

BULLETIN IN BRIEF

- Budget¹ with accumulated deficit -240 M, LVL / -341 M, EUR (Jan-Mar)
- Central government debt outstanding (nominal value) 4 941 M, LVL / 7 030 M, EUR end of Mar)
- Government net borrowing (nominal value) 47 M, LVL / 67 M, EUR (in Q1)
- Municipalities' borrowings made from the Treasury 9,3 M, LVL / 13,2 M, EUR (Jan-Mar)
- On March 7 Standard&Poor's changed Latvia's Outlook from Stable to Positive.
- On March 15 Fitch Ratings upgraded Latvia's credit rating to BBB- from BB+, and the outlook is set as positive.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, LVL		
	Jan	Feb	Mar
Balance by month (deficit (-) / surplus)	-22	-102	-116
Accumulated surplus/ deficit (-)	-22	-124	-240

Central Government Debt Outstanding

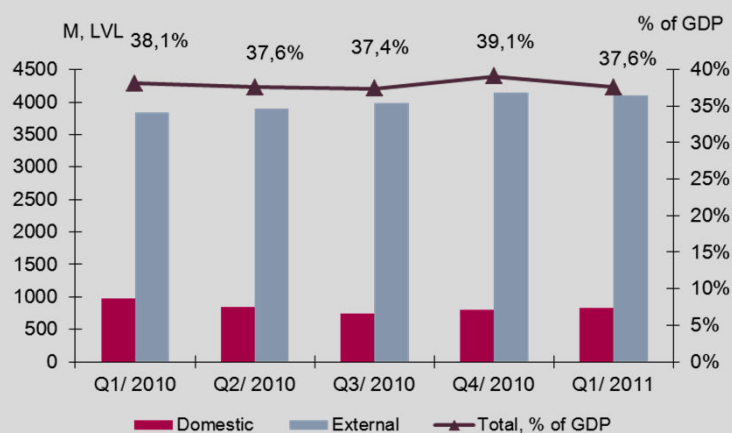
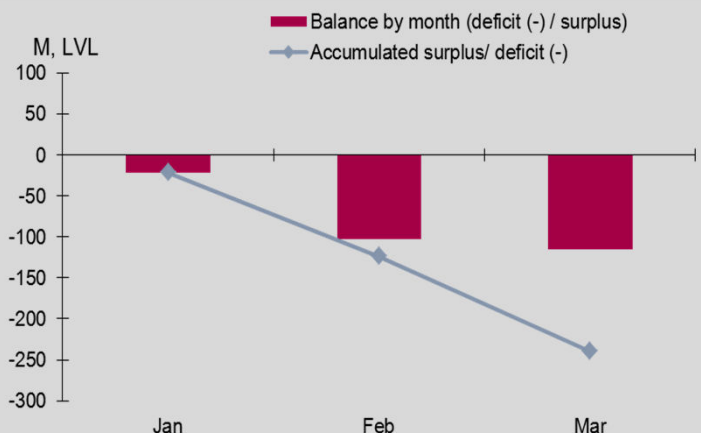
Debt (M, LVL)	Q2/ 2010		Q3/ 2010		Q4/ 2010		Q1/ 2011	
	M	%	M	%	M	%	M	%
Domestic debt	847	18%	745	16%	796	16%	833	17%
External debt	3 901	82%	3 986	84%	4 147	84%	4 108	83%
Total	4 748	100%	4 731	100%	4 943	100%	4 941	100%

(nominal values)

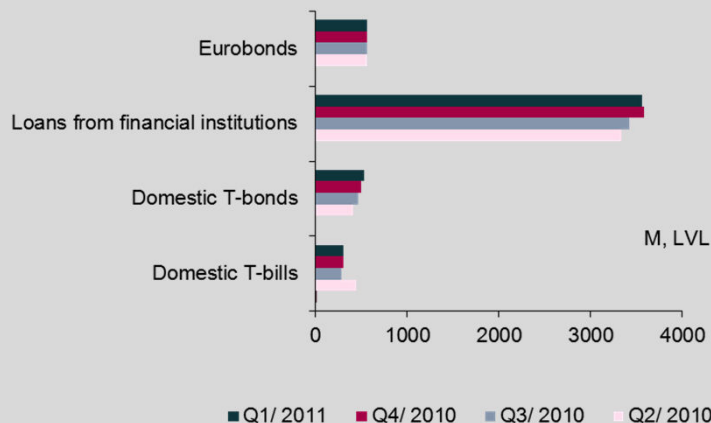
Debt Outstanding by Instruments

M, LVL	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011
	Domestic T-bills	438	281	302
Domestic T-bonds	409	464	494	524
Loans from financial institutions	3 339	3 424	3 585	3 558
Eurobonds	562	562	562	562
Total	4 748	4 731	4 943	4 941

(nominal values)

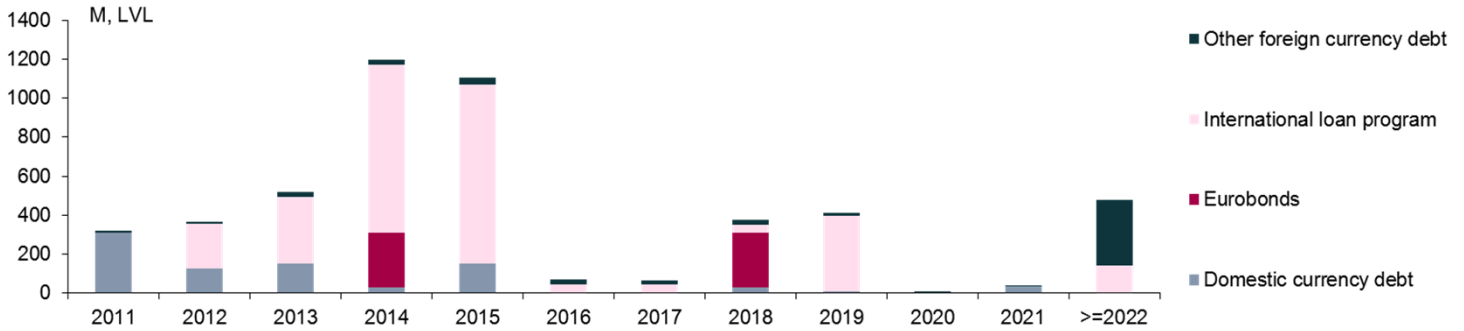


GDP forecast for 2011: LVL13 137 M (Ministry of Finance)

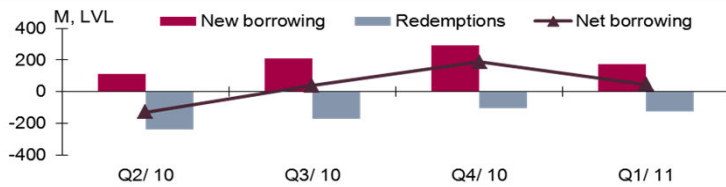


¹Central government consolidated budget (excluding grants, donations and derived public entities)

Redemption Profile

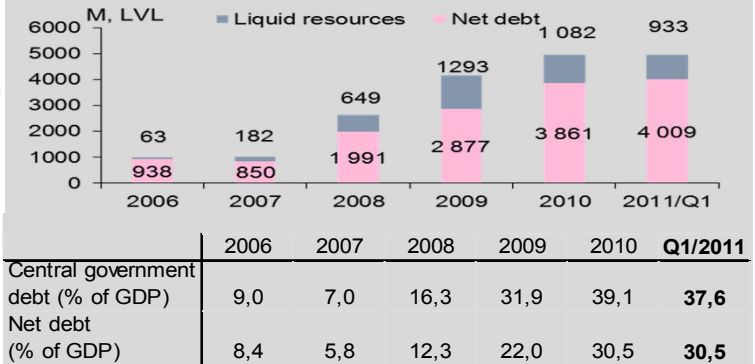


Net Borrowing



M, LVL	Q2/ 10	Q3/ 10	Q4/ 10	Q1/ 11
New borrowing	110	209	294	171
Redemptions	-240	-171	-107	124
Net borrowing	-130	37	187	47

Central Government Net Debt



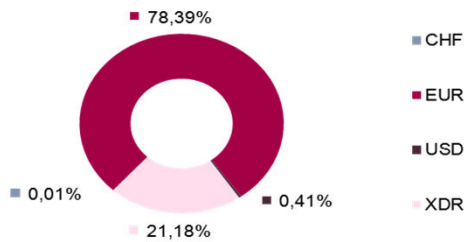
	2006	2007	2008	2009	2010	Q1/2011
Central government debt (% of GDP)	9,0	7,0	16,3	31,9	39,1	37,6
Net debt (% of GDP)	8,4	5,8	12,3	22,0	30,5	30,5

BORROWING MANAGEMENT – EXTERNAL

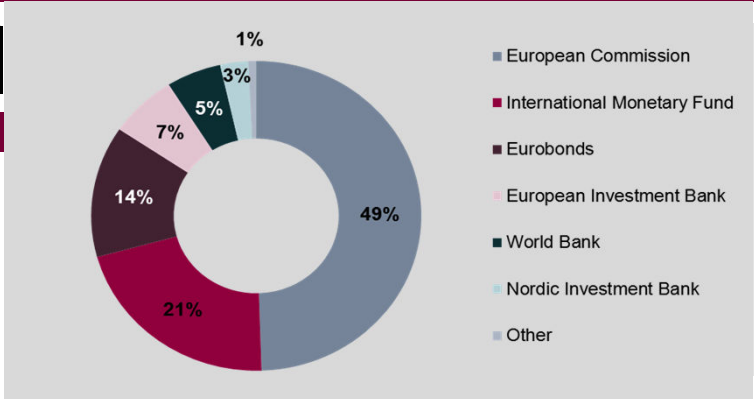
External Borrowing

(million LVL)	Q1/ 10	Q2/ 10	Q3/ 10	Q4/ 10	Q1/ 11
Borrowing made	564	1	143	139	0

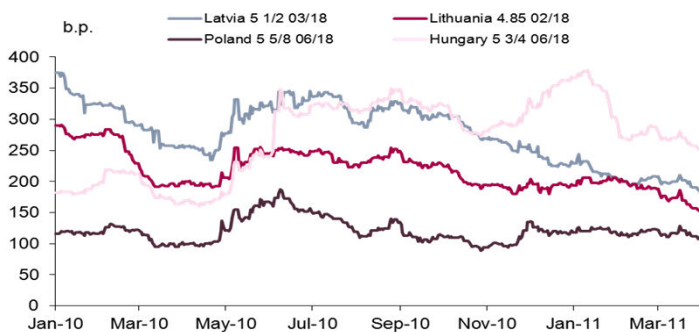
Foreign Currency Debt



External Debt Outstanding by Instruments and Lender (at the end of March)

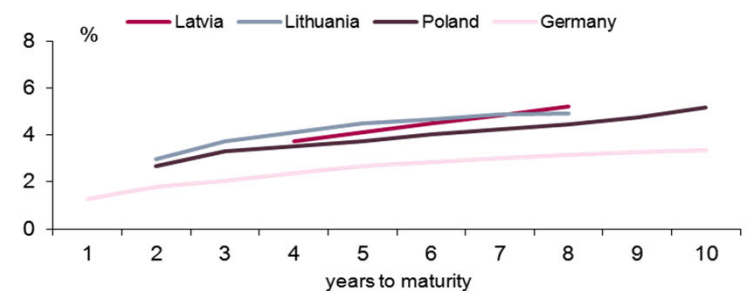


Latvia & Peer Countries Eurobond Spreads over Euro Swaps



Source: Bloomberg, 31.03.2011

Euro Yield Curves' Comparison



Source: Bloomberg, 31.03.2011

Republic of Latvia

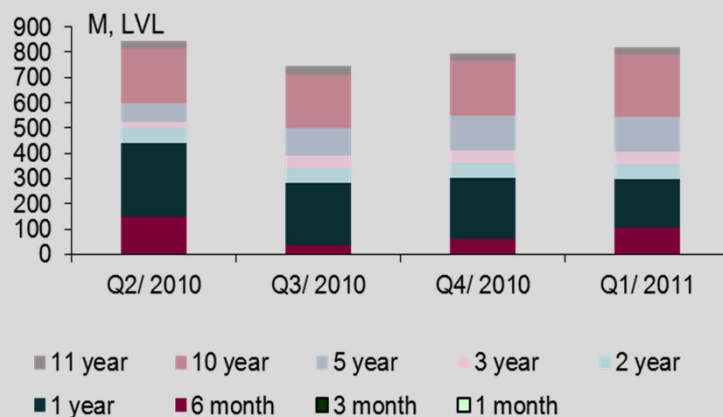
Moody's: **Baa3** / Fitch **BBB-** / S&P, R&I: **BB+**

Bloomberg: **TREL <GO>**

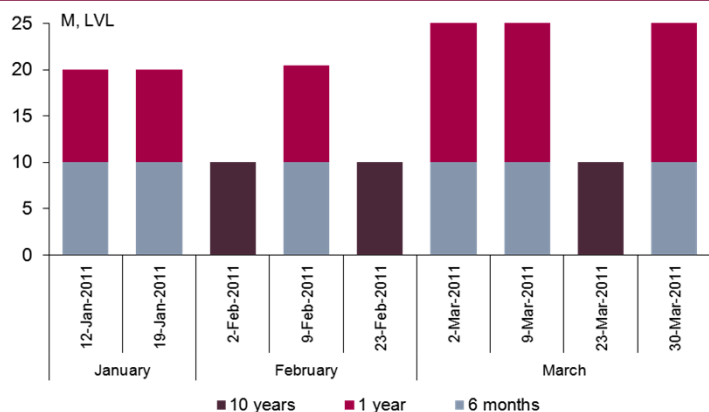
BORROWING MANAGEMENT – DOMESTIC

Domestic Securities Outstanding

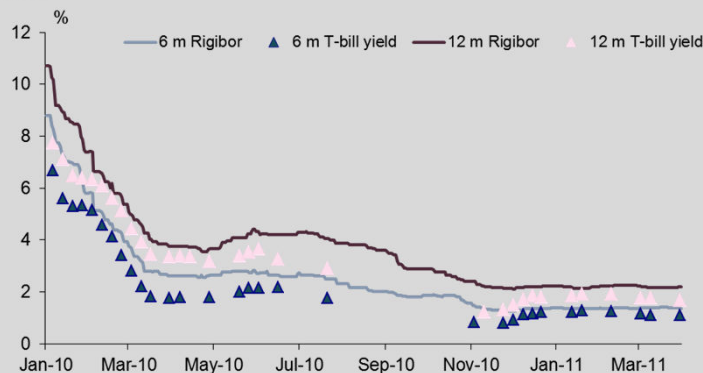
Outstanding	Q2/ 2010	Q3/ 2010	Q4/ 2010	Q1/ 2011
1 month	0	0	0	0
3 month	0	0	0	0
6 month	149	38	59	104
1 year	289	243	242	192
2 year	59	59	59	59
3 year	25	51	51	51
5 year	78	108	138	138
10 year	214	214	214	244
11 year	32	32	32	32
Total	847	745	796	821



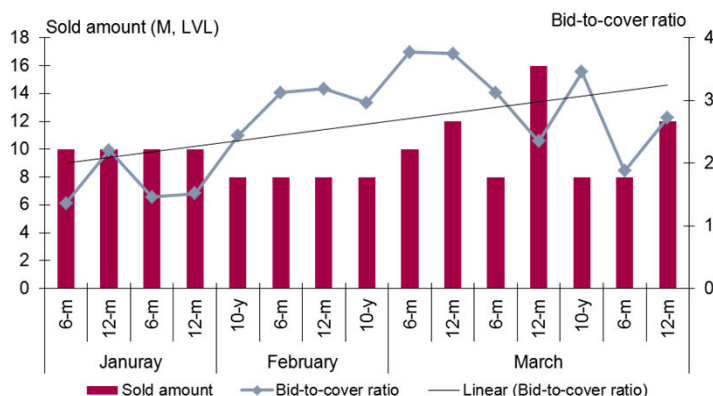
Sold amounts at auctions in Q1/2011



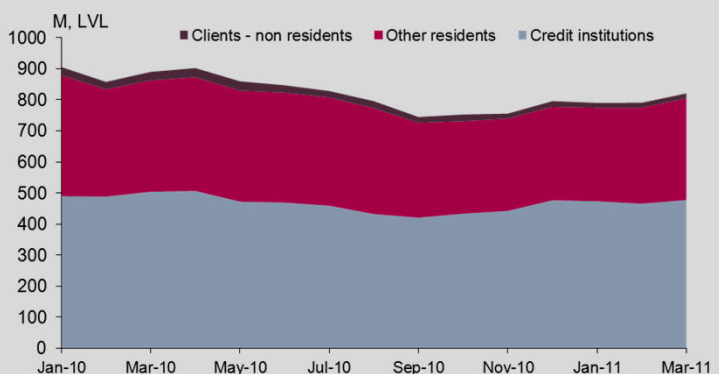
Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q1/2011



Domestic Securities Outstanding by Type of Investor in Secondary Market



DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy

PARAMETERS	31.12.2009	31.03.2011	STRATEGY
The share of the lats debt in the portfolio	16,1%	16,6%	>= 35%*
Maturity profile	<1 gads 8% < 3 gadi 25%	gads 10% < 3 gadi 40%	gads <= 25% < 3 gadi <= 50%
Optimum share of fixed rate in the portfolio	76%	76%	>= 60%**
Duration (years)	3,62	3,55	3,4 - 4,0
Foreign currency net debt currency composition	EUR 100,1%	EUR 100,12%	EUR 100% +/- 5%

* 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.

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

Planned Domestic Securities Auctions

The domestic securities auctions will be organized regularly with government securities of various maturities – 6 and 12 months and 10 years.

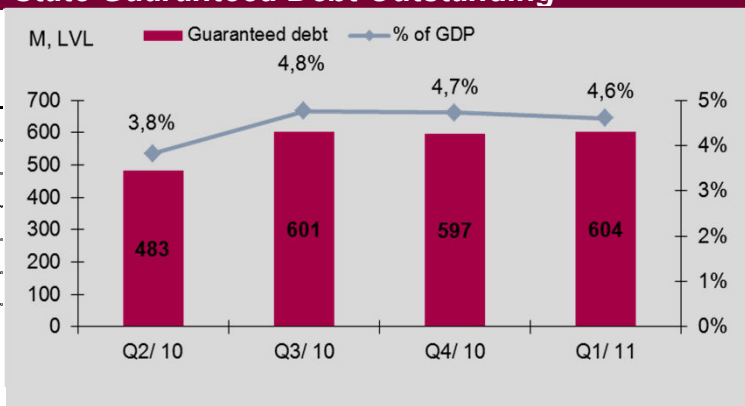
The announcements of the forthcoming auctions are published no later than one day prior to auction on the Treasury's website. Auctions are held depending on actual financing requirement and the financial market conditions. On Wednesdays competitive multi-price government securities auctions are organized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

ISSUANCE OF STATE GUARANTEES

State Guarantees in 2011

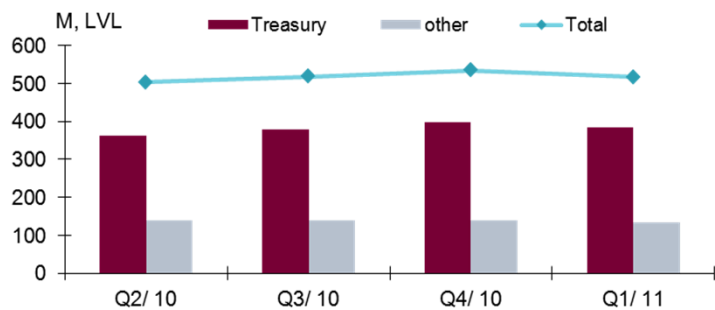
	Planned in 2011	M, LVL	Current status
Study and student crediting		28,7	not issued
Mortgage and Land Bank		71,0	not issued
SIA JP Termināls		24,4	not issued
VAS Valsts nekustamie īpašumi		30,0	not issued
Latvian olympic committee		3,2	not issued
SIA Latvijas Piens		5,0	not issued
Total		162,3	

State Guaranteed Debt Outstanding

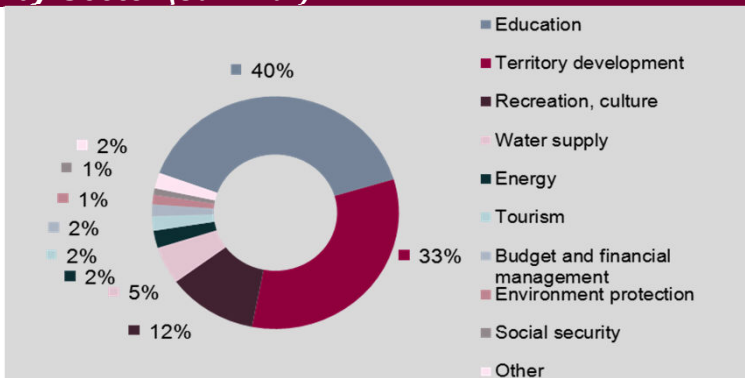


MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



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



Lender	Treasury	Other lender	Debt outstanding
end of March 2011	384	133	517

	M, LVL
Total increase of municipalities borrowing stated in Budget Law for 2011	96
Limit of loan disbursements to municipalities for 2011	133
Total disbursements made (Jan-Mar)	9,3
from the Treasury	9,3
from other institutions	0

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CONTACTS: The Treasury of the Republic of Latvia, Smilšu street 1, Riga, LV 1919, Latvia, e-mail: kase@kase.gov.lv

International Cooperation Department Ms. Ieva Zīlīte Phone: +371-67094343

Financial Resources Department Mr. Ģirts Helmanis Phone: +371-67094317

NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on July 22, 2011.

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