



## BULLETIN IN BRIEF

- Budget<sup>1</sup> with accumulated deficit 18 M, EUR/ 0.07 % of forecasted GDP (January-March)
- Central government debt outstanding (nominal value) 9 423 M, EUR/ 35.8 % of forecasted GDP (end of March)
- Municipalities' borrowings made from the Treasury 9.8 M, EUR/ 0.04 % of forecasted GDP (January-March)

GDP forecast for 2017 on February 2017: EUR 26 312 M (Ministry of Finance)

January 30, Japanese credit rating agency R&I changed Latvia's credit rating outlook to positive from stable. R&I has affirmed the Foreign Currency Issuer Rating at BBB+.

February 9, Latvia successfully priced dual-tranche Eurobonds in the international capital markets in an aggregate amount of EUR 650 million. The 30-year Eurobonds represent the longest tenor issued by Latvia. The 30-year tranche priced at a coupon of 2.250% (yield 2.330%), in a new benchmark issue size of EUR 500 million. Simultaneously, Latvia tapped its 0,375% 10-year Eurobonds issued in September 30, 2016 increasing the outstanding amount of these bonds by EUR 150 million at a yield of 1.062%. Demand for Latvia's Eurobonds exceeded issue size by 1.6 times in the case of the 30-year Eurobonds and by 2.8 times in the case of the tap.

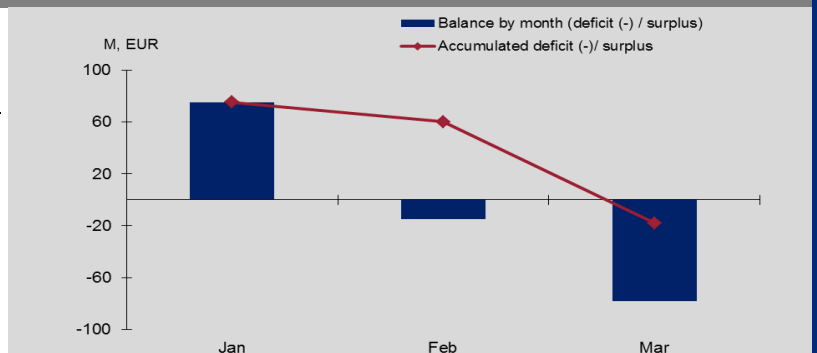
February 22, Latvia ensured the full and timely repayment of USD 5-year bonds obligations, issued in February 22, 2012, at a coupon of 5.250%, totalling USD 1 billion in nominal value.

## GENERAL DATA

### Central Government Consolidated Budget\*

Month	M, EUR		
	Jan	Feb	Mar
Balance by month (deficit -) / surplus	75	-15	-78
Accumulated deficit (-) / surplus	75	60	-18

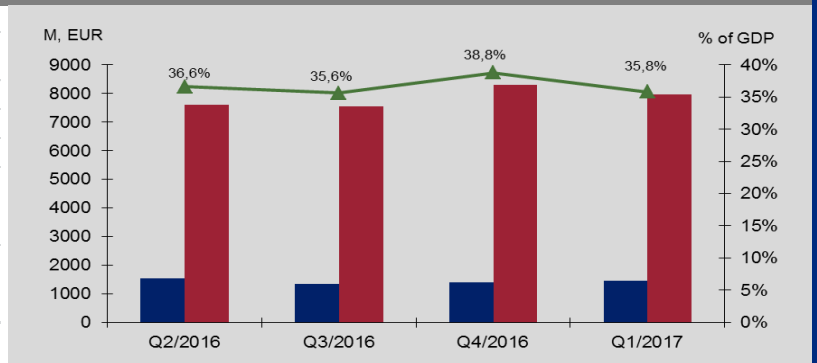
\* excluding grants, donations and derived public entities



### Central Government Debt Outstanding

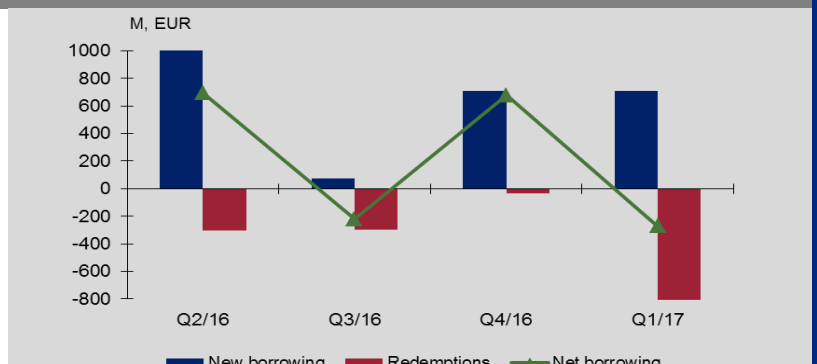
Debt (M, EUR)	Q2/ 2016		Q3/ 2016		Q4/ 2016		Q1/ 2017	
		%		%		%		%
Domestic debt	1 549	17%	1 357	15%	1 404	14%	1 451	15%
External debt	7 604	83%	7 556	85%	8 298	86%	7 972	85%
<b>Total</b>	<b>9 153</b>	<b>100%</b>	<b>8 913</b>	<b>100%</b>	<b>9 702</b>	<b>100%</b>	<b>9 423</b>	<b>100%</b>
Central government debt (% of GDP)	36,6		35,6		38,8		35,8	
Net debt (% of GDP)	32,0		31,4		33,6		31,2	

(nominal value)



### Central Government Net Borrowing

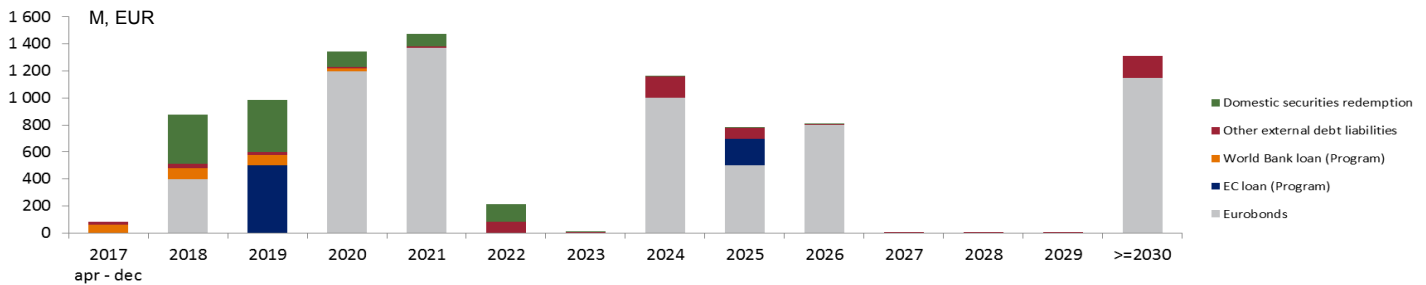
	M, EUR			
	Q2/16	Q3/16	Q4/16	Q1/17
New borrowing	1 001	74	711	711
<i>incl. Eurobonds</i>	650		650	650
Redemptions	-305	-295	-33	-985
<i>incl. debt redemption to</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>				-942
<b>Net borrowing</b>	<b>695</b>	<b>-220</b>	<b>677</b>	<b>-274</b>



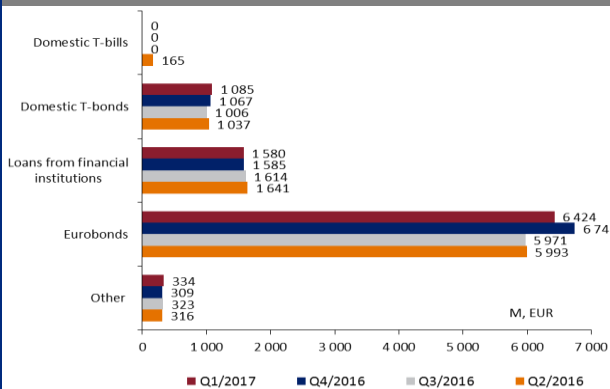
<sup>1</sup>Central government consolidated budget (excluding grants, donations and derived public entities)



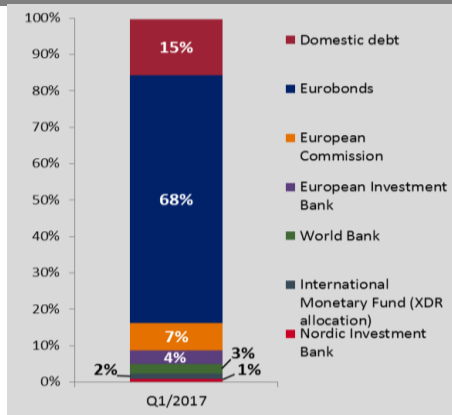
## Central Government Debt Redemption Profile (at the end of March 2017)



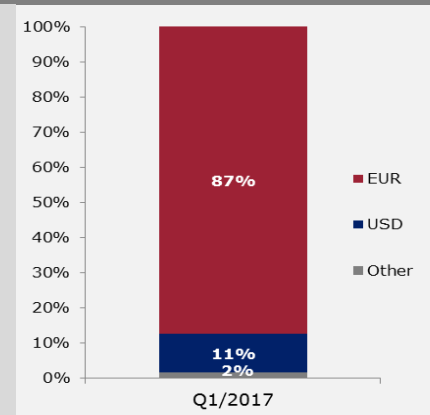
## Debt Outstanding by instruments/



## lenders/



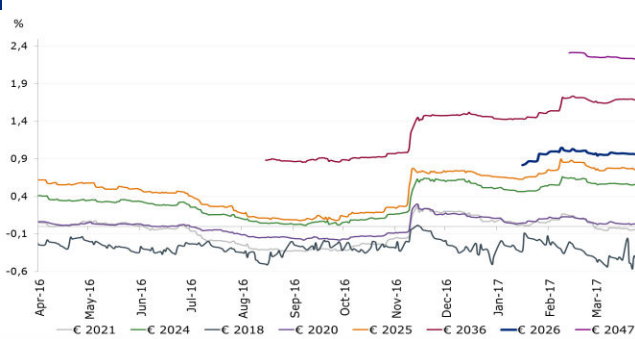
## currencies



(nominal value)

## FOREIGN SECURITIES

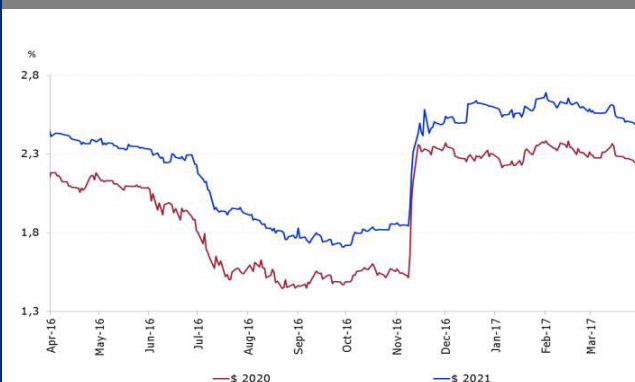
### EUR Eurobond yields



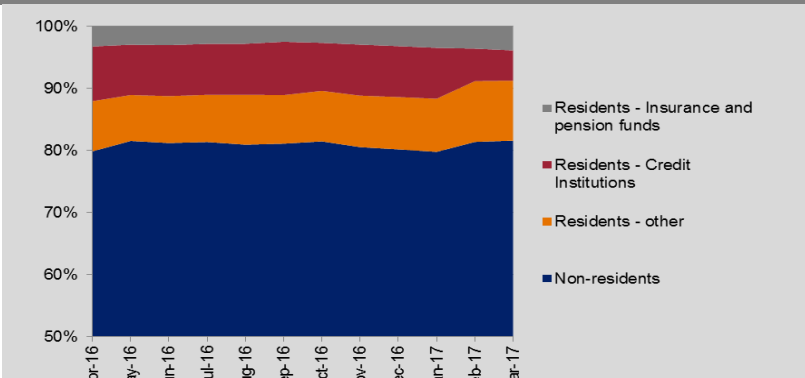
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	12.01.2020	LATVIA	2,750	A-	2,195	52
	16.06.2021	LATVIA	5,250	A-	2,460	58
EUR	05.03.2018	LATVIA	5,500	A-	-0,355	1
	15.12.2020	LATVIA	0,500	A-	0,017	6
	21.01.2021	LATVIA	2,625	A-	-0,056	-3
	30.04.2024	LATVIA	2,875	A-	0,551	17
	23.09.2025	LATVIA	1,375	A-	0,755	20
	07.10.2026	LATVIA	0,375	A-	0,937	25
	16.05.2036	LATVIA	1,375	A-	1,665	42
15.02.2047	LATVIA	2,250	A-	2,217	89	

Source: Bloomberg, 31.03.2017

### USD Eurobond yields



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



Source: Bank of Latvia

Source: Bloomberg, 31.03.2017

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

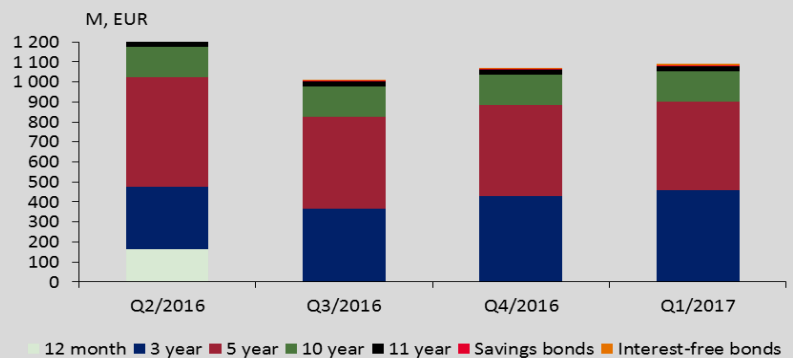


## DOMESTIC SECURITIES

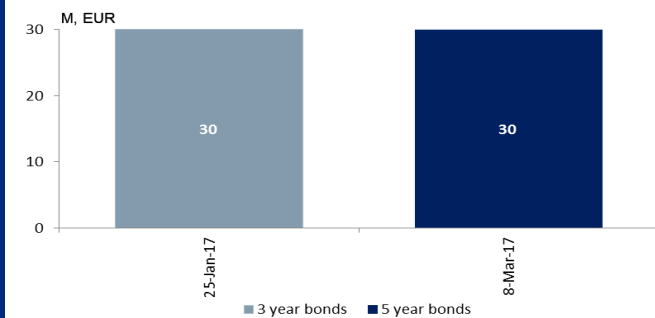
### Domestic Securities

Outstanding	Q2/2016	Q3/2016	Q4/2016	M, EUR Q1/2017
12 month*	165	0	0	0
3 year*	311	368	428	458
5 year*	546	457	457	444
10 year*	152	152	152	152
11 year*	24	24	24	24
Savings bonds	5	5	5	5
Interest-free bonds	4	5	6	7
<b>Total</b>	<b>1 204</b>	<b>1 006</b>	<b>1 066</b>	<b>1 090</b>

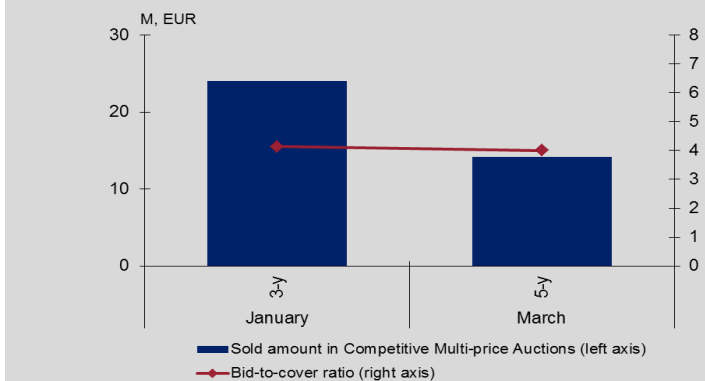
\* original maturity



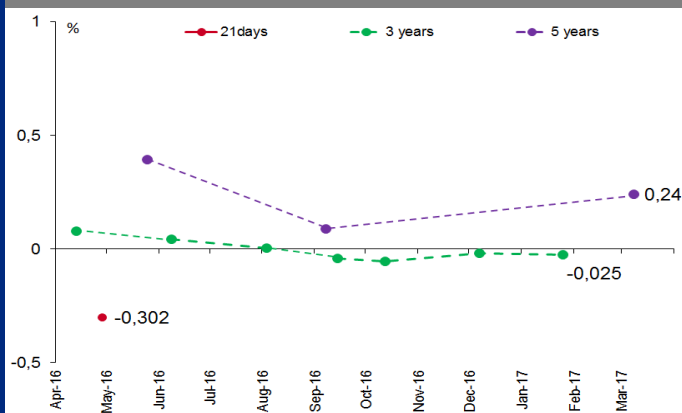
### Sold Amount at Auctions in 1st quarter



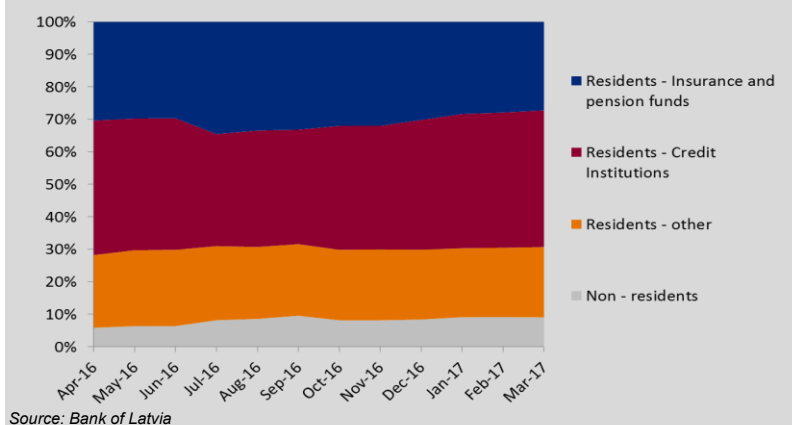
### Bid-to-cover Ratio at Competitive Multi-price Auctions in 1st quarter



### Competitive Multi-price Auction rates



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



### 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 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 held, as well as borrowing amounts and instruments at any time. Since February 2013 the primary dealer system is operating in Latvia.



## DEBT PORTFOLIO MANAGEMENT

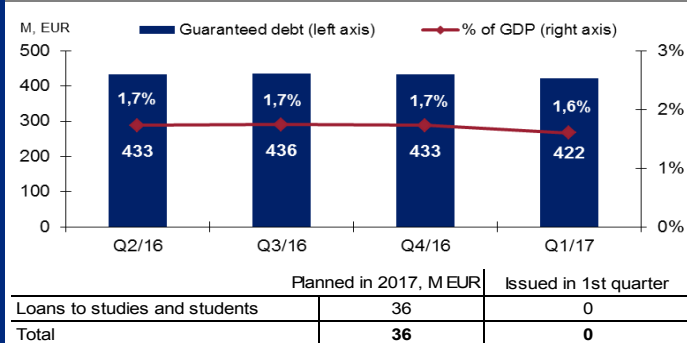
### Parameters of Debt Management Strategy

Parameters	31.12.2016.		31.03.2017.		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	14,6%	33,6%	11,4%	31,4%	≤ 25%	≤ 50%
Share of fixed rate <sup>^</sup>	88,7%		91,8%		≥ 60%	
Macaulay Duration (years)	4,96		6,23		4,70 - 6,25	
Net debt <sup>^^</sup> currency composition	EUR		EUR		EUR	
	100,44%		100,32%		100% (+/- 5%)	

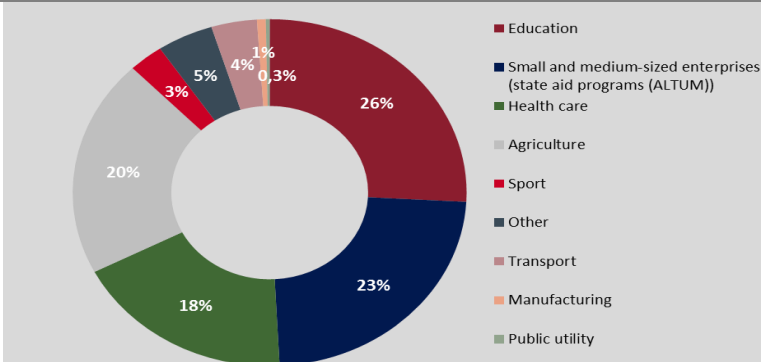
<sup>^</sup>Fixed rate central government debt with a maturity over one year.  
<sup>^^</sup> Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits 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

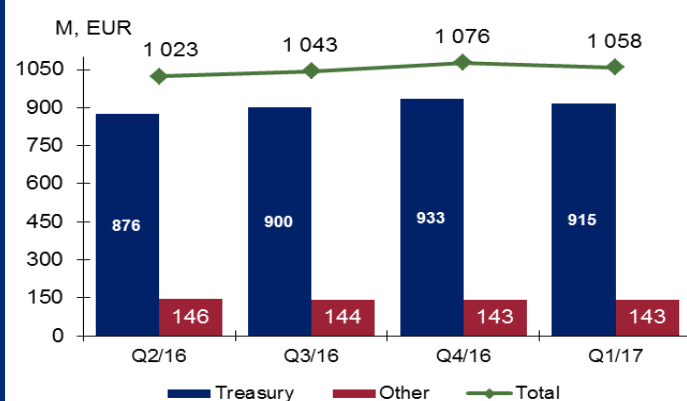


### State guaranteed loans by industry (end of March)

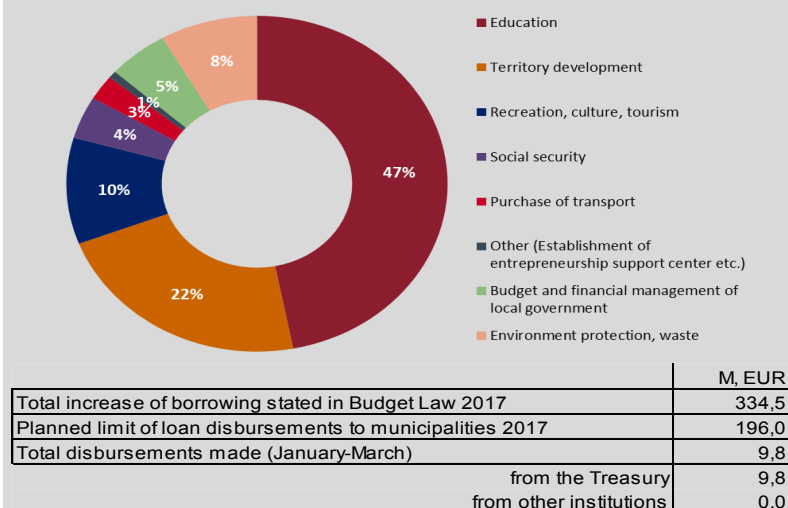


## MUNICIPALITIES' BORROWINGS

### Municipalities' Debt Outstanding



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



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**NEXT ISSUE:** Next Quarterly Bulletin will be available in the Treasury's web site on July 24, 2017.

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