

BULLETIN IN BRIEF

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

-12 M, LVL / -17 M, EUR (Jan-March)
5 781 M, LVL / 8 226 M, EUR (end of March)
14.6 M, LVL / 20.8 M, EUR (Jan-March)

R&I (Feb 8) upgraded Latvia's credit rating by one notch to BBB, setting the outlook- stable.

Moody's (March 15) upgraded Latvia's credit rating by one notch to Baa2, setting the outlook- positive.

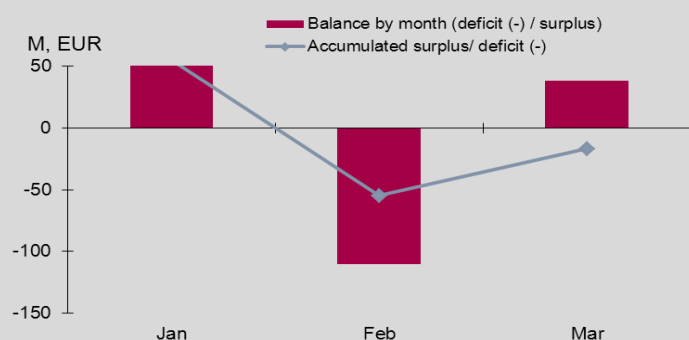
* As of 2013, methodology of domestic debt has been changed to include on-demand and short-term deposits in it. Therefore 1st quarter data of total and internal debt of 2013 is not statistically comparable with data of the previous periods. In the 1st quarter of 2013 the amount of on-demand and short-term deposits comprised 32.9% of the total domestic debt.

GENERAL DATA

Central Government Consolidated Budget**

Month	M, EUR		
	Jan	Feb	Mar
Balance by month (deficit (-) / surplus)	55	-110	38
Accumulated surplus/ deficit (-)	55	-55	-17

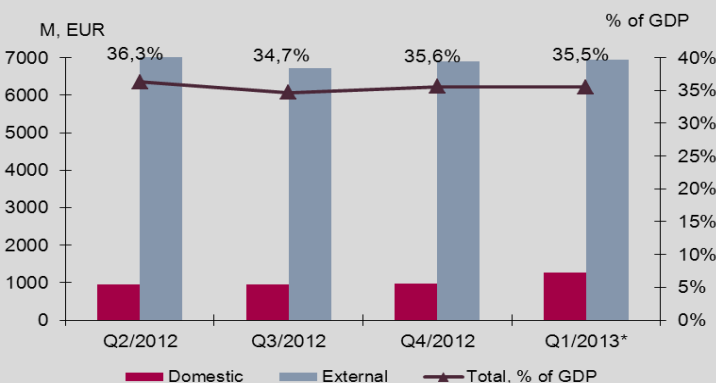
** excluding grants, donations and derived public entities



Central Government Debt Outstanding

Debt (M, EUR)	Q2/ 2012		Q3/ 2012		Q4/ 2012		Q1/ 2013*	
		%		%		%		%
Domestic debt	950	12%	941	12%	968	12%	1 274	15%
External debt	7 061	88%	6 715	88%	6 897	88%	6 952	85%
Total	8 011	100%	7 656	100%	7 865	100%	8 226	100%

(nominal values)

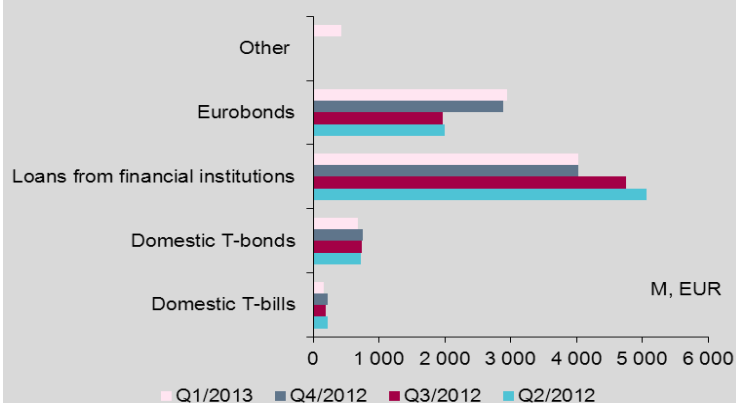


GDP forecast for 2013: LVL 16 269,0 M (EUR 23 148,7 M) (Ministry of Finance)

Debt Outstanding by Instruments

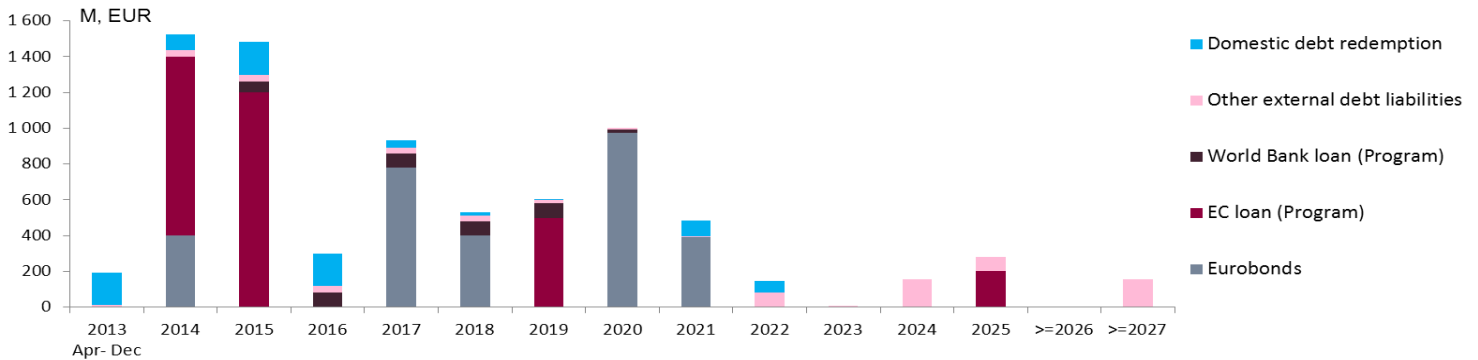
	M, EUR			
	Q2/2012	Q3/2012	Q4/2012	Q1/2013*
Domestic T-bills	222	196	215	164
Domestic T-bonds	720	739	745	681
Loans from financial institutions	5 068	4 755	4 027	4 020
Eurobonds	1 999	1 965	2 878	2 940
Other				420
Total	8 011	7 656	7 865	8 226

(nominal values)

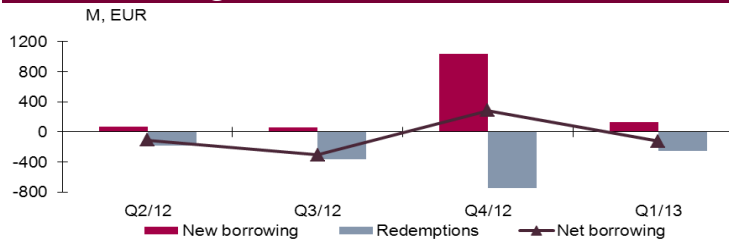


¹Central government consolidated budget (excluding grants, donations and derived public entities)

Redemption Profile (at the end of March 2013)



Net Borrowing



M, EUR	Q2/12	Q3/12	Q4/13	Q1/13
New borrowing	69	62	1 034	131
Redemptions	-179	-367	-751	-255
Net borrowing (nominal values)	-110	-305	283	-124

Central Government Net Debt

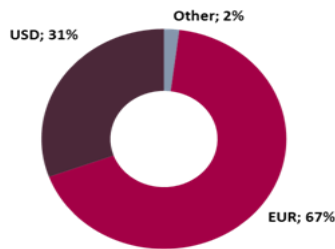


BORROWING MANAGEMENT – EXTERNAL

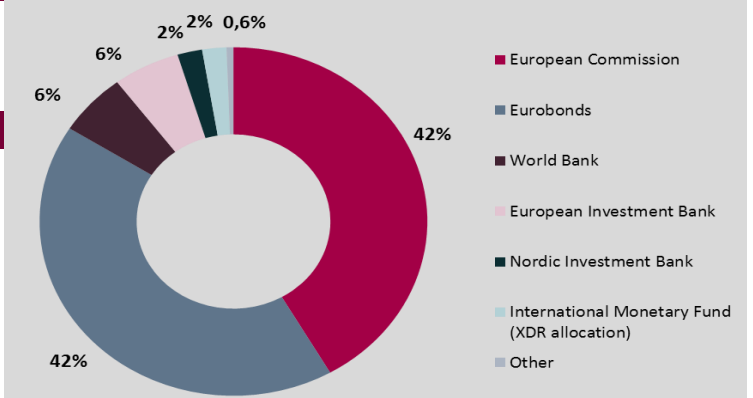
External Borrowing

(M, EUR)	Q2/12	Q3/12	Q4/12	Q1/13
Borrowing made	0	0	965	0

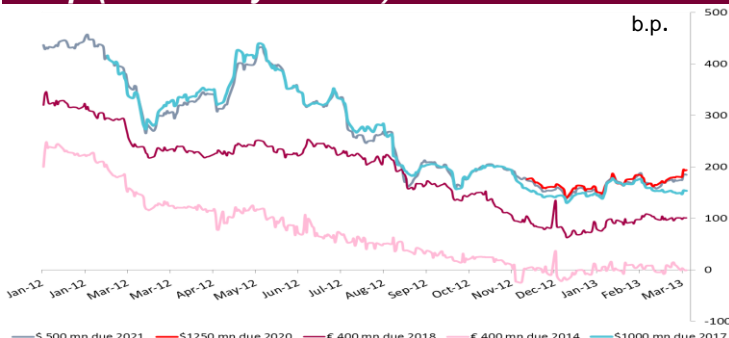
Foreign Currency External Debt (at the end of March 2013)



External Debt Outstanding by Instruments and Lender (at the end of March 2013)

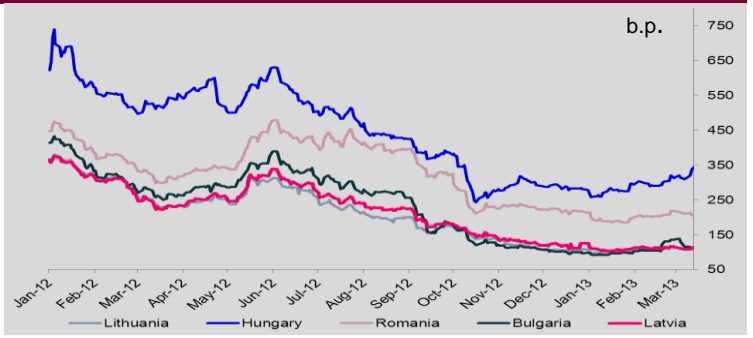


Latvia Eurobond Spread performance vs. mid-swap (secondary market)



Source: Bloomberg, 31.03.2013

5 year CDS performance



Source: Bloomberg, 31.03.2013

Republic of Latvia

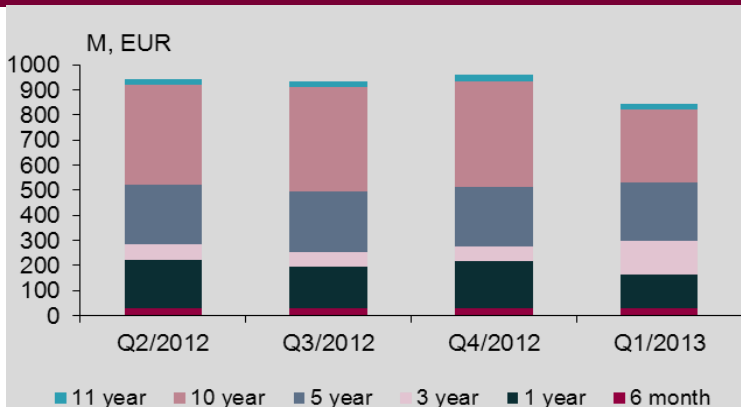
Moody's: Baa2 / Fitch, S&P,R&I: BBB

Bloomberg: TREL <GO>

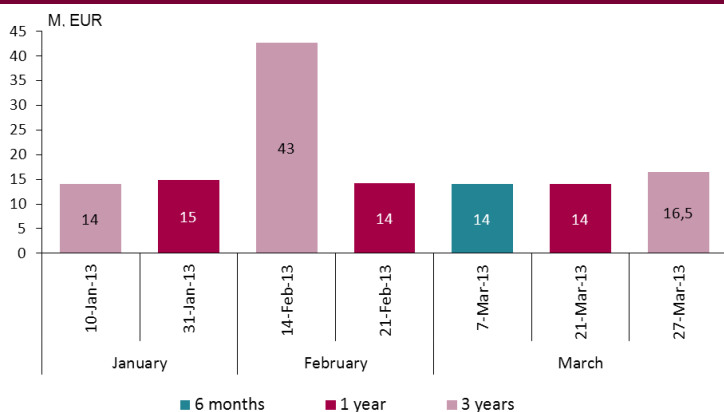
BORROWING MANAGEMENT – DOMESTIC

Domestic Securities Outstanding

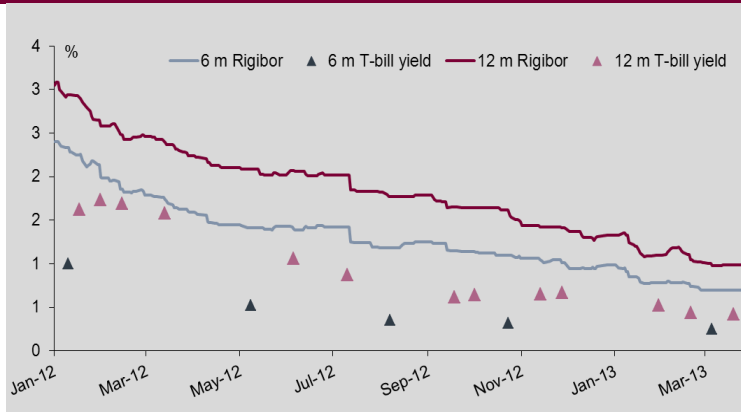
Outstanding	Q2/2012	Q3/2012	Q4/2012	Q1/2013
	M, EUR			
6 month	29	28	28	28
1 year	194	166	186	136
3 year	60	60	60	134
5 year	238	238	238	234
10 year	398	417	423	289
11 year	24	24	24	24
Total	943	933	959	846



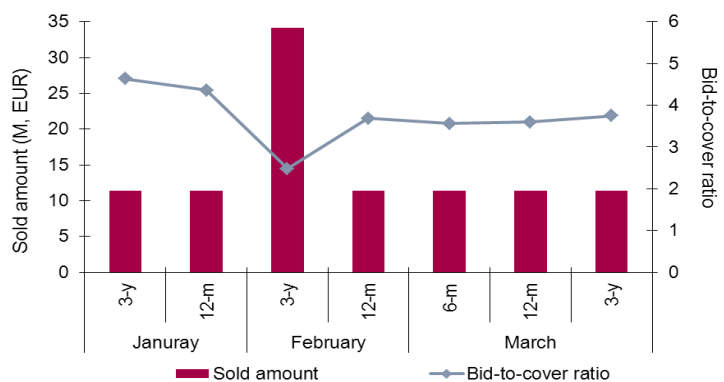
Sold amounts at auctions in Q1/2013



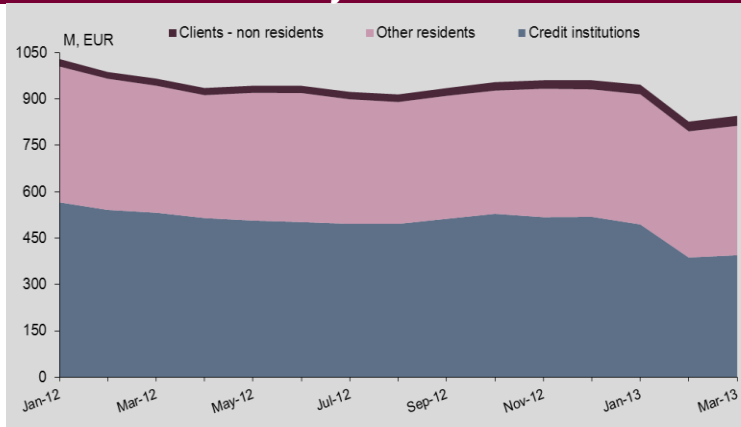
Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q1/2013



Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

Planned Domestic Securities Organization

The announcements of the forthcoming auctions are published each month on the Treasury's website. On Wednesdays competitive multi-price government securities auctions are organized and on Thursdays – non-competitive fixed rate auctions but depending on the financial market conditions days and auction types can be changed.

Since February 2013 Treasury has introduced a primary dealer system. The objective of introducing this system is to stimulate activity and development of the government debt securities market.

DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy

PARAMETERS	31.12.2012.		31.03.2013.		STRATEGY	
The share of the lats debt in the portfolio	12.1%		14.7%		≥ 35%^	
Maturity profile	<1 year 3,7%^	< 3 years 41,4%^	<1 year 18,6%^	< 3 years 43,5%^	< 1 year < 25%	< 3 years < 50%
Optimum share of fixed rate in the portfolio	95,84%		86,19%		≥ 60%^	
Duration (years)	4,14		3,86		3.4 - 5.0	
Foreign currency net debt currency composition	EUR 100,53%		EUR 99,77%		EUR 100% (+/- 5%)	

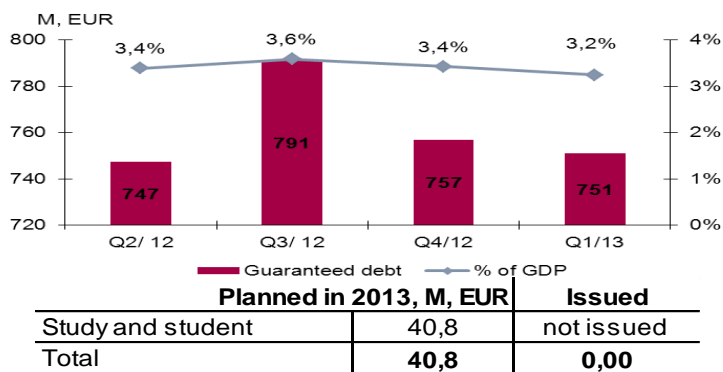
^ Minimum share of the LVL debt in medium term shall be ensured at least at 35% level, if this scenario agrees with Latvian macroeconomic development tendencies, capital market and overall financial system condition and if the weighted average yield of medium term and long term government domestic securities offered at auctions held by the Treasury is less than 100 basis points above borrowing opportunity level in EUR.

^^ Maturity profile taking into account the debt refinancing reserve- as of end of December 270 million lats/ 384 million EUR, as of end of March 100 million lats/ 142 million EUR

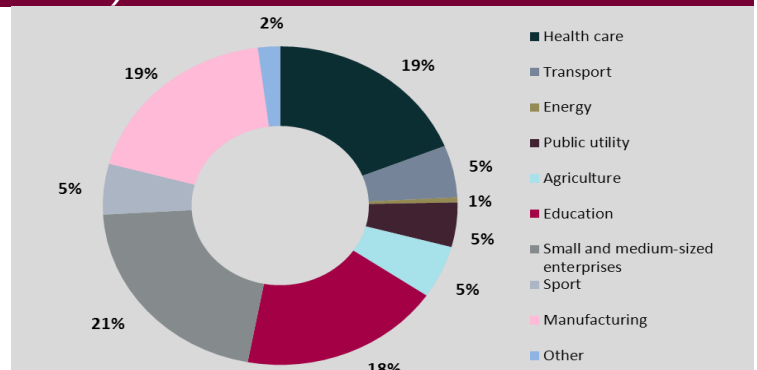
^^^ Fixed rate debt with a maturity over one year.

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding in 2013

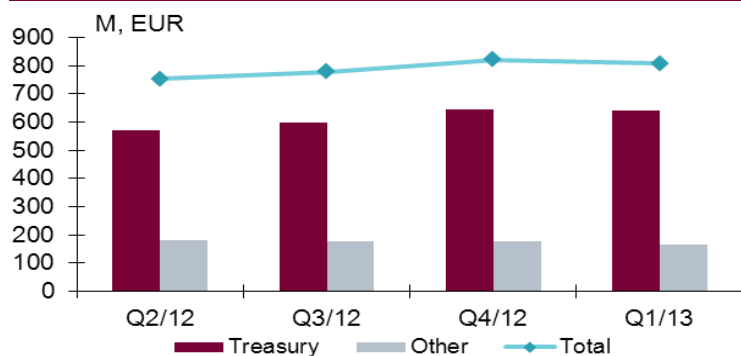


State guaranteed loans by industry (end of March)



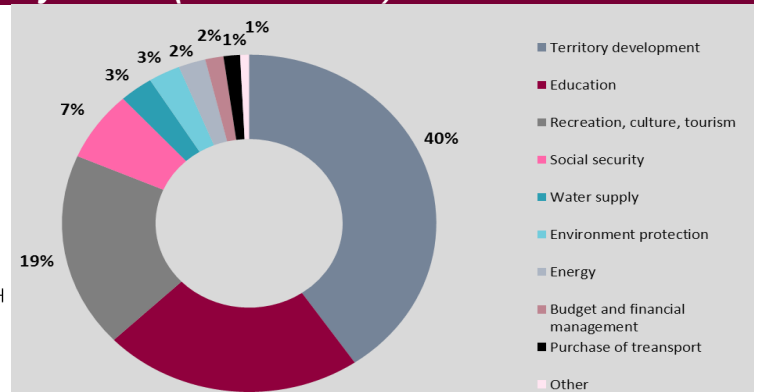
MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



Lender-	Treasury	Other lender	Debt outstanding
end of March 2013	640	166	807

Municipalities' Borrowings from the Treasury by Sector (end of March)



	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2013	187,8
Planned limit of loan disbursements to municipalities for 2013	164,1
Total disbursements made (Jan-March)	20,8
from the Treasury	20,8
from other institutions	0,0

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on July 23, 2013.

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. This document may not be copied, distributed for any commercial purposes or published in any other way without the consent of the Treasury.