



BULLETIN IN BRIEF

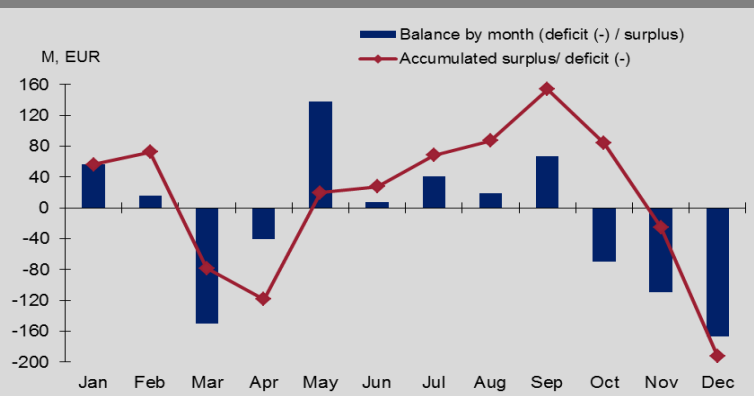
- Budget¹ with accumulated deficit 192 M, EUR/ 0.8 % of forecasted GDP (January-December)
- Central government debt outstanding (nominal value) 9 702 M, EUR/ 38.7 % of forecasted GDP (end of December)
- Municipalities' borrowings made from the Treasury 118.9 M, EUR/ 0.5 % of forecasted GDP (January-December)

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

GENERAL DATA

Central Government Consolidated Budget*

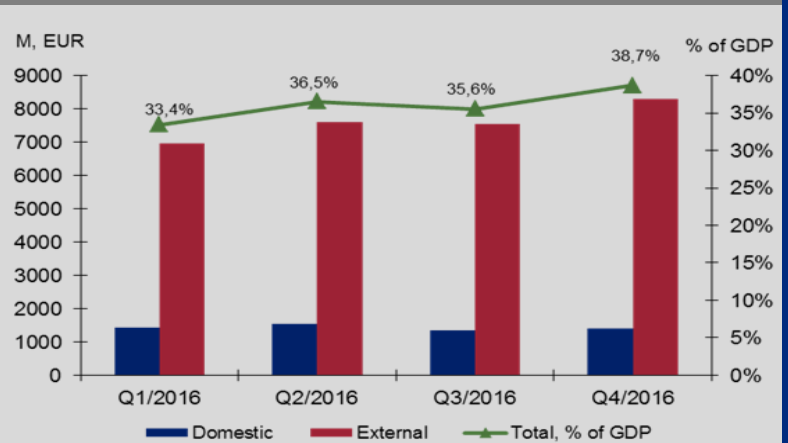
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	56	16	-150	-40	138	8	41	19	67	-70	-109	-167
Accumulated deficit (-) / surplus	56	72	-78	-119	20	27	68	87	154	84	-25	-192



* excluding grants, donations and derived public entities

Central Government Debt Outstanding

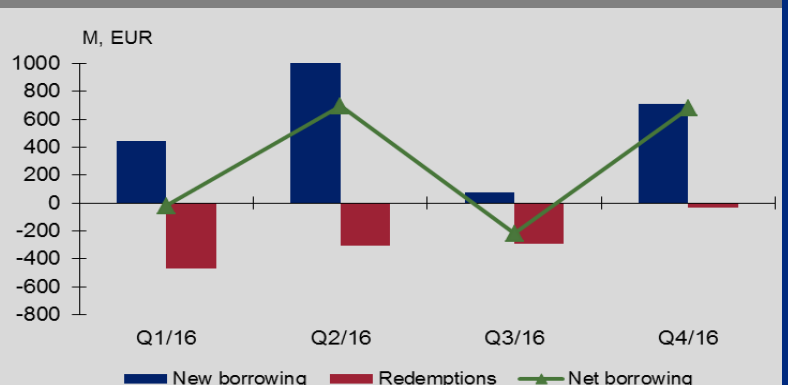
Debt (M, EUR)	Q1/2016	%	Q2/2016	%	Q3/2016	%	Q4/2016	%
Domestic debt	1 436	17%	1 549	17%	1 357	15%	1 404	14%
External debt	6 948	83%	7 604	83%	7 556	85%	8 298	86%
Total	8 384	100%	9 153	100%	8 913	100%	9 702	100%
Central government debt (% of GDP)	33,4		36,5		35,6		38,7	
Net debt (% of GDP)	32,1		31,9		31,4		33,5	



(nominal value)

Central Government Net Borrowing

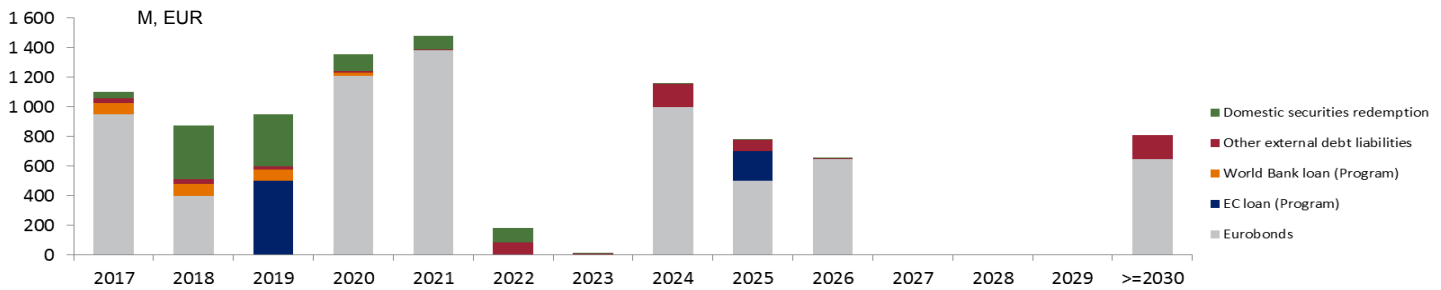
M, EUR	Q1/16	Q2/16	Q3/16	Q4/16
New borrowing	447	1 001	74	711
<i>incl. Eurobonds</i>		650		650
Redemptions	-469	-305	-295	-33
<i>incl. debt redemption to European Commission</i>				
<i>World Bank</i>	-20	-20	-20	-20
<i>Eurobonds</i>				
Net borrowing	-22	695	-220	677



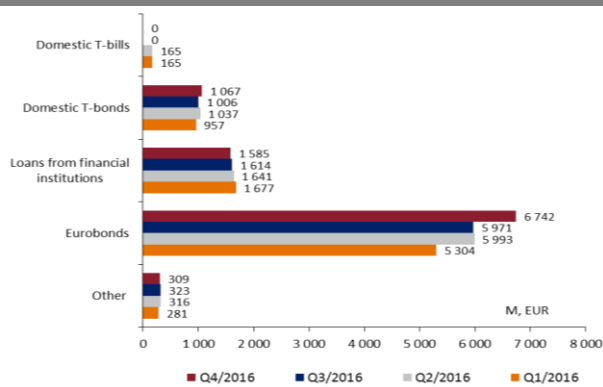
¹Central government consolidated budget (excluding grants, donations and derived public entities)



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

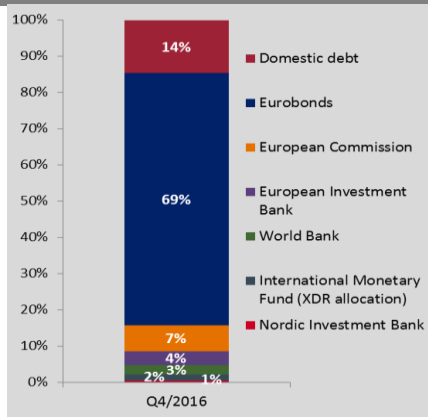


Debt Outstanding by instruments/

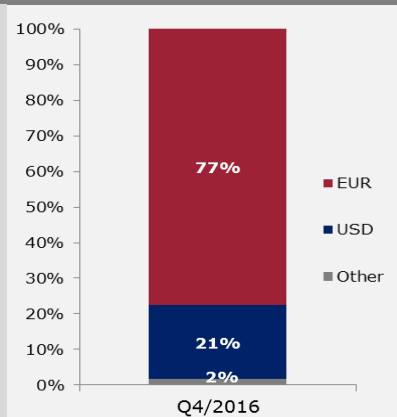


(nominal value)

lenders/

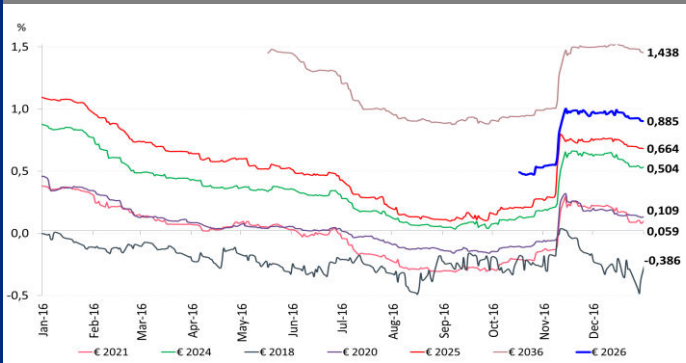


currencies



FOREIGN SECURITIES

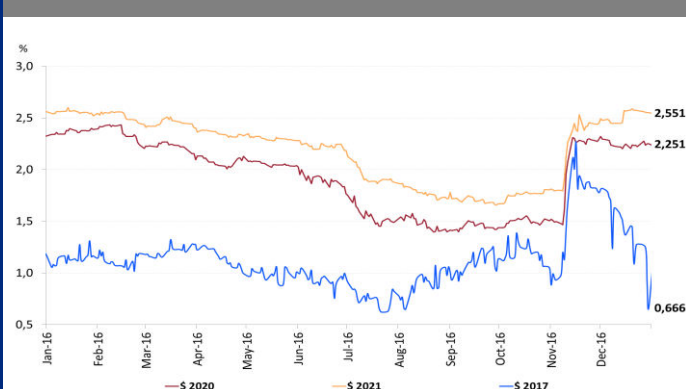
EUR Eurobond yields



Source: Bloomberg, 30.12.2016

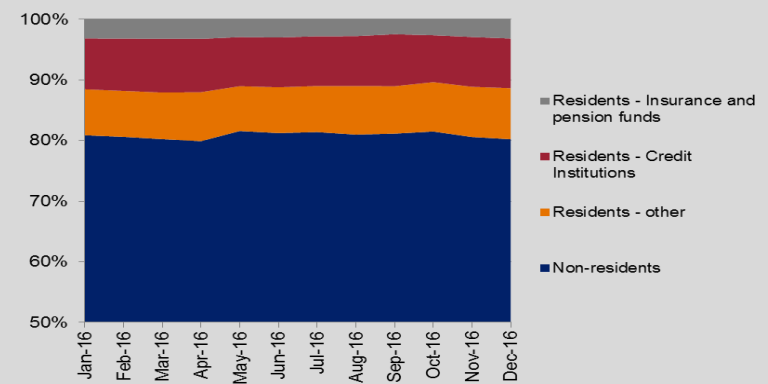
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,250	A-	0,666	77
	12.01.2020	LATVIA	2,750	A-	2,255	68
	16.06.2021	LATVIA	5,250	A-	2,545	73
EUR	05.03.2018	LATVIA	5,500	A-	-0,546	-18
	15.12.2020	LATVIA	0,500	A-	0,109	21
	21.01.2021	LATVIA	2,625	A-	0,059	15
	30.04.2024	LATVIA	2,875	A-	0,504	21
	23.09.2025	LATVIA	1,375	A-	0,664	20
	07.10.2026	LATVIA	0,375	A-	0,885	29
	16.05.2036	LATVIA	1,375	A-	1,438	32

USD Eurobond yields



Source: Bloomberg, 30.12.2016

External Securities Outstanding by Type of Investor in Secondary Market



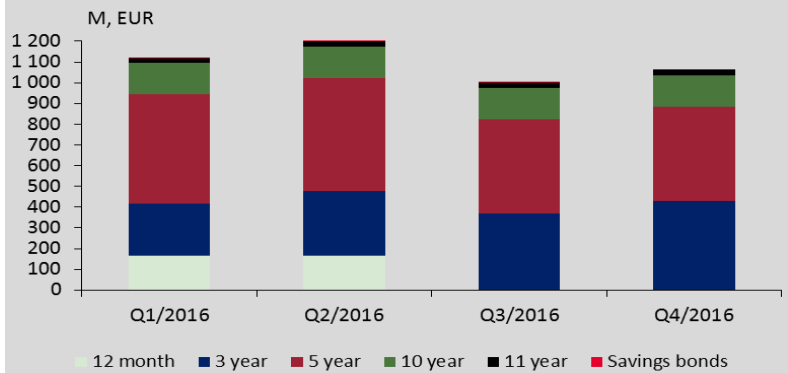
Source: Bank of Latvia



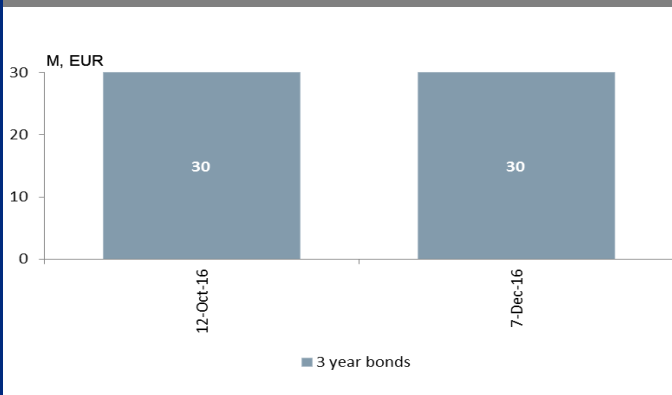
DOMESTIC SECURITIES

Domestic Securities Outstanding by original maturities

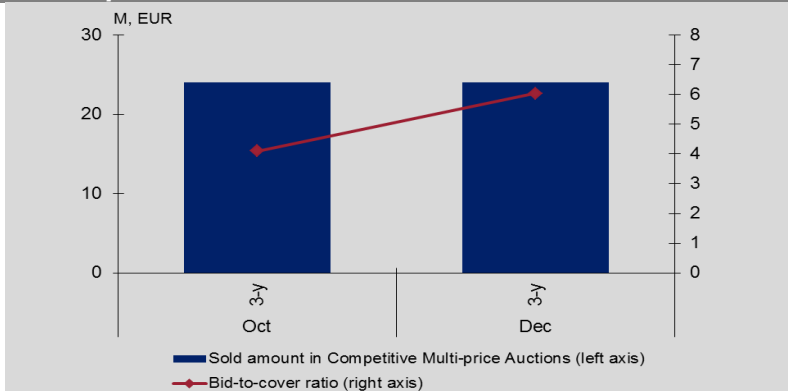
Outstanding	Q1/2016	Q2/2016	Q3/2016	Q4/2016
	M, EUR			
12 month	165	165	0	0
3 year	251	311	368	428
5 year	526	546	457	457
10 year	152	152	152	152
11 year	24	24	24	24
Savings bonds	5	5	5	5
Total	1 124	1 204	1 006	1 066



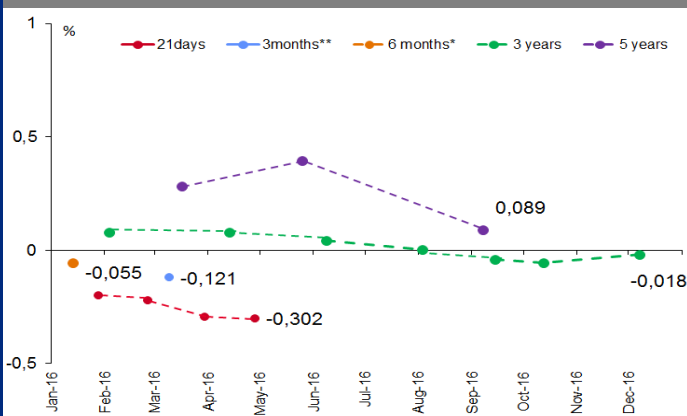
Sold Amount at Auctions in 4th quarter



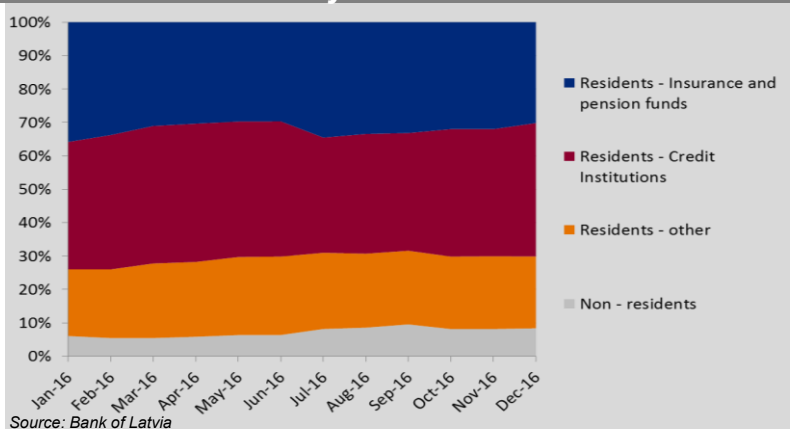
Bid-to-cover Ratio at Competitive Multi-price Auctions in 4th quarter



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 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.

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



DEBT PORTFOLIO MANAGEMENT

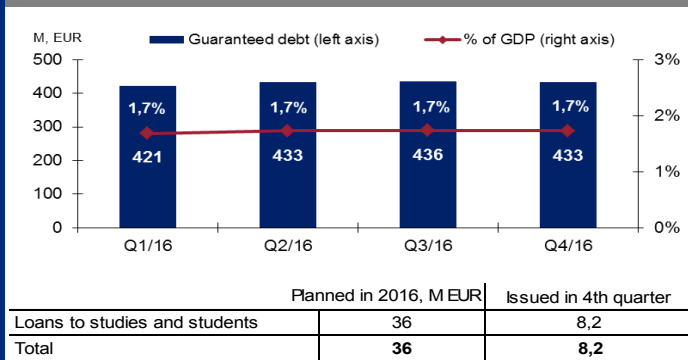
Parameters of Debt Management Strategy

Parameters	30.09.2016.		31.12.2016.		STRATEGY	
Domestic securities outstanding amount on the end of the year	1116,23 M, EUR ^		1060,76 M, EUR		not less than the amount on the end of the previous year^^^^	
Maturity profile (%) of central government debt	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
	15,4%	33,9%	14,6%	33,6%	≤ 25%	≤ 50%
Share of fixed rate^^	88,1%		88,7%		≥ 60%	
Macaulay Duration (years)	4,91		4,96		4,70 - 6,25	
Net debt^^^ currency composition	EUR		EUR		EUR	
	100,70%		100,44%		100% (+/- 5%)	

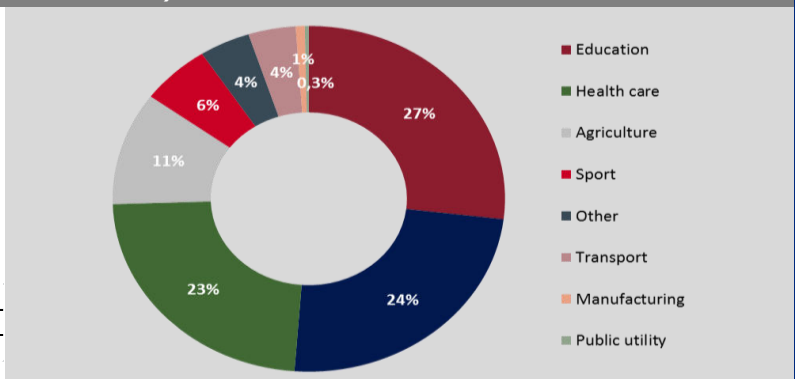
^ The index value is set once a year, i.e., at the end of the current year; value to 31.12.2015
 ^^Fixed rate central government debt with a maturity over one year.
 ^^^ Central government debt at the end of the period less the amount of loans and receivables, where impairment loss of guarantees are 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.
 ^^^^ Deviation is acceptable if, having a negative net issuance in the current year, it is compensated with the corresponding amount by increased planned borrowings in domestic market in the next year.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding

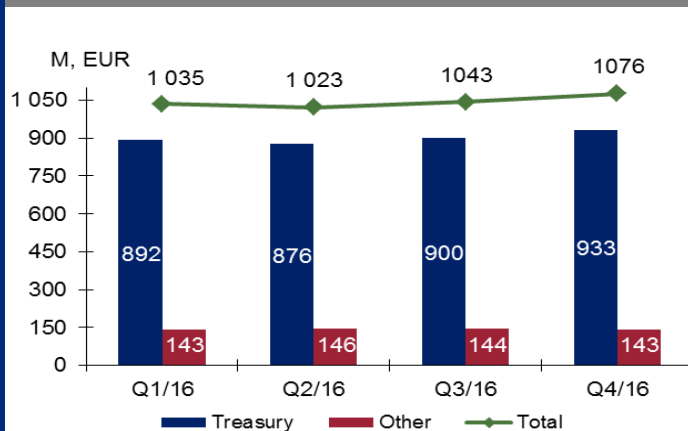


State guaranteed loans by industry (end of December)

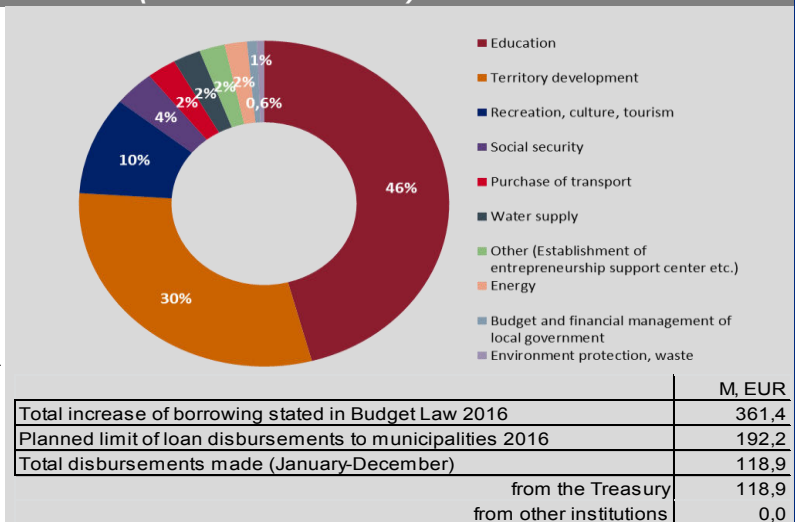


MUNICIPALITIES` BORROWINGS

Municipalities` Debt Outstanding



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



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 April 24, 2017.

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