



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 253 M, EUR/ 0.9 % of forecasted GDP (January-June)
 - Central government debt outstanding (nominal value) 12 386 M, EUR/ 43.9 % of forecasted GDP (end of June)
 - Municipalities' borrowings made from the Treasury 87 M, EUR/ 0.3 % of forecasted GDP (January-June)
- GDP forecast for 2020 EUR 28 206 M (Ministry of Finance on June 2020)

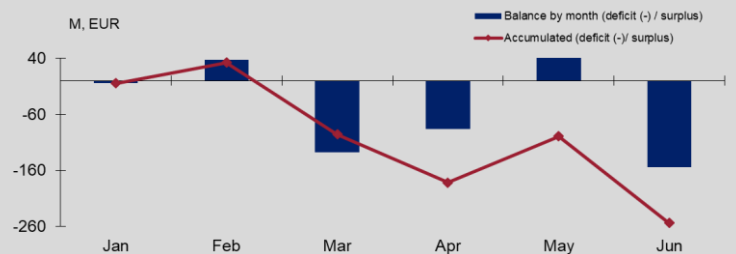
- April 10, an international credit rating agency Fitch affirmed credit rating of Republic of Latvia at 'A-' level, but the outlook was revised to negative (previously - stable).
- March 26, Latvia re-opened its outstanding 950 million Eurobond due 7 October 2026 with a tap issue of EUR 550 million at a yield of 0.406% (coupon 0.375 %). Trade settlement date was April 2.
- April 6, Latvia priced 3-year Eurobond (maturing 14 April 2023) with a total amount of EUR 1 billion, setting a yield at 0.209% and a coupon 0.125%.
- Starting from April 21, 2020, a new system of state-guaranteed studies and student loans is introduced, where the guarantee is provided by state-owned development finance institution Altum.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR					
	Jan	Feb	Mar	Apr	May	Jun
Balance by month (deficit (-) / surplus)	-5	37	-128	-86	82	-154
Accumulated (deficit (-)/ surplus)	-5	32	-95	-181	-99	-253

* excluding grants, donations and derived public entities

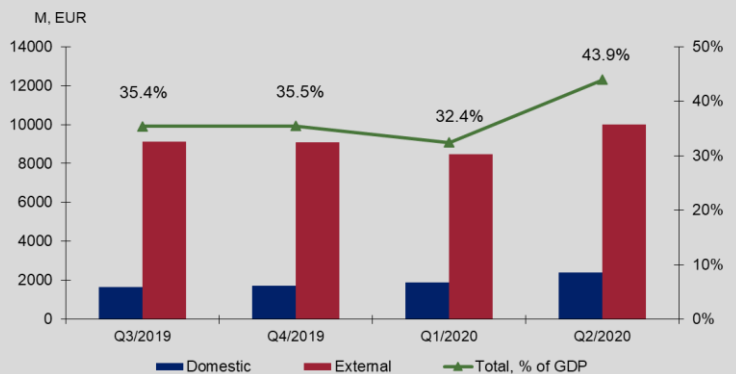


Central Government Debt Outstanding

Debt (M, EUR)	Q3/2019		Q4/2019		Q1/2020		Q2/2020	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 661	15%	1 734	16%	1 902	18%	2 390	19%
External debt	9 127	85%	9 076	84%	8 460	82%	9 996	81%
Total	10 788	100%	10 810	100%	10 362	100%	12 386	100%
Central government debt (% of GDP)	35.4		35.5		32.4		43.9	
Net debt* (% of GDP)	28.3		30.2		28.8		33.6	

(nominal value)

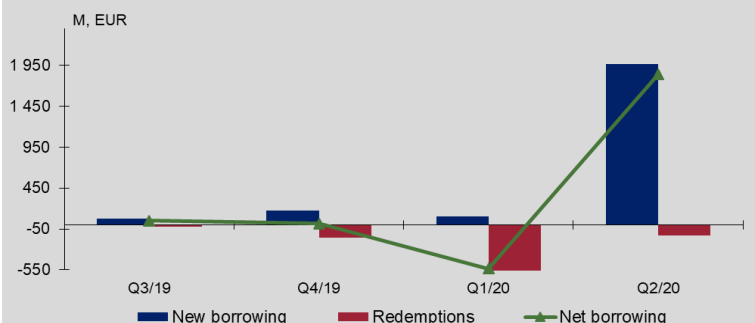
* without the derivative financial instruments effect result



Central Government Net Borrowing

	M, EUR	Q3/19	Q4/19	Q1/20	Q2/20
		New borrowing	80	173	100
<i>incl. Eurobonds</i>				1 550	
Redemptions	-26	-156	-633	-126	
<i>incl. debt redemption to</i>					
<i>World Bank</i>	-20	-20		-10	
<i>domestic securities</i>	-5	-135		-113	
Net borrowing	54	16	-534	1 844	

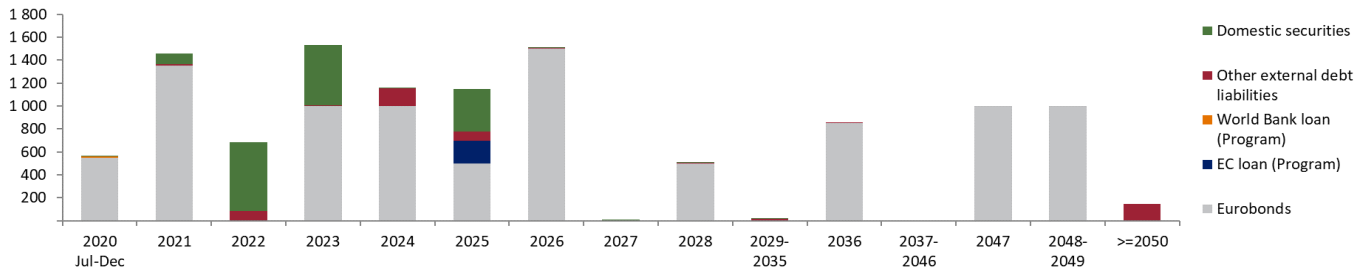
(nominal value)



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



Central Government Debt Redemption Profile (at the end of June 2020)

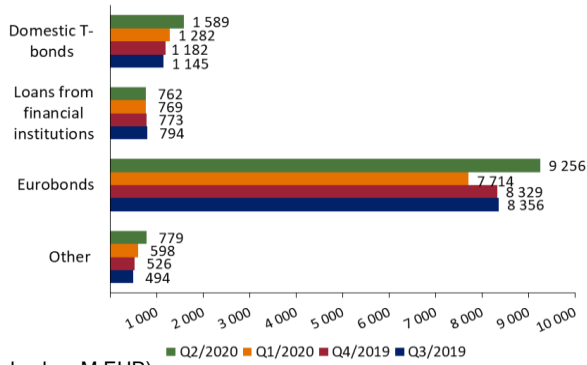


Debt Outstanding by

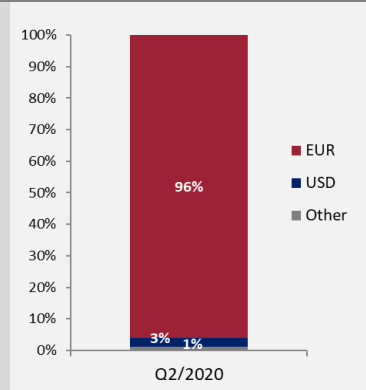
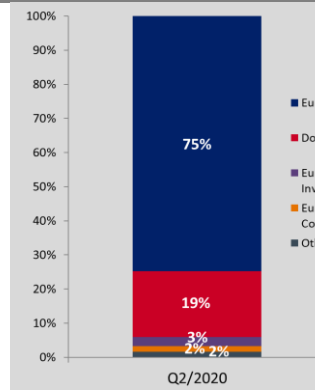
instruments/

lenders/

currencies

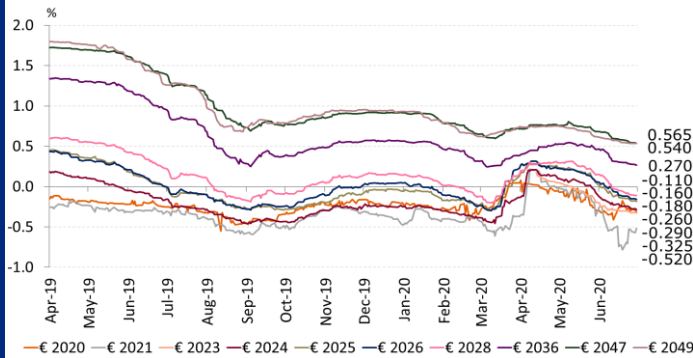


(nominal value, M EUR)



FOREIGN SECURITIES

EUR Eurobond yields

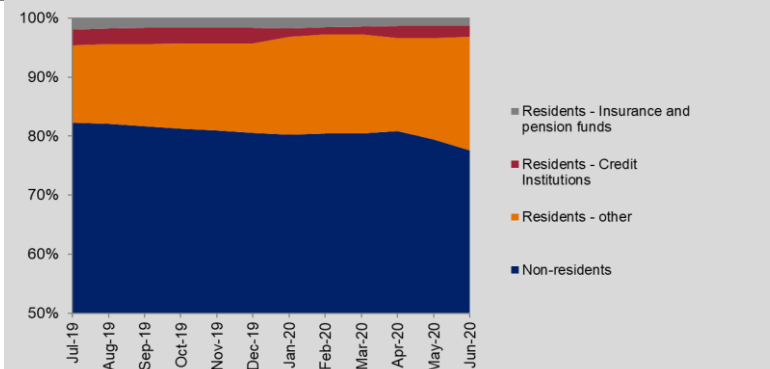


	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	16.06.2021	LATVIA	5.250	A	0.920	96
	15.12.2020	LATVIA	0.500	A	-0.260	29
	21.01.2021	LATVIA	2.625	A	-0.520	-5
	14.04.2023	LATVIA	0.125	A	-0.325	16
	30.04.2024	LATVIA	2.875	A	-0.290	14
	23.09.2025	LATVIA	1.375	A	-0.180	21
	07.10.2026	LATVIA	0.375	A	-0.160	20
	30.05.2028	LATVIA	1.125	A	-0.110	19
	16.05.2036	LATVIA	1.375	A	0.270	19
	15.02.2047	LATVIA	2.250	A	0.540	56
19.02.2049	LATVIA	1.875	A	0.565	58	

USD Eurobond yields



External Securities Outstanding by Type of Investor in Secondary Market



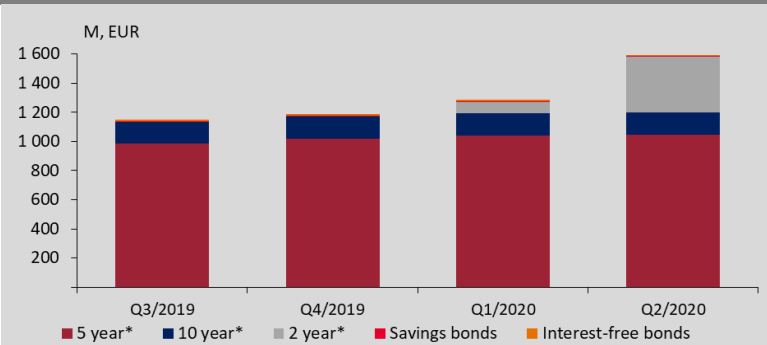


DOMESTIC SECURITIES

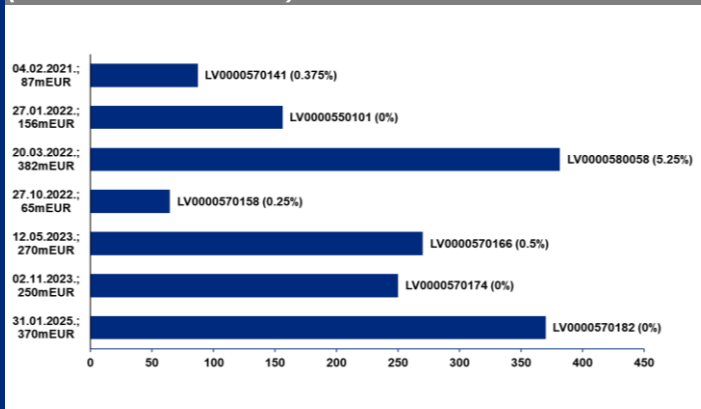
Domestic Securities Outstanding

Outstanding	Q3/2019	Q4/2019	Q1/2020	Q2/2020
	M, EUR			
2 year*	0.0	0.0	79.0	381.5
5 year*	983.9	1 020.6	1 040.6	1 046.2
10 year*	151.6	151.6	151.6	151.6
Savings bonds	5.3	5.3	5.2	5.2
Interest-free bonds	9.8	10.3	10.5	9.8
Total	1 150.6	1 187.8	1 287.0	1 594.3

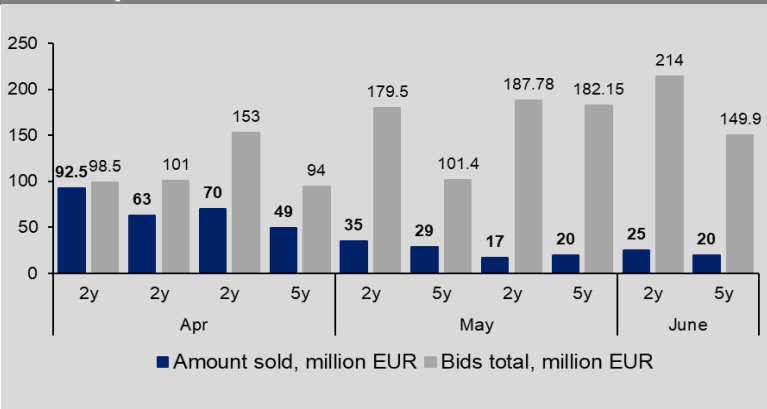
*original maturity



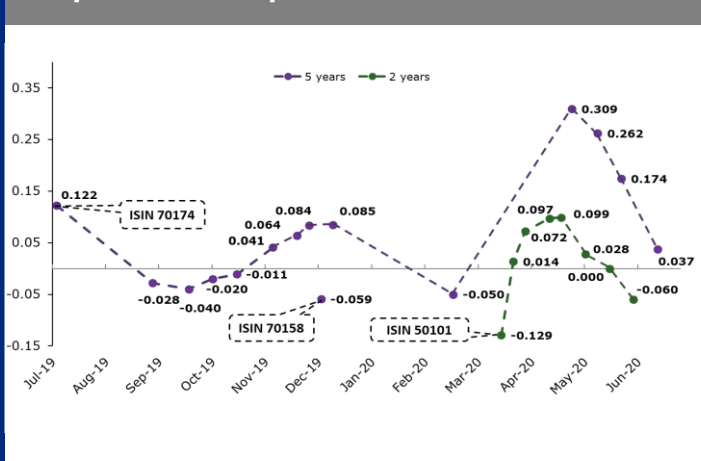
Government domestic securities outstanding (on the end of June)



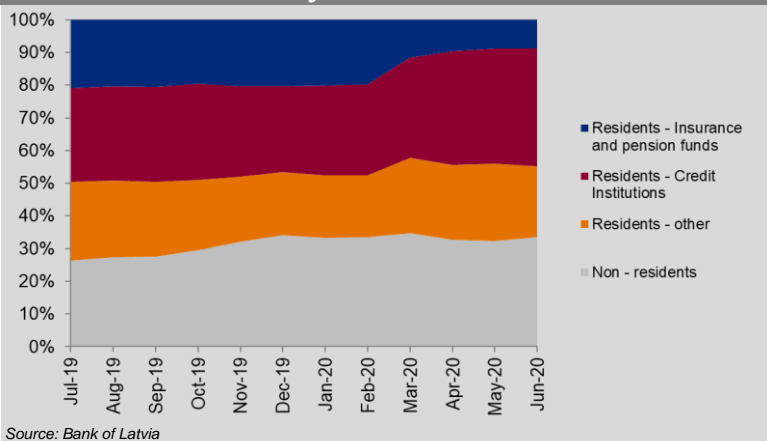
Domestic T-Bond Competitive Multi-Price Auctions in 2nd quarter



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.



DEBT PORTFOLIO MANAGEMENT

Parameters of the Central Government Debt Portfolio Structure

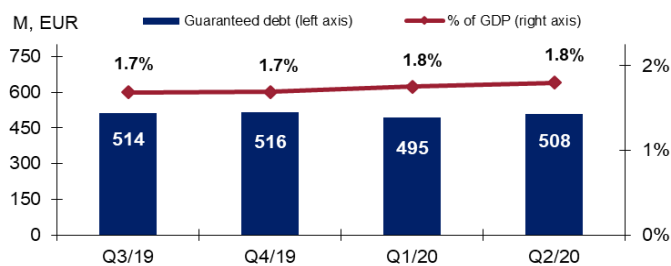
Parameters	31/03/2020		30/06/2020		STRATEGY	
	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	23.0%	30.4%	22.6%	38.6%	≤ 25%	≤ 50%
Share of fixed rate [^]	80.5%		80.4%		≥ 60%	
Macaulay Duration (years)	7.77		6.93		5.00 - 9.00	
Net debt currency composition ^{^^}	EUR		EUR		EUR	
	100.03%		100.06%		100% (+/- 5%)	

[^]Fixed rate central government debt with a maturity over one year.

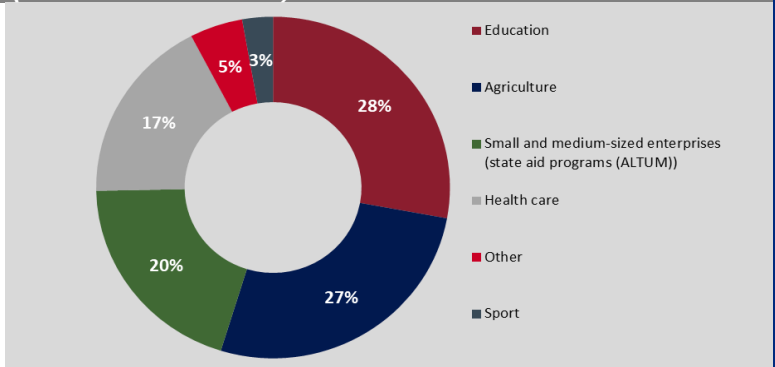
^{^^} Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are not taken in account (including Treasury's cash accounts, investments in deposits and fixed income securities, loans, receivables (including receivables of derivative 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

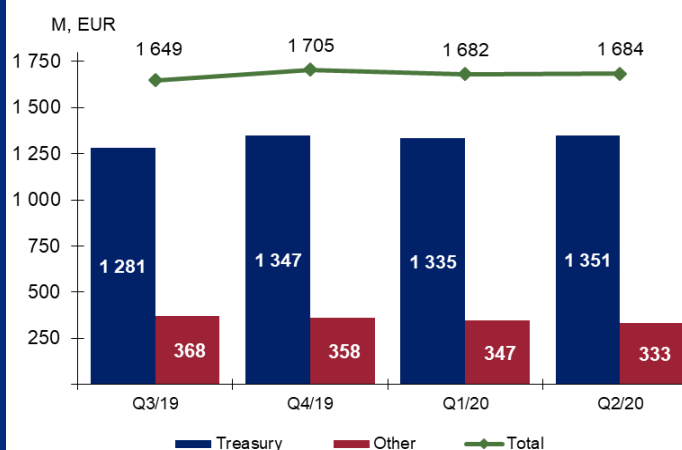


State guaranteed loans by industry (at the end of June)

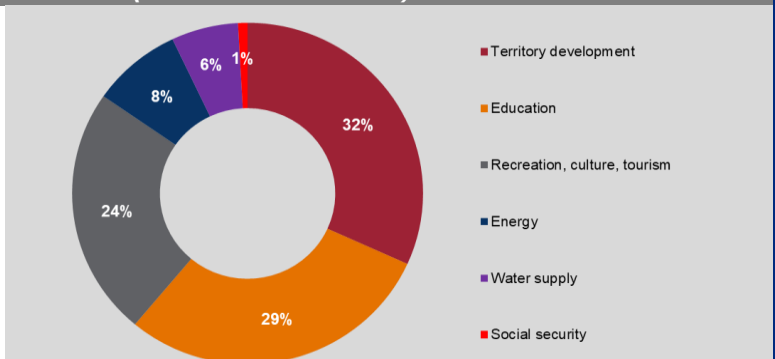


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



	M, EUR
Total increase of borrowing stated in Budget Law 2020	641.5
Planned limit of loan disbursements to municipalities 2020	386.0
Total borrowings made (January-June)	87.0
from the Treasury	87.0
from other institutions	0.0

CONTACTS: The Treasury of the Republic of Latvia, Smilšu iela 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/l/investor-relations

NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on October 21, 2020.

DISCLAIMER: Figures may not sum due to rounding. "0" - the indicator is below 0.5 but over 0, or the result of the computation of the indicator, is 0. The information included in this Bulletin corresponds to the best value obtained for each period at the date of publication, and has been carefully compiled. The possibility of any mistake can not, however, be excluded. The data included in this publication may be clarified in subsequent publications. The Treasury bears no responsibility for losses incurred as a result of using this publication. Reference to the Treasury data compulsory when reproduced.