

BULLETIN IN BRIEF

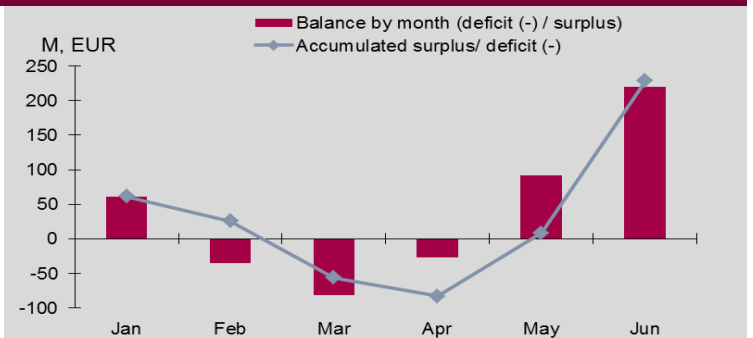
- Budget¹ with accumulated surplus/ deficit 229 M, EUR (Jan-June)
- Central government debt outstanding (nominal value) 8 770 M, EUR (end of June)
- Municipalities' borrowings made from the Treasury 69,2 M, EUR (Jan-June)
- April 24- Latvia has priced an issue of 10-year bonds in an amount of 1 billion euro with a coupon of 2.875% (yield rate of 2.961%).
- May 30- Standard&Poor's upgraded Latvia's credit rating from 'BBB+' to 'A-' with a stable outlook.
- June 13- Moody's Investors Service upgraded Latvia's credit rating by one notch to Baa1 from Baa2. The outlook of the rating is stable.
- June 20- Rating Agency Fitch Upgrades Latvia's Credit Rating to "A-", stable outlook

GENERAL DATA

Central Government Consolidated Budget*

Month	M, EUR					
	Jan	Feb	Mar	Apr	May	Jun
Balance by month (deficit (-) / surplus)	61	-36	-82	-27	92	220
Accumulated surplus/ deficit (-)	61	26	-56	-83	8	229

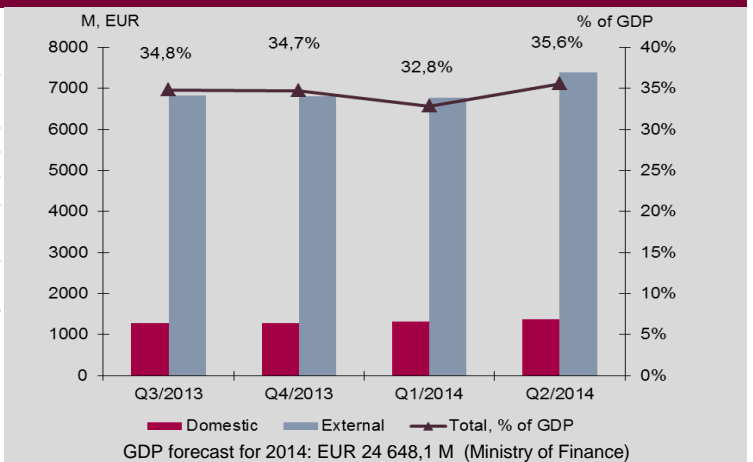
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

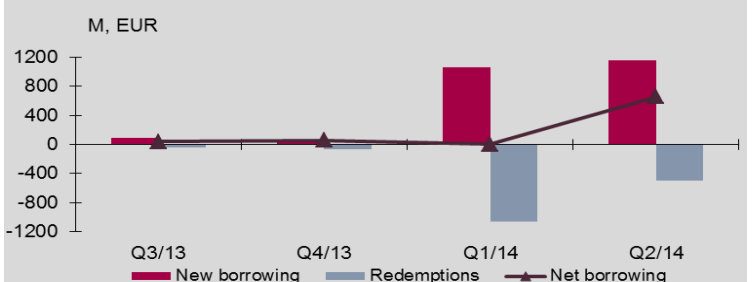
Debt (M, EUR)	Q3/ 2013		Q4/ 2013		Q1/ 2014		Q2/ 2014	
	M, EUR	%	M, EUR	%	M, EUR	%	M, EUR	%
Domestic debt	1 282	16%	1 288	16%	1 313	16%	1 380	16%
External debt	6 835	84%	6 806	84%	6 782	84%	7 390	84%
Total	8 117	100%	8 093	100%	8 096	100%	8 770	100%
Central government debt (% of GDP)	34,8		34,7		32,8		35,6	
Net debt (% of GDP)	27,6		28,9		28,3		27,3	

(nominal values)



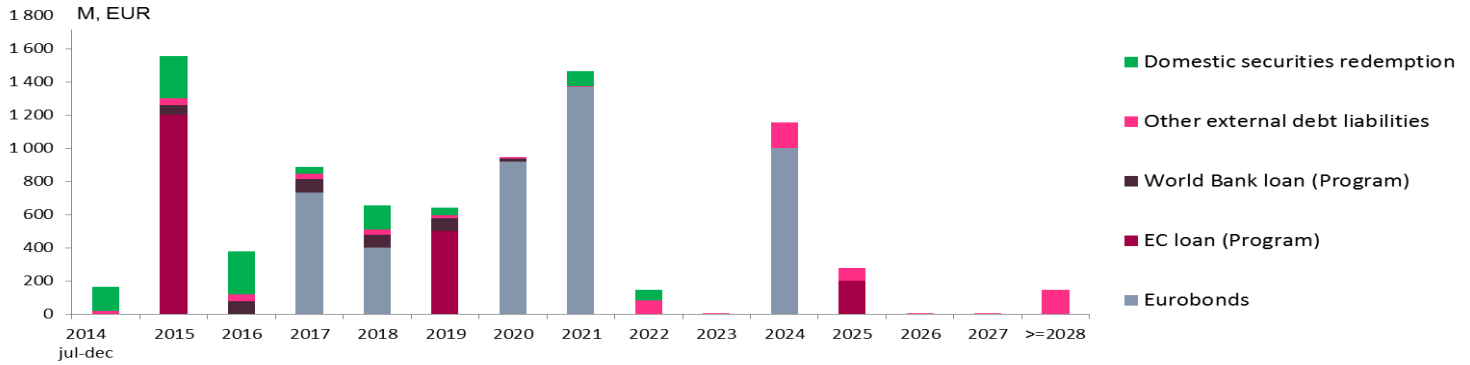
Central Government Net Borrowing

	M, EUR			
	Q3/13	Q4/13	Q1/14	Q2/14
New borrowing	86	60	1 066	1 160
incl. Eurobonds			1 000	1 000
Redemptions	-47	-69	-1 064	-503
incl. debt redemption to European Commission Eurobonds			-1 000	-400
Net borrowing	39	55	3	658



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

Central Government Borrowings Redemption Profile (at the end of June 2014)

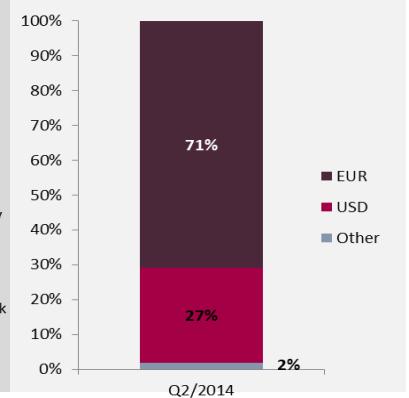
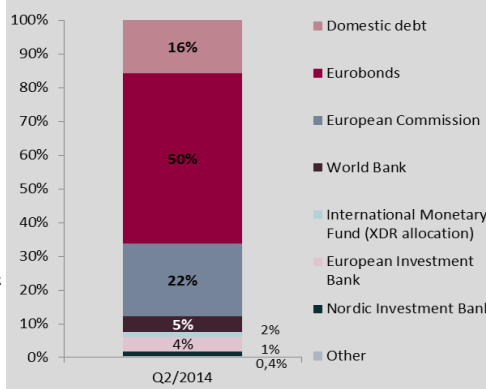
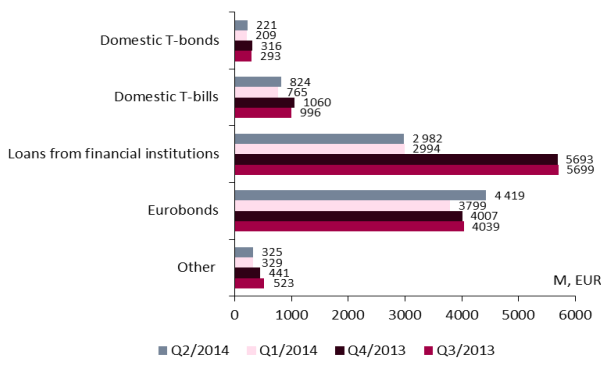


Debt outstanding by

instruments/

lender/

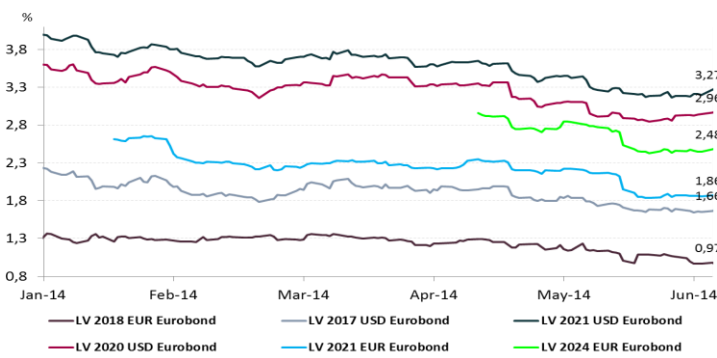
currencies



(nominal values)

EXTERNAL SECURITIES

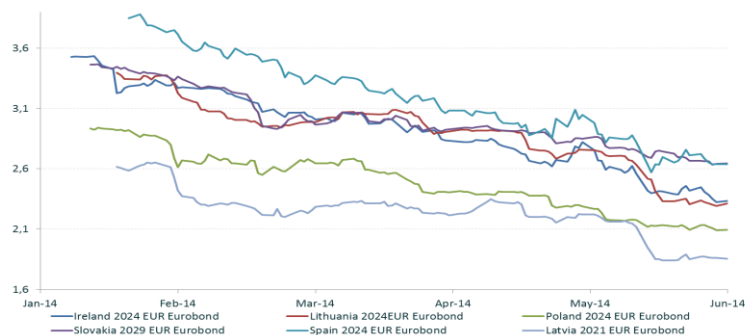
EUR and USD bond rates



Source: Bloomberg, 30.06.2014

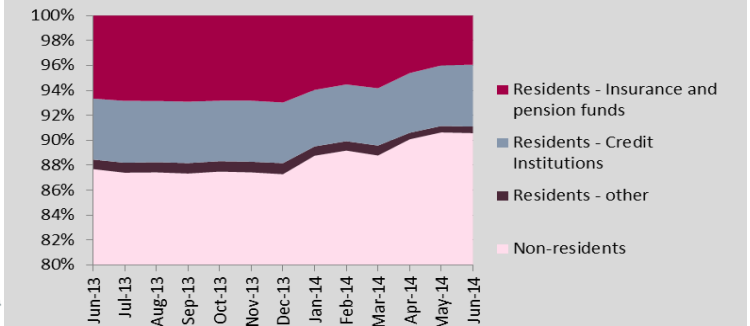
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,25	A-	1,67	84
	12.01.2020	LATVIA	2,75	A-	2,97	113
	16.06.2021	LATVIA	5,25	A-	3,27	115
EUR	05.03.2018	LATVIA	5,5	A-	0,98	52
	21.01.2021	LATVIA	2,6	A-	1,88	98
	30.04.2024	LATVIA	2,9	A-	2,48	110

EUR bond rates by European countries



Source: Bloomberg, 30.06.2014

External Securities Outstanding by Type of Investor in Secondary Market



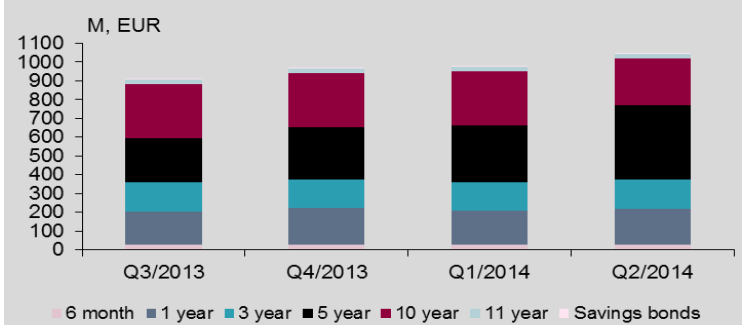
Source: Bank of Latvia

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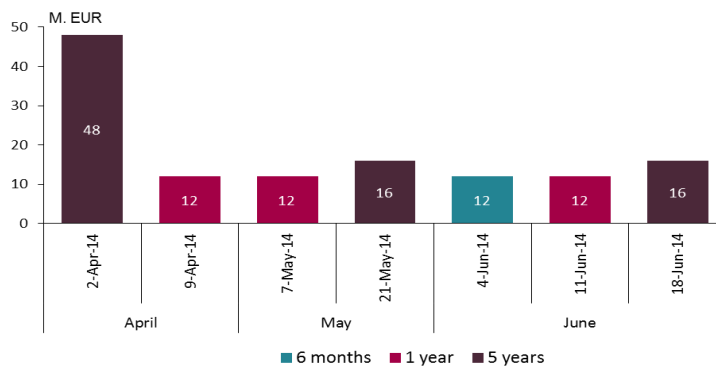
DOMESTIC SECURITIES

Domestic Securities Outstanding

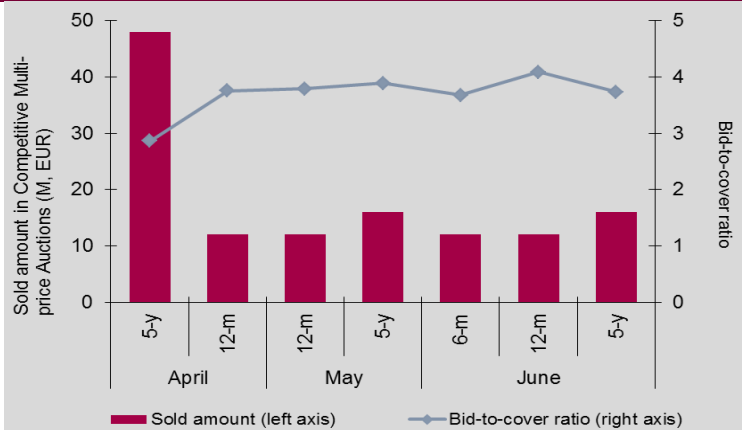
	M, EUR			
Outstanding	Q3/2013	Q4/2013	Q1/2014	Q2/2014
6 month	28	28	29	30
1 year	177	193	180	191
3 year	153	153	153	153
5 year	234	278	298	398
10 year	289	289	289	248
11 year	24	24	24	24
Savings bonds	0,9	2	4	4,5
Total	906	968	978	1 049



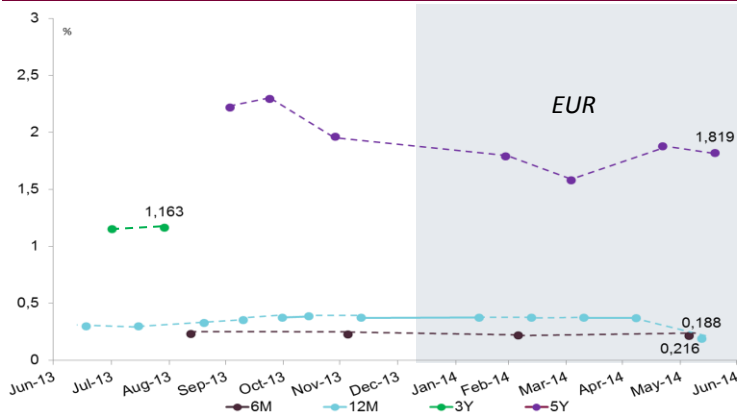
Sold amounts at auctions in Q2/2014



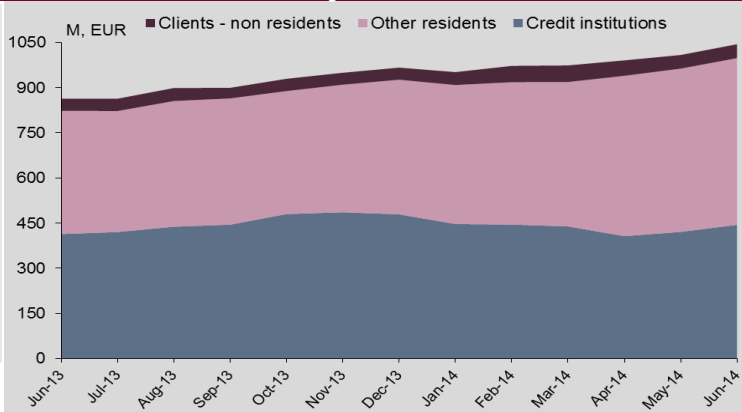
Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q2/2014



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. 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.

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DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy

Parameters	31.03.2014		31.06.2014.		STRATEGY	
	≤1 year	≤ 3 years	≤1 year	≤ 3 years	≤1 year	≤ 3 years
Maturity profile (%) of central government debt	24,5%^	42,2%^	20,70%	37,10%	≤25%	≤ 50%
Share of fixed rate^^	76%		82%		≥ 60%	
Macaulay Duration (years)	4,0		4,6		3,4 - 5,0	
Net debt^^^ currency composition	EUR		EUR		EUR	
	100,03%		100,07%		100% (+/- 5%)	

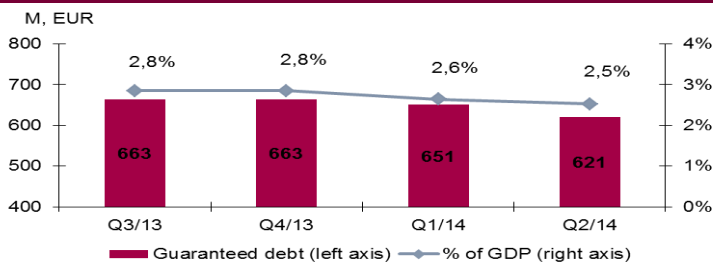
^^Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased for derivative financial instruments), and increased by guarantees classified as risky, and derivative financial instrument liabilities not classified as risky.

^ Maturity profile of central government debt taking into account the debt refinancing reserve - 250 million EUR.

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

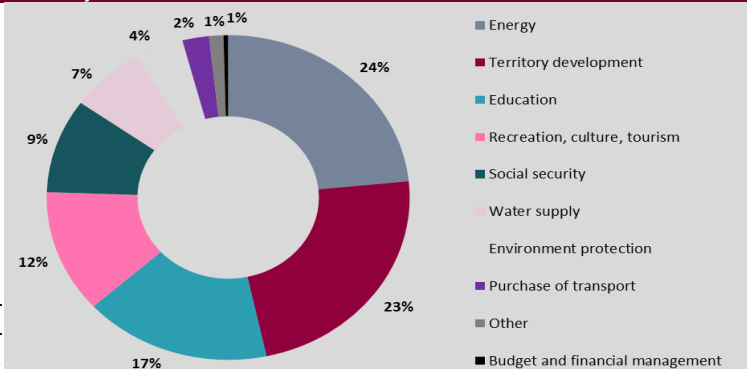
ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding in 2014



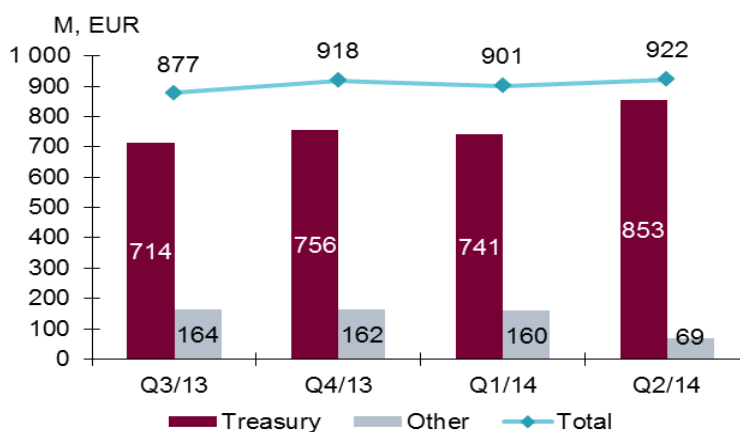
	Planned in 2014, M, EUR	Issued in two quarters
Loans to studies and students	40,9	1,4
Total	40,9	1,4

State guaranteed loans by industry (end of June)

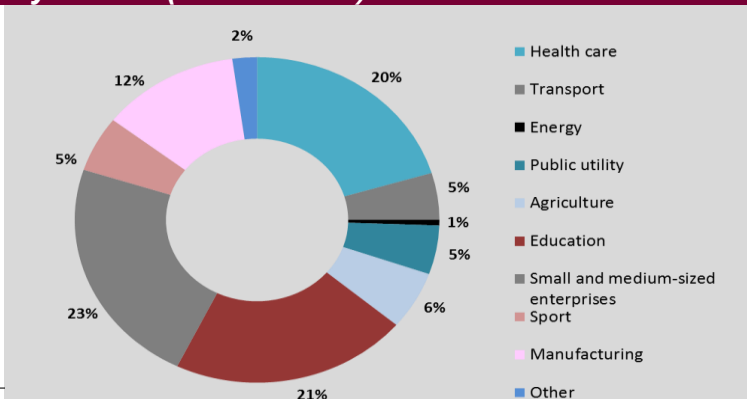


MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



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



	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2014	118,1
Planned limit of loan disbursements to municipalities for 2014	177,9
Total disbursements made (Jan-June)	69,2
from the Treasury	69,2
from other institutions	0,0

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NEXT ISSUE: Next Quarterly Bulletin will be available in the Treasury's web site on October 24, 2014.

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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