

BULLETIN IN BRIEF

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

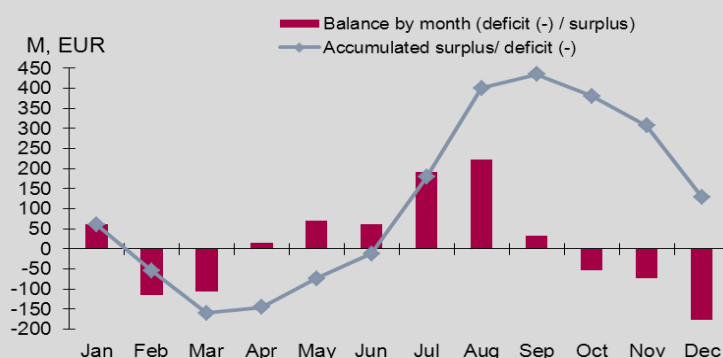
91 M, LVL / 129 M, EUR (Jan-Dec.)
 5 528 M, LVL / 7 865 M, EUR (end of December)
 120,7 M, LVL / 171,7 M, EUR (Jan-Dec.)

GENERAL DATA

Central Government Consolidated Budget*

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	M, EUR
Balance by month (deficit (-) / surplus)	61	-115	-106	14	71	62	191	222	33	-54	-74	-177	
Accumulated surplus/ deficit (-)	61	-54	-160	-145	-74	-12	178	401	434	380	306	129	

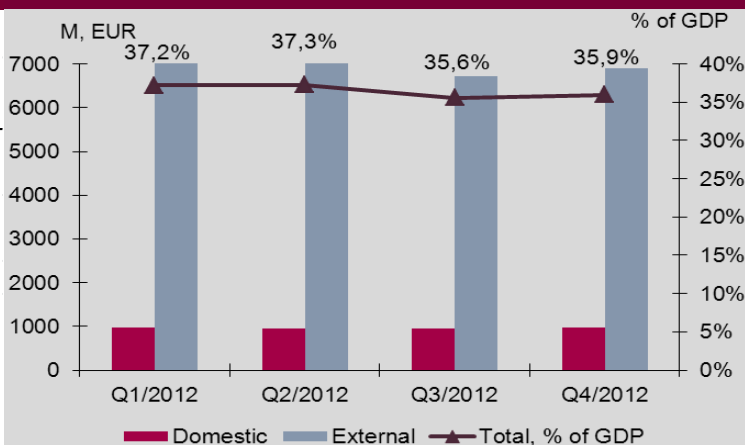
* excluding grants, donations and derived public entities



Central Government Debt Outstanding

Debt (M, EUR)	Q1/2012	Q2/2012	Q3/2012	Q4/2012
Domestic debt	974	950	941	968
External debt	7 023	7 061	6 715	6 897
Total	7 997	8 011	7 656	7 865

(nominal values)

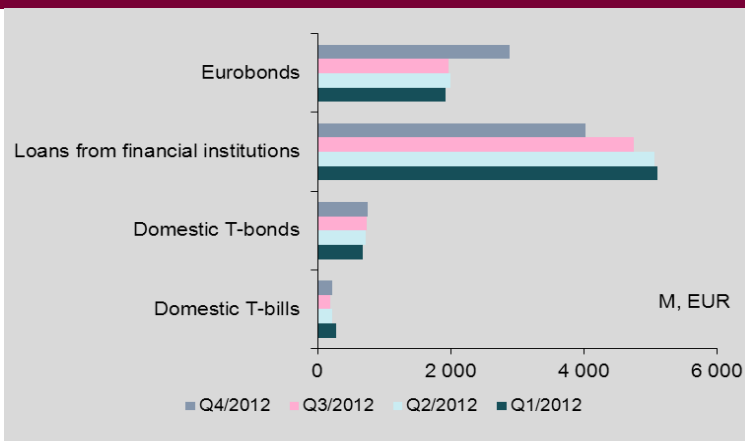


GDP forecast for 2012: LVL 15 378,0 M (EUR 21 880,9 M) (Ministry of Finance)

Debt Outstanding by Instruments

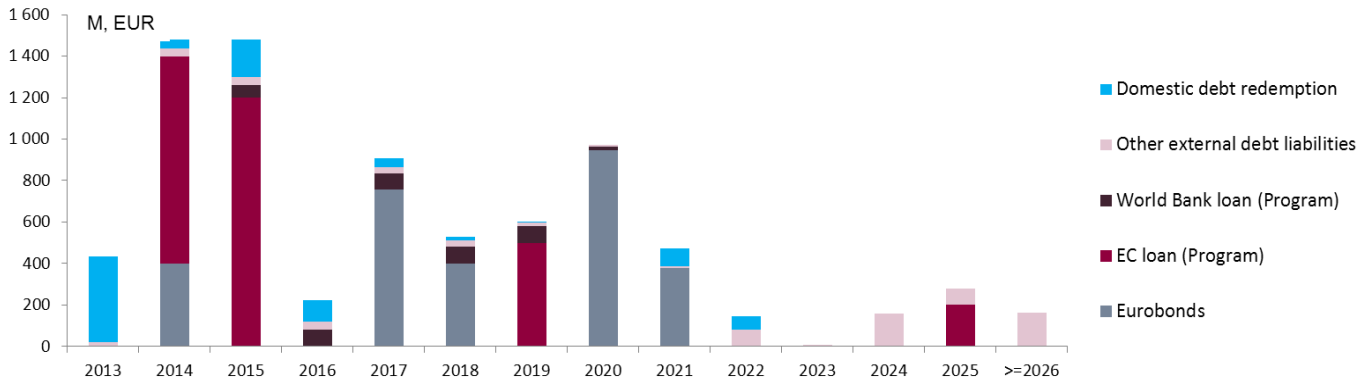
M, EUR	Q1/2012	Q2/2012	Q3/2012	Q4/2012
Domestic T-bills	286	222	196	215
Domestic T-bonds	681	720	739	745
Loans from financial institutions	5 104	5 068	4 755	4 027
Eurobonds	1 927	1 999	1 965	2 878
Total	7 997	8 011	7 656	7 865

(nominal values)

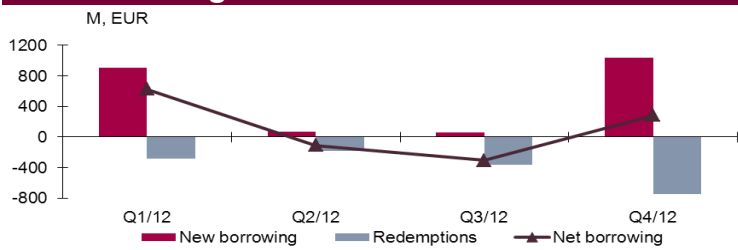


¹Central government consolidated budget (excluding grants, donations and derived public entities)

Redemption Profile (at the end of December 2012)



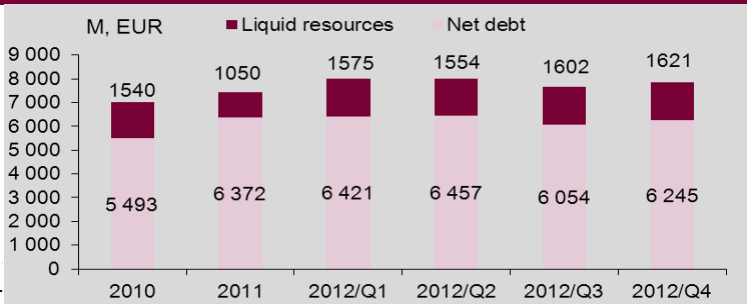
Net Borrowing



M, EUR	Q1/12	Q2/12	Q3/12	Q4/12
New borrowing	906	69	62	1 034
Redemptions	-279	-179	-367	-751
Net borrowing	626	-110	-305	283

(nominal values)

Central Government Net Debt



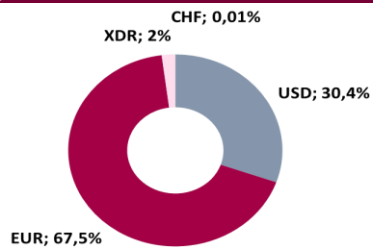
M, EUR	2010	2011	Q1/2012	Q2/2012	Q3/2012	Q4/2013
Central government debt (% of GDP)	38,7	36,5	36,5	36,6	35,0	35,9
Net debt (% of GDP)	30,3	31,6	29,3	29,5	27,7	28,2

BORROWING MANAGEMENT – EXTERNAL

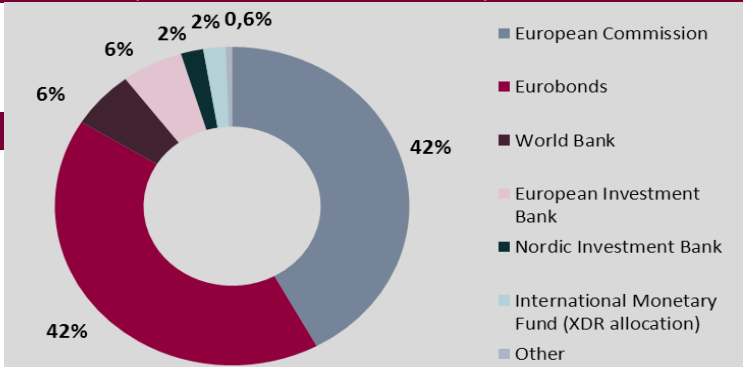
External Borrowing

(M, EUR)	Q1/12	Q2/12	Q3/12	Q4/12
Borrowing made	754	0	0	965

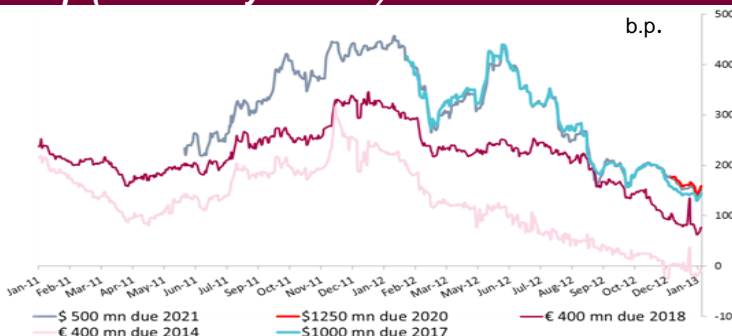
Foreign Currency External Debt (at the end of Dec. 2012)



External Debt Outstanding by Instruments and Lender (at the end of December 2012)

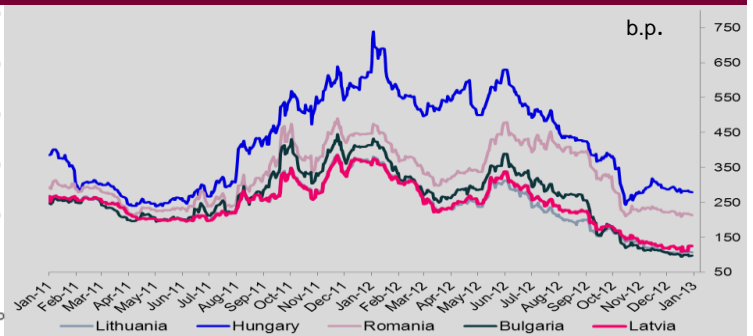


Latvia Eurobond Spread performance vs. mid-swap (secondary market)



Source: Bloomberg, 31.12.2012

5 year CDS performance



Source: Bloomberg, 31.12.2012

Republic of Latvia

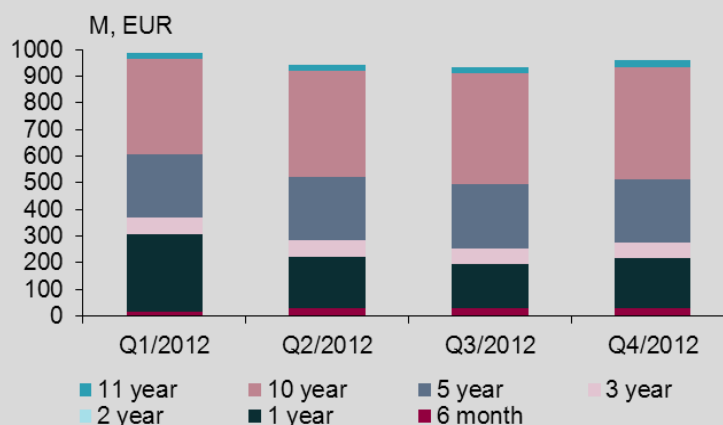
Moody's: Baa3 / Fitch, S&P: BBB / R&I: BBB-

Bloomberg: TREL <GO>

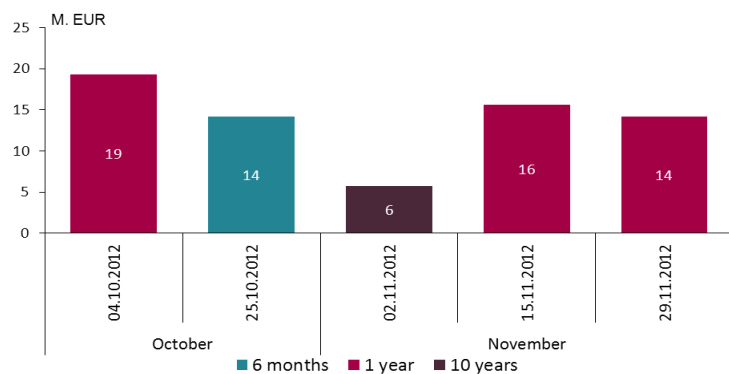
BORROWING MANAGEMENT – DOMESTIC

Domestic Securities Outstanding

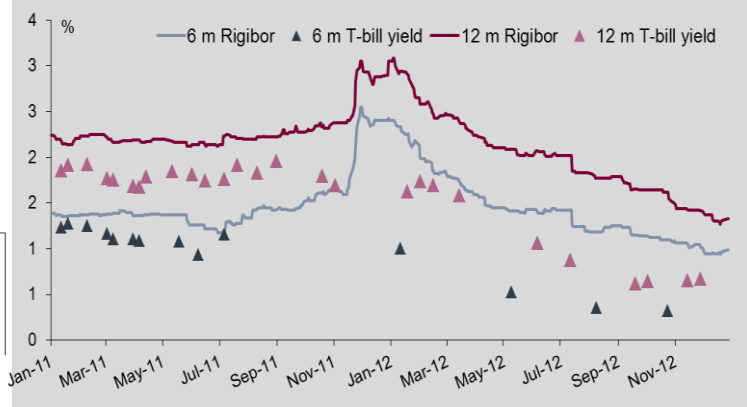
Outstanding	Q1/2012	Q2/2012	Q3/2012	M, EUR Q4/2012
1 month	0	0	0	0
3 month	0	0	0	0
6 month	14	29	28	28
1 year	293	194	166	186
2 year	0	0	0	0
3 year	60	60	60	60
5 year	238	238	238	238
10 year	358	398	417	423
11 year	24	24	24	24
Total	987	943	933	959



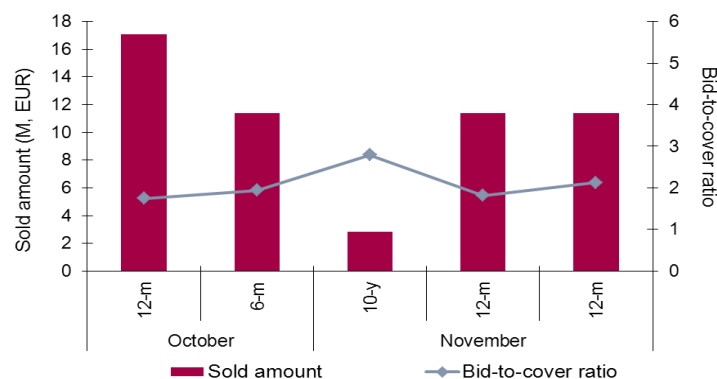
Sold amounts at auctions in Q4/2012



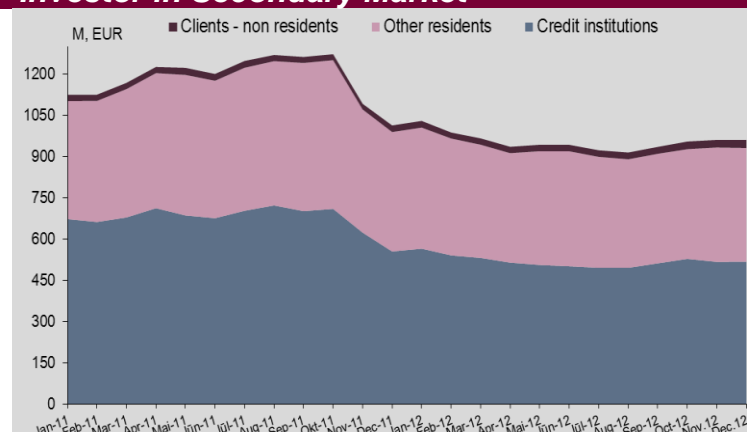
Yields on 6-month and 12-month T-bills at auctions and 6-month and 12-month RIGIBOR rates



Bid-to-Cover Ratio at Competitive Multi-price Auctions in Q4/2012



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 no later than one day prior to auction on the Treasury's website. Auctions are held depending on actual financing requirement and the financial market conditions. On Wednesdays competitive multi-price government securities auctions are organized and on Thursdays depending on the financial market conditions – non-competitive fixed rate auctions.

The Treasury has proposed changes to the auction process of government securities by introducing a primary dealer system. The implementation of the primary dealer system is currently being coordinated with banks. Should this prove successful, it is expected that the new system may begin to operate this mid-February.

Republic of Latvia Moody's: Baa3 / Fitch, S&P: BBB / R&I: BBB- Bloomberg: TREL <GO>

DEBT PORTFOLIO MANAGEMENT

Parameters of Debt Management Strategy*

PARAMETERS	30.09.2012.		31.12.2012.		STRATEGY	
The share of the lats debt in the portfolio	12.2%		12.2%		>= 35%**	
Maturity profile	<1 year 5.3%***	< 3 years 47.0%***	<1 year 3.7%***	< 3 years 41.4%***	< 1 year < 25%	< 3 years < 50%
Optimum share of fixed rate in the portfolio	88.38%		95.84%		>= 60%****	
Duration (years)	3,74		4,14		3.4 - 5.0	
Foreign currency net debt currency composition	EUR 99.54%		EUR 100.53%		EUR 100% (+/- 5%)	

* Borrowings of the ministries, other central government institutions and derived public person outside the Treasury (5,5 million. lats/ 7.8 million EUR) are not included

** 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 September 270 million lats/ 384 million EUR, as of end of December 100 million lats/ 142 million EUR

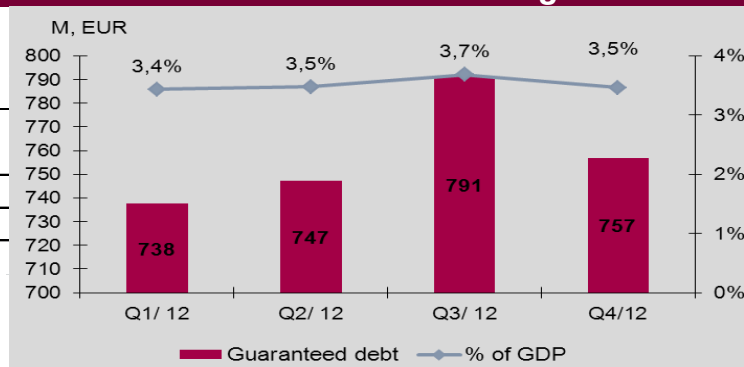
**** Fixed rate debt with a maturity over one year.

ISSUANCE OF STATE GUARANTEES

State Guarantees in 2012

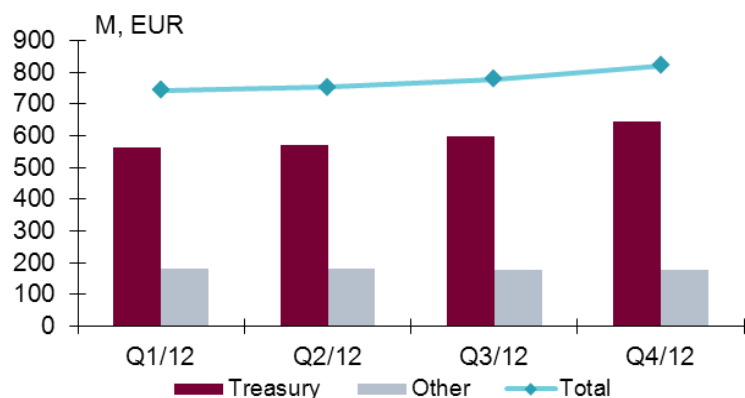
	Planned in 2012, M, EUR	Issued
Study and student crediting	40,8	15,8
Mortgage and Land Bank	170,7	117,5
SIA JP Termināls	34,7	not issued
Total	246,3	133,3

State Guaranteed Debt Outstanding

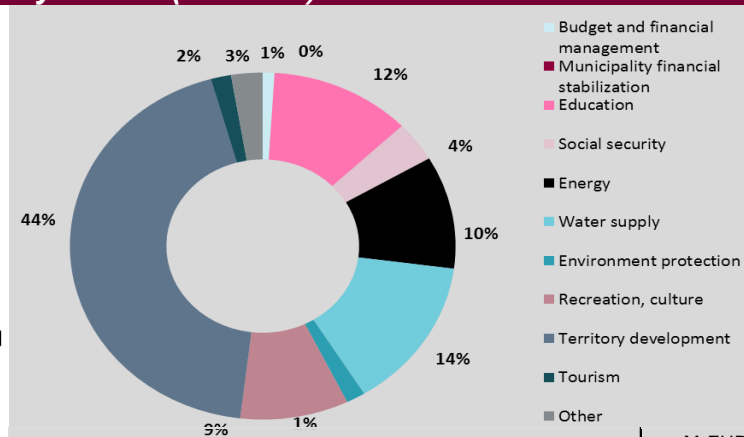


MUNICIPALITIES' BORROWING

Municipalities' Debt Outstanding



Municipalities' Borrowings from the Treasury by Sector (Jan-Dec)



Lender-	Treasury	Other lender	Debt outstanding
end of December 2012	645	176	822

	M, EUR
Total increase of municipalities borrowing stated in Budget Law for 2012	108,1
Planned limit of loan disbursements to municipalities for 2012	213,2
Total disbursements made (Jan-Dec.)	171,7
from the Treasury	170,6
from other institutions	1,1

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

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