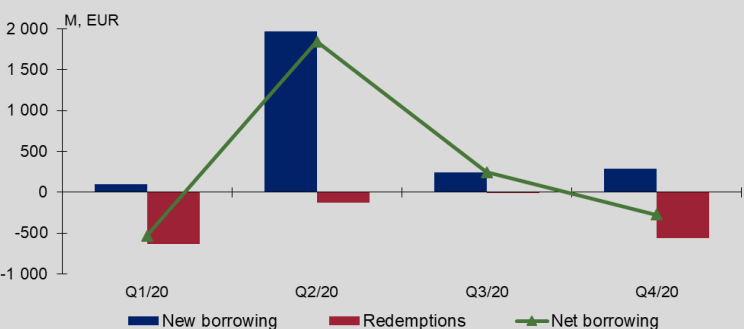
* without the derivative financial instruments effect result



Central Government Net Borrowing

	M, EUR	Q1/20	Q2/20	Q3/20	Q4/20
New borrowing		100	1 971	245	286
<i>incl. Eurobonds</i>			1 550		40
<i>incl. Loan issued by Nordic Investment Bank</i>				125	125
<i>incl. EC SURE loan</i>					120
Redemptions		-633	-126	-1	-562
<i>incl. debt redemption to World Bank</i>			-10		-10
<i>domestic securities</i>			-113		-1
Net borrowing		-534	1 844	244	-276

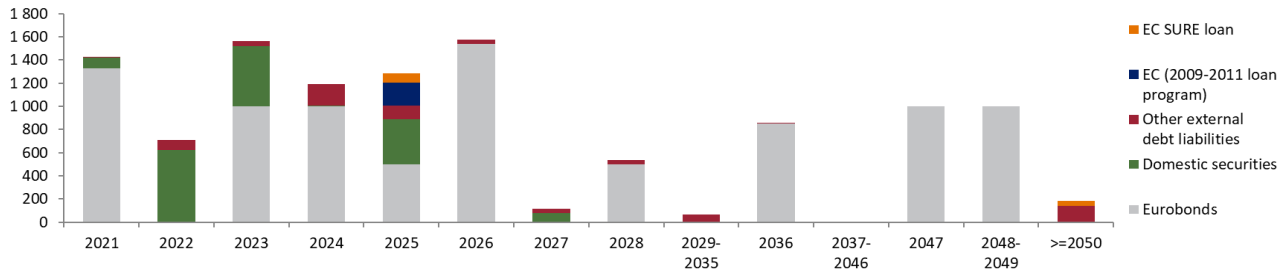
(nominal value)



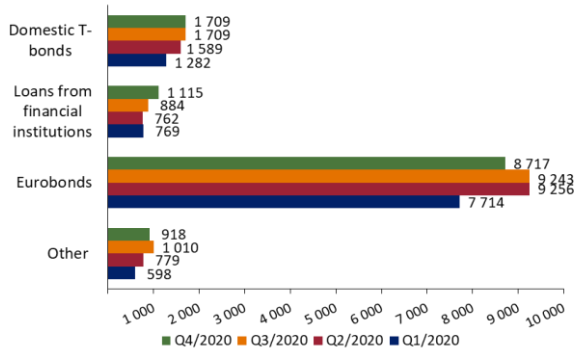
¹Central government consolidated budget (excluding grants, donations and derived public entities)



Central Government Debt Redemption Profile (at the end of December 2020)

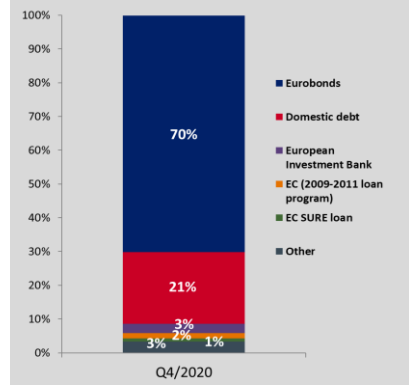


Debt Outstanding by instruments/

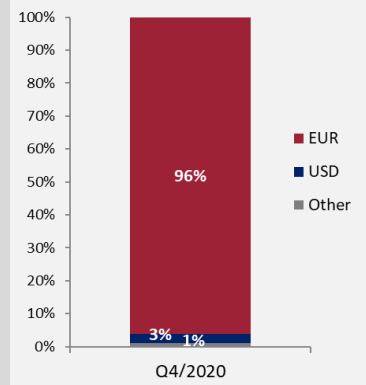


(nominal value, M EUR)

lenders/

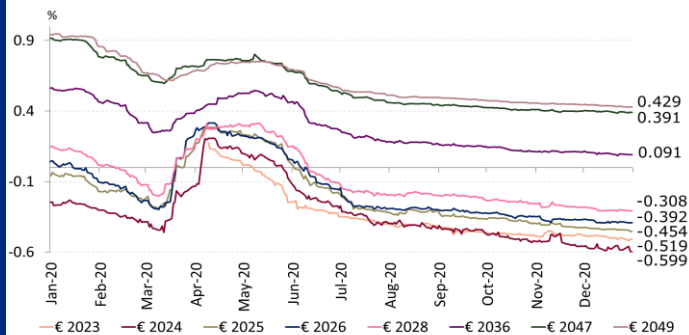


currencies



FOREIGN SECURITIES

EUR Eurobond yields



Source: Bloomberg, 31/12/2020

	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	16/06/2021	LATVIA	5.250	A	-0.022	31
	21/01/2021	LATVIA	2.625	A	-1.631*	63*
EUR	14/04/2023	LATVIA	0.125	A	-0.519	9
	30/04/2024	LATVIA	2.875	A	-0.599	-4
	23/09/2025	LATVIA	1.375	A	-0.454	8
	07/10/2026	LATVIA	0.375	A	-0.392	10
	30/05/2028	LATVIA	1.125	A	-0.308	12
	16/05/2036	LATVIA	1.375	A	0.091	21
	15/02/2047	LATVIA	2.250	A	0.391	44
	19/02/2049	LATVIA	1.875	A	0.429	48

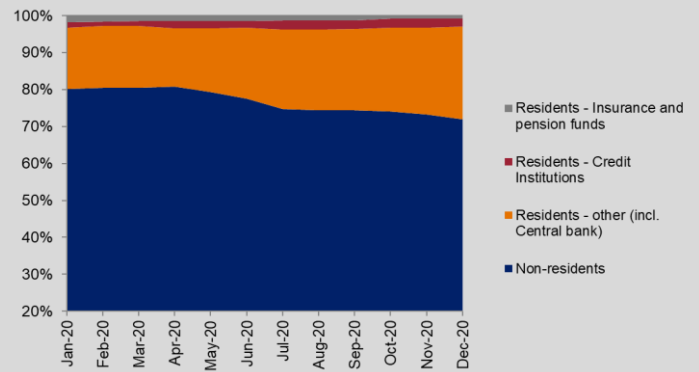
* bonds were matured on 21/01/2021

USD Eurobond yields



Source: Bloomberg, 31/12/2020

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

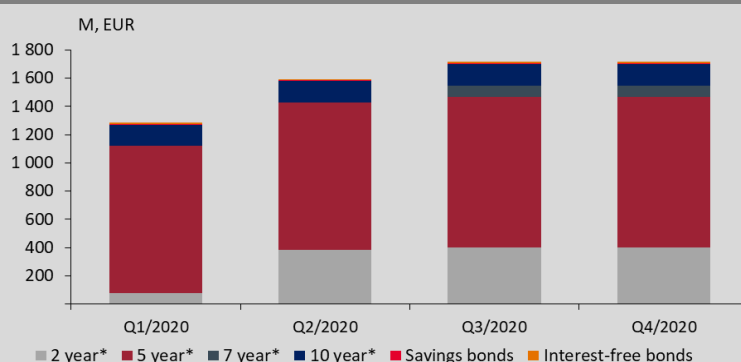


DOMESTIC SECURITIES

Domestic Securities Outstanding

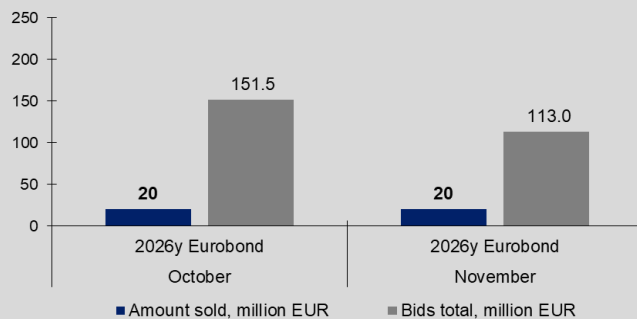
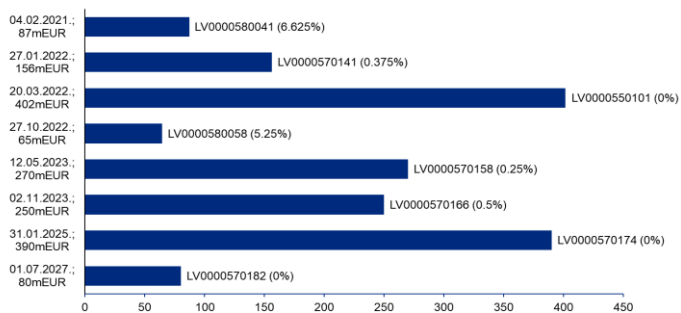
Outstanding	Q1/2020	Q2/2020	Q3/2020	M, EUR Q4/2020
2 year*	79.0	381.5	401.5	401.5
5 year*	1 040.6	1 046.2	1 066.2	1 066.2
7 year*	0.0	0.0	80.0	80.0
10 year*	151.6	151.6	151.6	151.6
Savings bonds	5.2	5.2	5.2	5.2
Interest-free bonds	10.5	9.8	9.5	9.5
Total	1 287.0	1 594.3	1 714.0	1 714.0

*original maturity



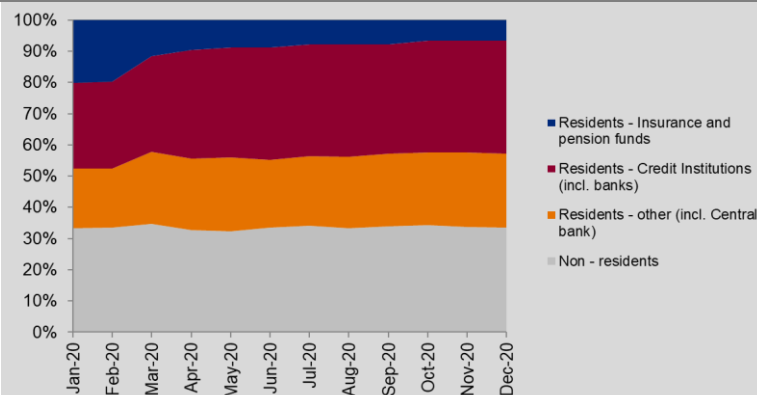
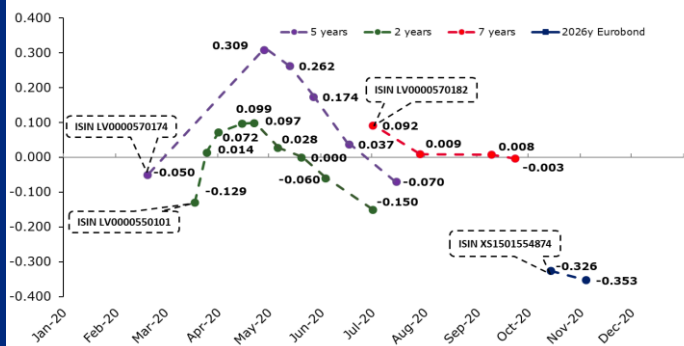
Government domestic securities outstanding (on the end of December)

Domestic T-Bond 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 Government Securities

Government securities can be issued in Latvia's and international financial markets. Government securities in domestic market are issued under the Latvian legislation or under other countries legislation by using auction method. 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 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	30/09/2020		31/12/2020		STRATEGY	
Outstanding amount of central government securities distributed in initial placement for domestic market investors at the end of the year	1 172.24 M, EUR ^{^^}		1 739,30 M, EUR		is not less than the outstanding amount at the beginning of the year ^{^^^}	
Maturity profile (%) of central government debt	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
	23.5%	39.1%	18.8%	37.2%	≤ 25%	≤ 50%
Share of fixed rate [^]	78.4%		82.1%		≥ 60%	
Macaulay Duration (years)	6.50		6.62		5.00 - 9.00	
Net debt currency composition ^{^^}	EUR		EUR		EUR	
	100.53%		100.10%		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.

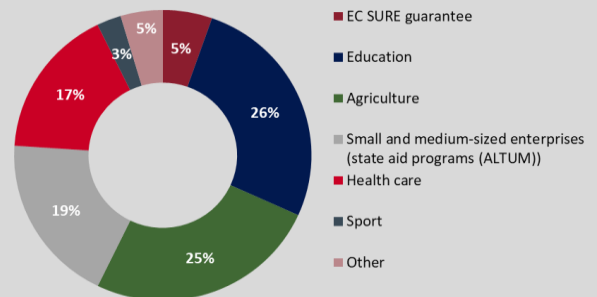
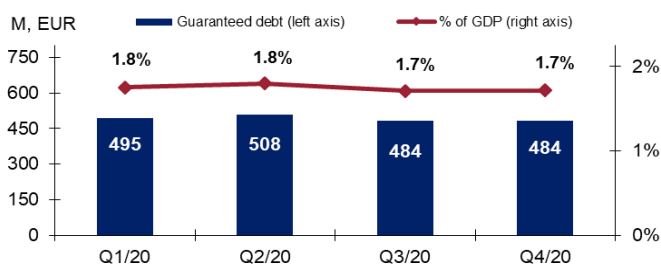
^{^^^} The index value is set once a year, i.e., at the end of the current year, value to 31/12/2019

^{^^^} 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

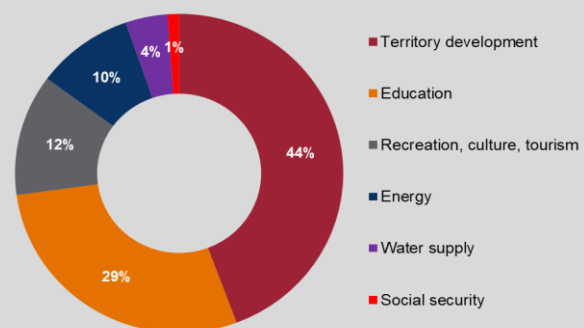
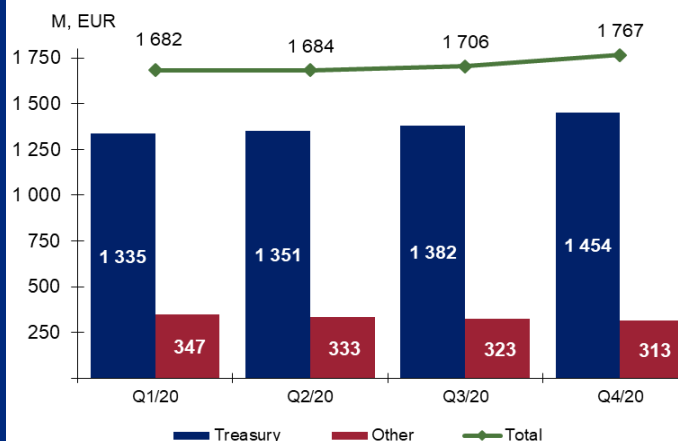
State guaranteed loans by industry (at the end of December)



MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding

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



	M, EUR
Total increase of borrowing stated in Budget Law 2020	641.5
Planned limit of loan disbursements to municipalities 2020	386.0
Total borrowings made (January-December)	264.3
from the Treasury	264.3
from other institutions	0.0

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

e-mail: kase@kase.gov.lv, home page: www.kase.gov.lv, quarterly reports, annual reports, investor presentation and rating updates available online- www.kase.gov.lv/l/investor-relations

NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on April 21, 2021.

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.