



## BULLETIN IN BRIEF

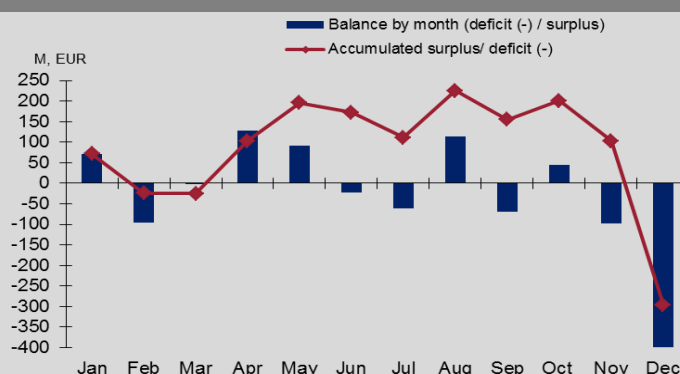
- Budget<sup>1</sup> with accumulated deficit 296 M, EUR/ 1,2% of forecasted GDP (January-December)
  - Central government debt outstanding (nominal value) 8 412 M, EUR/ 33,9% of forecasted GDP (end of December)
  - Municipalities' borrowings made from the Treasury 190,5 M, EUR/ 0,8% of forecasted GDP (January-December)
- GDP forecast for 2015 on December 2015: EUR 24 841,6 M (Ministry of Finance)

• Following the launch of invitation on November 30, 2015 for holders of Latvia USD bonds maturing in 2020 and 2021, Latvia on December 8 announced results of acceptance of bonds for repurchase with a total nominal value of 650 million US dollars. In order to finance the repurchase of bonds, on the same day new 5-year bonds in amount of 550 million euros were priced with coupon 0.50% (yield 0.532%).

## GENERAL DATA

### Central Government Consolidated Budget\*

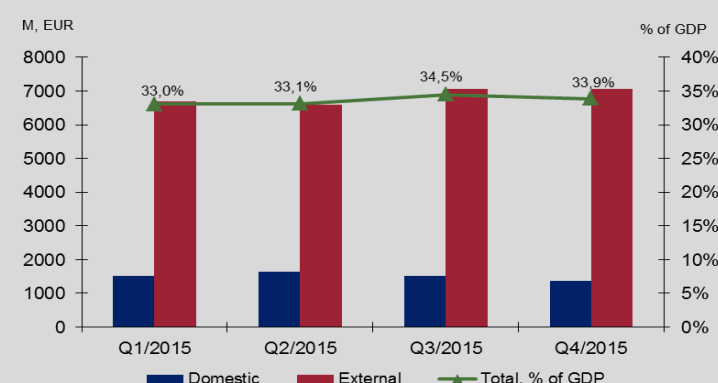
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	72	-95	-2	129	92	-23	-60	114	-70	45	-98	-399
Accumulated surplus/deficit (-)	72	-24	-25	103	195	172	112	225	155	201	103	-296



\* excluding grants, donations and derived public entities

### Central Government Debt Outstanding

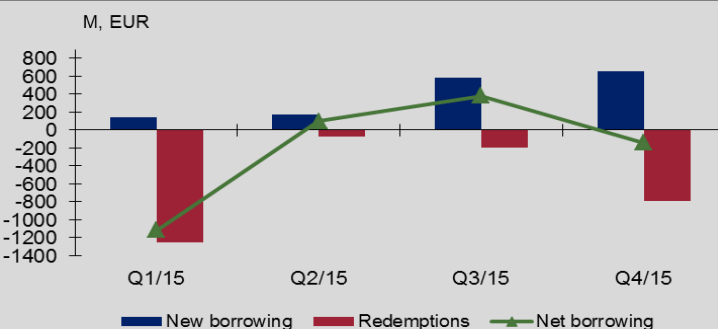
Debt (M, EUR)	Q1/2015		Q2/2015		Q3/2015		Q4/2015	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 522	19%	1 631	20%	1 511	18%	1 359	16%
External debt	6 684	81%	6 590	80%	7 049	82%	7 053	84%
<b>Total</b>	<b>8 206</b>	<b>100%</b>	<b>8 221</b>	<b>100%</b>	<b>8 560</b>	<b>100%</b>	<b>8 412</b>	<b>100%</b>
Central government debt (% of GDP)	33,0		33,1		34,5		33,9	
Net debt (% of GDP)	31,3		30,4		30,6		32,4	



(nominal value)

### Central Government Net Borrowing

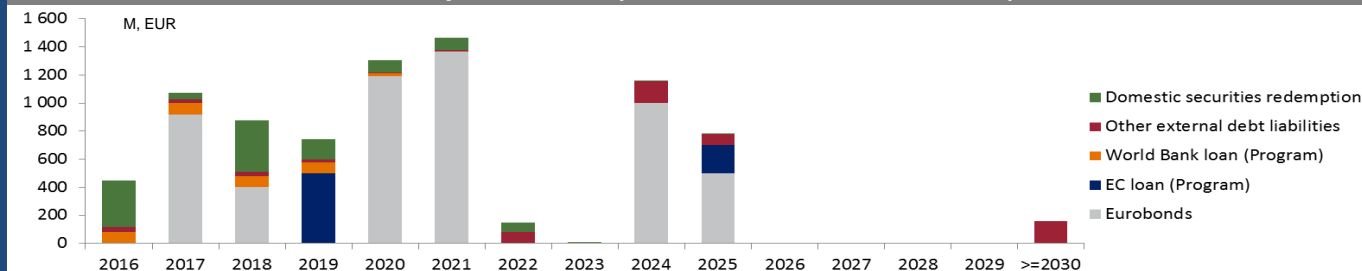
M, EUR	Q1/15	Q2/15	Q3/15	Q4/15
New borrowing	141	170	583	650
incl. Eurobonds			500	550
Redemptions	-1 256	-71	-201	-795
incl. debt redemption to European Commission	-1 200			
World Bank	-20	-10	-20	-10
Eurobonds				600
<b>Net borrowing</b>	<b>-1 115</b>	<b>99</b>	<b>382</b>	<b>-145</b>



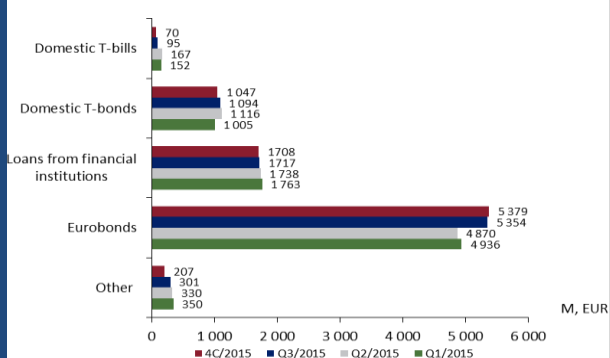
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



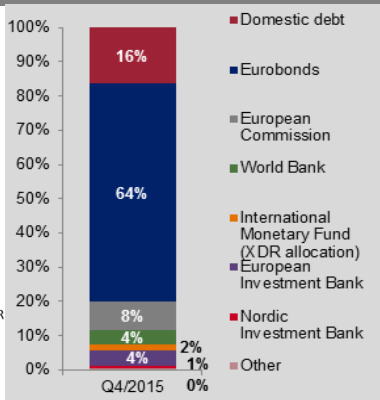
## Central Government Debt Redemption Profile ( at the end of December 2015)



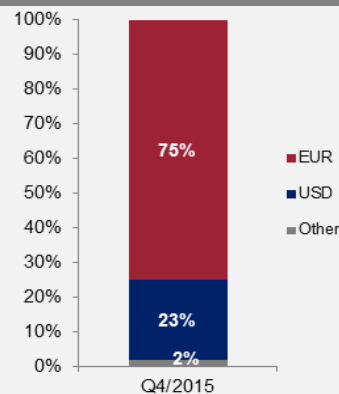
## Debt Outstanding by instruments/



## lenders/



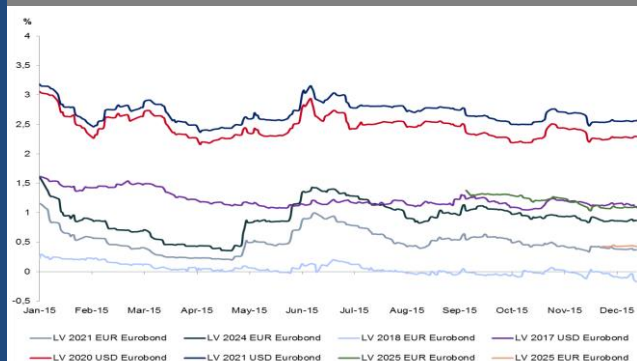
## currencies



(nominal value)

## FOREIGN SECURITIES

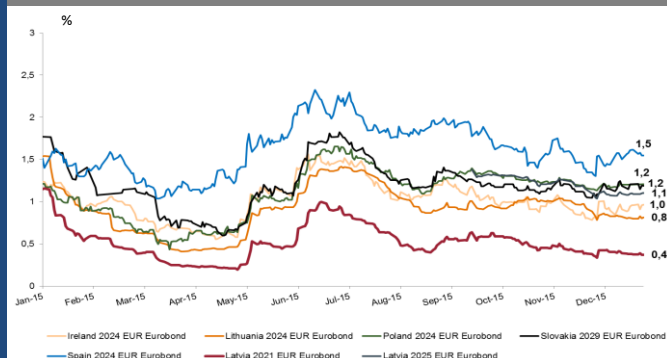
### EUR and USD Eurobond yields



Source: Bloomberg, 30.12.2015

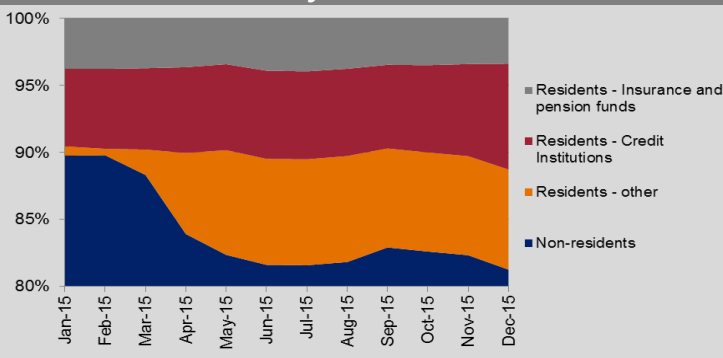
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,25	A-	1,09	35
	12.01.2020	LATVIA	2,75	A-	2,29	79
	16.06.2021	LATVIA	5,25	A-	2,57	88
EUR	05.03.2018	LATVIA	5,5	A-	-0,17	-7
	21.01.2021	LATVIA	2,6	A-	0,37	11
	30.04.2024	LATVIA	2,9	A-	0,87	14
	23.09.2025	LATVIA	1,375	A-	1,1	19
	15.12.2025	LATVIA	0,500	A-	0,43	16

### EUR bond yields by European countries



Source Bloomberg, 30.12.2015

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



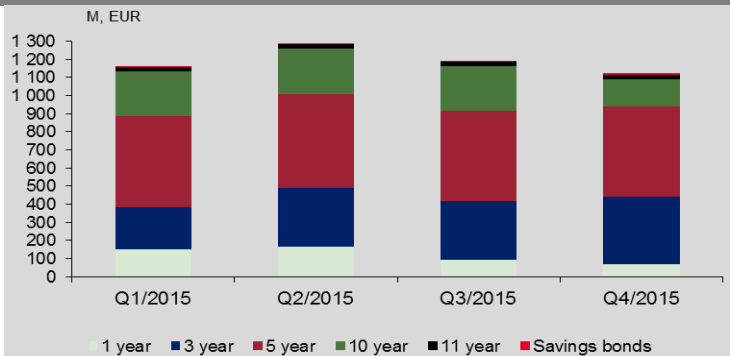
Source: Bank of Latvia



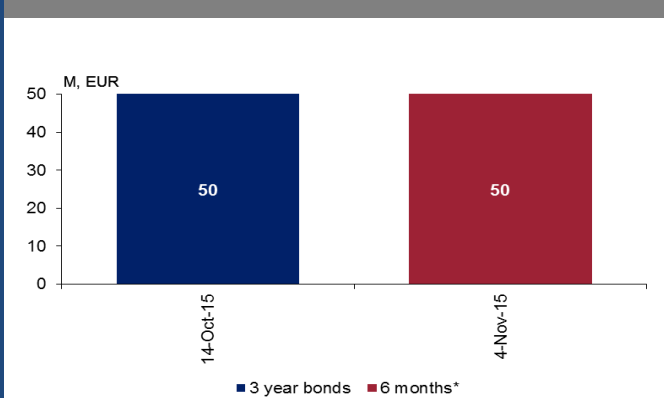
## DOMESTIC SECURITIES

### Domestic Securities Outstanding by original maturities

Outstanding	Q1/2015	Q2/2015	Q3/2015	Q4/2015
1 year	152	167	95	<b>70</b>
3 year	233	324	324	<b>374</b>
5 year	500	520	496	<b>496</b>
10 year	248	248	248	<b>152</b>
11 year	24	24	24	<b>24</b>
Savings bonds	5	5	5	<b>5</b>
<b>Total</b>	<b>1 162</b>	<b>1 287</b>	<b>1 193</b>	<b>1 121</b>

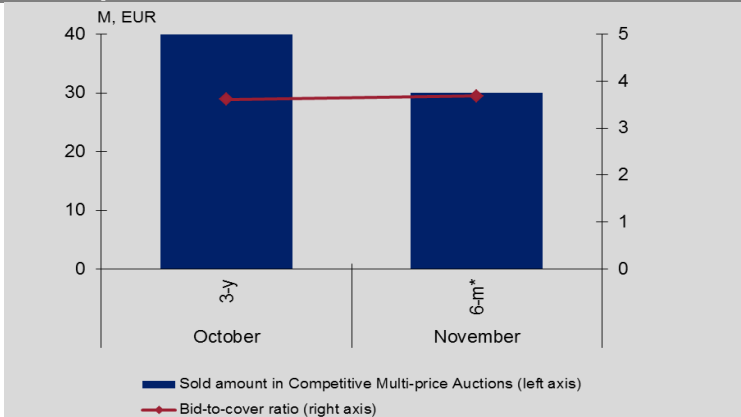


### Sold Amount at Auctions in 4th quarter

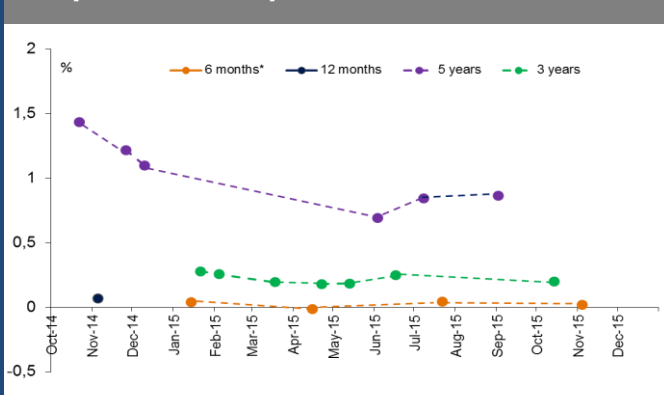


\*Since 2015 6m T-Bills benchmarks are tap issues of original 12m T-Bills in maturity brackets from 4.5 to 9 months.

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

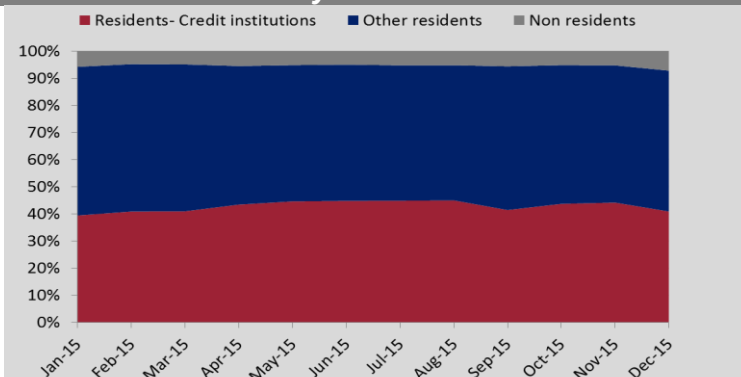


### Competitive Multi-price Auction rates



\*Since 2015 6m T-Bills benchmarks are tap issues of original 12m T-Bills in maturity brackets from 4.5 to 9 months.

### 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 issues 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

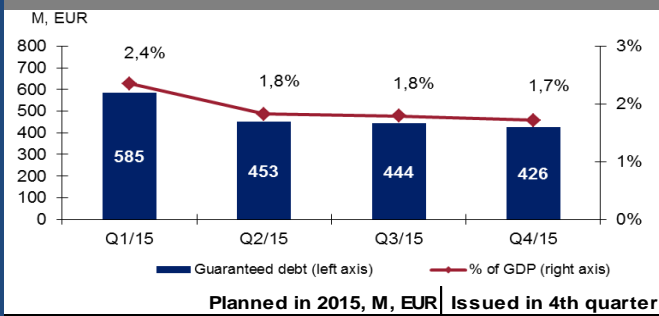
### Parameters of Debt Management Strategy

Parameters	30.09.2015	30.12.2015	STRATEGY
Outstanding amount of domestic debt securities at the end of year	EUR 1 046,55 M <sup>^^</sup>	EUR 1 116,23 M	not less than outstanding amount of domestic debt securities at the end of preceding year
Maturity profile (%) of central government debt	≤ 1 year 10,1%    ≤ 3 years 30,60%	≤ 1 year 7,9%    ≤ 3 years 31,2%	≤ 1 year ≤ 25%    ≤ 3 years ≤ 50%
Share of fixed rate <sup>^</sup>	93,2%	95,6%	≥ 60%
Macaulay Duration (years)	4,54	4,47	3,65 - 5,15
Net debt <sup>^^</sup> currency composition	EUR	EUR	EUR
	100,00%	100,01%	100% (+/- 5%)

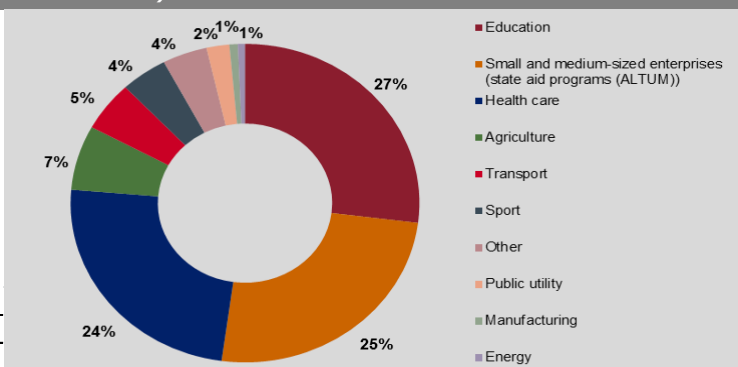
<sup>^</sup> Fixed rate central government debt with a maturity over one year.  
<sup>^^</sup> Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased for derivative financial instruments), and increased by guarantees classified as risky, and derivative financial instrument liabilities not classified as risky.  
<sup>^^^</sup> Fixed rate central government debt with a maturity over one year.

## ISSUANCE OF STATE GUARANTEES

### State Guaranteed Debt Outstanding



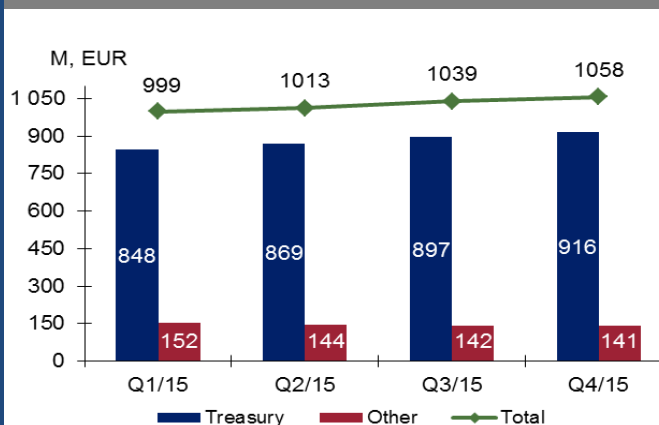
### State guaranteed loans by industry (end of December)



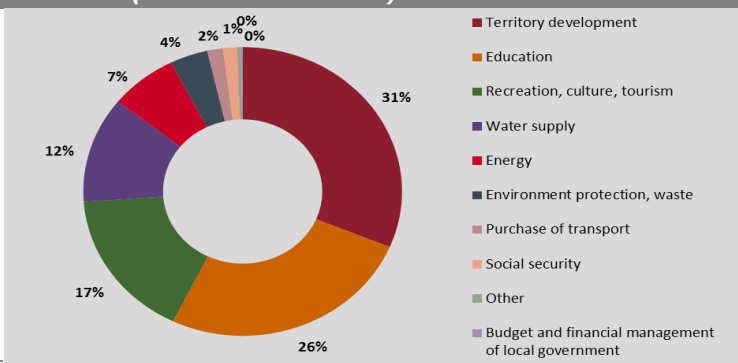
	Planned in 2015, M, EUR	Issued in 4th quarter
Loans to studies and students	36	8,5
Total	36	8,5

## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



	M, EUR
Total increase of municipalities borrowing stated in Budget Law 2015	177,8
Planned limit of loan disbursements to municipalities 2015	185,4
Total disbursements made (January-December)	190,5
from the Treasury	190,5
from other institutions	0,0

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 e-mail: kase@kase.gov.lv, home page: [www.kase.gov.lv](http://www.kase.gov.lv), quarterly reports, annual reports, investor presentation and rating updates available online- [www.kase.gov.lv/investor-information](http://www.kase.gov.lv/investor-information)

**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on April 22, 2016.

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Latvijas Republika **Fitch:A-** **Moody's: A3** **S&P: A-** **R&I: BBB+** **Bloomberg: TREL <GO>**