



BULLETIN IN BRIEF

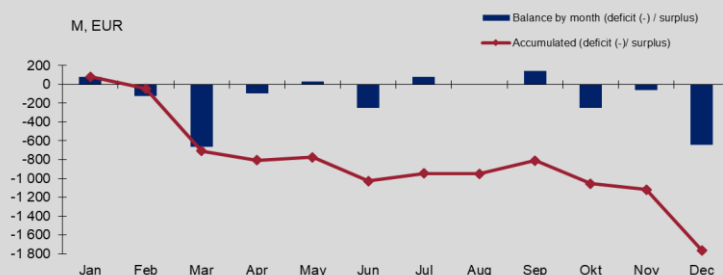
- Budget¹ with accumulated deficit 1 760 M, EUR/ 5.6 % of forecasted GDP (January-December)
 - Central government debt outstanding (nominal value) 15 259 M, EUR/ 48.7 % of forecasted GDP (end of December)
 - Municipalities' borrowings made from the Treasury 277 M, EUR/ 0.9 % of forecasted GDP (January-December)
- GDP forecast for 2021 EUR 31 364 M (Ministry of Finance as on June 2021)

• On December 6th, 2021, the Treasury on behalf of the Republic of Latvia priced its debut (long) 8-year Sustainability Bond raising 600 million euro, with a reoffer yield of 0,263% and a coupon of 0,250%. The Sustainability Bond Framework confirms Latvia's strong commitment to its environmental and social strategy, and supports the achievement of goals to mitigate the effects of climate change and ensure a climate neutrality by 2050, contributing to European and global climate objectives, as well as to the reduction of poverty and inequality of opportunities.

GENERAL DATA

Central Government Consolidated Budget*

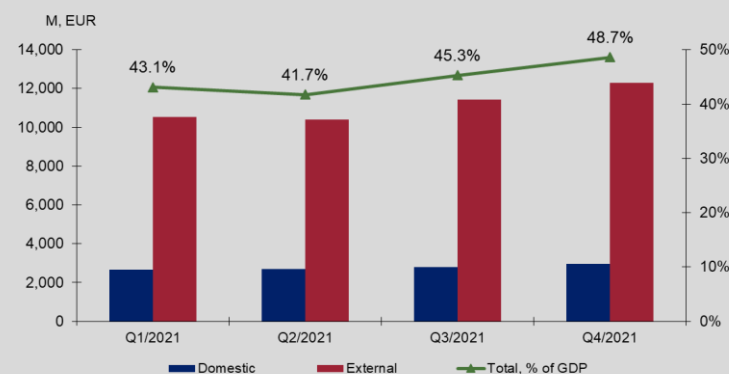
| Month | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Okt | Nov | Dec | M, EUR |
|--|-----|------|------|------|------|--------|------|------|------|--------|--------|--------|--------|
| Balance by month (deficit -) / surplus | 83 | -126 | -665 | -98 | 33 | -253 | 80 | -4 | 141 | -246 | -62 | -644 | |
| Accumulated (deficit -) / surplus | 83 | -43 | -708 | -806 | -773 | -1 025 | -945 | -949 | -808 | -1 055 | -1 117 | -1 760 | |



* excluding grants, donations and derived public entities

Central Government Debt Outstanding

| Debt (M, EUR) | Q1/2021 | % | Q2/2021 | % | Q3/2021 | % | Q4/2021 | % |
|------------------------------------|---------------|-------------|---------------|-------------|---------------|-----|---------------|-------------|
| Domestic debt | 2 669 | 20% | 2 681 | 20% | 2 783 | 20% | 2 972 | 19% |
| External debt | 10 539 | 80% | 10 410 | 80% | 11 436 | 80% | 12 287 | 81% |
| Total | 13 208 | 100% | 13 091 | 100% | 14 218 | | 15 259 | 100% |
| Central government debt (% of GDP) | 43.1 | | 41.7 | | 45.3 | | 48.7 | |
| Net debt* (% of GDP) | 37.3 | | 37.7 | | 37.5 | | 41.1 | |



(nominal value)

* without the derivative financial instruments effect result

Central Government Net Borrowing

| | M, EUR | Q1/21 | Q2/21 | Q3/21 | Q4/21 |
|--|--------|--------|-------|-------|-------|
| New borrowing | | 1,714 | 214 | 637* | 846 |
| <i>incl. Eurobonds</i> | | 1,392 | 101 | 635 | 845 |
| <i>incl. Loan issued by Nordic Investment Bank</i> | | 250 | | | |
| <i>incl. EC SURE loan</i> | | 72 | 113 | | |
| Redemptions | | -1,093 | -337 | -1 | -124 |
| <i>incl. domestic securities</i> | | -88 | -2 | -1 | -1 |
| <i>incl. Eurobonds</i> | | -1,000 | -331 | | |
| Net borrowing | | 621 | -123 | 636 | 722 |



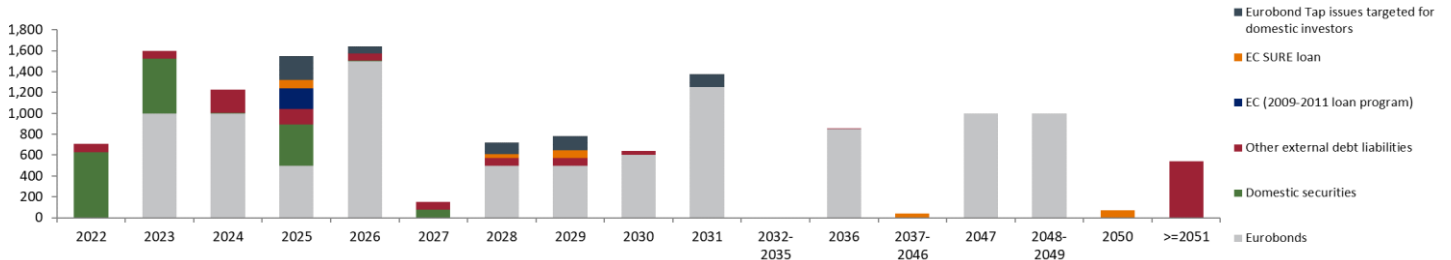
(nominal value)

*excluding IMF XDR allocations (Q3 2021)

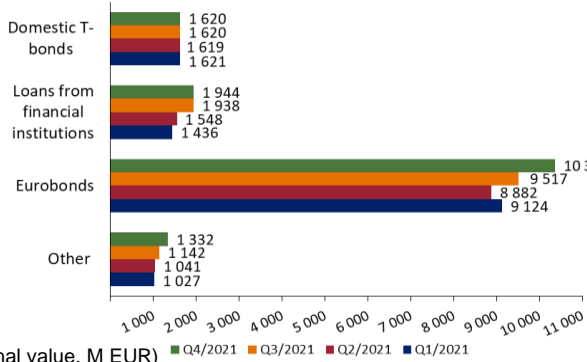
¹Central government consolidated budget (excluding grants, donations and derived public entities)



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

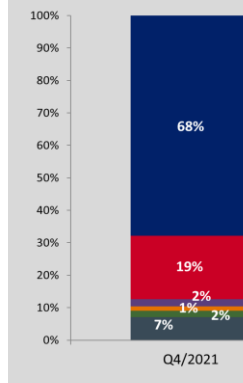


Debt Outstanding by instruments/

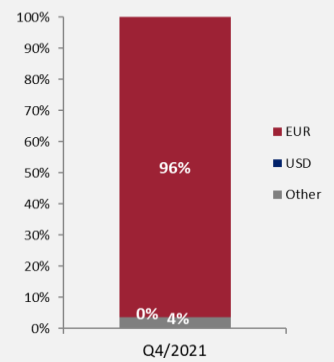


(nominal value, M EUR)

lenders/

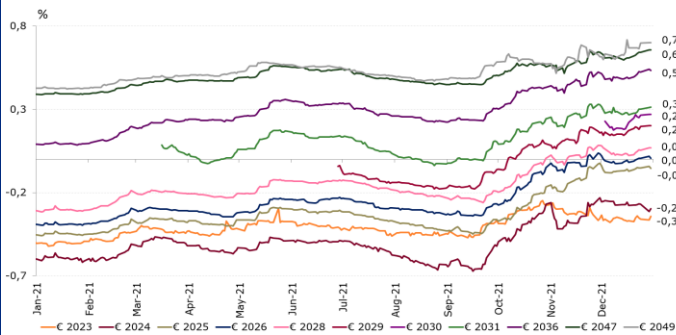


currencies



FOREIGN SECURITIES

EUR Eurobond yields



Source: Bloomberg, 31/12/2021

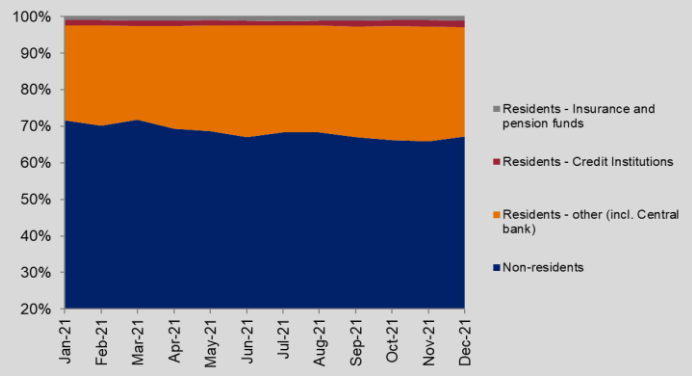
| | Maturity Date | Issuer Name | Cpn | S&P Rating | Mid YTM | BID Z-Spread |
|-----|---------------|-------------|-------|------------|---------|--------------|
| EUR | 14.04.2023 | LATVIA | 0.125 | A+ | -0.342 | 28 |
| | 30.04.2024 | LATVIA | 2.875 | A+ | -0.299 | 7 |
| | 23.09.2025 | LATVIA | 1.375 | A+ | -0.055 | 9 |
| | 07.10.2026 | LATVIA | 0.375 | A+ | 0.006 | 7 |
| | 30.05.2028 | LATVIA | 1.125 | A+ | 0.068 | 3 |
| | 24.01.2029 | LATVIA | 0.000 | A+ | 0.201 | 13 |
| | 23.01.2030* | LATVIA | 0.250 | A+ | 0.269 | 13 |
| | 17.03.2031 | LATVIA | 0.000 | A+ | 0.313 | 10 |
| | 16.05.2036 | LATVIA | 1.375 | A+ | 0.533 | 12 |
| | 15.02.2047 | LATVIA | 2.250 | A+ | 0.658 | 18 |
| | 19.02.2049 | LATVIA | 1.875 | A+ | 0.701 | 24 |

* Sustainability bonds issued 2021

Eurobonds outstanding (on the end of December, M EUR)



External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

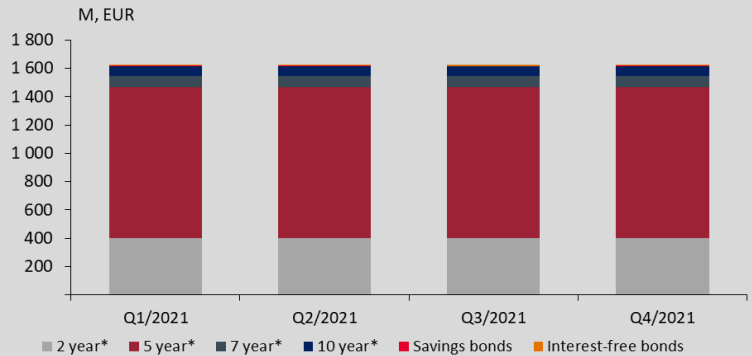


DOMESTIC SECURITIES

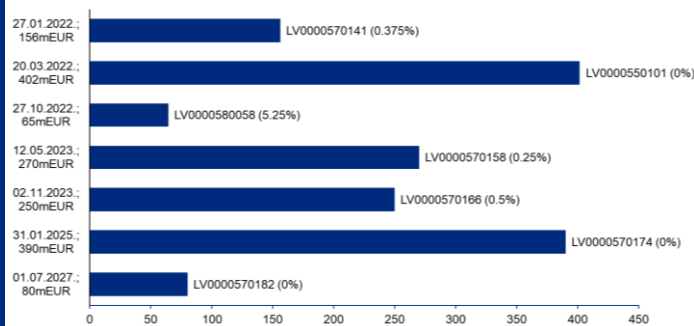
Domestic Securities Outstanding

| Outstanding | Q1/2021 | Q2/2021 | Q3/2021 | Q4/2021 |
|---------------------|----------------|----------------|----------------|----------------|
| 2 year* | 401.5 | 401.5 | 401.5 | 401.5 |
| 5 year* | 1,066.2 | 1,066.2 | 1,066.2 | 1,066.2 |
| 7 year* | 80.0 | 80.0 | 80.0 | 80.0 |
| 10 year* | 64.5 | 64.5 | 64.5 | 64.5 |
| Savings bonds | 5.3 | 5.3 | 5.1 | 5.5 |
| Interest-free bonds | 8.8 | 7.0 | 8.3 | 8.3 |
| Total | 1 626.3 | 1 624.6 | 1 625.6 | 1 626.0 |

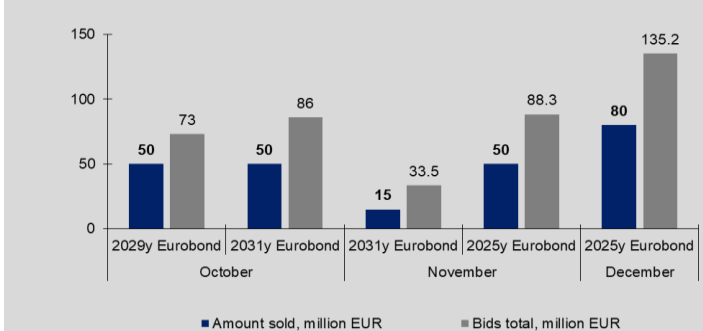
*original maturity



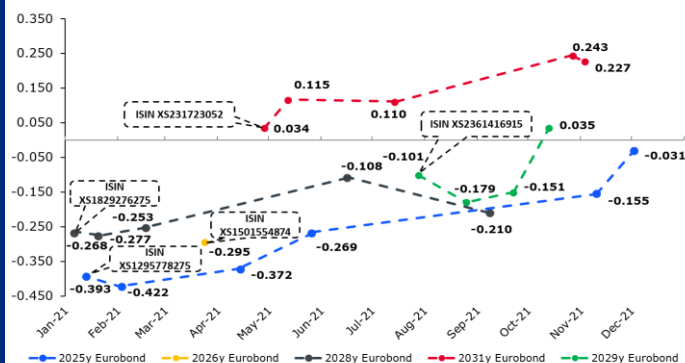
Government domestic securities outstanding (on the end of December)



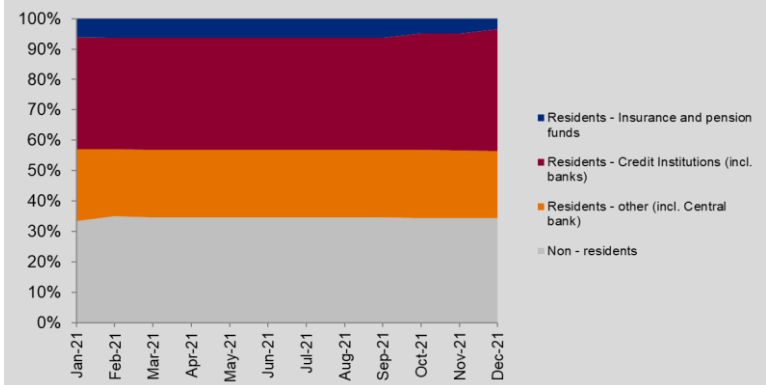
Domestic T-Bond Competitive Multi-Price Auctions in 4th quarter



Competitive Multi-price Auction rates



Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

Management of Planned 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

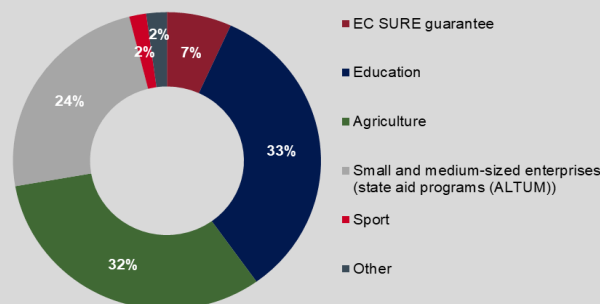
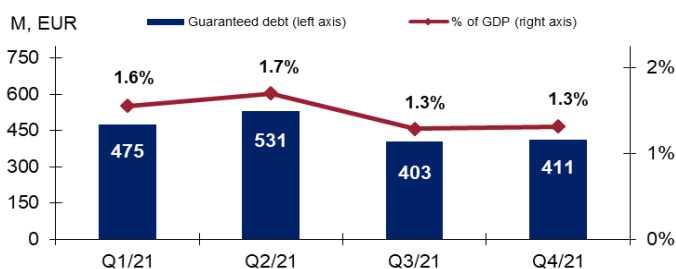
| Parameters | 30.09.2021 | | 31.12.2021 | | STRATEGY | |
|---|-------------------------------|--------------------|-------------------|--------------------|---|--------------------|
| Outstanding amount of central government securities distributed in initial placement for domestic market investors at the end of the year | 1 739.30 M, EUR ^{^^} | | 2 274.47 M, EUR | | is not less than the outstanding amount at the beginning of the year ^{^^^} | |
| Maturity profile (%) of central government debt | ≤ 1 year 12.1% | ≤ 3 years 31.7% | ≤ 1 year 13.4% | ≤ 3 years 32.0% | ≤ 1 year ≤ 25% | ≤ 3 years ≤ 50% |
| Share of fixed rate [^] | 81.3% | | 80.4% | | ≥ 60% | |
| Macaulay Duration (years) | 6.78 | | 6.55 | | 5.00 - 9.00 | |
| Net debt currency composition ^{^^} | EUR | | EUR | | EUR | |
| | 100.59% | | 100.24% | | 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 into 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 31.12.2020
^{^^^} 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

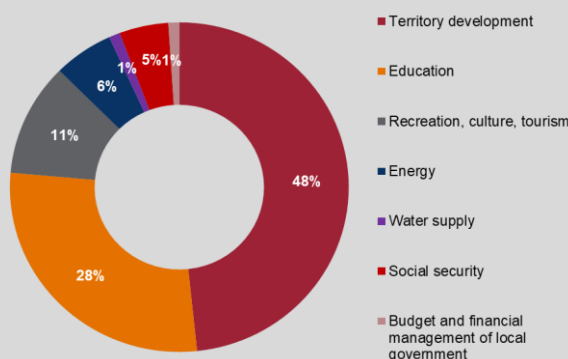
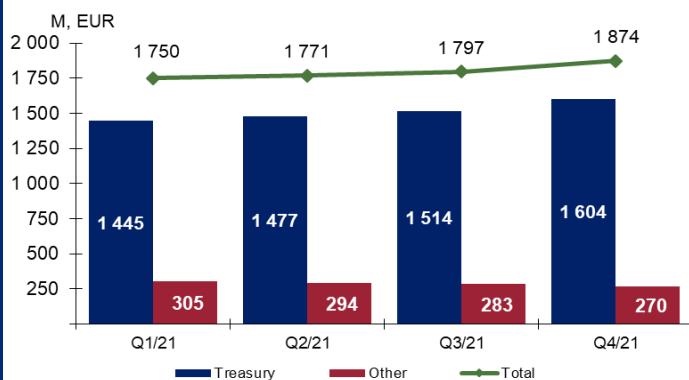
State guaranteed loans by industry (at the end of December)



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 2021 | 484.5 |
| Planned limit of loan disbursements to municipalities 2021 | 387.0 |
| Total borrowings made (January-December) | 277.1 |
| from the Treasury | 277.1 |
| from other institutions | 0.0 |

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on April 22, 2022.

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