



BULLETIN IN BRIEF

- Budget¹ with accumulated surplus 154 M, EUR/ 0.6 % of forecasted GDP (January-September)
- Central government debt outstanding (nominal value) 8 913 M, EUR/ 35.5 % of forecasted GDP (end of September)
- Municipalities' borrowings made from the Treasury 63.4 M, EUR/ 0.3 % of forecasted GDP (January-September)

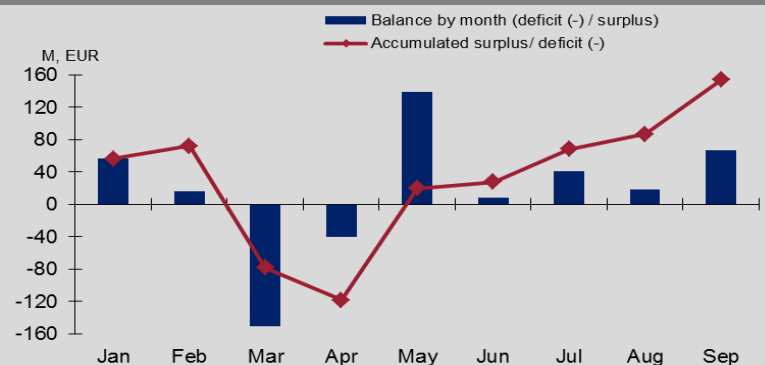
GDP forecast for 2016 on June 2016: EUR 25 072 M (Ministry of Finance)

September 30, Latvia issued a new 10 year bond amounting EUR 650 million. The coupon was set at the historically lowest level 0,375% (yield 0,456%). Demand for Latvia's new bonds exceeded 2,6 times the issuance size. Data about new bond is not included in quarterly bulletin because settlement date was October 7.

GENERAL DATA

Central Government Consolidated Budget*

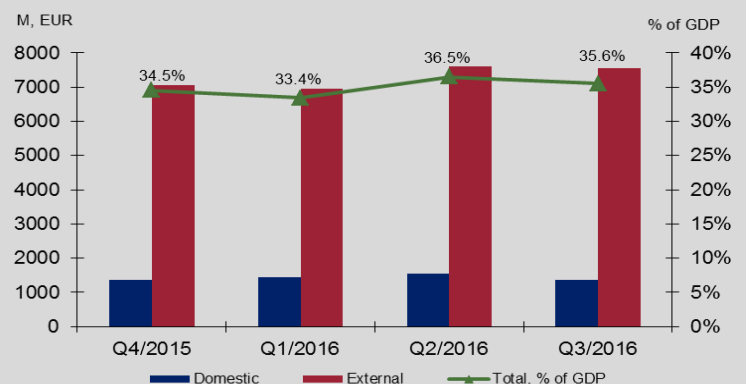
Month	M, EUR								
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Balance by month (deficit (-) / surplus)	56	16	-150	-40	138	8	41	19	67
Accumulated deficit (-)/ surplus	56	72	-78	-119	20	27	68	87	154



* excluding grants, donations and derived public entities

Central Government Debt Outstanding

Debt (M, EUR)	Q4/ 2015		Q1/ 2016		Q2/ 2016		Q3/ 2016	
		%		%		%		%
Domestic debt	1 359	16%	1 436	17%	1 549	17%	1 357	15%
External debt	7 053	84%	6 948	83%	7 604	83%	7 556	85%
Total	8 412	100%	8 384	100%	9 153	100%	8 913	100%

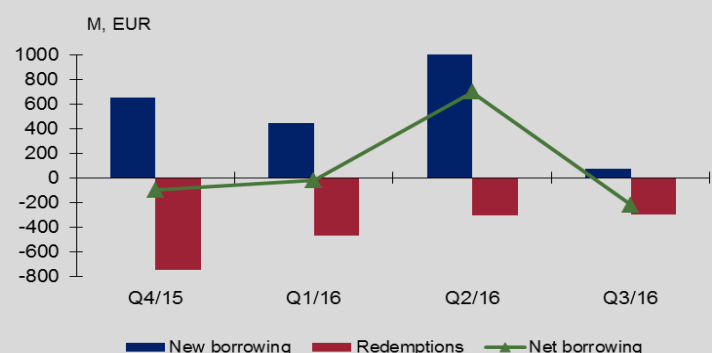


Central government debt (% of GDP)	34,5	33,4	36,5	35,6
Net debt (% of GDP)	33,0	32,1	31,9	31,4

(nominal value)

Central Government Net Borrowing

	M, EUR	Q4/15	Q1/16	Q2/16	Q3/16
New borrowing		650	447	1 001	74
<i>incl. Eurobonds</i>		550		650	
Redemptions		-749	-469	-305	-295
<i>incl. debt redemption to European Commission</i>					
<i>World Bank</i>		-10	-20	-20	-20
<i>Eurobonds</i>		-600			
Net borrowing		-98	-22	695	-220

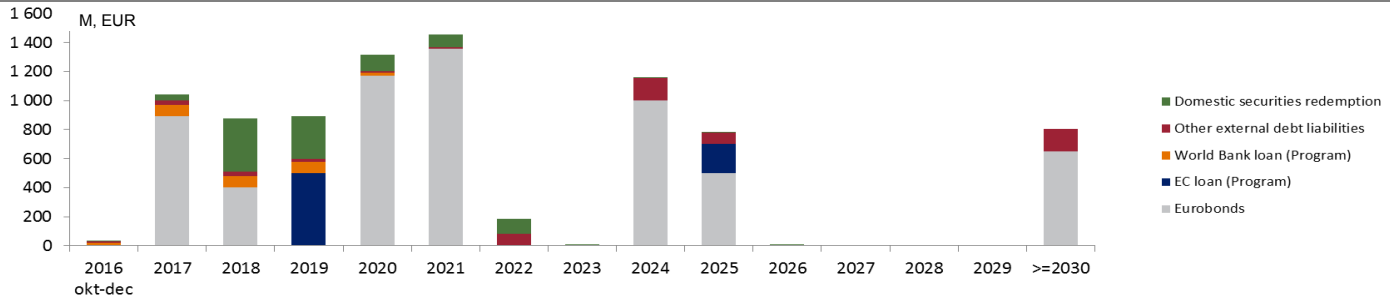


¹Central government consolidated budget (excluding grants, donations and derived public entities)

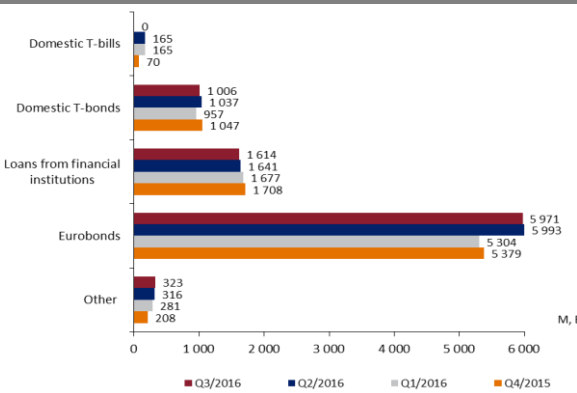




Central Government Debt Redemption Profile (at the end of September 2016)

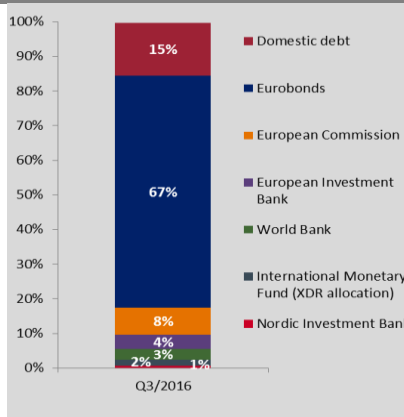


Debt Outstanding by instruments/

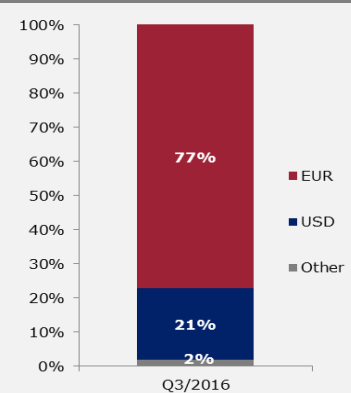


(nominal value)

lenders/

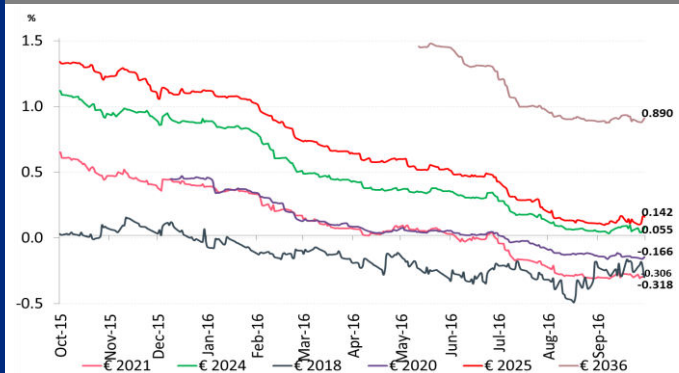


currencies



FOREIGN SECURITIES

EUR Eurobond yields



Source: Bloomberg, 30.09.2016

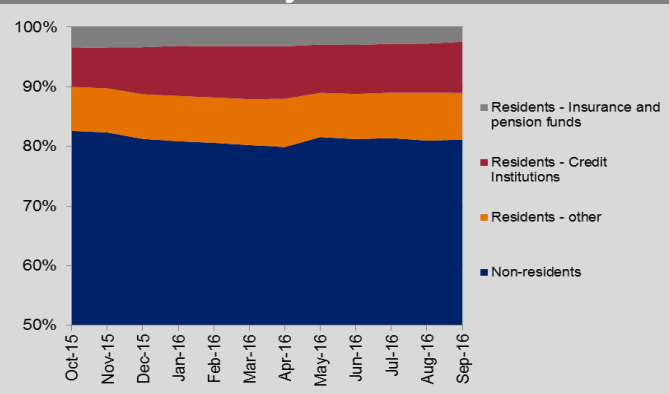
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5.250	A-	1.027	46
	12.01.2020	LATVIA	2.750	A-	1.436	43
	16.06.2021	LATVIA	5.250	A-	1.673	57
EUR	05.03.2018	LATVIA	5.500	A-	-0.403	-9
	15.12.2020	LATVIA	0.500	A-	-0.166	9
	21.01.2021	LATVIA	2.625	A-	-0.306	-6
	30.04.2024	LATVIA	2.875	A-	0.055	5
	23.09.2025	LATVIA	1.375	A-	0.144	2
	16.05.2036	LATVIA	1.375	A-	0.889	23

USD Eurobond yields



Source: Bloomberg, 30.09.2016

External Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

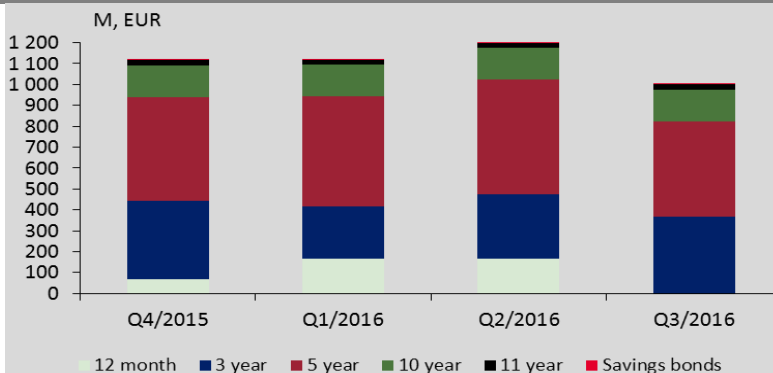
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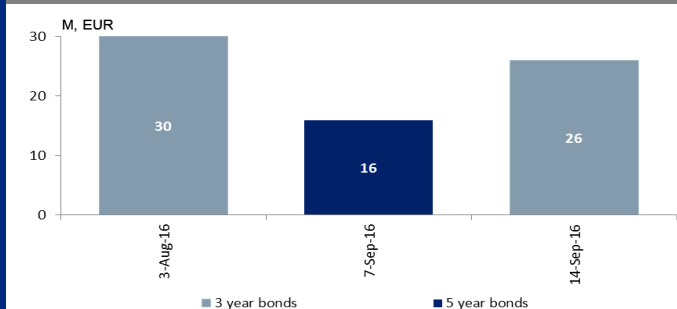
DOMESTIC SECURITIES

Domestic Securities Outstanding by original maturities

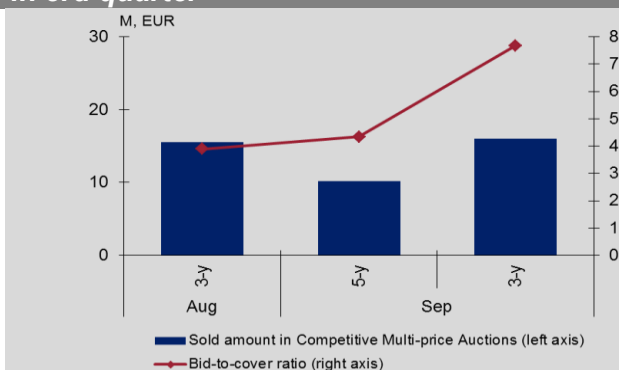
Outstanding	Q4/2015	Q1/2016	Q2/2016	Q3/2016
	M, EUR			
12 month	70	165	165	0
3 year	374	251	311	368
5 year	496	526	546	457
10 year	152	152	152	152
11 year	24	24	24	24
Savings bonds	5	5	5	5
Total	1 121	1 124	1 204	1 006



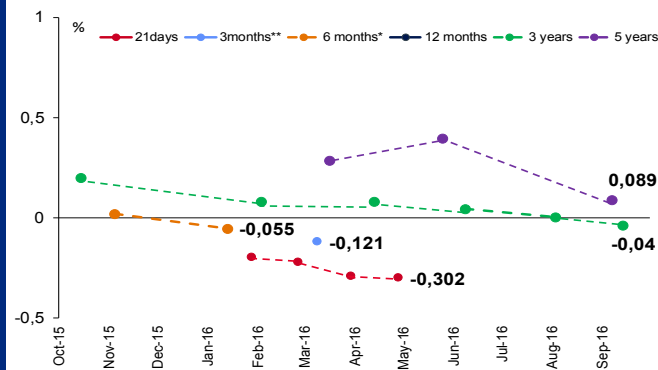
Sold Amount at Auctions in 3rd quarter



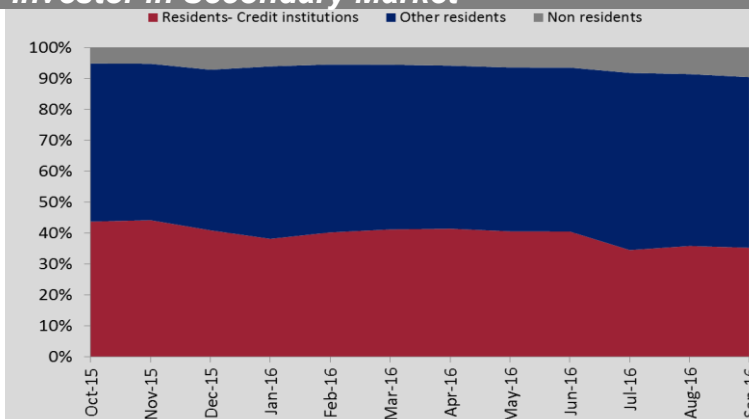
Bid-to-cover Ratio at Competitive Multi-price Auctions in 3rd quarter



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. 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.

Note:
 *6m T-Bills benchmarks are tap issues of original 12m T-Bills in maturity brackets from 4.5 to 9 months
 **3m T-Bills benchmarks are tap issues of original 12m T-Bills in maturity brackets from 2 to 4,5 months.
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DEBT PORTFOLIO MANAGEMENT

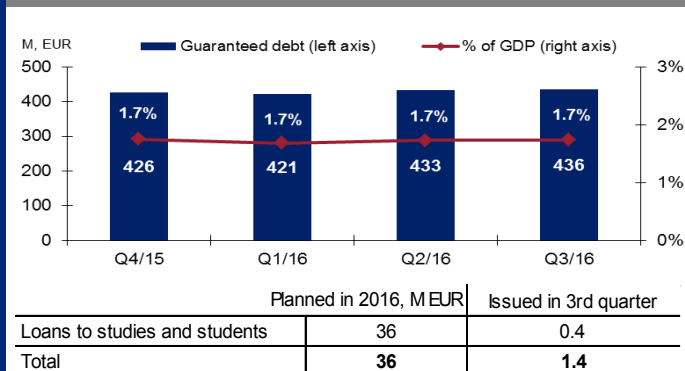
Parameters of Debt Management Strategy

Parameters	30.06.2016.		30.09.2016.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	18.1%	18.1%	15.4%	33.9%	≤ 25%	≤ 50%
Share of fixed rate [^]	85.3%		88.1%		≥ 60%	
Macaulay Duration (years)	4.98		4.91		3,65 - 5,15	
Net debt ^{^^} currency composition	EUR		EUR		EUR	
	100.02%		100.70%		100% (+/- 5%)	

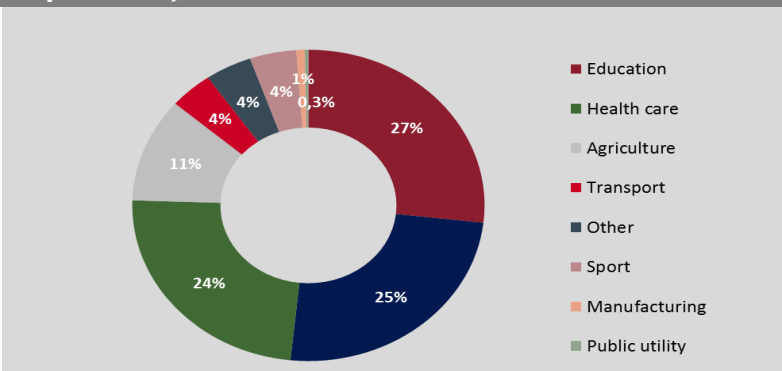
[^]Fixed rate central government debt with a maturity over one year.
^{^^} Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased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

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

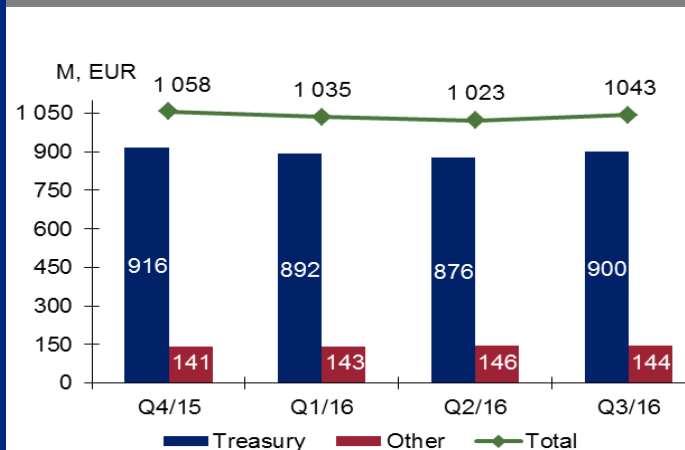


State guaranteed loans by industry (end of September)

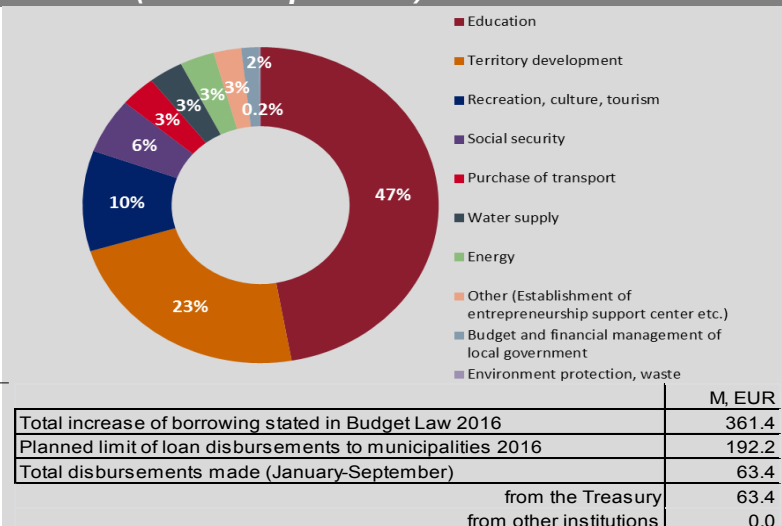


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



CONTACTS: The Treasury of the Republic of Latvia, Smilšu street 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/investor-information

NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on January 27, 2017.

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