



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 708 M, EUR/ 2.3 % of forecasted GDP (January-March)
 - Central government debt outstanding (nominal value) 13 208 M, EUR/ 43.1 % of forecasted GDP (end of March)
 - Municipalities' borrowings made from the Treasury 26 M, EUR/ 0.1 % of forecasted GDP (January-March)
- GDP forecast for 2021 EUR 30 629 M (Ministry of Finance on February 2021)

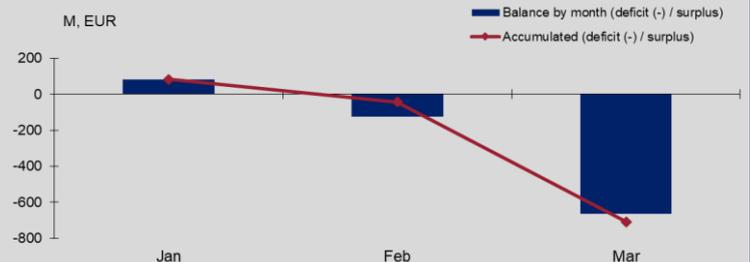
- On January 5, remaining tranche of Nordic Investment bank loan in amount of 250 M EUR were received to fund extraordinary government expenditure in order to mitigate the impact of the Covid 19 epidemic.
- On February 3, second instalment of the European Commission SURE (support to mitigate unemployment risks in an emergency following the COVID-19 outbreak) loan were received in amount of 72 M EUR.
- On March 10, Latvia priced 10-year Eurobond (maturing 17 March 2031) with a total amount of EUR 1.25 billion, setting a yield at 0.105% and a coupon 0.000%.

GENERAL DATA

Central Government Consolidated Budget*

| Month | M, EUR | | |
|--|--------|------|------|
| | Jan | Feb | Mar |
| Balance by month (deficit (-) / surplus) | 83 | -126 | -665 |
| Accumulated (deficit (-) / surplus) | 83 | -43 | -708 |

* excluding grants, donations and derived public entities

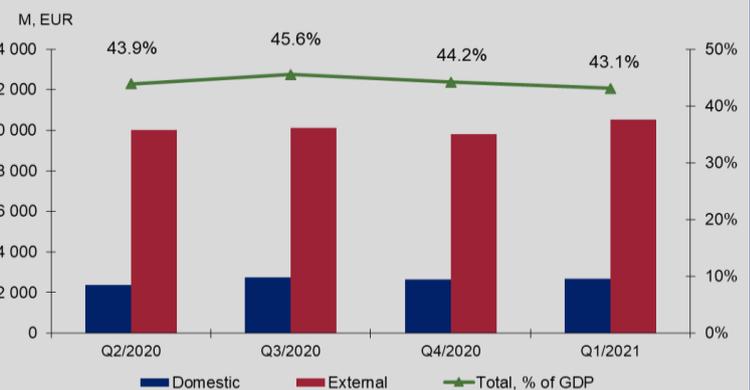


Central Government Debt Outstanding

| Debt (M, EUR) | Q2/2020 | | Q3/2020 | | Q4/2020 | | Q1/2021 | |
|------------------------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
| | | % | | % | | % | | % |
| Domestic debt | 2 390 | 19% | 2 741 | 21% | 2 648 | 21% | 2 669 | 20% |
| External debt | 9 996 | 81% | 10 105 | 79% | 9 811 | 79% | 10 539 | 80% |
| Total | 12 386 | 100% | 12 846 | 100% | 12 459 | 100% | 13 208 | 100% |
| Central government debt (% of GDP) | 43.9 | | 45.6 | | 44.2 | | 43.1 | |
| Net debt* (% of GDP) | 33.6 | | 34.9 | | 38.0 | | 37.3 | |

(nominal value)

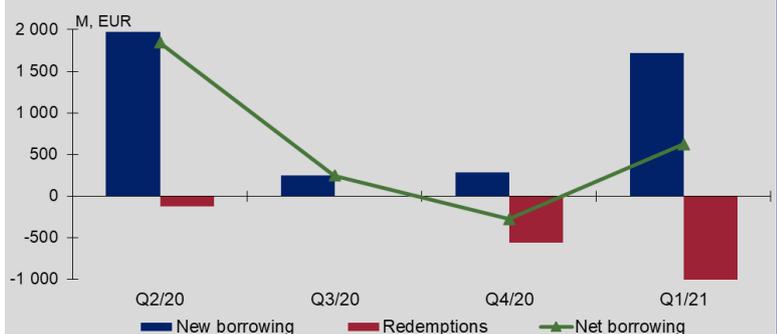
* without the derivative financial instruments effect result



Central Government Net Borrowing

| | M, EUR | | | |
|--|--------------|------------|-------------|------------|
| | Q2/20 | Q3/20 | Q4/20 | Q1/21 |
| New borrowing | 1 971 | 245 | 286 | 1 714 |
| <i>incl. Eurobonds</i> | 1 550 | | 40 | 1 392 |
| <i>incl. Loan issued by Nordic Investment Bank</i> | | 125 | 125 | 250 |
| <i>incl. EC SURE loan</i> | | | 120 | 72 |
| Redemptions | -126 | -1 | -562 | -1 093 |
| <i>incl. debt redemption to:</i> | | | | |
| World Bank | -10 | | -10 | |
| domestic securities | -113 | | -1 | -88 |
| Eurobonds | | | -550 | -1 000 |
| Net borrowing | 1 844 | 244 | -276 | 621 |

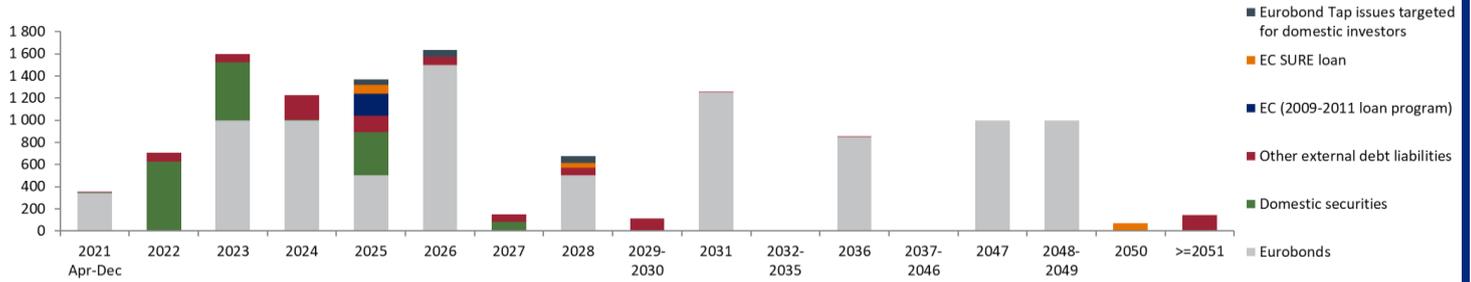
(nominal value)



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



Central Government Debt Redemption Profile (at the end of March 2021)

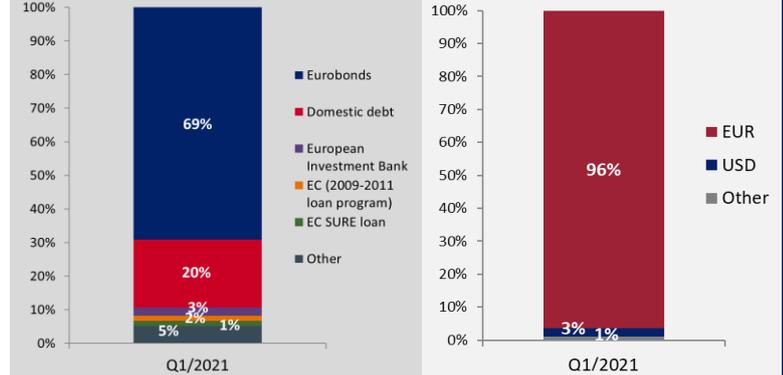
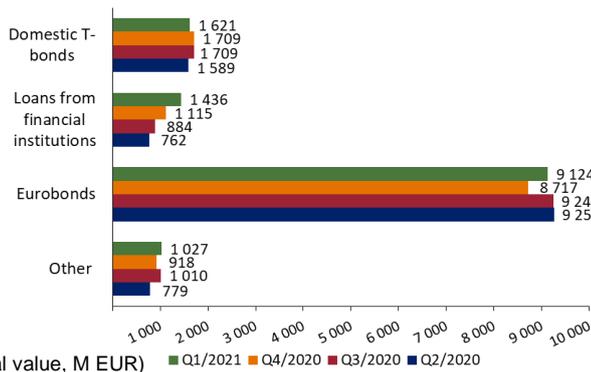


Debt Outstanding by

instruments/

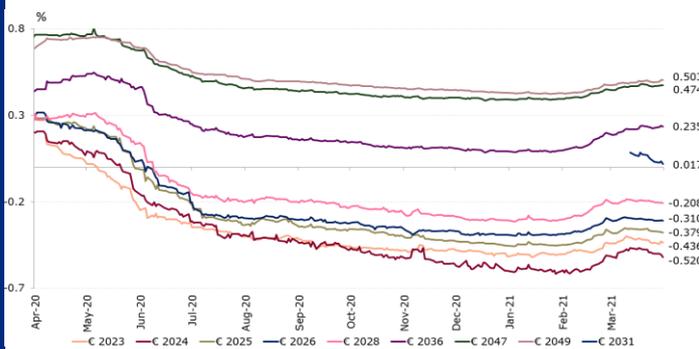
lenders/

currencies



FOREIGN SECURITIES

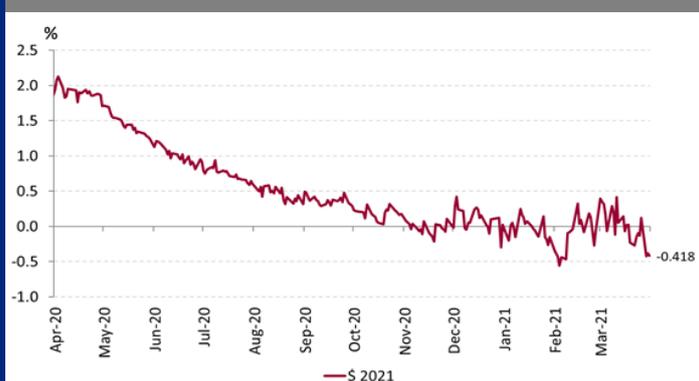
EUR Eurobond yields



Source: Bloomberg, 31/03/2021

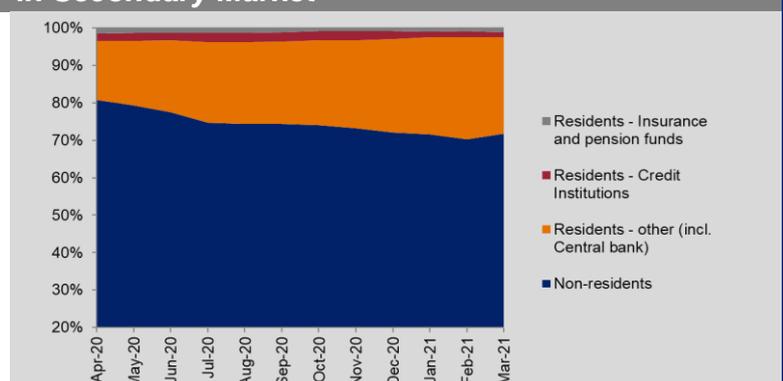
| Maturity Date | Issuer Name | Cpn | S&P Rating | Mid YTM | BID Z-Spread |
|---------------|-------------|-------|------------|---------|--------------|
| USD | LATVIA | 5.250 | A+ | -0.418 | 51 |
| 16.06.2021 | LATVIA | 0.125 | A+ | -0.436 | 20 |
| 14.04.2023 | LATVIA | 2.875 | A+ | -0.520 | 1 |
| 30.04.2024 | LATVIA | 1.375 | A+ | -0.379 | 4 |
| 23.09.2025 | LATVIA | 0.375 | A+ | -0.310 | 2 |
| 07.10.2026 | LATVIA | 1.125 | A+ | -0.208 | -1 |
| 30.05.2028 | LATVIA | 0.000 | A+ | 0.017 | -3 |
| 17.03.2031 | LATVIA | 1.375 | A+ | 0.235 | -5 |
| 16.05.2036 | LATVIA | 2.250 | A+ | 0.474 | 3 |
| 15.02.2047 | LATVIA | 1.875 | A+ | 0.503 | 6 |
| 19.02.2049 | LATVIA | | | | |

USD Eurobond yields



Source: Bloomberg, 31/03/2021

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

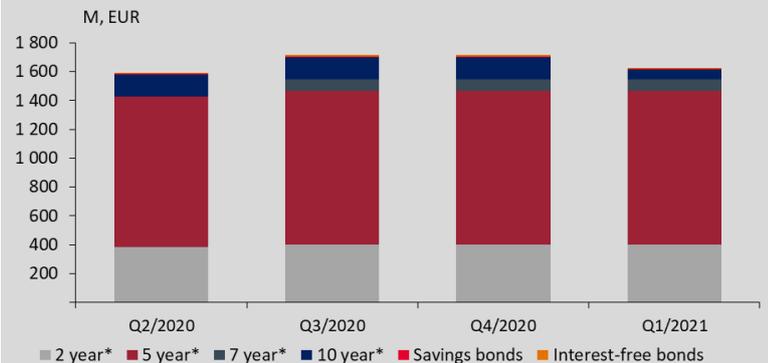


DOMESTIC SECURITIES

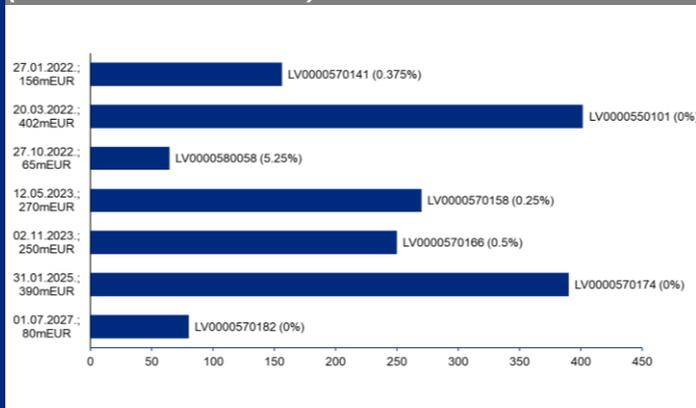
Domestic Securities Outstanding

| Outstanding | Q2/2020 | Q3/2020 | Q4/2020 | Q1/2021 |
|---------------------|----------------|----------------|----------------|----------------|
| 2 year* | 381.5 | 401.5 | 401.5 | 401.5 |
| 5 year* | 1 046.2 | 1 066.2 | 1 066.2 | 1 066.2 |
| 7 year* | 0.0 | 80.0 | 80.0 | 80.0 |
| 10 year* | 151.6 | 151.6 | 151.6 | 64.5 |
| Savings bonds | 5.2 | 5.2 | 5.2 | 5.3 |
| Interest-free bonds | 9.8 | 9.5 | 9.5 | 8.8 |
| Total | 1 594.3 | 1 714.0 | 1 714.0 | 1 626.3 |

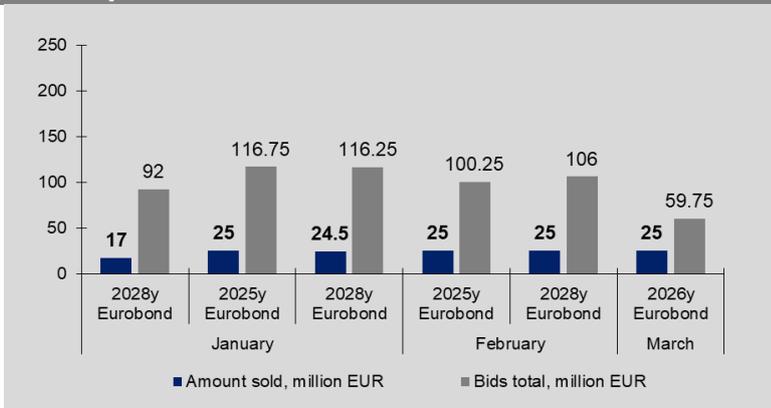
*original maturity



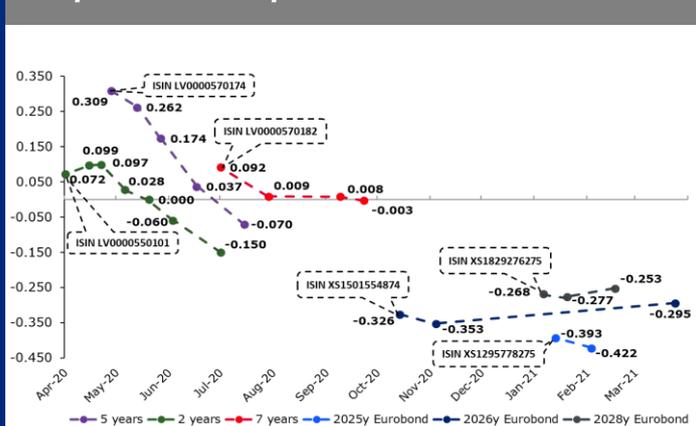
Government domestic securities outstanding (on the end of March)



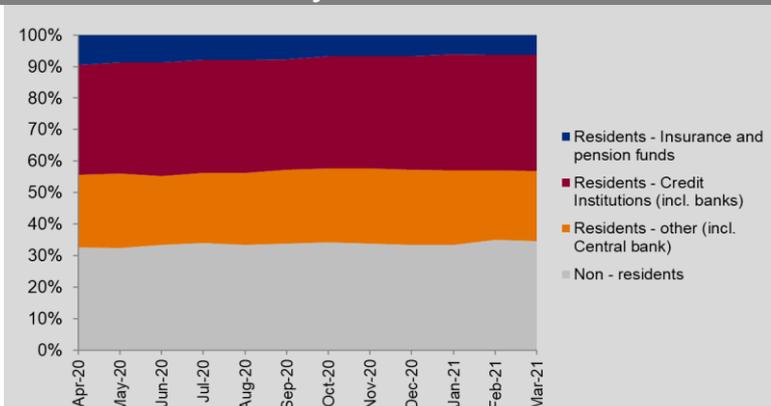
Domestic T-Bond Competitive Multi-Price Auctions in 1st quarter



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. 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

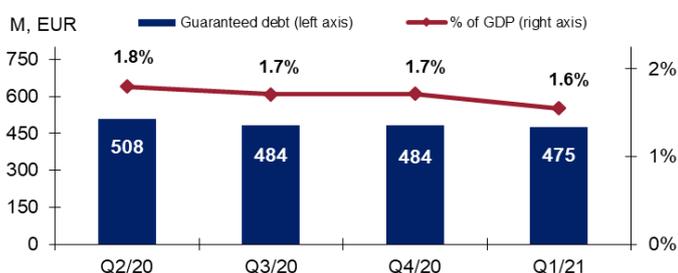
| Parameters | 31.12.2020 | | 31.03.2021 | | STRATEGY | |
|---|------------|-----------|------------|-----------|-------------------|--------------------|
| | ≤ 1 year | ≤ 3 years | ≤ 1 year | ≤ 3 years | ≤ 1 year ≤ 25% | ≤ 3 years ≤ 50% |
| Maturity profile (%) of central government debt | 18.8% | 37.2% | 14.7% | 28.0% | | |
| Share of fixed rate [^] | 82.1% | | 84.3% | | ≥ 60% | |
| Macaulay Duration (years) | 6.62 | | 7.18 | | 5.00 - 9.00 | |
| Net debt currency composition ^{^^} | EUR | | EUR | | EUR | |
| | 100.10% | | 100.11% | | 100% (+/- 5%) | |

[^]Fixed rate central government debt with a maturity over one year.

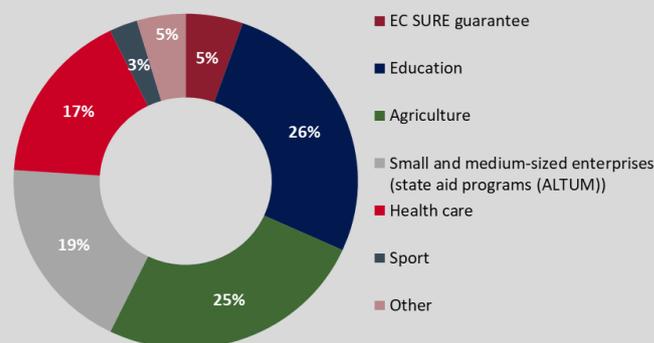
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of derivative 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.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

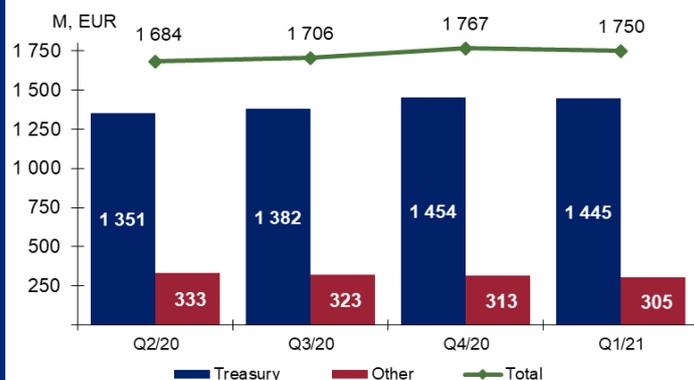


State guaranteed loans by industry (at the end of March)

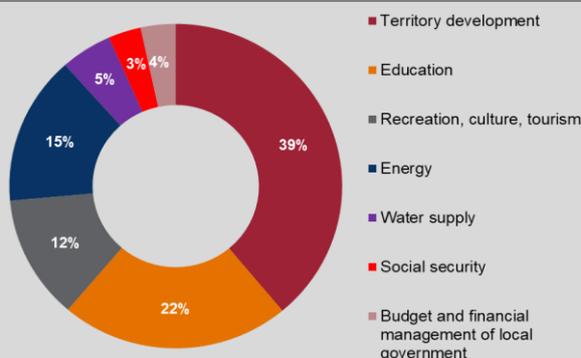


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



| | M, EUR |
|--|--------|
| Total increase of borrowing stated in Budget Law 2021 | 484.5 |
| Planned limit of loan disbursements to municipalities 2021 | 387.0 |
| Total borrowings made (January-March) | 26.1 |
| from the Treasury | 26.1 |
| from other institutions | 0.0 |

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on July 22, 2021.

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