

BULLETIN IN BRIEF

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

8,6 M, LVL / 12 M, EUR (Jan-Dec)
 5 688 M, LVL / 8 093 M, EUR (end of December)
 150 M, LVL / 213,4 M, EUR (Jan-Dec)

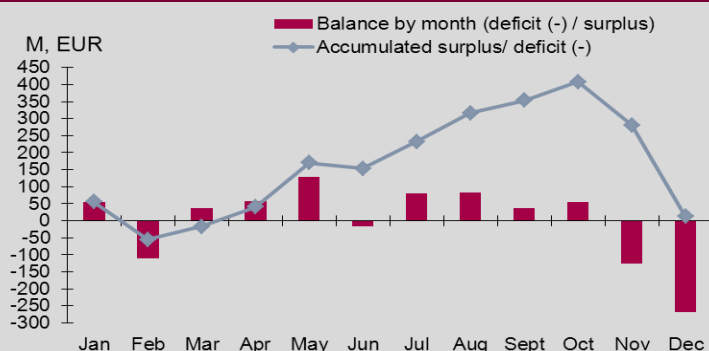
Standard&Poor's (on December 13) changed outlook to positive from stable, confirming rating BBB+.

GENERAL DATA

Central Government Consolidated Budget*

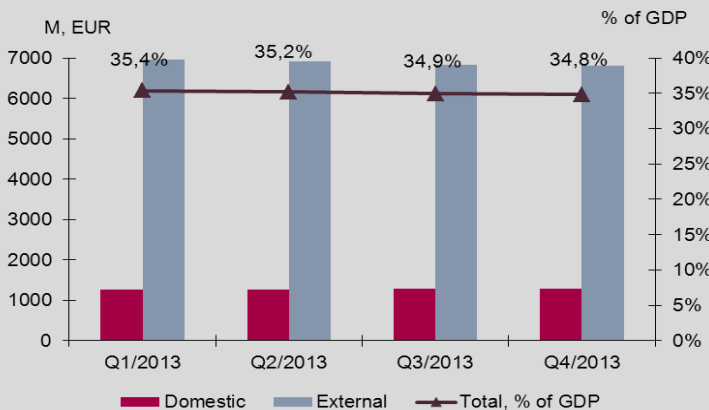
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	55	-110	38	57	129	-16	80	84	36	54	-126	-269
Accumulated surplus/ deficit (-)	55	-55	-17	40	170	153	233	317	353	407	281	12

* excluding grants, donations and derived public entities



Central Government Debt Outstanding

Debt (M, EUR)	Q1/ 2013	%	Q2/ 2013	%	Q3/ 2013	%	Q4/ 2013	%
Domestic debt	1 274	15%	1 260	15%	1 282	16%	1 288	16%
External debt	6 952	85%	6 913	85%	6 835	84%	6 806	84%
Total (nominal values)	8 226	100%	8 173	100%	8 117	100%	8 093	100%

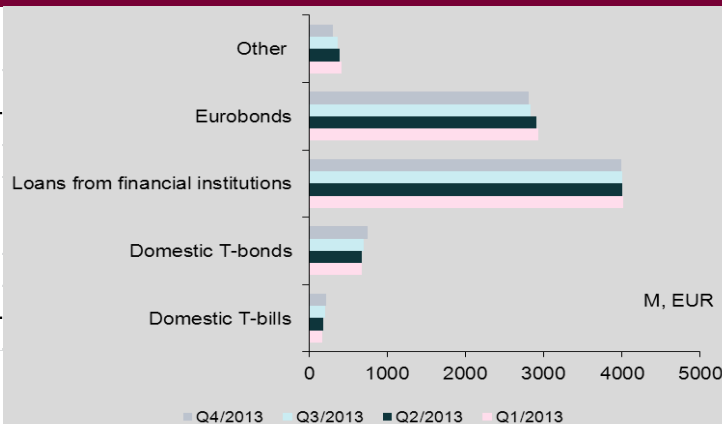


GDP forecast for 2013: LVL 16 333,0 M (EUR 23 239,8 M) (Ministry of Finance)

Debt Outstanding by Instruments

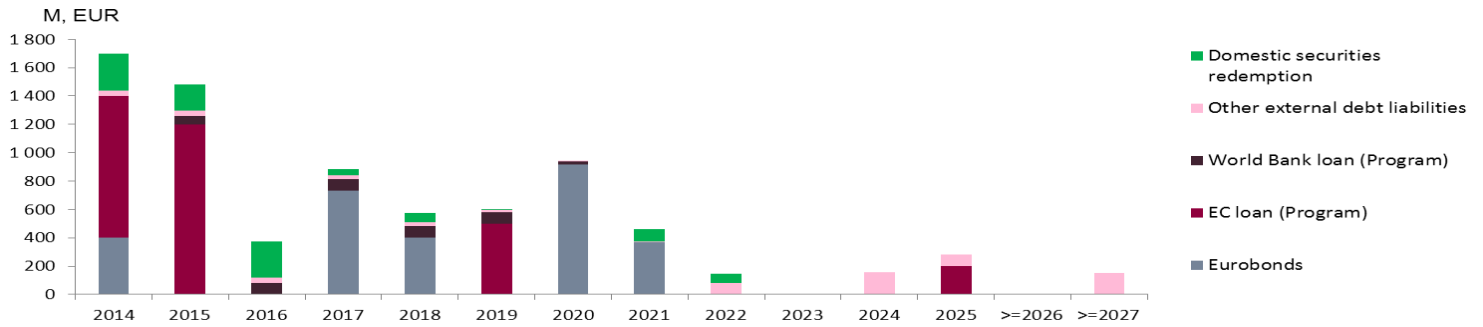
M, EUR	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Domestic T-bills	164	184	206	222
Domestic T-bonds	681	679	700	745
Loans from financial institutions	4 020	4 013	4 005	4 001
Eurobonds	2 940	2 909	2 839	2 816
Other	420	388	367	310
Total	8 226	8 173	8 117	8 093

(nominal values)



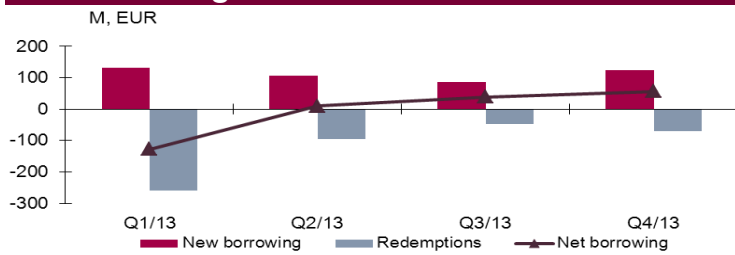
¹Central government consolidated budget (excluding grants, donations and derived public entities)

Central Government Borrowings Redemption Profile (at the end of December 2013)



(nominal values)

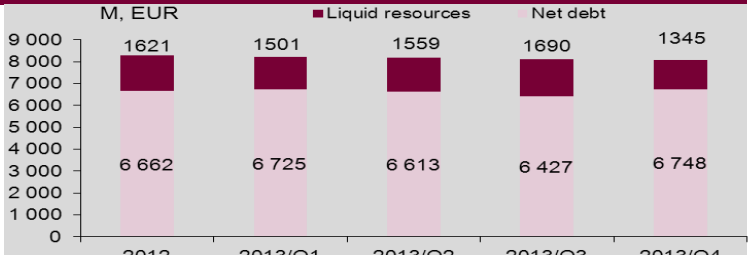
Net Borrowing



M, EUR	Q1/13	Q2/13	Q3/13	Q4/13
New borrowing	131	106	86	125
Redemptions	-255	-96	-47	-69
Net borrowing	-124	10	39	55

(nominal values)

Central Government Net Debt



M, EUR	2010	2011	2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Liquid resources	1621	1501	1559	1690	1345		
Net debt	6662	6725	6613	6427	6748		

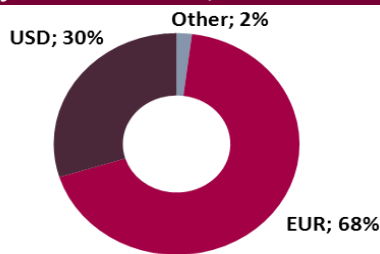
	2010	2011	2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013
Central government debt (% of GDP)	38,7	36,5	37,5	35,4	35,2	34,9	34,8
Net debt (% of GDP)	30,2	31,4	30,2	28,9	28,5	27,7	29,0

BORROWING MANAGEMENT – EXTERNAL

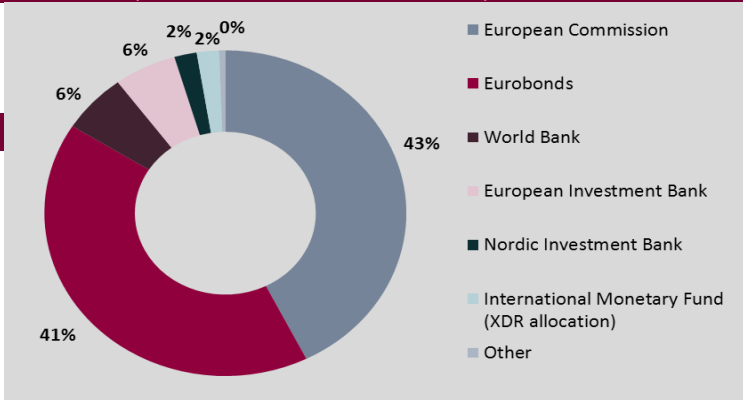
External Borrowing

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

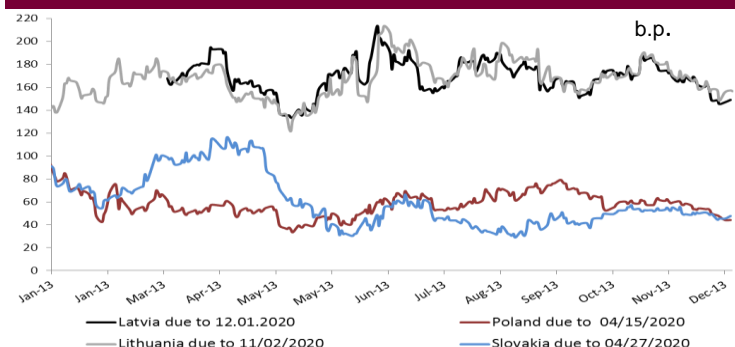
Foreign Currency External Debt (at the end of Dec 2013)



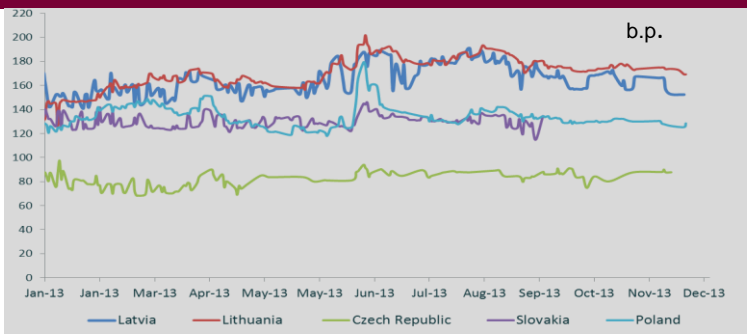
External Debt Outstanding by Instruments and Lender (at the end of December 2013)



Eurobond Spread performance over swap yield 10 year CDS performance



Source: Bloomberg, 31.12.2013



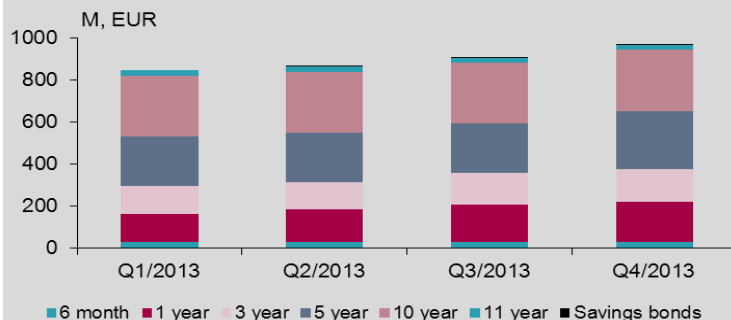
Source: Bloomberg, 31.12.2013

Republic of Latvia Moody's: Baa2 / Fitch, S&P: BBB+ / R&I: BBB Bloomberg: TREL <GO>

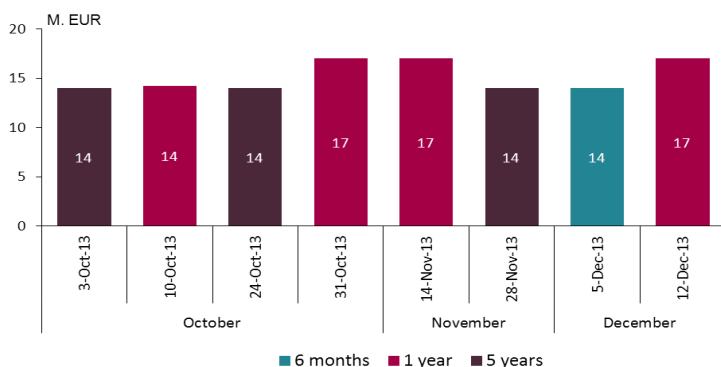
BORROWING MANAGEMENT – DOMESTIC

Domestic Securities Outstanding

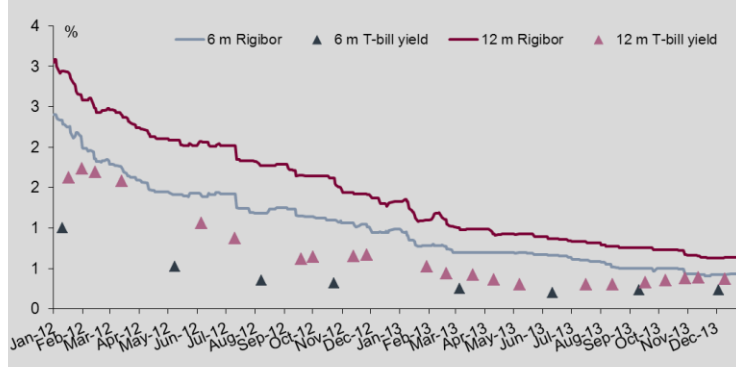
Outstanding	M, EUR			
	Q1/2013	Q2/2013	Q3/2013	Q4/2013
6 month	28	28	28	28
1 year	136	156	177	193
3 year	134	131	153	153
5 year	234	234	234	278
10 year	289	289	289	289
11 year	24	24	24	24
Savings bonds	-	0,08	0,94	2
Total	846	863	906	968



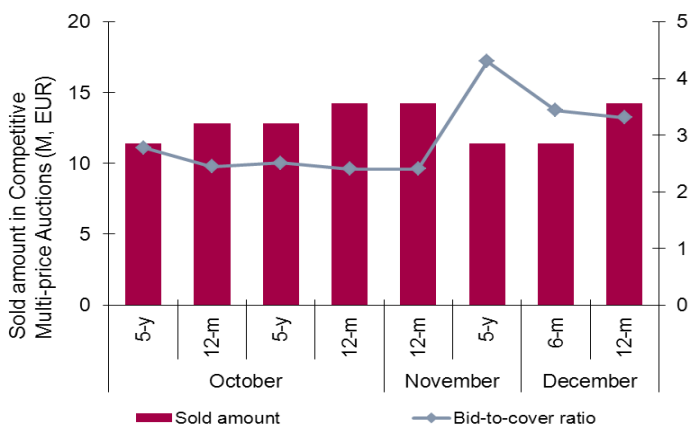
Sold amounts at auctions in Q4/2013



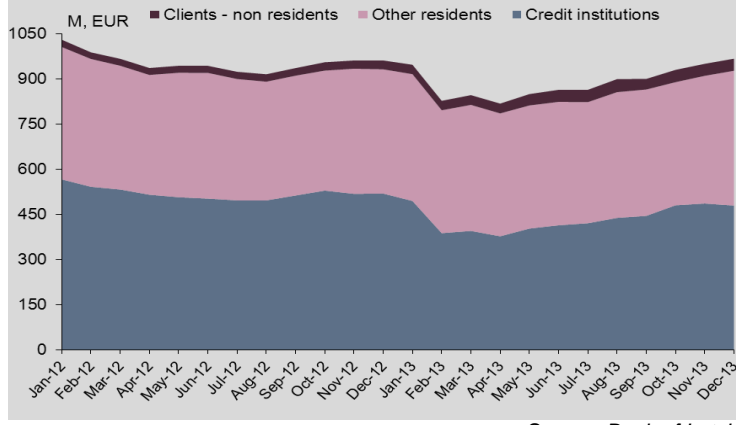
Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q4/2013



Domestic Securities Outstanding by Type of Investor in Secondary Market



Source: Bank of Latvia

Planned Domestic Securities Organization

Calendar for the planned auctions is being 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. 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.

DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy

PARAMETERS	30.09.2013.	31.12.2013.	STREATEGY
The share of the lats debt in the portfolio	15,2%	15,7%	>= 35%^
Amount of internal debt at the end of the year^^	LVL 675,10 m ln ^^	LVL 679,33 m ln	Amount is not less than at the end of the previous year
Maturity profile	≤1 year 23,4% ^{^^^} ≤ 3 years 46,1% ^{^^^}	≤1 year 23,1% ^{^^^} ≤ 3 years 46,1% ^{^^^}	≤ 1 year ≤ 25% ≤ 3 years ≤ 50%
Optimum share of fixed rate in the portfolio ^{^^^}	76%	78%	>= 60%
Duration (years)	3,45	3,41	3,4 - 5,0
Foreign currency net debt currency composition	EUR 99,8%	EUR 100,7%	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.
^^ Outstanding amount of securities issued under local legislation;
^^^ Parameter value is measured annually as of end of year; value as of 31.12.2012.

^^^ Maturity profile taking into account the debt refinancing reserve- 100 million lats/ 142 million EUR
^^^ Fixed rate debt with a maturity over one year.

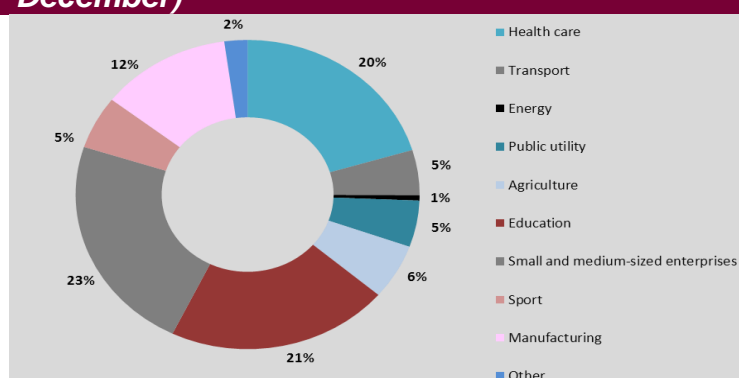
ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding in 2013



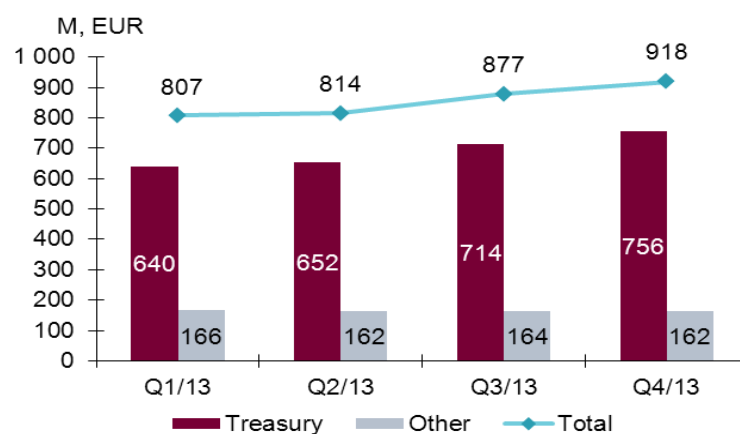
	Planned in 2013, M, EUR	Issued
Loans to studies and students	40,8	12,5
Total	40,8	12,5

State guaranteed loans by industry (end of December)

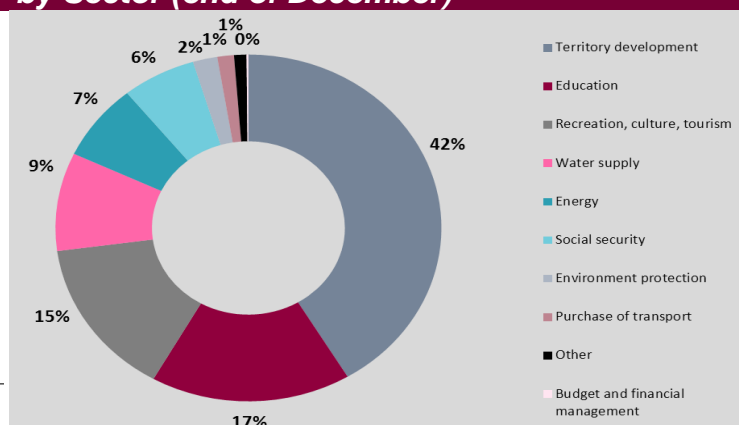


MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



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



	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2013	187,8
Planned limit of loan disbursements to municipalities for 2013	176,6
Total disbursements made (Jan-Dec)	213,4
from the Treasury	213,4
from other institutions	0,0

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on April 23, 2014.

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