

## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated surplus
- Central government debt outstanding (nominal value)
- Municipalities' borrowings made from the Treasury

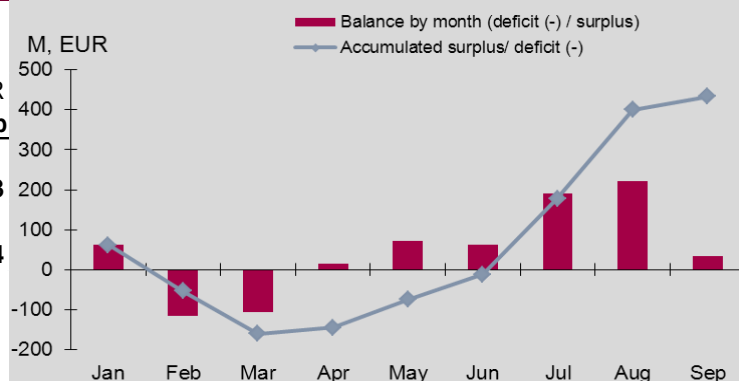
305 M, LVL / 434 M, EUR (Jan-Sep.)  
 5 380 M, LVL / 7 656 M, EUR (end of September)  
 65,6 M, LVL / 93.3 M, EUR (Jan-Sep.)

## GENERAL DATA

### Central Government Consolidated Budget\*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	M, EUR
Balance by month (deficit (-) / surplus)	61	-115	-106	14	71	62	191	222	33	
Accumulated surplus/deficit (-)	61	-54	-160	-145	-74	-12	178	401	434	

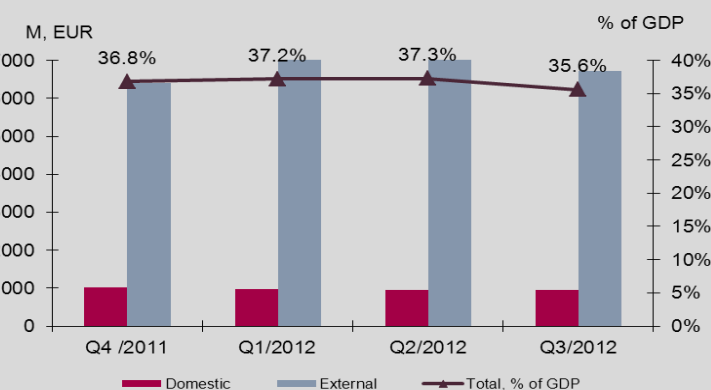
\* excluding grants, donations and derived public entities



### Central Government Debt Outstanding

Debt (M, EUR)	Q4/2011	Q1/2012	Q2/2012	Q3/2012
Domestic debt	1 022	974	950	941
External debt	6 401	7 023	7 061	6 715
Total	7 422	7 997	8 011	7 656

(nominal values)

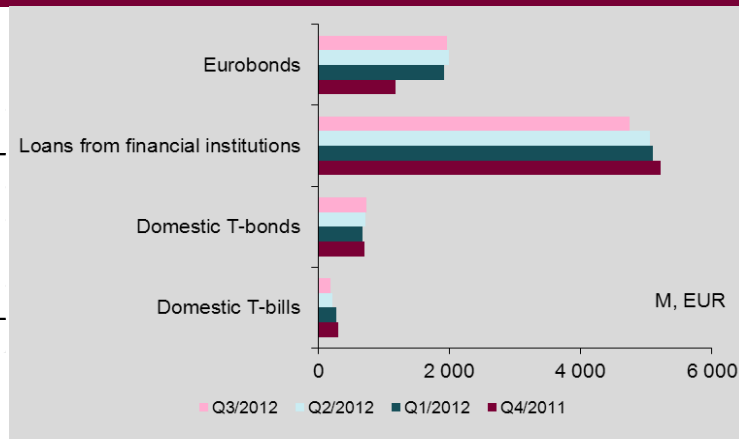


GDP forecast for 2012: LVL 15 108,0 M (EUR 21 496,7 M) (Ministry of Finance)

### Debt Outstanding by Instruments

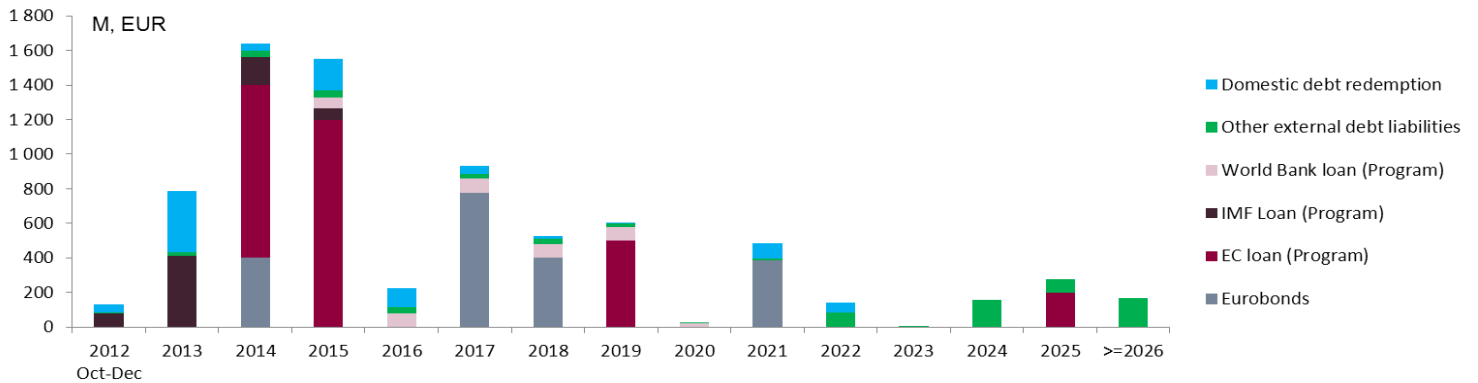
M, EUR	Q4/2011	Q1/2012	Q2/2012	Q3/2012
Domestic T-bills	304	286	222	196
Domestic T-bonds	709	681	720	739
Loans from financial institutions	5 222	5 104	5 068	4 755
Eurobonds	1 187	1 927	1 999	1 965
Total	7 422	7 997	8 011	7 656

(nominal values)

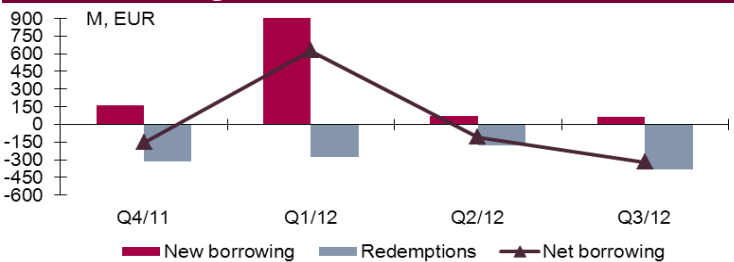


<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)

### Redemption Profile (at the end of September 2012)



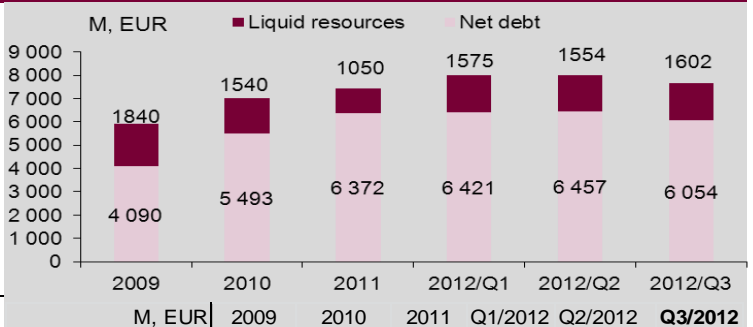
### Net Borrowing



M, EUR	Q4/ 11	Q1/12	Q2/12	Q3/12
New borrowing	163	906	69	62
Redemptions	-318	-279	-179	-367
Net borrowing	-154	626	-110	-305

(nominal values)

### Central Government Net Debt



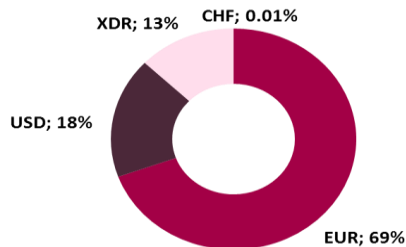
M, EUR	2009	2010	2011	2012/Q1	2012/Q2	2012/Q3
Central government debt (% of GDP)	31.9	38.8	36.8	37.2	37.3	35.6
Net debt (% of GDP)	22.0	30.3	31.6	29.9	30.0	28.2

## BORROWING MANAGEMENT – EXTERNAL

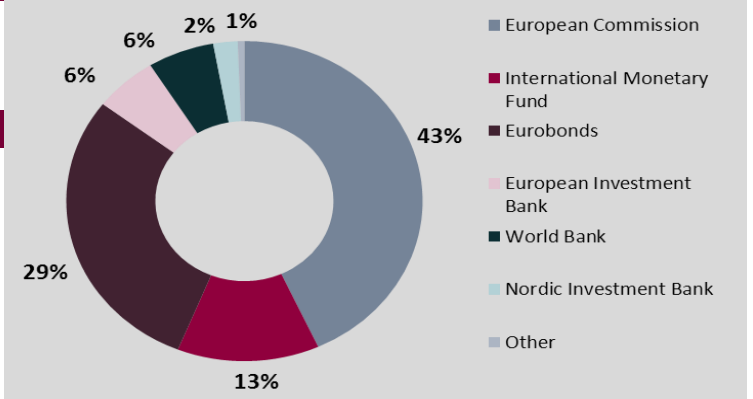
### External Borrowing

(M, EUR)	Q4/11	Q1/12	Q2/12	Q3/12
Borrowing made	100	754	0	0

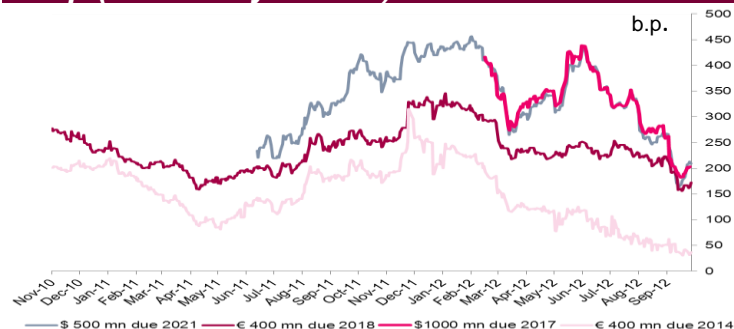
### Foreign Currency External Debt (at the end of Sept. 2012)



### External Debt Outstanding by Instruments and Lender (at the end of September 2012)

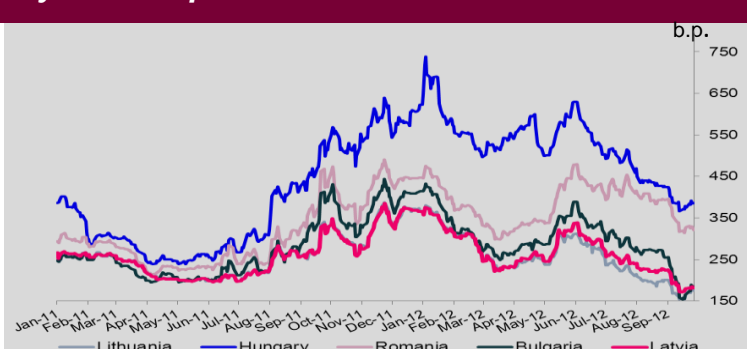


### Latvia Eurobond Spread performance vs. mid-swap (secondary market)



Source: Bloomberg, 30.09.2012

### 5 year CDS performance



Source: Bloomberg, 30.09.2012

Republic of Latvia

Moody's: Baa3 / Fitch, R&I, S&P: BBB-

Bloomberg: TREL <GO>

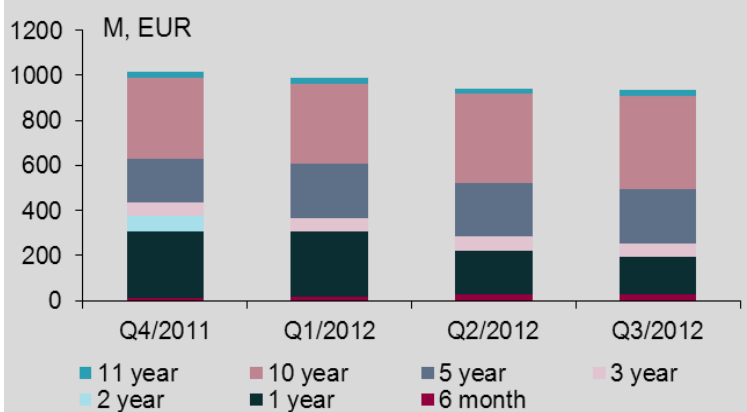
### BORROWING MANAGEMENT – DOMESTIC

#### Planned Domestic Securities Auctions

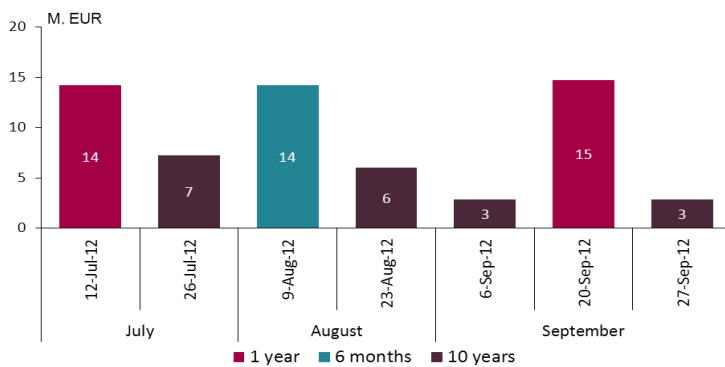
The announcements of the forthcoming auctions are published no later than one day prior to auction on the Treasury's website. Auctions are held depending on actual financing requirement and the financial market conditions. On Wednesdays competitive multi-price government securities auctions are organized and on Thursdays depending on the financial market conditions – non-competitive fixed rate auctions.

#### Domestic Securities Outstanding

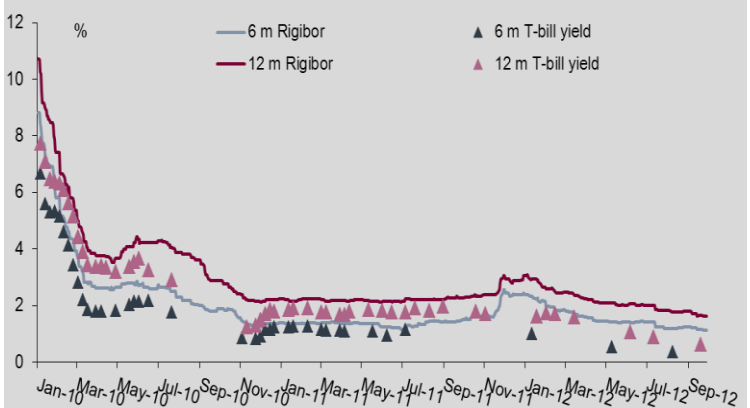
Outstanding	Q4/2011	Q1/2012	Q2/2012	Q3/2012
1 month	0	0	0	0
3 month	0	0	0	0
6 month	12	14	29	28
1 year	292	293	194	166
2 year	71	0	0	0
3 year	60	60	60	60
5 year	195	238	238	238
10 year	358	358	398	417
11 year	24	24	24	24
<b>Total</b>	<b>1013</b>	<b>987</b>	<b>943</b>	<b>933</b>



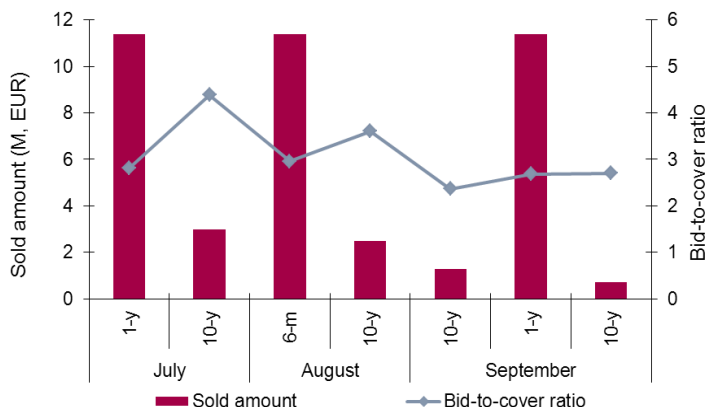
#### Sold amounts at auctions in Q3/2012



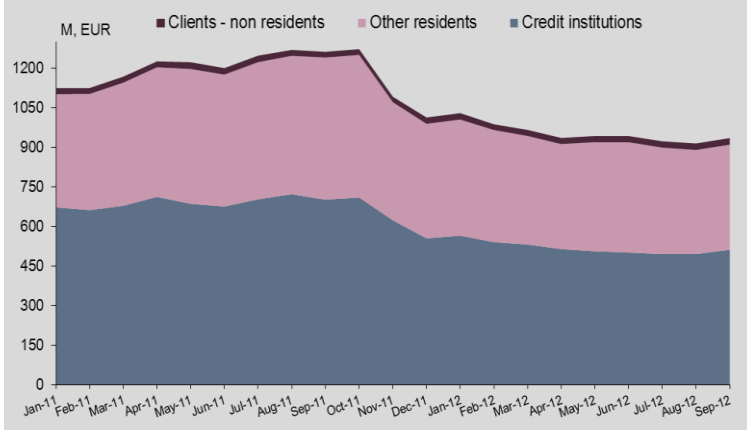
#### Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



#### Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q3/2012



#### Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

## DEBT PORTFOLIO MANAGEMENT

### Parameters of Debt Management Strategy\*

PARAMETERS	31.06.2012.		30.09.2012.		STRATEGY	
The share of the lats debt in the portfolio	11.8%		12.20%		>= 35%**	
Maturity profile	<1 year 6.1%***	< 3 years 47.6%***	<1 year 5.3%***	< 3 years 47.0%***	< 1 year < 25%	< 3 years < 50%
Optimum share of fixed rate in the portfolio	85.49%		88.38%		>= 60%****	
Duration (years)	3.80		3.74		3.4 - 5.0	
Foreign currency net debt currency composition	EUR 99.61%		EUR 99.54%		EUR 100% (+/- 5%)	

\* Borrowings of the ministries, other central government institutions and derived public person outside the Treasury (3.9 million. lats/ 5.5 million EUR) are not included

\*\* Minimum share of the LVL debt in medium term shall be ensured at least at 35% level, if this scenario agrees with Latvian macroeconomic development tendencies, capital market and overall financial system condition and if the weighted average yield of medium term and long term government domestic securities offered at auctions held by the Treasury is less than 100 basis points above borrowing opportunity level in EUR.

\*\*\*Maturity profile taking into account the debt refinancing reserve (270 million lats/ 384 million EUR).

\*\*\*\* Fixed rate debt with a maturity over one year.

## ISSUANCE OF STATE GUARANTEES

### State Guarantees in 2012

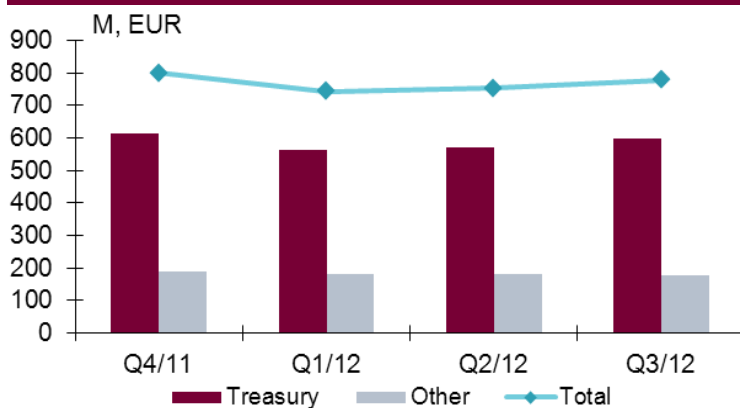
	Planned in 2012, M, EUR	Issued
Study and student crediting	40.84	2.13
Mortgage and Land Bank	170.74	17.50
SIA JP Termināls	34.72	not issued
Total	246.3	19.64

### State Guaranteed Debt Outstanding



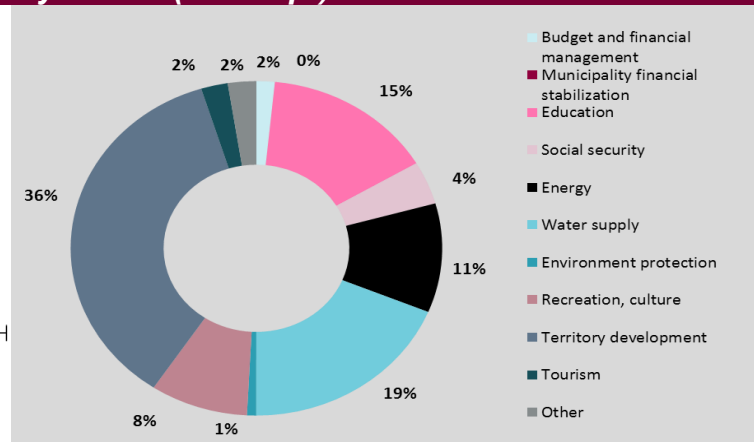
## MUNICIPALITIES' BORROWING

### Municipalities' Debt Outstanding



Lender	Treasury	Other lender	Debt outstanding
end of September 2012	600	179	779

### Municipalities' Borrowings from the Treasury by Sector (Jan-Sept)



	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2012	108.1
Planned limit of loan disbursements to municipalities for 2012	213.1
Total disbursements made (Jan-Sept.)	93.3
from the Treasury	92.5
from other institutions	0.9

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