



BULLETIN IN BRIEF

- Budget¹ with accumulated deficit 305 M, EUR (January-December)
- Central government debt outstanding (nominal value) 9 012 M, EUR (end of December)
- Municipalities' borrowings made from the Treasury 222,9 M, EUR (January-December)

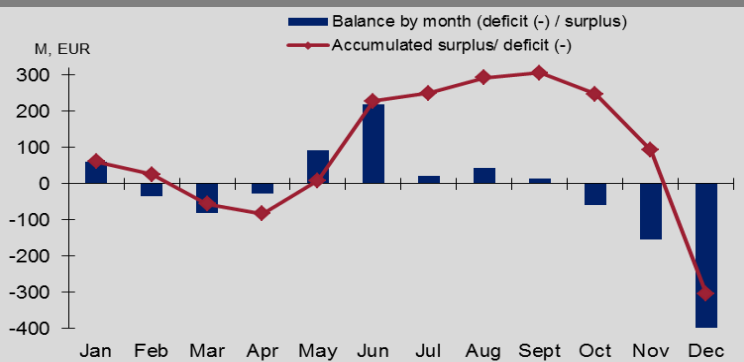
On 22nd December rating agency R&I upgraded Latvia's credit rating by one notch to BBB+ from BBB. The Outlook is Stable.

GENERAL DATA

Central Government Consolidated Budget*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Balance by month (deficit (-) / surplus)	61	-36	-82	-27	92	220	21	43	14	-59	-155	-398
Accumulated surplus/ deficit (-)	61	26	-56	-83	8	229	250	293	307	248	93	-305

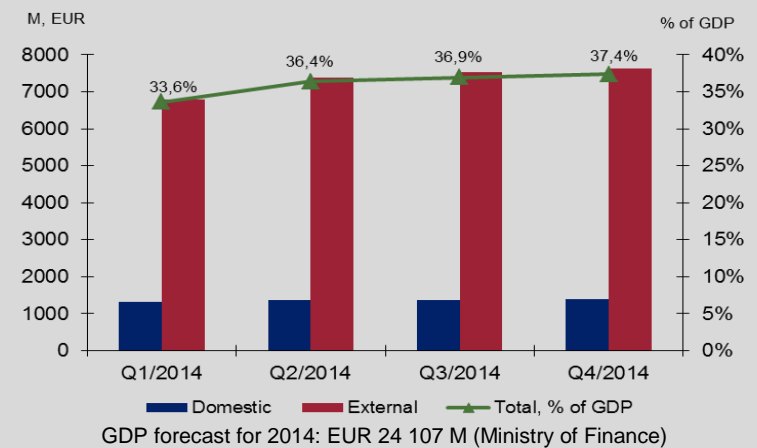
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

Debt (M, EUR)	Q1/2014	%	Q2/2014	%	Q3/2014	%	Q4/2014	%
Domestic debt	1 313	16%	1 380	16%	1 368	15%	1 384	15%
External debt	6 782	84%	7 390	84%	7 539	85%	7 628	85%
Total	8 096	100%	8 770	100%	8 906	100%	9 012	100%
Central government debt (% of GDP)	33,6		36,4		36,9		37,4	
Net debt (% of GDP)	28,4		27,4		27,8		31,0	

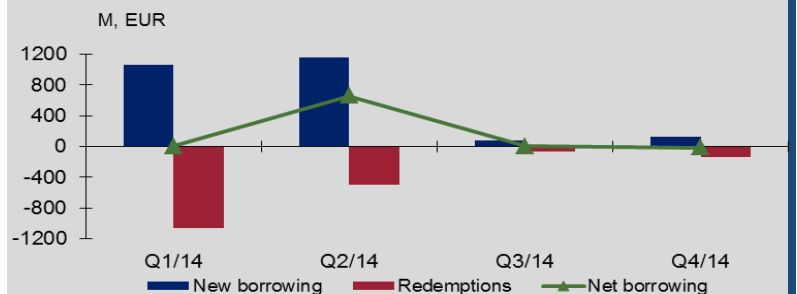
(nominal value)



GDP forecast for 2014: EUR 24 107 M (Ministry of Finance)

Central Government Net Borrowing

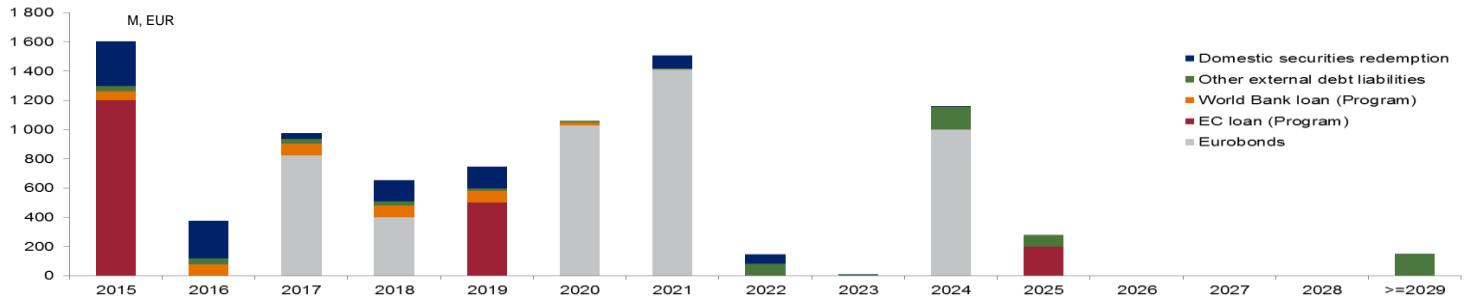
M, EUR	Q1/14	Q2/14	Q3/14	Q4/14
New borrowing	1 067	1 161	73	126
incl. Eurobonds	1 000	1 000		
Redemptions	-1 064	-503	-69	-144
incl. debt redemption to European Commission Eurobonds	-1 000			
Net borrowing	3	658	4	-18



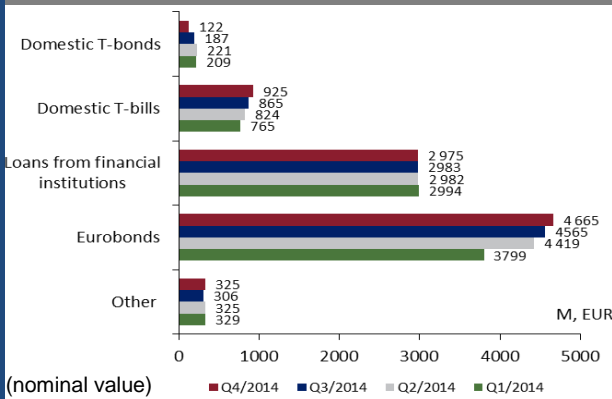
¹Central government consolidated budget (excluding grants, donations and derived public entities)



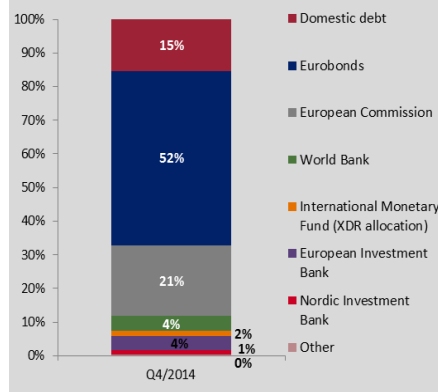
Central Government Debt Redemption Profile (at the end of December 2014)



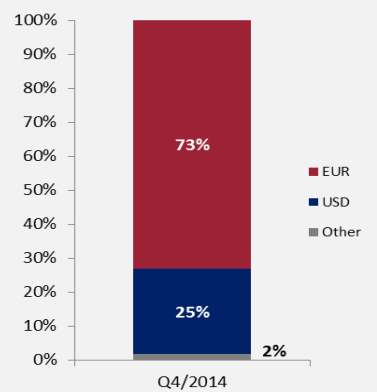
Debt Outstanding by instruments/



lenders/

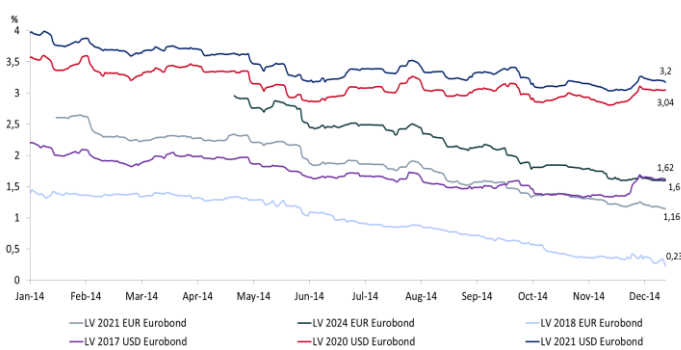


currencies



EXTERNAL SECURITIES

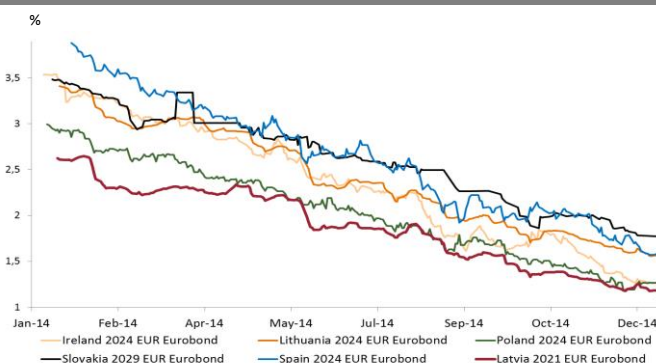
EUR and USD bond rates



Source: Bloomberg, 31.12.2014

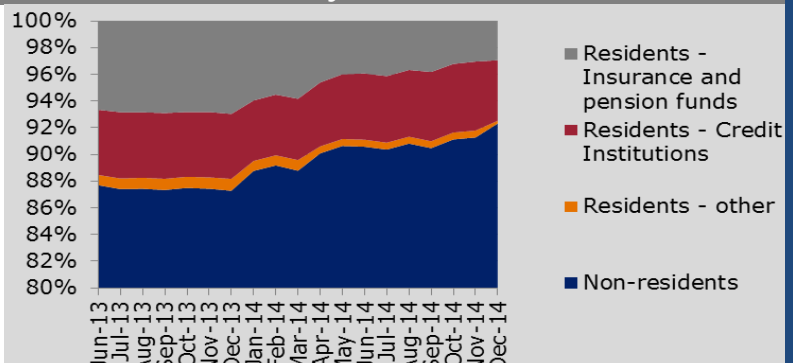
	Maturity Date	Issuer Name	Cpn	S&P Rating	Mid YTM	BID Z-Spread
USD	22.02.2017	LATVIA	5,25	A-	1,53	79
	12.01.2020	LATVIA	2,75	A-	3,04	118
	16.06.2021	LATVIA	5,25	A-	3,2	119
EUR	05.03.2018	LATVIA	5,5	A-	0,33	4
	21.01.2021	LATVIA	2,6	A-	1,16	65
	30.04.2024	LATVIA	2,9	A-	1,6	83

EUR bond rates by European countries



Source Bloomberg, 31.12.2014

External Securities Outstanding by Type of Investor in Secondary Market



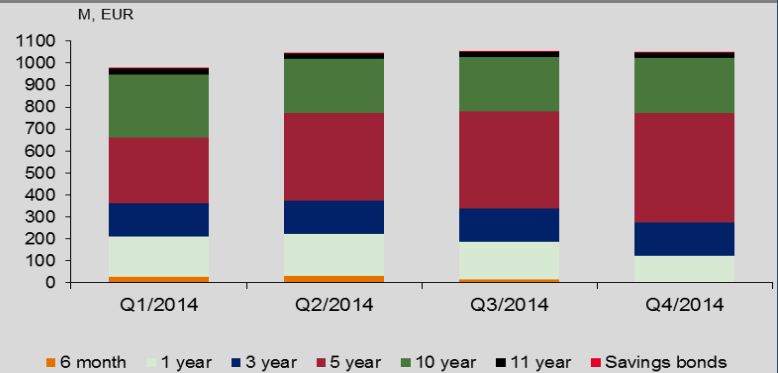
Source: Bank of Latvia



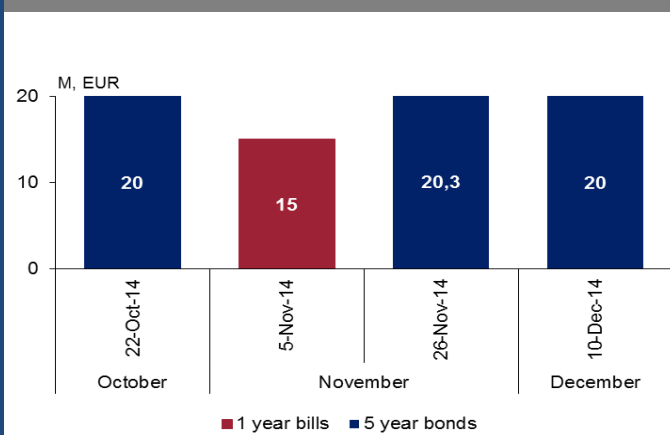
DOMESTIC SECURITIES

Domestic Securities Outstanding

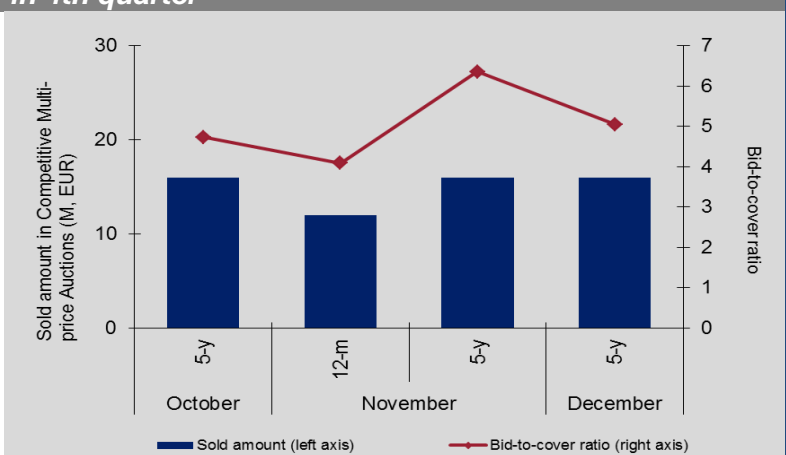
Outstanding	Q1/2014	Q2/2014	Q3/2014	M, EUR Q4/2014
6 month	29	30	15	0
1 year	180	191	172	122
3 year	153	153	153	153
5 year	298	398	439	500
10 year	289	248	248	248
11 year	24	24	24	24
Savings bonds	4	4,5	4,9	5
Total	978	1 049	1 057	1 052



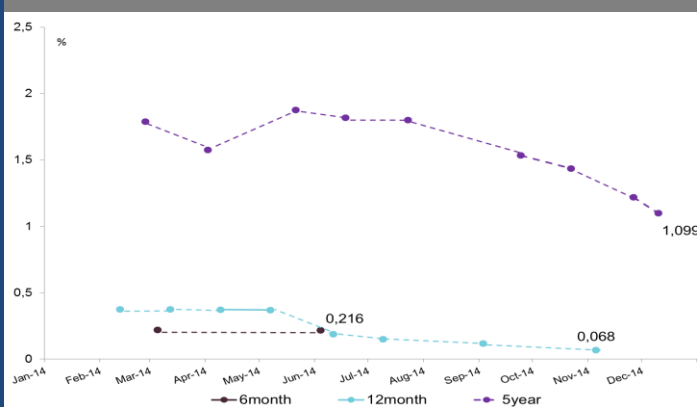
Sold Amount at Auctions in 4th quarter



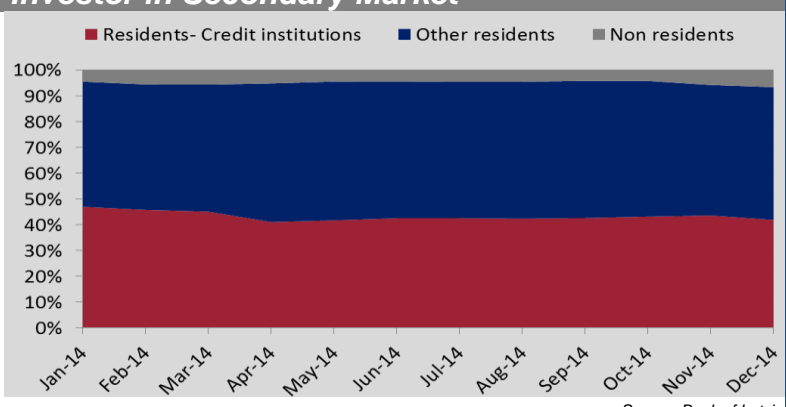
Bid-to-cover Ratio at Competitive Multi-price Auctions in 4th quarter



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.



DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy

Parameters	30.09.2014.	31.12.2014.	STRATEGY												
Outstanding amount of domestic debt securities at the end of year	EUR 966,60 million ^{^^}	EUR 1 046,66 million	not less than outstanding amount of domestic debt securities at the end of preceding year												
Maturity profile (%) of central government debt	<table border="1"> <tr> <td>≤ 1 year</td> <td>≤ 3 years</td> </tr> <tr> <td>21,0%</td> <td>36,8%</td> </tr> </table>	≤ 1 year	≤ 3 years	21,0%	36,8%	<table border="1"> <tr> <td>≤ 1 year</td> <td>≤ 3 years</td> </tr> <tr> <td>21,4%</td> <td>36,4%</td> </tr> </table>	≤ 1 year	≤ 3 years	21,4%	36,4%	<table border="1"> <tr> <td>≤ 1 year</td> <td>≤ 3 years</td> </tr> <tr> <td>≤ 25%</td> <td>≤ 50%</td> </tr> </table>	≤ 1 year	≤ 3 years	≤ 25%	≤ 50%
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21,0%	36,8%														
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21,4%	36,4%														
≤ 1 year	≤ 3 years														
≤ 25%	≤ 50%														
Share of fixed rate [^]	82,0%	81,7%	≥ 60%												
Macaulay Duration (years)	4,36	4,16	3,4 - 5,0												
Net debt ^{^^} currency composition	EUR	EUR	EUR												
	100,03%	100,00%	100% (+/- 5%)												

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

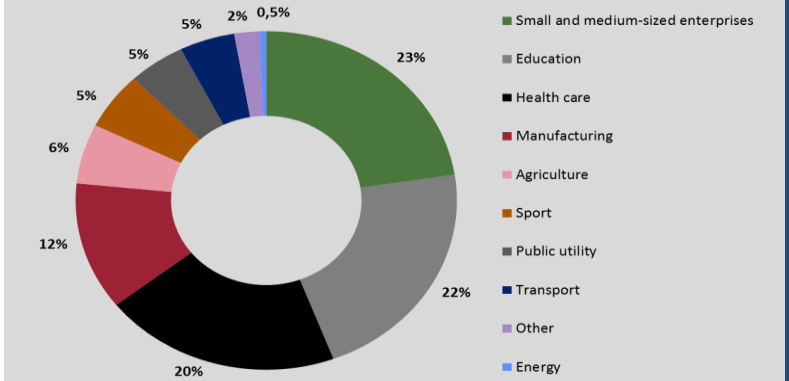
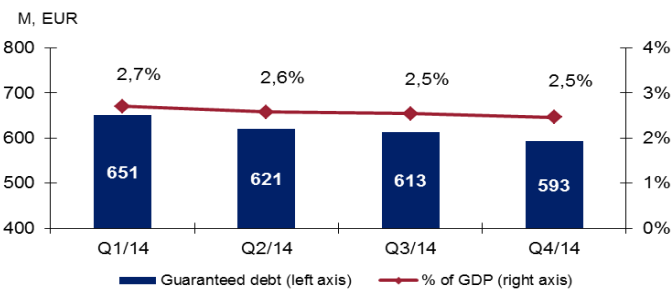
^{^^} Central government debt at the end of the period less the liquid assets that are not classified as risky (including Treasury's cash accounts, investments in deposits and fixed income securities, loans and currency assets purchased for derivative financial instruments), and increased by guarantees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

^{^^} Parameter value is measured annually as of end of year; value as of 31.12.2013

ISSUANCE OF STATE GUARANTEES

State Guaranteed Debt Outstanding in 2014

State guaranteed loans by industry (end of December)

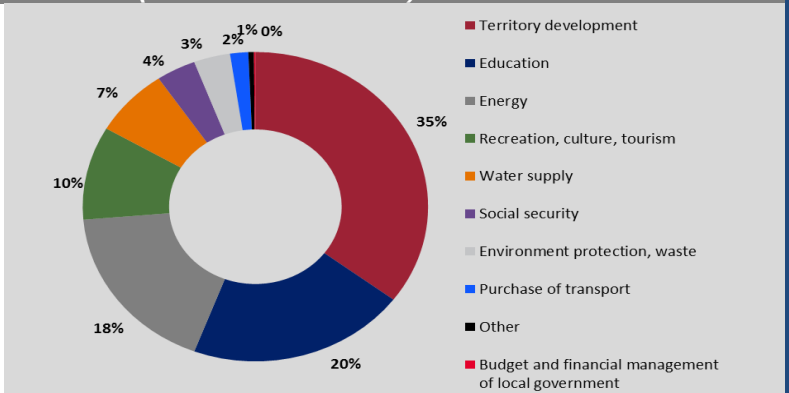
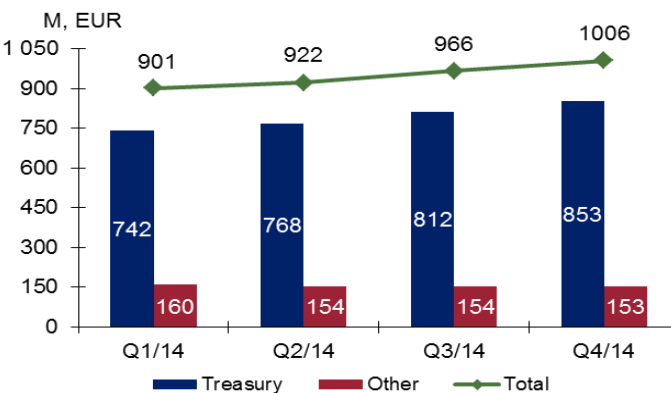


	Planned in 2014, M, EUR	Issued in 4 quarters
Loans to studies and students	40,9	10,6
Total	40,9	10,6

MUNICIPALITIES' BORROWINGS

Municipalities' Debt Outstanding

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



	M, EUR
Total increase of municipalities borrowing stated in Budget Law 2014	118,1
Planned limit of loan disbursements to municipalities 2014	177,9
Total disbursements made (January-December)	222,9
from the Treasury	222,9
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, 2015.

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.