



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 78 M, EUR/ 0,3 % of forecasted GDP (January-March)
 - Central government debt outstanding (nominal value) 8 384 M, EUR/ 33,0 % of forecasted GDP (end of March)
 - Municipalities' borrowings made from the Treasury 7,8 M EUR/ 0,03 % of forecasted GDP (January-March)
- GDP forecast for 2016 on March 2016: EUR 25 424 M (Ministry of Finance)

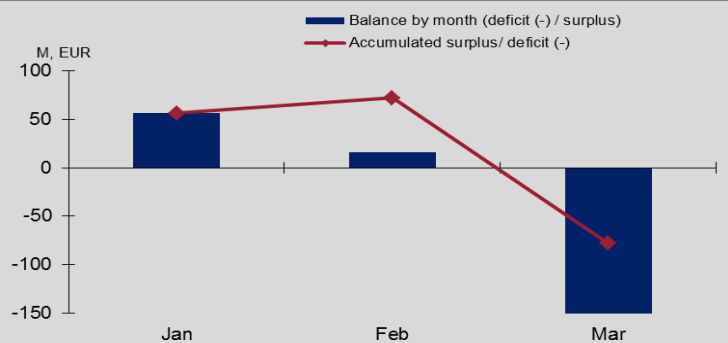
• On 28th January, The Treasury started to use a new short-term borrowing instrument by issuing T-bills with maturity of 21-day. T-bills with 21-day maturity were chosen in order to finance the budget execution cycle more effectively within a month.

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR		
	Jan	Feb	Mar
Balance by month (deficit (-) / surplus)	56	16	-150
Accumulated surplus/ deficit (-)	56	72	-78

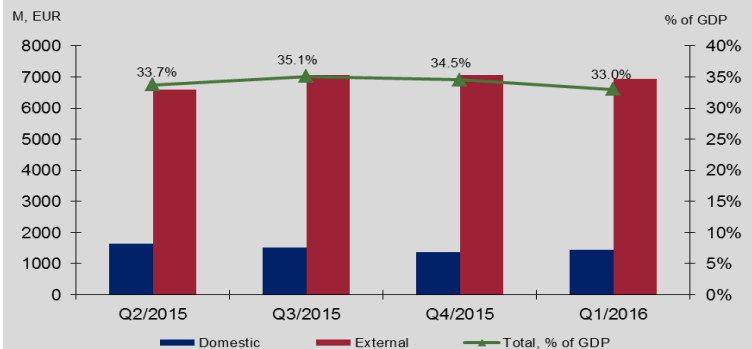
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

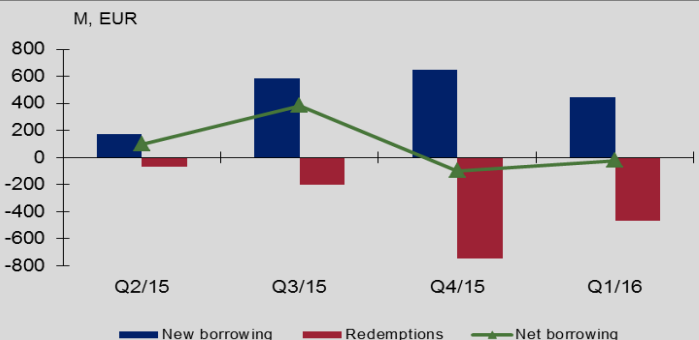
Debt (M, EUR)	Q2/ 2015		Q3/ 2015		Q4/ 2015		Q1/ 2016	
		%		%		%		%
Domestic debt	1 631	20%	1 511	18%	1 359	16%	1 436	17%
External debt	6 590	80%	7 049	82%	7 053	84%	6 948	83%
Total	8 221	100%	8 560	100%	8 412	100%	8 384	100%
Central government debt (% of GDP)	33.7		35.1		34.5		33.0	
Net debt (% of GDP)	30.9		31.2		33.0		31.6	

(nominal value)



Central Government Net Borrowing

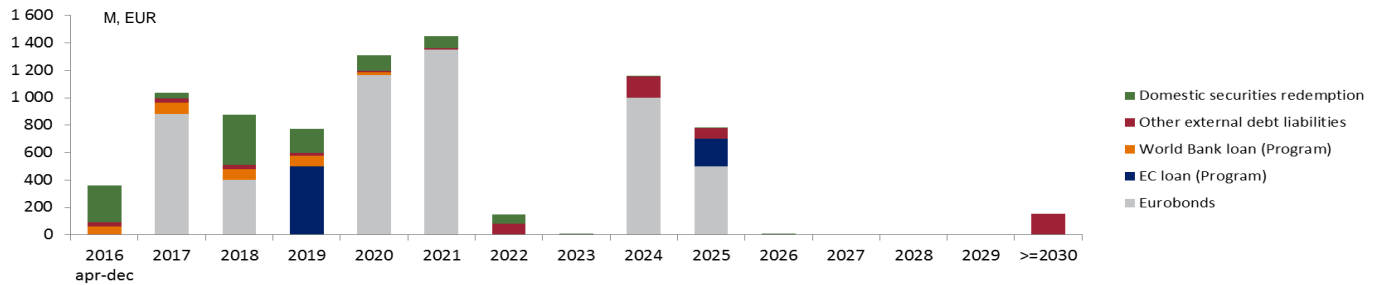
	M, EUR	Q2/15	Q3/15	Q4/15	Q1/16
New borrowing		170	583	650	447
<i>incl. Eurobonds</i>			500	550	
Redemptions		-71	-201	-749	-469
<i>incl. debt redemption to European Commission</i>					
<i>World Bank</i>		-10	-20	-10	-20
<i>Eurobonds</i>				600	
Net borrowing		99	382	-98	-22



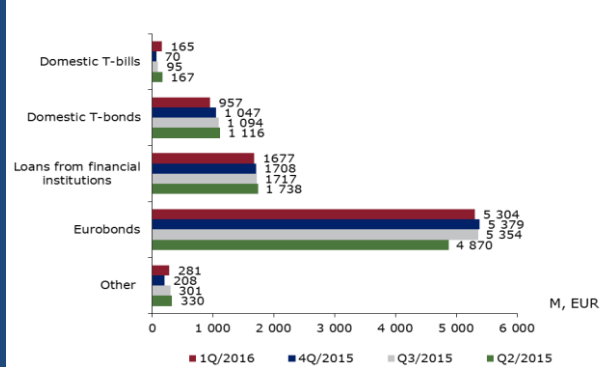
¹Central government consolidated budget (excluding grants, donations and derived public entities)



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



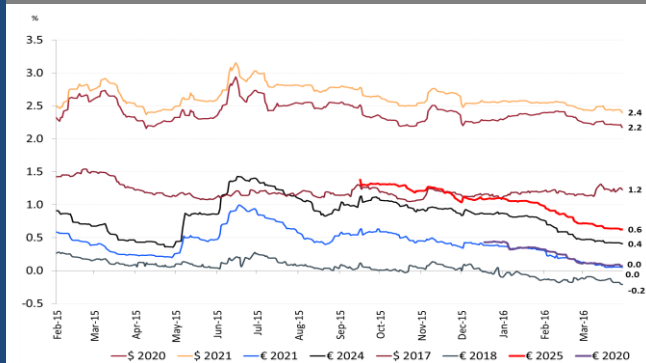
Debt Outstanding by instruments/



(nominal value)

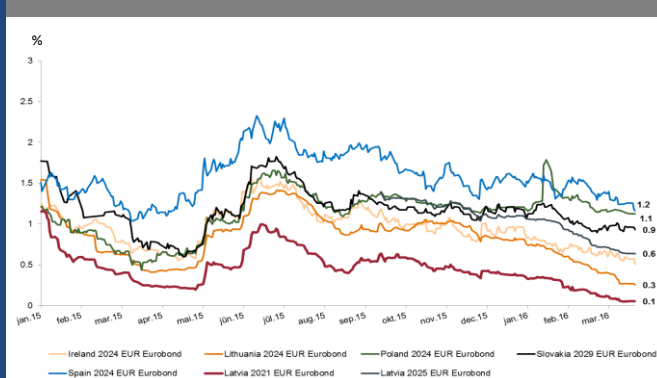
FOREIGN SECURITIES

EUR and USD Eurobond yields



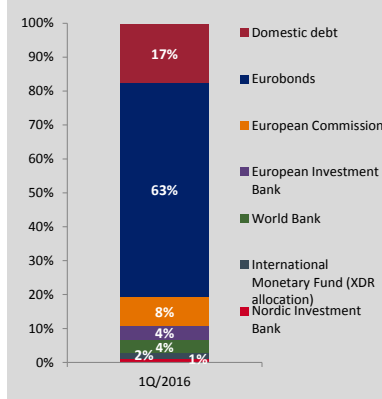
Source: Bloomberg, 31.03.2016

EUR bond yields by European countries

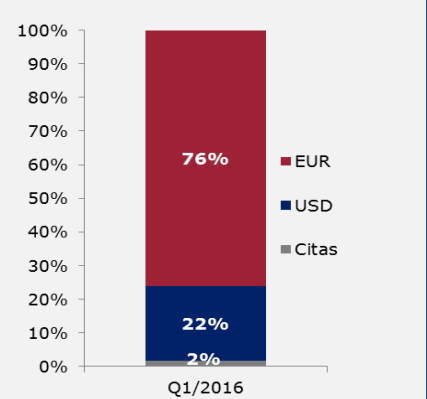


Source Bloomberg, 31.03.2016

lenders/

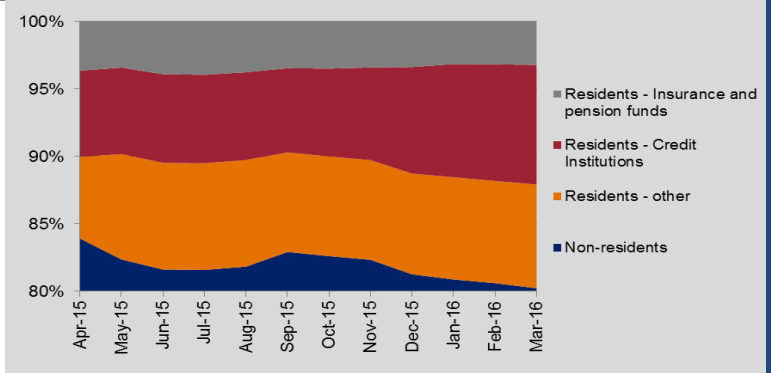


currencies



	Dzēšanas datums	Emitents	Kupons	S&P reitings	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,25	A-	1.255	73
	12.01.2020	LATVIA	2,75	A-	2.175	118
	16.06.2021	LATVIA	5,25	A-	2.403	124
EUR	05.03.2018	LATVIA	5,5	A-	-0.277	-5
	21.01.2021	LATVIA	2,625	A-	0.51	10
	30.04.2024	LATVIA	2,875	A-	0.407	12
	23.09.2025	LATVIA	1,375	A-	0.621	18
	15.12.2020	LATVIA	0,500	A-	0.069	13

External Securities Outstanding by Type of Investor in Secondary Market



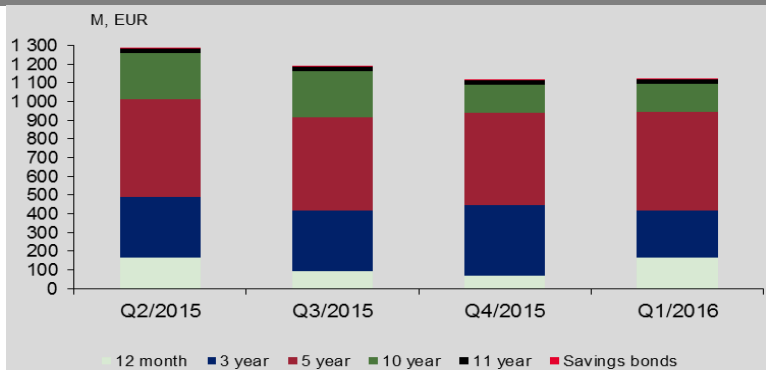
Source: Bank of Latvia



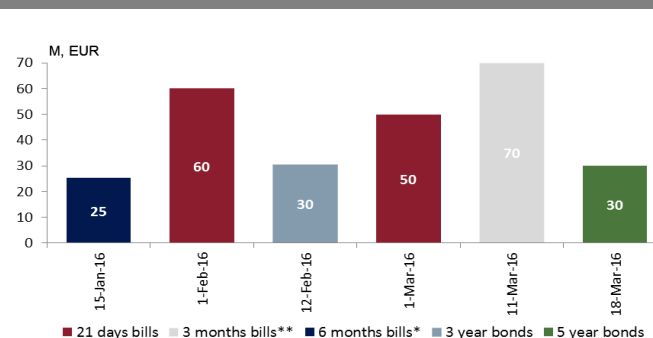
DOMESTIC SECURITIES

Domestic Securities Outstanding by original maturities

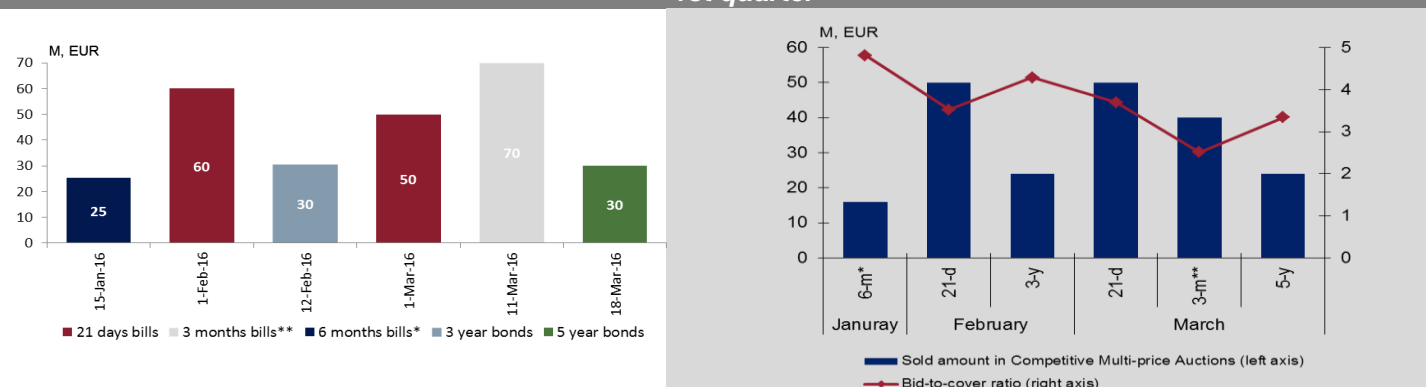
Outstanding	Q2/2015	Q3/2015	Q4/2015	Q1/2016
12 month	167	95	70	165
3 year	324	324	374	251
5 year	520	496	496	526
10 year	248	248	152	152
11 year	24	24	24	24
Savings bonds	5	5	5	5
Total	1 288	1 192	1 121	1 124



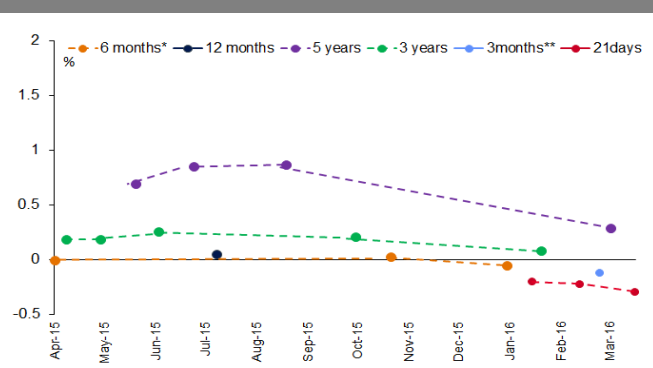
Sold Amount at Auctions in 1st quarter



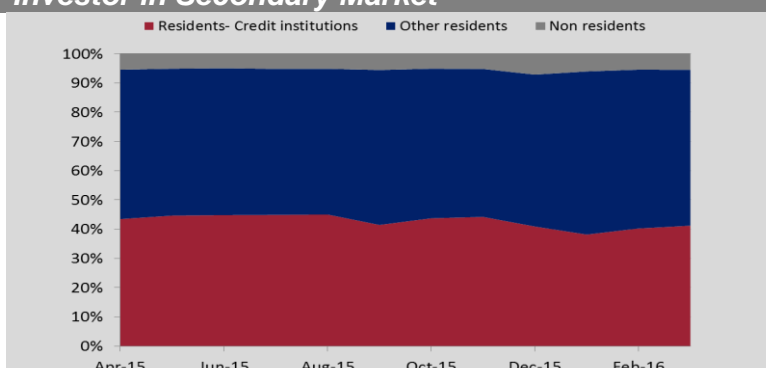
Bid-to-cover Ratio at Competitive Multi-price Auctions in 1st quarter



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.

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

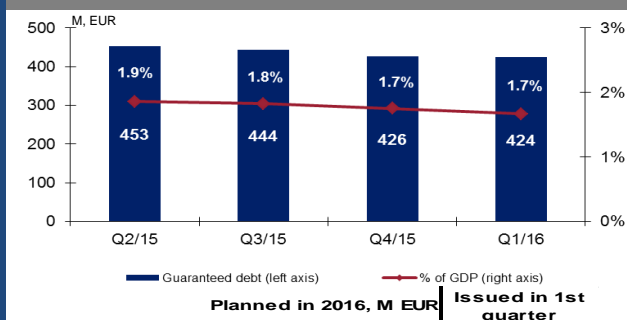
Parameters of Debt Management Strategy

Parameters	30.12.2015.		31.03.2016.		STRATEGY	
	≤ 1 year	≤ 1 year	≤ 1 year	≤ 3 years	≤ 1 year	≤ 3 years
Maturity profile (%) of central government debt	7,9%	7,9%	19,1%	31,4%	≤ 25%	≤ 50%
Share of fixed rate [^]	95,6%		84,4%		≥ 60%	
Macaulay Duration (years)	4,47		4,29		3,65 - 5,15	
Net debt ^{^^} currency composition	EUR		EUR		EUR	
	100,01%		100,03%		100% (+/- 5%)	

[^]Fixed rate central government debt with a maturity over one year.
^{^^} Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased for derivative financial instruments), and increased by guarantees classified as risky, and derivative financial instrument liabilities not classified as risky.

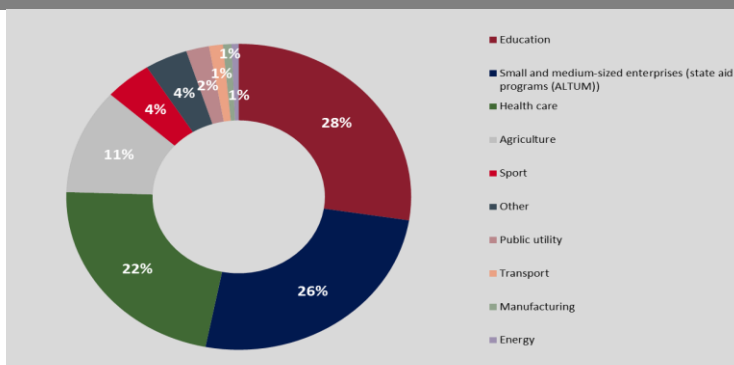
ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding



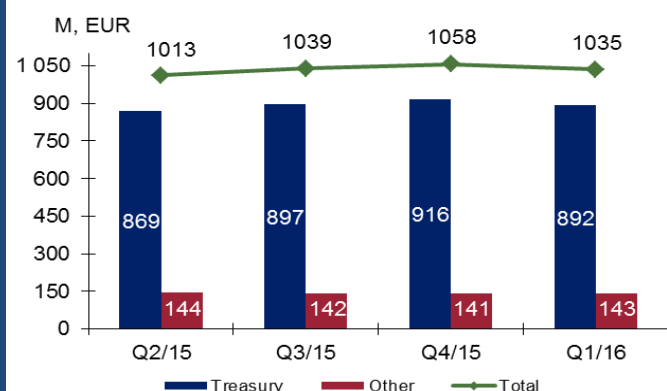
Planned in 2016, M. EUR	Issued in 1st quarter
Loans to studies and students	0
Total	0

State guaranteed loans by industry (end of March)

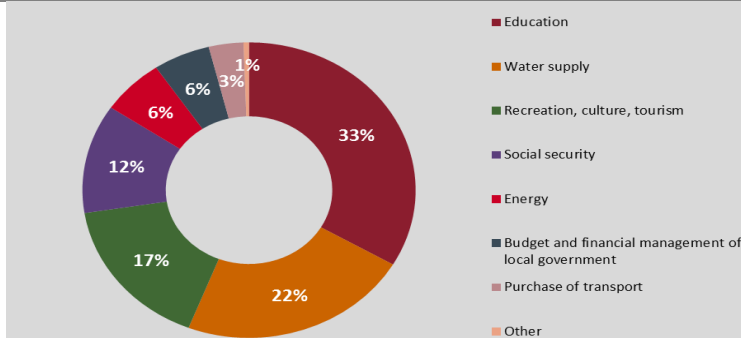


MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding



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



	M, EUR
Total increase of borrowing stated in Budget Law 2016	361.4
Planned limit of loan disbursements to municipalities 2016	192.2
Total disbursements made (January-March)	7.8
from the Treasury	7.8
from other institutions	0.0

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 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 July 22, 2016.

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.

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