

BULLETIN IN BRIEF

- Budget¹ with accumulated deficit
- Central government debt outstanding (nominal value)
- Municipalities' borrowings made from the Treasury

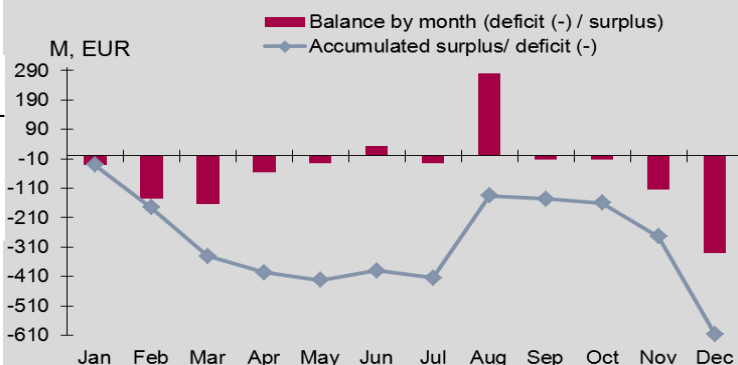
-426 M, LVL / -605 M, EUR (Jan-Dec)
5 216 M, LVL / 7 422 M, EUR (end of December)
110,3 M, LVL / 156,9 M, EUR (Jan-Dec)

GENERAL DATA

Central Government Consolidated Budget*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	-31	-145	-165	-55	-26	32	-25	280	-12	-13	-115	-331
Accumulated surplus/ deficit (-)	-31	-176	-341	-396	-422	-390	-415	-135	-147	-160	-274	-605

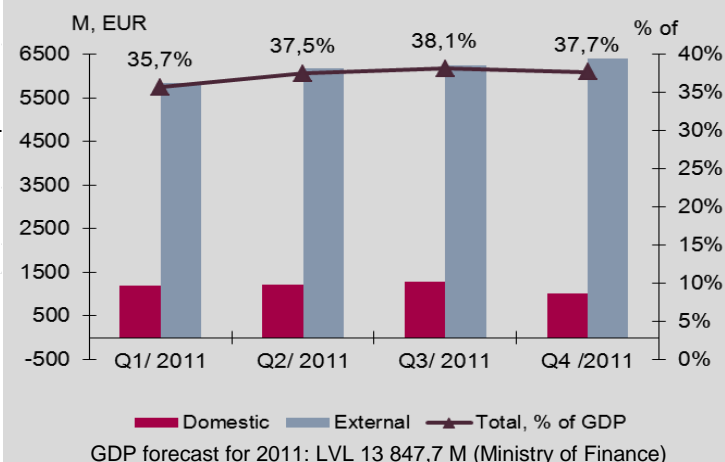
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

Debt (M, EUR)	Q1/ 2011	%	Q2/ 2011	%	Q3/ 2011	%	Q4/ 2011	%
Domestic debt	1 185	17%	1 212	16%	1 273	17%	1 022	14%
External debt	5 846	83%	6 174	84%	6 240	83%	6 401	86%
Total	7 031	100%	7 386	100%	7 512	100%	7 422	100%

(nominal values)

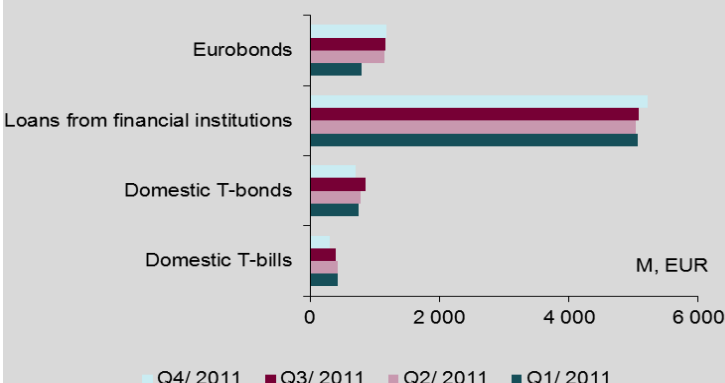


GDP forecast for 2011: LVL 13 847,7 M (Ministry of Finance)

Debt Outstanding by Instruments

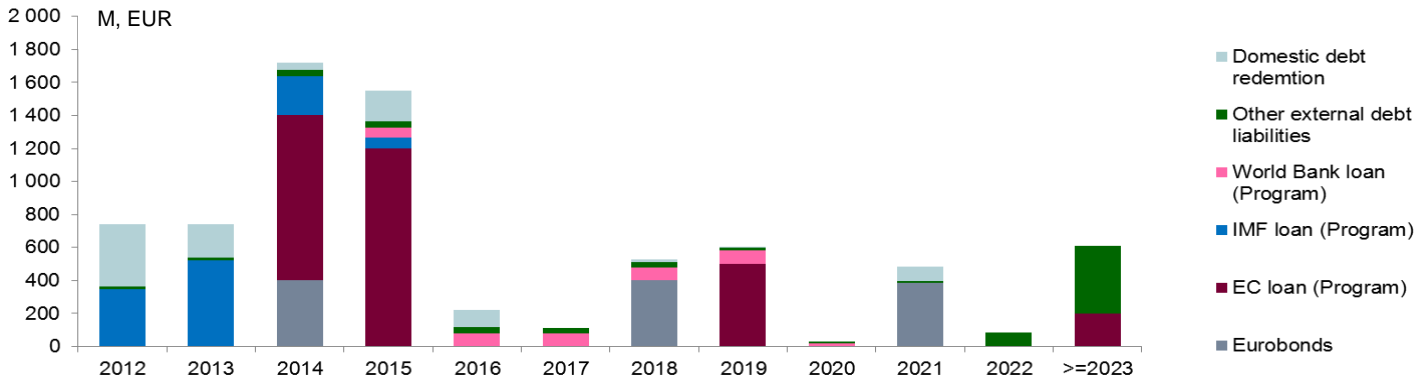
M, EUR	Q1/ 2011	Q2/ 2011	Q3/ 2011	Q4/2011
Domestic T-bills	422	425	400	304
Domestic T-bonds	746	775	862	709
Loans from financial institutions	5 063	5 038	5 084	5 222
Eurobonds	800	1 148	1 167	1 187
Total	7 031	7 386	7 512	7 422

(nominal values)

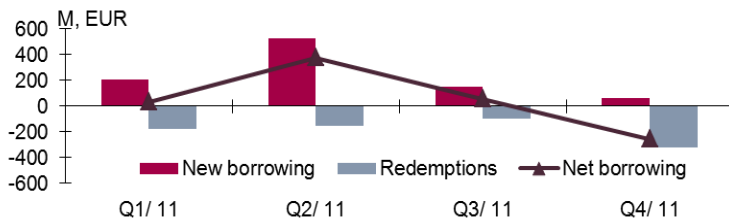


¹Central government consolidated budget (excluding grants, donations and derived public entities)

Redemption Profile



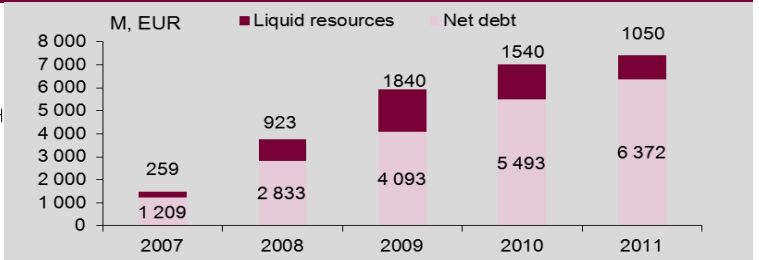
Net Borrowing



M, EUR	Q1/ 11	Q2/ 11	Q3/ 11	Q4/ 11
New borrowing	208	529	154	63
Redemptions	-176	-152	-97	-318
Net borrowing	32	377	59	-254

(nominal values)

Central Government Net Debt



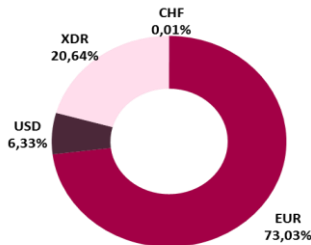
	2007	2008	2009	2010	Q1/2011	Q2/2011	Q3/2011	Q4/2011
Central government debt (% of GDP)	7,0	16,3	31,9	38,8	35,7	37,5	38,1	37,7
Net debt (% of GDP)	5,8	12,3	22,0	30,3	28,9	29,3	28,1	32,3

BORROWING MANAGEMENT – EXTERNAL

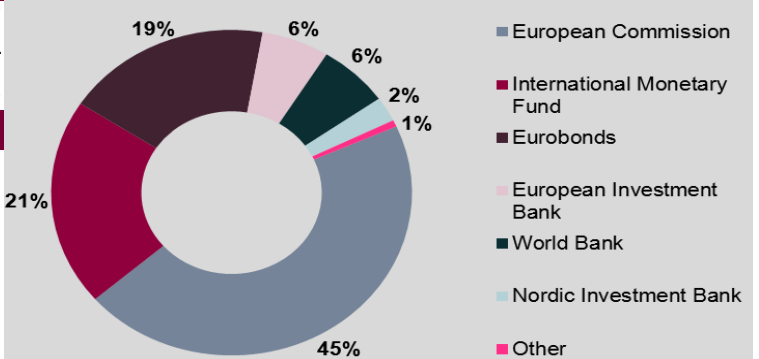
External Borrowing

(M, EUR)	Q1/ 11	Q2/ 11	Q3/ 11	Q4/11
Borrowing made	0	347	0	100

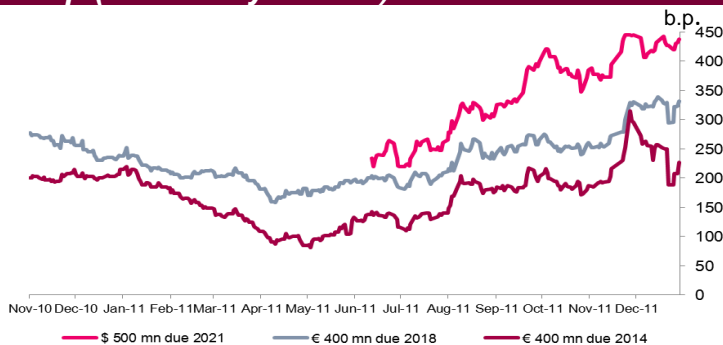
Foreign Currency External Debt



External Debt Outstanding by Instruments and Lender (at the end of December 2011)

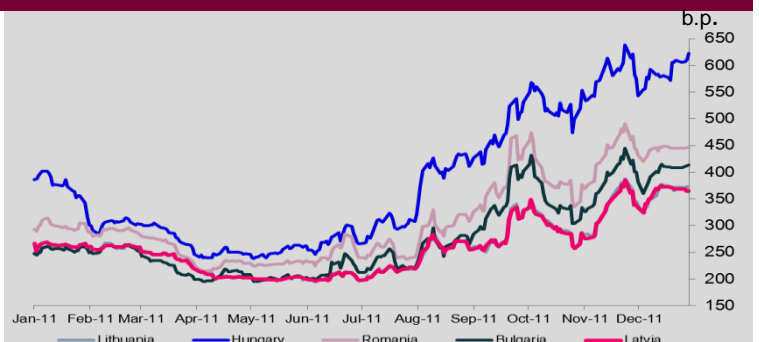


Latvia Eurobond Spread performance vs. mid-swap (secondary market)



Source: Bloomberg, 31.12.2011

5 year CDS performance



Source: Bloomberg, 31.12.2011

Republic of Latvia

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

Bloomberg: TREL <GO>

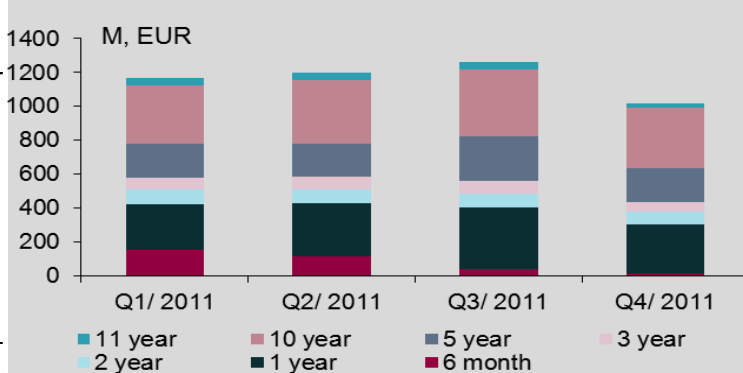
BORROWING MANAGEMENT – DOMESTIC

Planned Domestic Securities Auctions

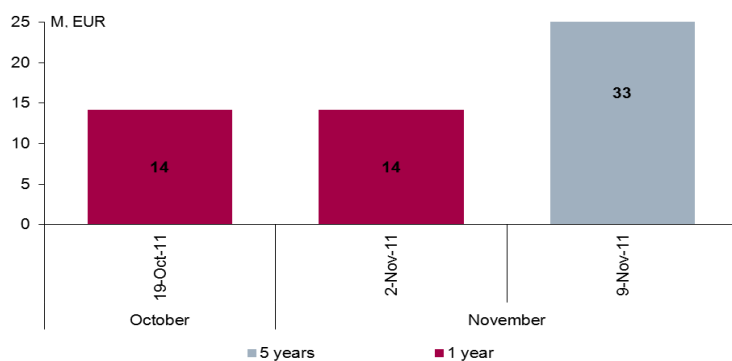
The announcements of the forthcoming auctions are published no later than one day prior to auction on the Treasury's website. Auctions are held depending on actual financing requirement and the financial market conditions. On Wednesdays competitive multi-price government securities auctions are organized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

Domestic Securities Outstanding

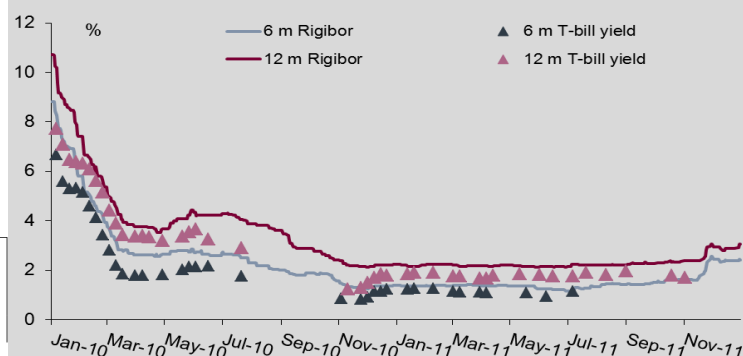
Outstanding	Q1/ 2011	Q2/ 2011	Q3/ 2011	Q4/ 2011
	M, EUR			
1 month	0	0	0	0
3 month	0	0	0	0
6 month	148	111	38	12
1 year	274	314	362	292
2 year	83	83	83	71
3 year	72	72	72	60
5 year	197	197	269	195
10 year	347	376	391	358
11 year	46	46	46	24
Total	1168	1200	1262	1013



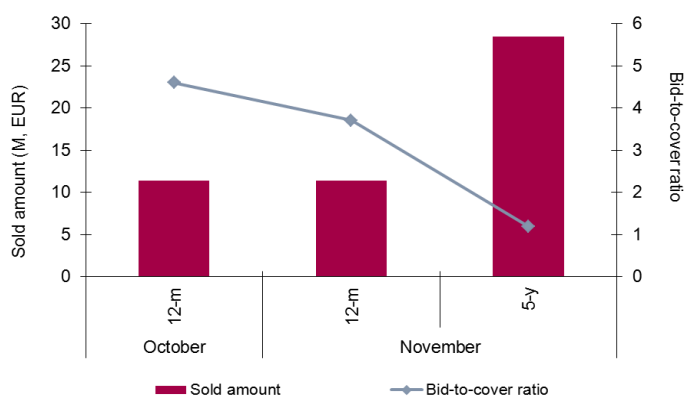
Sold amounts at auctions in Q4/2011



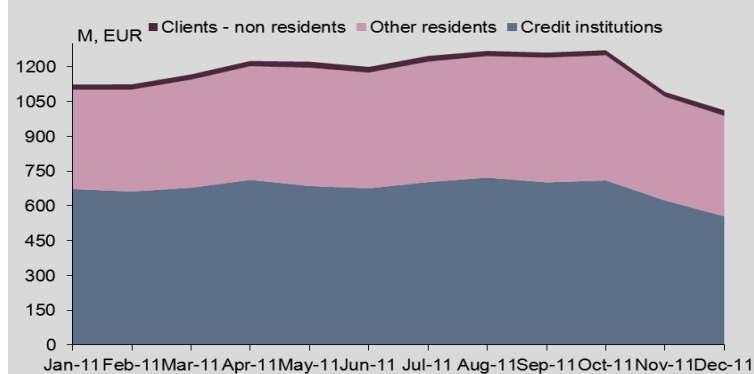
Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q4/2011



Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy*

PARAMETERS	2010.12.31	2011.12.31	STRATEGY
The share of the lats debt in the portfolio	16,1%	13,7%	>= 35%**
Maturity profile	<1 gads 7,9% < 3 gadi 24,7%	<1 gads 10,0% < 3 gadi 43,1%	< 1 gads < 25% < 3 gadi < 50%
Optimum share of fixed rate in the portfolio	75,6%	79,5%	>= 60%***
Duration (years)	3,62	3,50	3,4 - 4,0
Foreign currency net debt currency composition	EUR 100,05%	EUR 99,74%	EUR 100% (+/- 5%)

* Borrowings of the ministries, other central government institutions and derived public person outside the Treasury (5,9 million. lats) are not included
 ** 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.

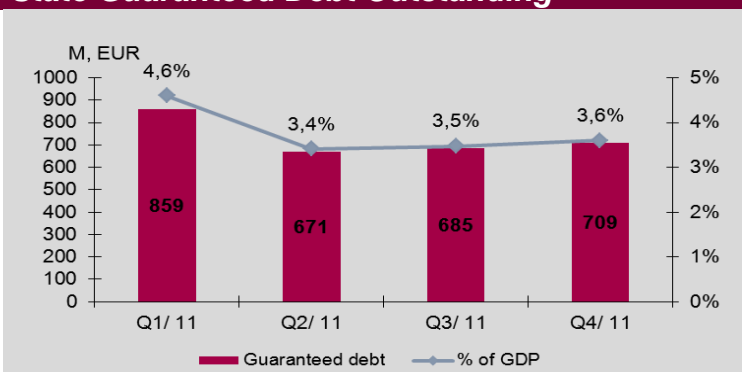
*** Fixed rate debt with a maturity over one year.

ISSUANCE OF STATE GUARANTEES

State Guarantees in 2011

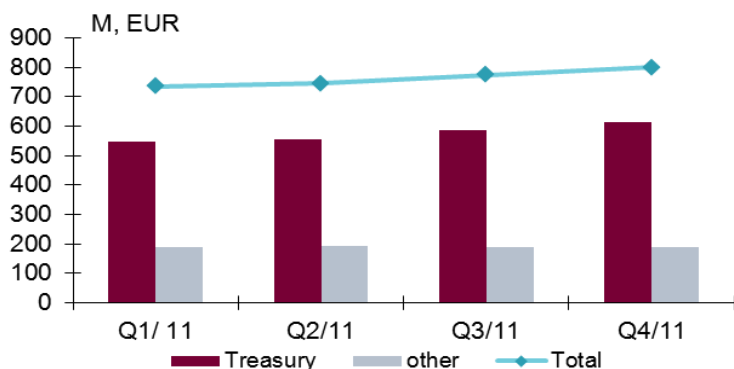
	Planned in 2011	M, EUR	Current status
Study and student crediting	40,84		issued 17,07
Mortgage and Land Bank	101,0		not issued
SIA JP Termināls	34,7		not issued
VAS Valsts nekustamie īpašumi	42,7		issued 33,9
Latvian olympic committee	4,6		issued 4,6
SIA Latvijas Piens	7,1		issued 7,1
Total		230,9	issued 62,6

State Guaranteed Debt Outstanding



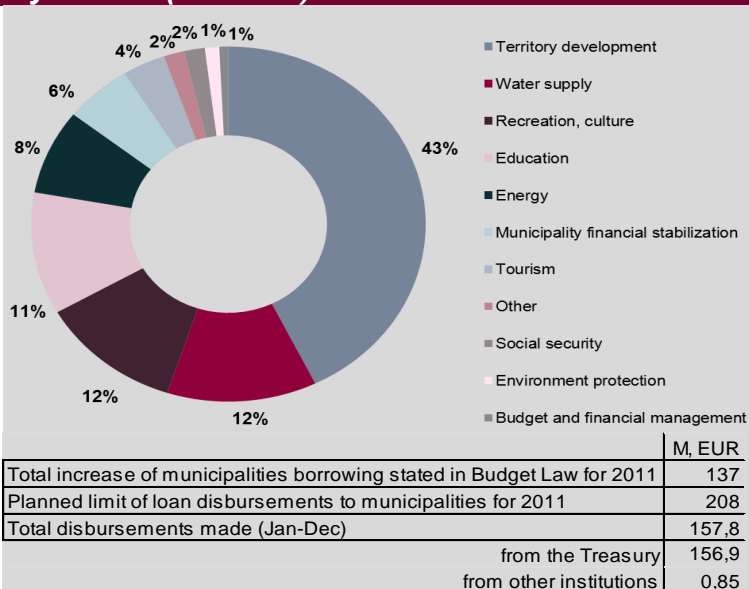
MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



Lender	Treasury	Other lender	Debt outstanding
end of December 2011	612	189	801

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



	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2011	137
Planned limit of loan disbursements to municipalities for 2011	208
Total disbursements made (Jan-Dec)	157,8
from the Treasury	156,9
from other institutions	0,85

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on April 23, 2012.

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