



Republic of Latvia

# REPUBLIC OF LATVIA

Investor presentation

January, 2024

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**OVERVIEW:**

**KEY INVESTMENT HIGHLIGHTS**



# Key Investment Highlights

## Resilient Economy

- Latvia has a solid record of consistent growth interrupted briefly in 2020 due to the impact of the Covid-19 pandemic. Real GDP growth rebounded strongly to 6.7% in 2021 and 3.4% in 2022, and after the reduction in 2023 is expected to grow up to 2.9% in the medium term.
- Growth will be fuelled by strong increase in investments which allow the Latvian economy to diversify into high-value added technology sectors and away from more cyclical traditional industries.

## Predictable Policies

- A proven political consensus around the need for predictable and prudent economic policies is at the base of Latvia's consistent macro performance and it underpinned effective implementation of corrective fiscal and social policies during the recent crises.
- Strong security, energy independence and macroeconomic prudence remain clear priorities under the current government and are reflected in the Recovery and Resilience Plan agreed with the EU. Recovery and Resilience plan combined with EU funds would provide Latvia up to EUR 6.8 bn in next years, in addition to other EU multiannual facilities.

## Available Fiscal Space

- Years of fiscal prudence and primary surpluses allowed Latvia's authorities to deploy active social policies over 2020-2022 in response to the Covid-19 crisis and negative impact of Russia military invasion of Ukraine. These fiscal buffers have softened the impact of the crises on vulnerable sectors and part of society without jeopardizing debt sustainability.
- As the crisis emergencies subside, the authorities have returned to a path of responsible fiscal policy, with nominal deficits projected to drop from 7.2% of GDP in 2021 to 4.6% in 2022 and 2.7% in 2023, and estimated reduction to below 1% in the medium term while maintaining a degree of extraordinary support for key priorities including national security, education and health.

## Moderate Debt Levels

- Latvia's general government debt metrics remain manageable and considerably below the average for its rating peer group.
- In addition to moderate debt levels, Latvia benefits from a smooth redemption profile and access to diversified funding sources, including a liquid domestic market which affords a choice of flexible tenors and a reliable investor base.

## Competitive Export Sector

- Latvia's export sector is both competitive and diversified. Knowledge intensive IT and various business services have expanded significantly. Large part of current account deficit is covered by FDIs and EU funds related capital transfers.
- Importantly, this has been achieved while diversifying exports and trade links away from Russia. Exports to Russia represented less than 5% of total exports in 2022, less than half their share in 2014. At the same time, Latvia's banks had minimal exposure of 1.4% of liabilities and 0.4% of assets in Russia as of November 2023.

## Energy/Military Security

- Latvia reacted swiftly to the Russia military invasion of Ukraine by replacing Russian gas imports with new regional arrangements. Energy security is guaranteed by access to regional LNG facilities and large inland gas storage capacity, as well as the promotion of renewable energy sources.
- Latvia's membership of NATO provides it with a proven security umbrella which has been strengthened since 2022 with new troops-on-the-ground and technology agreements reached during the 2022 NATO summit in Madrid. Latvia is also committed to increase defence spending to 2.5% of GDP by 2025 and 3% by 2027.

## Solid Banking System

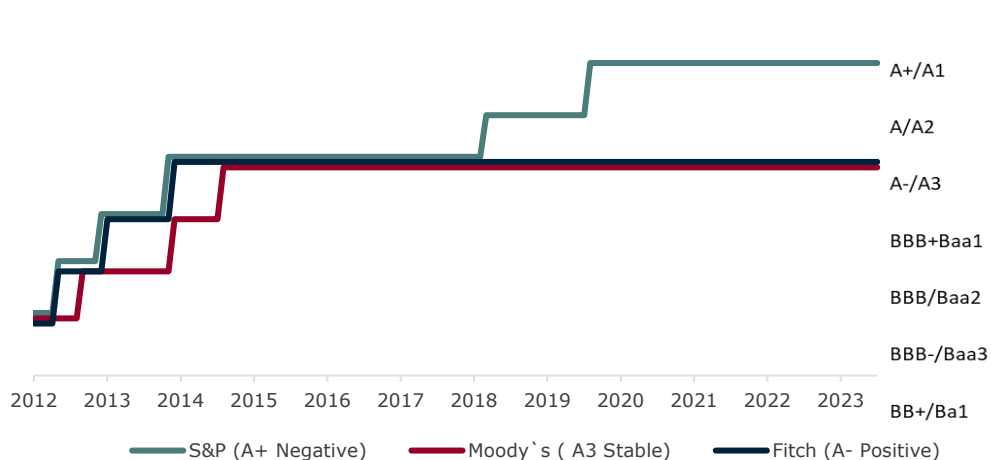
- Latvia's banking system is a credit strength. Latvian banks are well capitalized, profitable and cost-efficient. Average Liquidity Coverage Ratio stands at 298%.
- Latvia's households and corporates are the least indebted in the EU at 52% of GDP in 2Q2023.



# Latvia's ratings firmly consolidated in the 'A' rating category

Rating agencies acknowledge flexibility of Latvia's economy, moderate level of government debt and swift policymaking that bolsters its creditworthiness

## Long-term foreign currency rating developments



### S&P Global Ratings

**A+ / Negative** —

On December 15, 2023, **S&P Global** affirmed long-term foreign currency sovereign credit ratings the A+ level with Negative outlook (contained Rating Action)

### Fitch Ratings

**A- / Positive** —

On July 28, 2023, **Fitch Ratings** affirmed long-term foreign currency sovereign credit ratings at the A- level, and changed outlook from Stable to Positive (contained Rating Action)

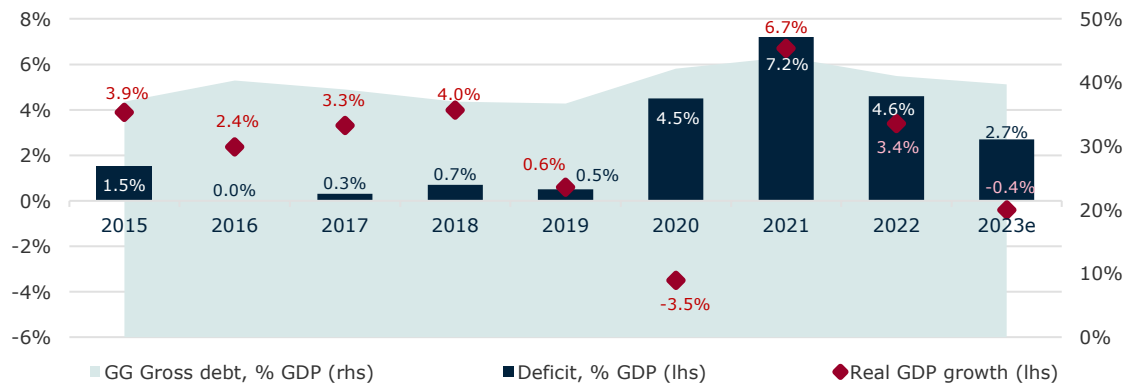
### Moody's

**A3 / Stable** —

On July 28, 2023, **Moody's** published announcement that Latvia's long-term foreign currency sovereign credit ratings remains at the A3 level with Stable outlook (did not contain Rating action)

Source: S&P, Fitch and Moody's

## Resilient growth on the back of fiscal prudence



Source: Eurostat, Bank of Latvia forecasts, Ministry of Finance forecasts

## ISS ESG Country rating for Latvia

### ESG Country Rating

D-	D	D+	C-	C	C+	B-	B	B+	A-	A	A+
poor			medium			good			excellent		

### Decile rank

10	9	8	7	6	5	4	3	2	1
Low relative performance								High relative performance	

Source: <https://www.issgovernance.com/esg/ratings/country-rating/> and [https://www.kase.gov.lv/sites/default/files/public/FRD/%C4%80r%C4%93jie%20aiz%C5%86%C4%93mumi/2021\\_11\\_30\\_FINAL\\_SPO-20211130-Latvia.pdf](https://www.kase.gov.lv/sites/default/files/public/FRD/%C4%80r%C4%93jie%20aiz%C5%86%C4%93mumi/2021_11_30_FINAL_SPO-20211130-Latvia.pdf)



**ENERGY AND SECURITY:**

ENERGY INDEPENDENCE FROM  
RUSSIA AND NATO MEMBERSHIP

# LATVIA HAS REPLACED RUSSIAN GAS WITH VIABLE ALTERNATIVES

Baltic states, including Latvia, are diversified away from Russian gas

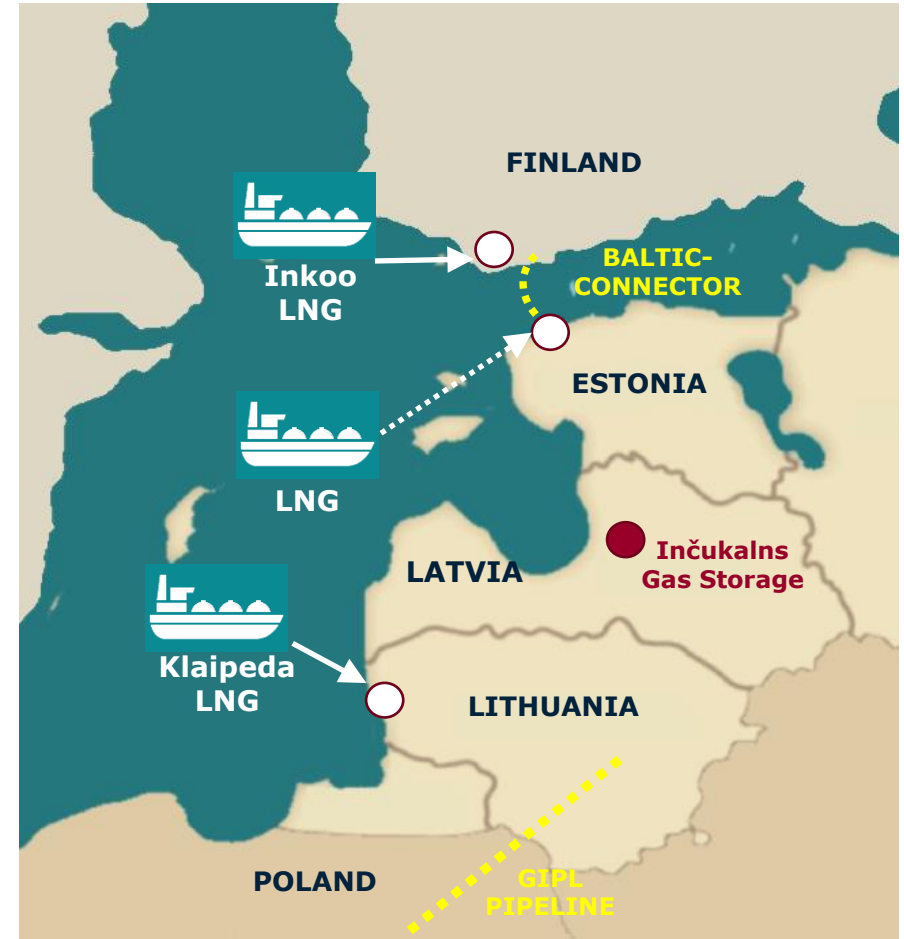
## Timely decisions adopted to ensure gas supply security in the Baltic - Finnish region

Latvia's access to global gas market is ensured by:

1. Primary gas channel is Klaipeda LNG floating terminal in Lithuania and Gas Interconnection Poland-Lithuania (GIPL). Klaipeda is planning to expand the LNG capacity
2. New floating LNG terminal in Finland operational since January 2023. Additional infrastructure available also in Estonia
3. Inčukalns underground gas storage is a unique for the region and the 3rd largest in Europe with the 22.6 TWh total technical capacity (for period 2023/2024) that exceeds Latvia's annual needs
4. Strengthening of regional energy cooperation with the signing of a Memorandum of Understanding with Estonia in May 2023 allowing more decisive intervention in the event of gas supply disruptions

## Inčukalns gas storage capacity is 100% booked for the 2023/2024 storage cycle

- At the end of the injection season, which ended on 15 October, 2023, the Inčukalns gas storage facility was fulfilled to 95% of the total technical capacity. Total technical capacity of Inčukalns is already fully booked for the upcoming heating season
- In December 2022 Latvia created gas energy security reserves of 1.8 TWh
- In 2022, annual gas consumption decreased by over 30%, from 12.5 TWh in 2021 to 8,8 TWh in 2022, impacted not only by austerity measures in 2022/2023 season, but also gradually replacing gas heating systems with alternative systems



# LATVIA IS INTEGRAL PART OF SINGLE EU POWER MARKET. NO ELECTRICITY IMPORTED FROM RUSSIA

Latvia has diversified power supply and has strong focus on energy security and renewables

## Latvia can operate independently from Russia electricity supply

- Since May 22, 2022 there are no electricity commercial imports from Russia, just parallel synchronisation and system stability operations
- Large amount of electricity generated in hydropower plants, and gas reserves provided by «Latvenergo» can be used for flexible and dispatchable production of electricity and heat in power plants to balance growing capacities of renewable energy sources
- The Baltic region is connected to European power system with four powerful interconnections. In case of sudden disconnection from BRELL<sup>1</sup> system, emergency synchronization would be immediately ensured

## Latvia is among the greenest electricity producers in EU - 76% of actual electricity was generated from renewables in 2022<sup>2</sup>



3rd highest overall share of **gross final energy consumption** from renewable sources among EU countries in 2022<sup>3</sup>



6th largest share of **renewable electricity** production among EU countries in 2022<sup>4</sup>

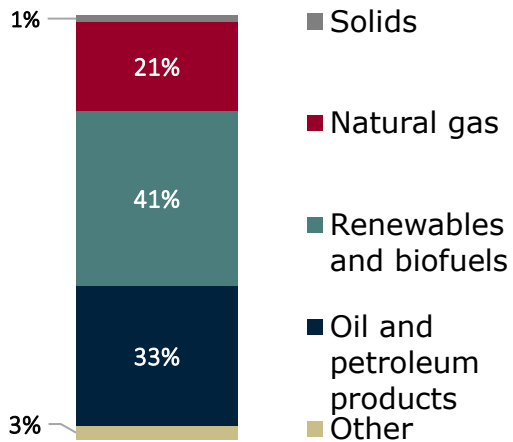
<sup>1</sup>BRELL: Belarus, Russia, Estonia, Latvia and Lithuania

<sup>2</sup> Source: [https://ec.europa.eu/eurostat/databrowser/view/nrg\\_bal\\_peh/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_bal_peh/default/table?lang=en)

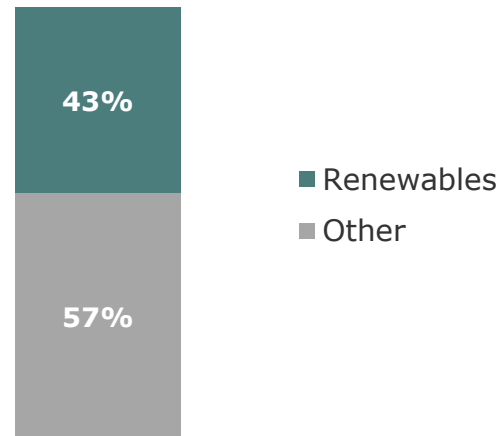
<sup>3</sup>Source: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable\\_energy\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics)

<sup>4</sup> Source: [https://ec.europa.eu/eurostat/databrowser/view/NRG\\_IND\\_REN/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/NRG_IND_REN/default/table?lang=en)

## Latvia energy mix 2021



## Latvia gross final energy consumption in 2022



## Way forward



**1990:** focus imported electricity and on gas as a main source of electricity and heat generation

**2020:** diversification among hydropower, wind, solar, biomass and other renewables, the share of all together reaching 42% of gross final energy consumption in Latvia

**2050:** continue to use hydropower, wind, solar, biomass, but fossils are replaced with other renewable (potentially including hydrogen)



Accelerated synchronization of Baltic power system with European Continental Network no later than **by February 2025** ensuring integral independence from Russia

Several large investment projects planned, among others:



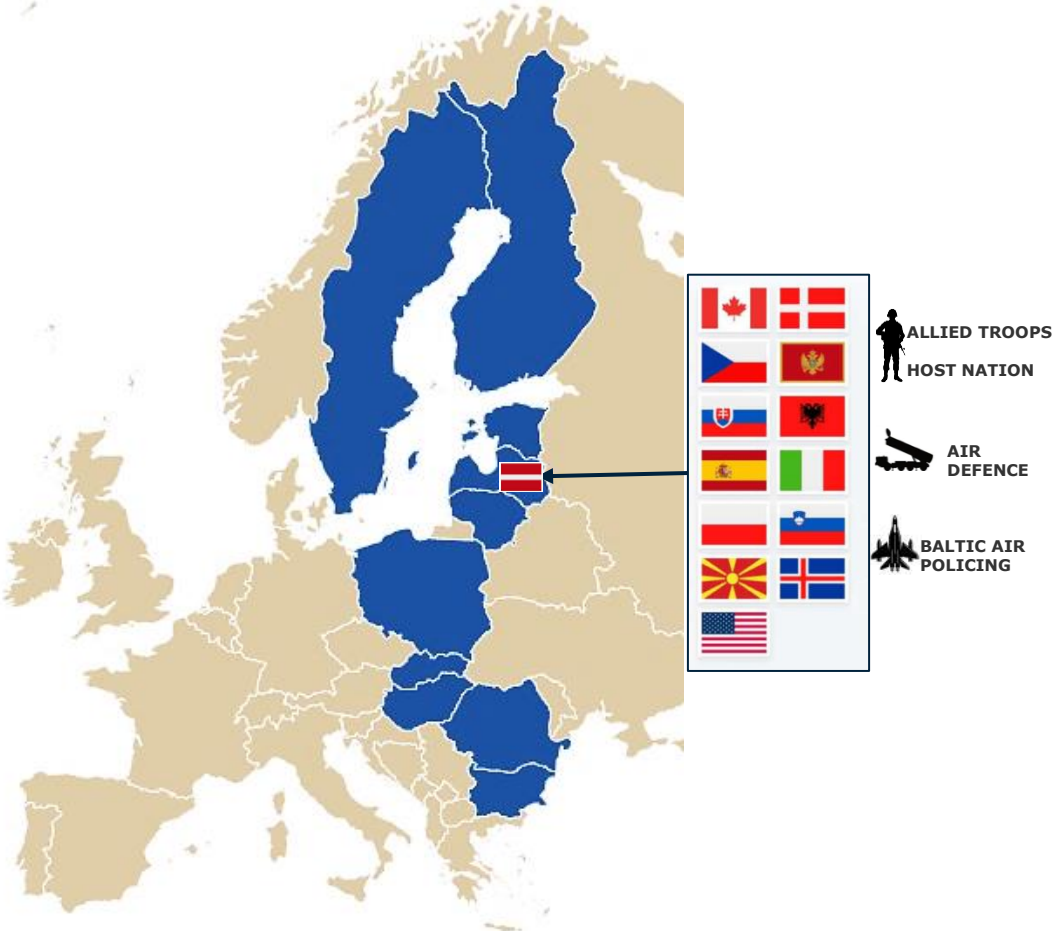
- ELWIND offshore wind farm project between Estonia and Latvia (planned to be implemented by **2030**)
- Latvenergo and Latvijas valsts meži (state-owned land managed) in a joint onshore wind parks project (planned to be implemented **by 2030**)



# LATVIA – MEMBER OF THE WORLD’S STRONGEST MILITARY ALLIANCE

Latvia has been a member of the North Atlantic Treaty Organization (NATO) since 2004

**Latvia as part of NATO Eastern flank.  
Finland - newest member, Sweden - NATO member soon**



Note: Sweden applied for NATO membership, Finland became NATO member on April 4, 2023

## NATO presence in Latvia

- Latvia’s defence and security is ensured by synchronization of the membership of NATO and EU, as well as different cooperation agreements
- Currently 11 nations are represented in the enhanced Forward Presence (eFP) Battle Group in Latvia
- Before the NATO Summit 2023 in Vilnius the roadmap for upgrading Canadian-led NATO enhanced Forward Presence Battle Group Latvia to a brigade size unit was signed. The developments are currently underway

## Latest developments

- Latvia and Estonia have jointly acquired German medium-range air defence systems
- Latvia and the US have signed an agreement on delivery of HIMARS high mobility artillery rocket systems and an agreement on purchase of Naval Strike Missile Coastal Defence Systems
- Canada has sent 15 Leopard-2 tanks to Latvia – another step towards upgrading NATO’s eFP Battle Group Latvia
- Denmark will deploy a battalion of soldiers in Latvia starting from this summer
- Latvia has agreed to temporarily relocate Baltic Air Policing mission to Lielvārde Air Force Base during the construction of Āmari Air Base in 2024
- Sweden has announced its plans to join the NATO eFP Battle Group Latvia after finalising its accession to NATO

## National efforts to strengthen combat capabilities and readiness (ART 3)

- Comprehensive state defence system
- Capability development in following areas: logistics, supply, air defence, coastal defence, mechanization, cyber
- Developing infrastructure, including the new Selonia Military Training Area
- Conscription: third wave of recruits to start their state defence service duty on July, 2024
- Gradual increase of defence budget to 2.5% of GDP by 2025 (3% of GDP by 2027)

## FISCAL POLICY:

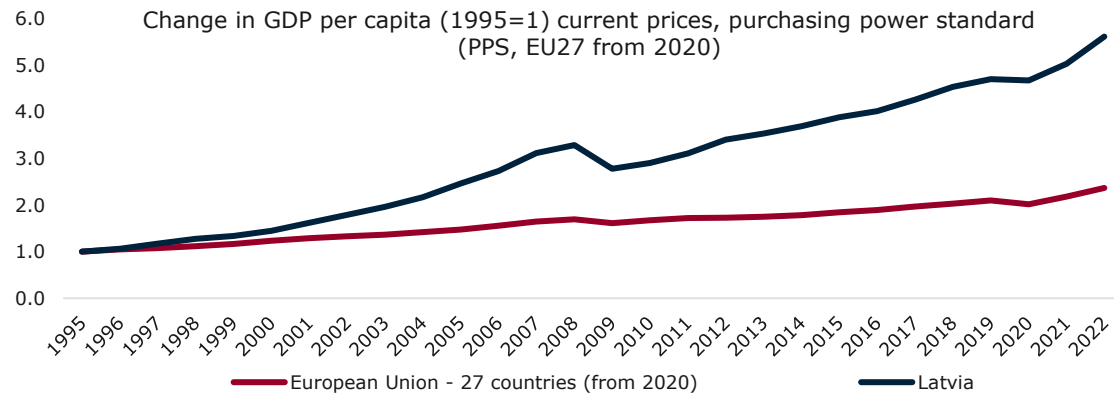
MODERATE DEFICIT AND LOW DEBT



# SUPPORTIVE FISCAL POLICY IN 2020–2022 AND GRADUAL RETURN TO «NORMALITY» - PRUDENT FISCAL POLICY IN THE COMING YEARS

Moderate deficits and solid growth during 2012 -2019 contributed to public debt reduction

**Since 1995 Latvia's GDP per capita (PPS, 1995=1) has experienced significant increase relative to EU average**

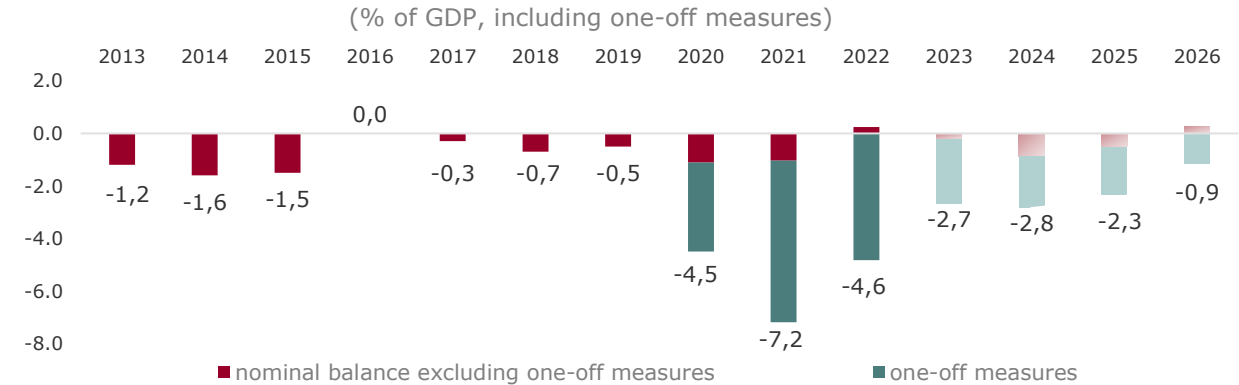


Source: Eurostat

## Fiscal strategy 2023 - 2026

(one-off measures: defense expenditure increase, defense and security investments, energy support, COVID-19, support package to refugees from UA, support to UA)

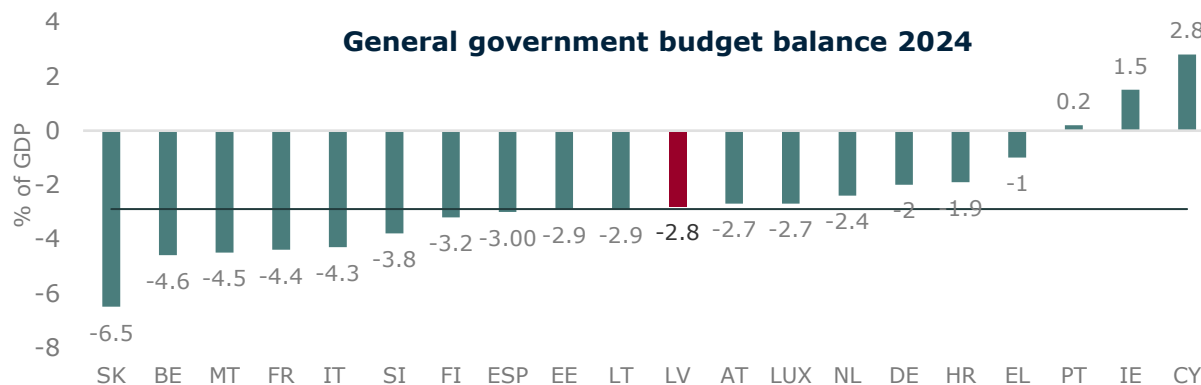
### Nominal balance



The latest projection made by the Ministry of Finance on the 5th of January 2024, the nominal balance for 2025 is 2,4% of GDP based on the latest decisions made by the Saeima within the framework of the Budget Law 2024-2026.

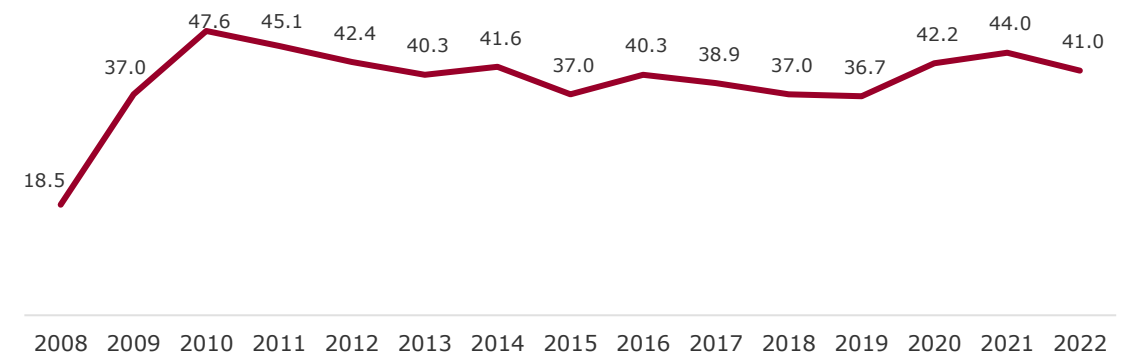
Source: DBP for 2024 Eurozone, [https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2024\\_en](https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2024_en)

**Latvia's general government deficit in 2024 planned close to euro area average**



Source: DBP for 2024 Eurozone, [https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2024\\_en](https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/stability-and-growth-pact/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2024_en)

## General Government Debt (% of GDP)

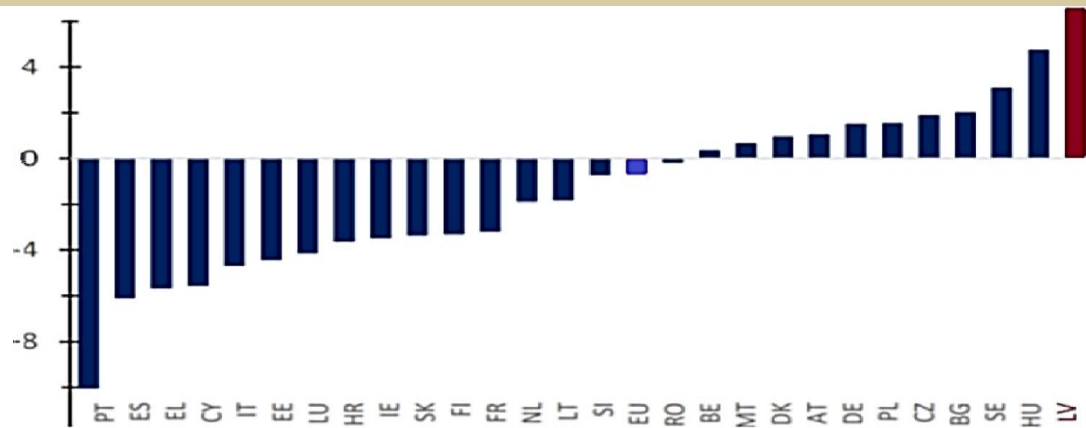


Source: Eurostat

# FOCUS ON AMBITIOUS GROWTH AND COMPETITIVENESS-FRIENDLY REFORM AGENDA

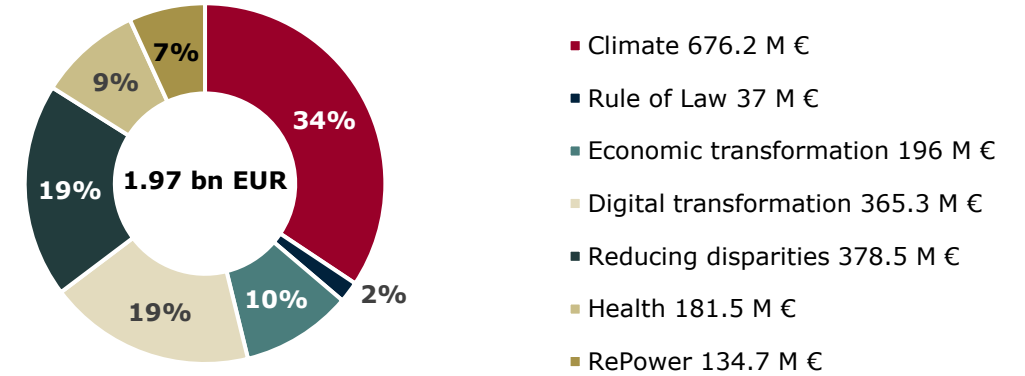
RRF and EU funds support the implementation of crucial investment and reform measures, including climate and digitalisation

**Change in the share of growth-friendly expenditure, by Member State (2001-2019, % primary expenditure)**



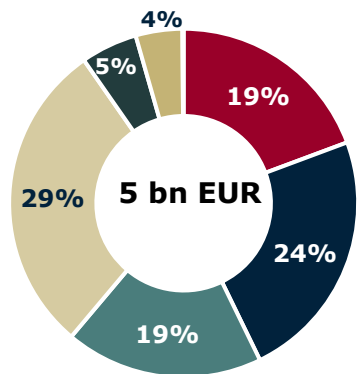
Source: EC Report on Public Finances in EMU 2021

**Recovery and Resilience plan (RRF)**  
(Amendments adopted by the Council on December 8, 2023)



Source: Ministry of Finance

**EU Funds 2021-2027**



- Smarter Europe 968 M €
- Greener Europe 1175 M €
- Connected Europe 919 M €
- Social Europe 1461 M €
- Europe closer to citizens 263 M €
- Just Transition Fund investments 217 M €
- Capacity building measures (TA) 5 M €

Source: Ministry of Finance

**Reforms in Latvia under RRF**

Climate	➤ Transition to sustainable transport, energy efficiency in all sectors, wind farms
Digital Transformation	➤ Coordination mechanisms for public digital services, digital skills
Reducing Disparities	➤ Administrative territorial reform, GMI reform
Health	➤ Healthcare network effectiveness, remuneration reform
Economic Transformation	➤ Innovation eco-system, consolidation of higher education institutions
Rule of Law	➤ Strengthening capacity of law enforcement agencies
RePower	➤ Saving, producing clean energy and energy supply diversification

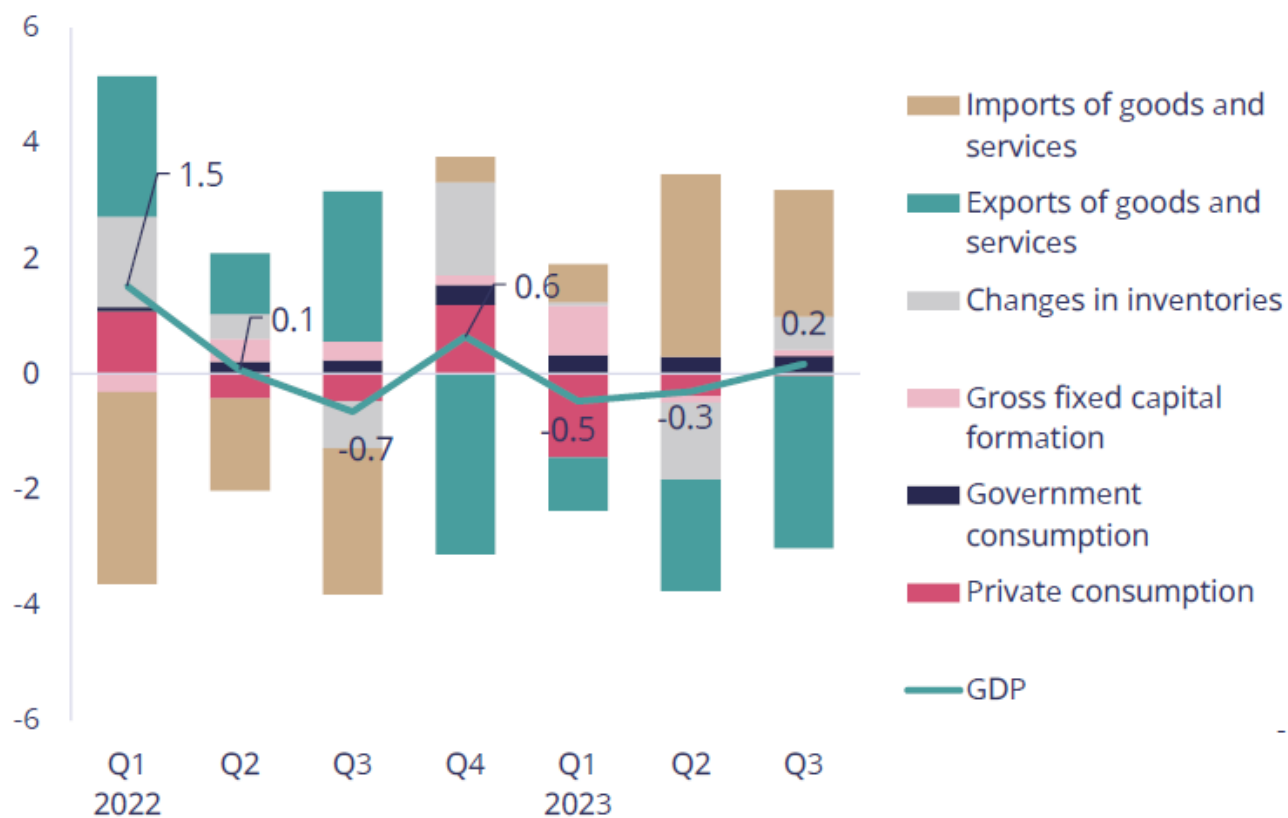
**THE ECONOMY:**  
FLEXIBLE AND RESILIENT  
ECONOMY



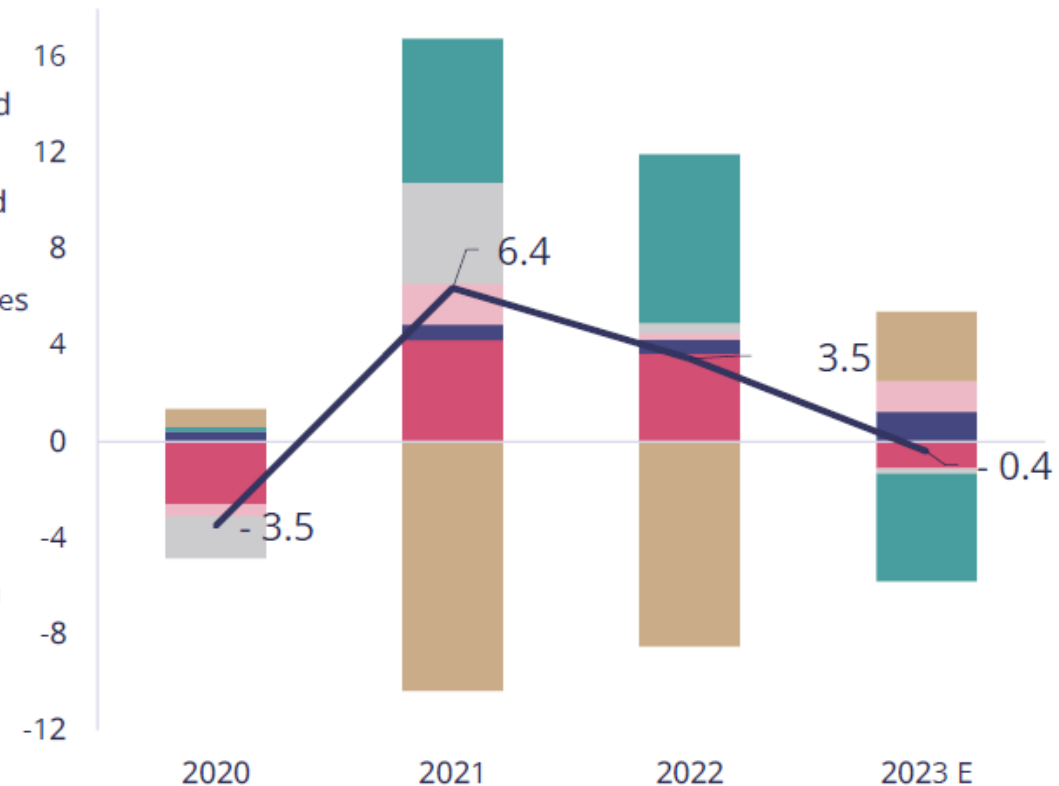
# ECONOMIC GROWTH SLOWER IN 2023

A period of weak activity (the end of 2023 and the first half of 2024) will be followed by stronger growth, i.e. from the second half of 2024

**GDP by expenditure (q-o-q; %; in real terms; s.a.)**



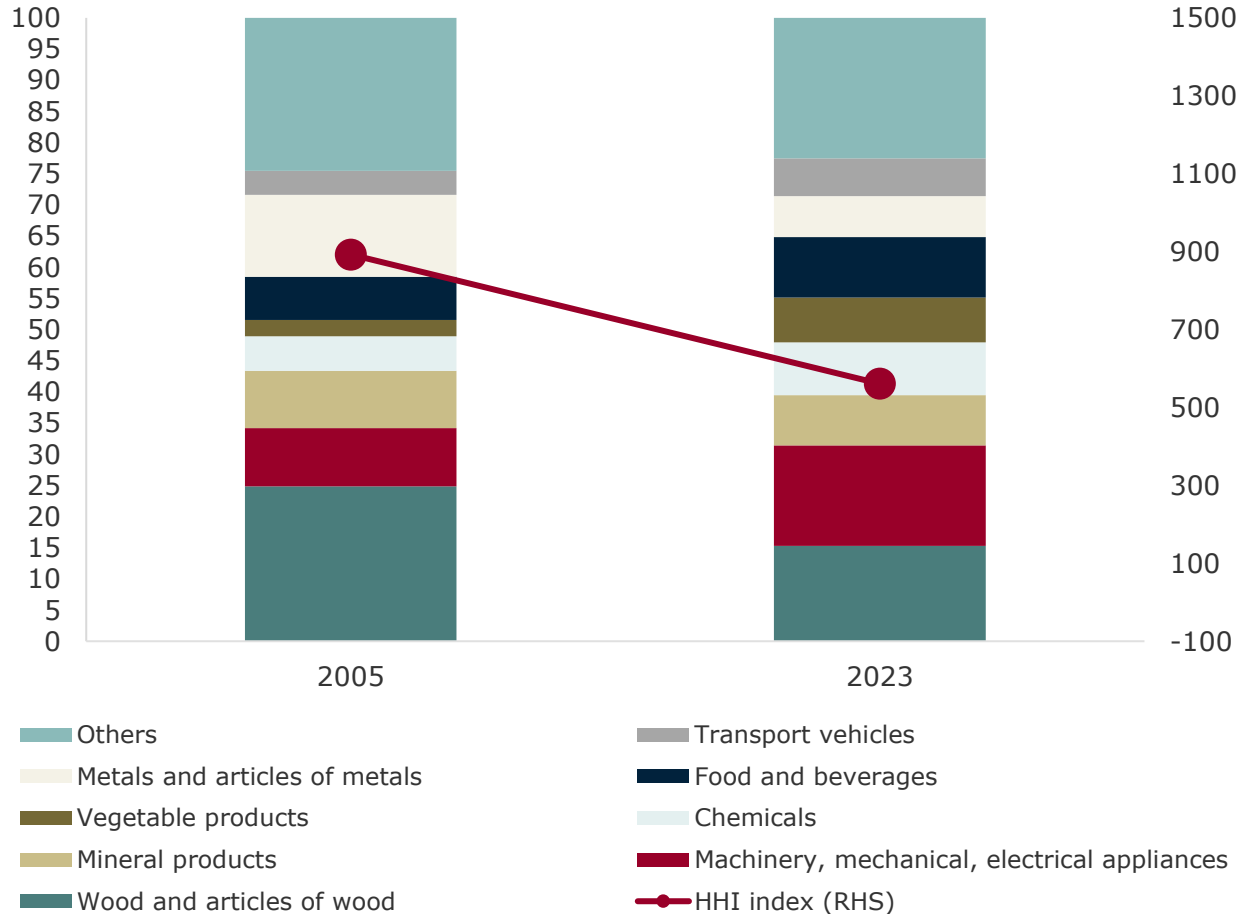
**GDP by expenditure (y-o-y; %; in real terms; s.a.)**



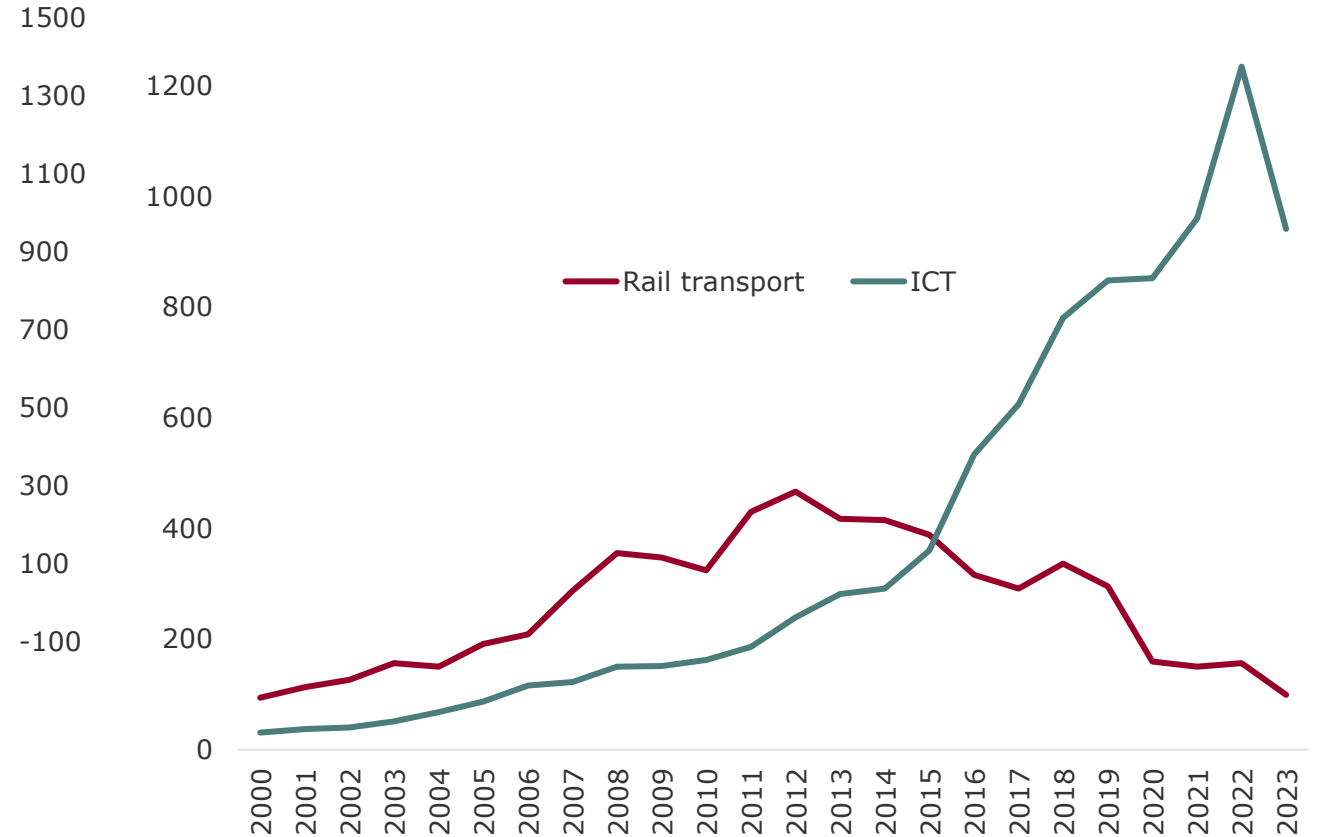
# STRUCTURAL TRANSFORMATION TOWARDS MORE PRODUCTIVE SECTORS

Merchandise export has become more diversified and sophisticated over time; a shift towards higher value-added services is evident over the long run

Export structure by commodity groups and Herfindahl-Hirschman index for commodity group concentration (% of total exports; index)



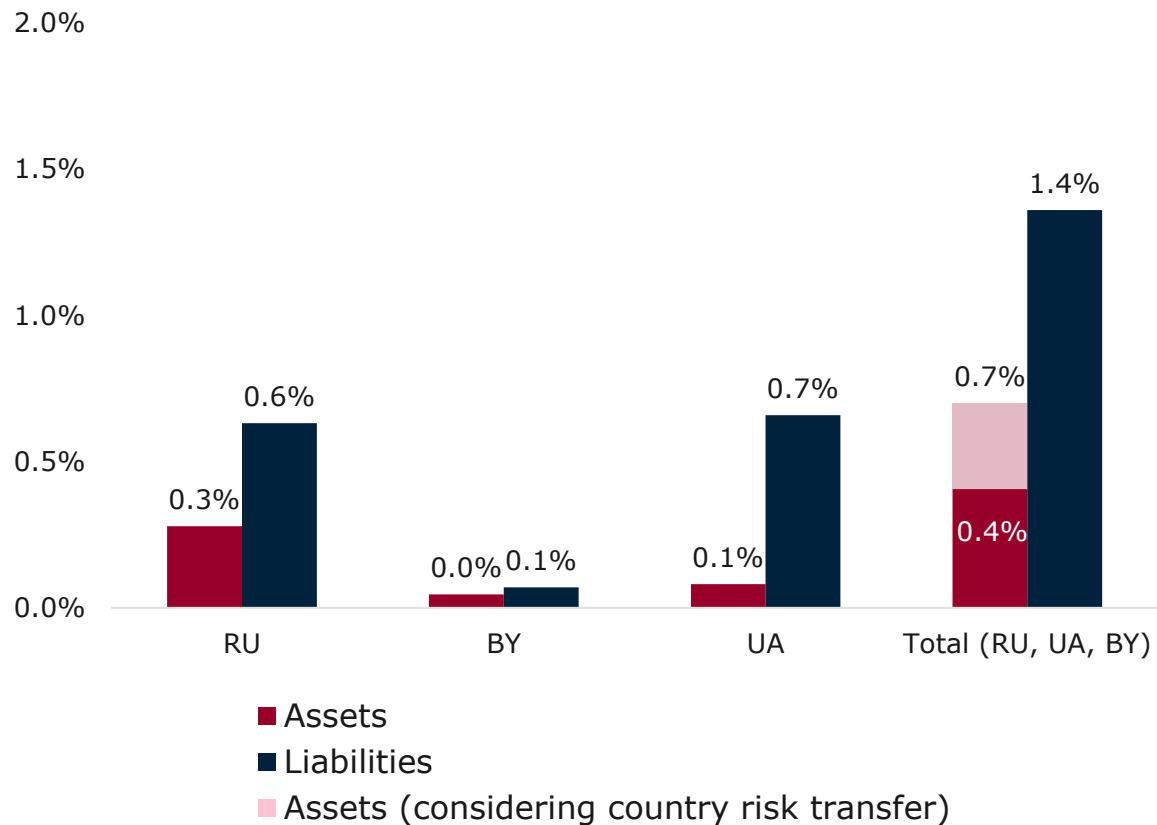
Export income of rail transport and Information and Communication Technology (ICT) services (million EUR)



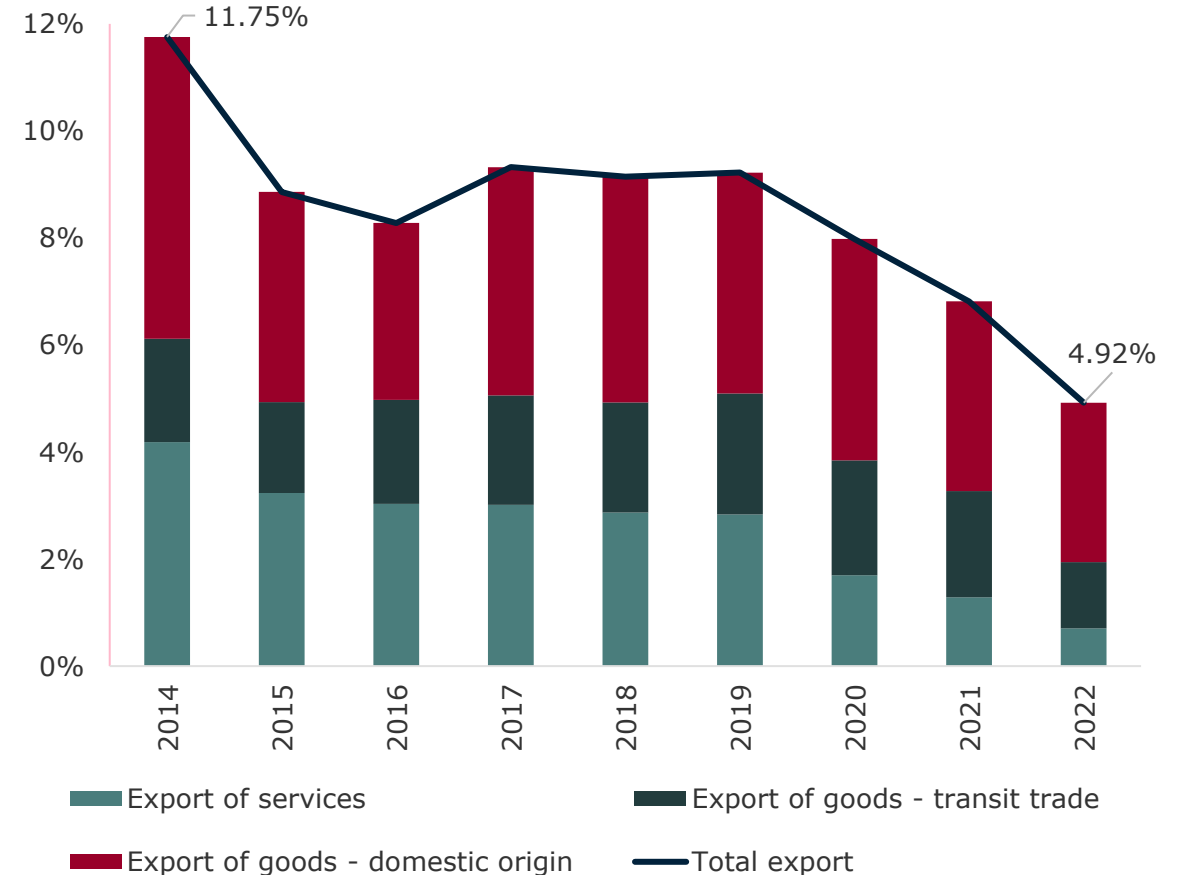
# EXPOSURE TO RUSSIA IS RATHER LIMITED

Latvia has steadily reduced its exposure to Russia; economy is well diversified

**Banking sector exposures to RU, BY and UA**  
(% of total assets, November 2023)



**Export of goods and services to RU**  
(% of total)





# DUE TO RESTRICTIVE MONETARY POLICY AND AS GLOBAL ENERGY AND FOOD PRESSURES SUBSIDE, INFLATION DECLINES RAPIDLY

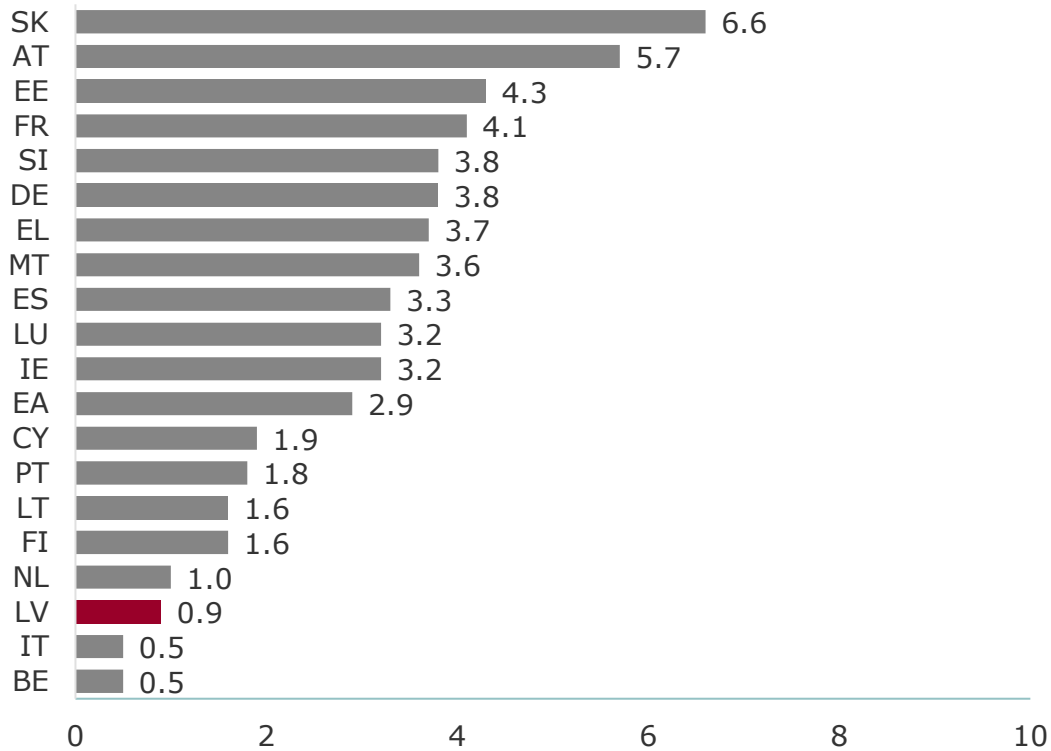
Inflation has receded quickly leaving no material harm on Latvia's cost competitiveness

## Inflation (HICP; year on year; %), December 2023 flash estimate

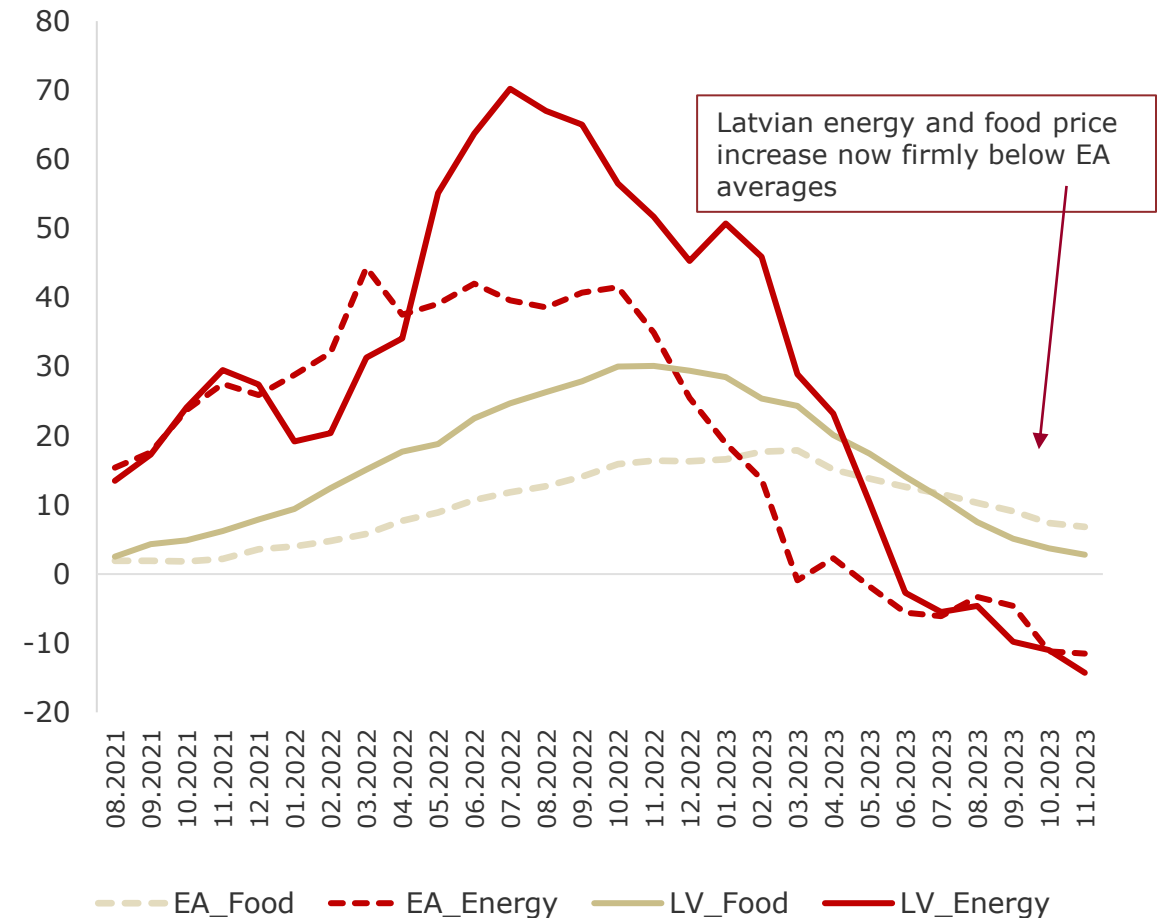
CPI forecast by European Commission (Autumn Forecast 2023):

2023: 9.6%

2024: 3.2%



## Energy and food prices in LV and Euro area (year on year; %)

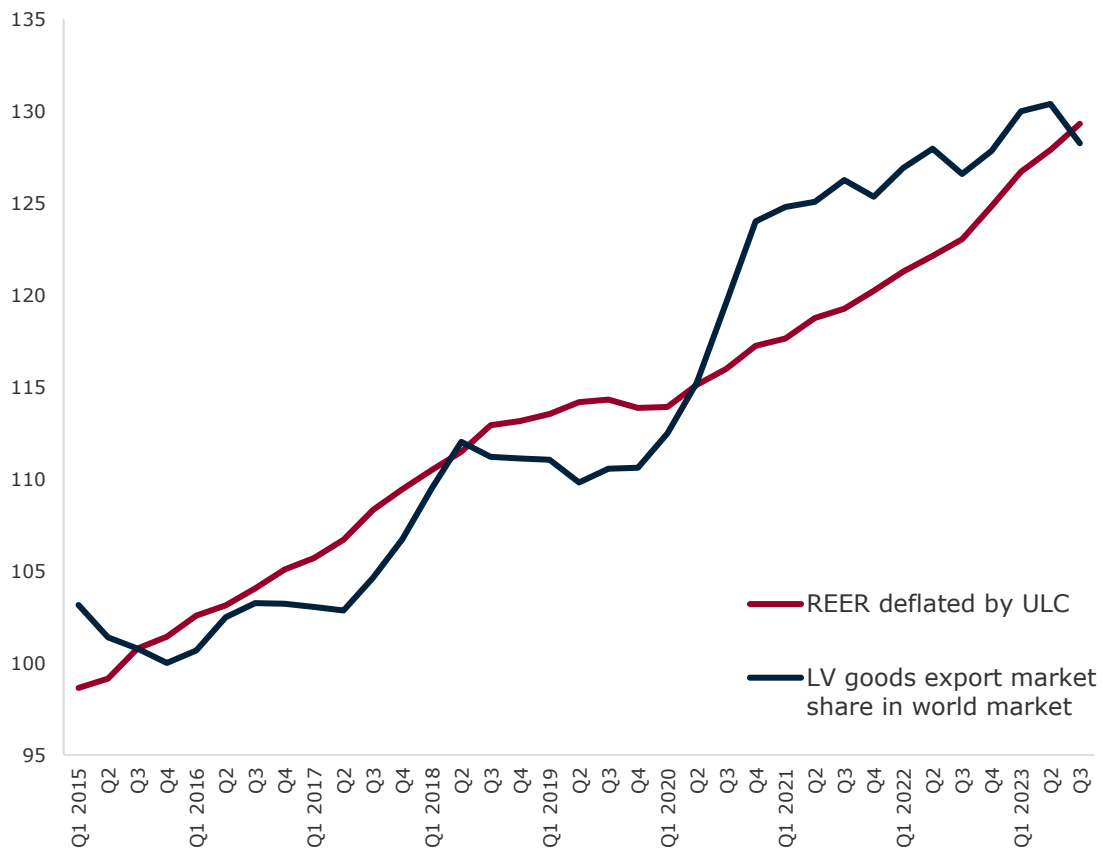


Source: Eurostat

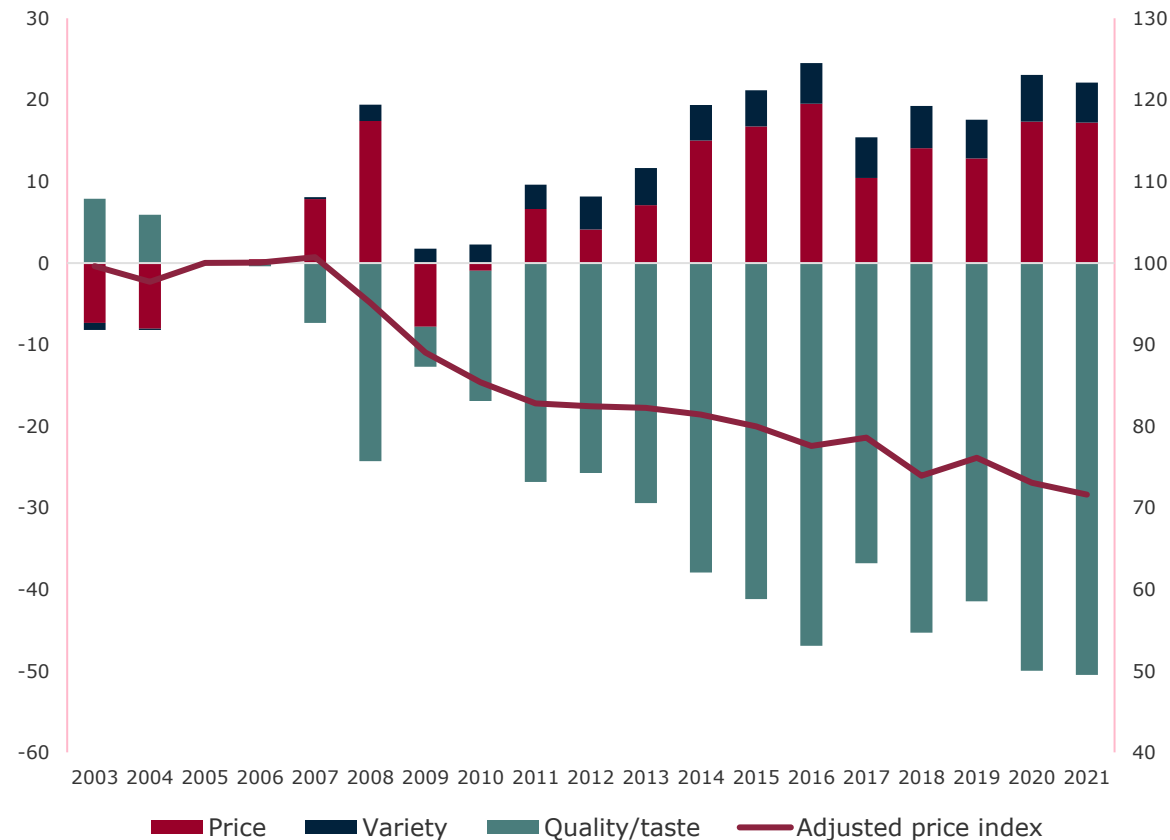
# DESPITE INCREASE IN COSTS COMPANIES REMAIN GLOBALLY COMPETITIVE AND PROFITABLE

Supported by increasing quality of export basket, expansion of market share globally has continued despite appreciation in the real effective exchange rate

**REER deflated by ULC and export market share (2015 = 100)**



**Quality adjusted relative export price index (2005=100) and component contributions (pp)**



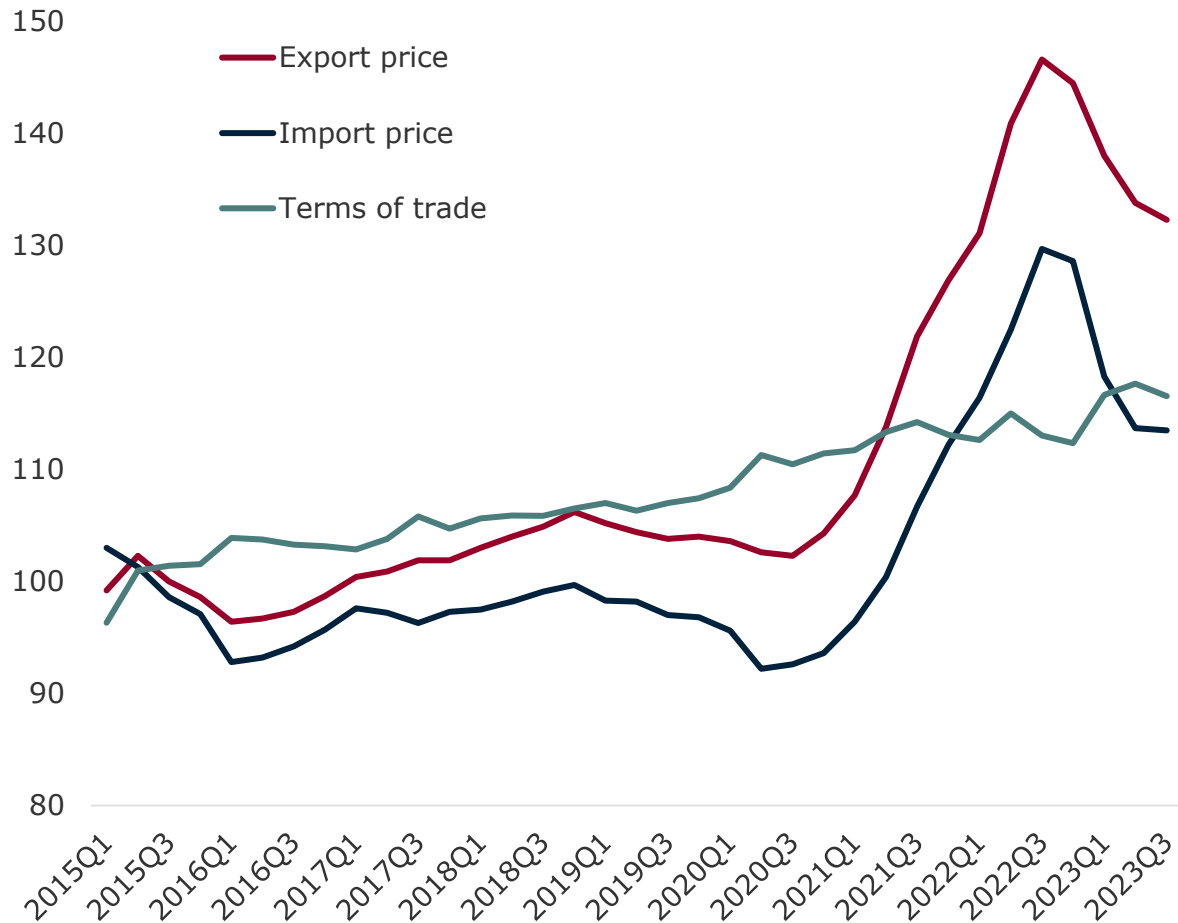
Source: European Commission, WTO

Source: UN Comtrade and Latvijas Banka calculations. More can be read here : [Macroeconomic Developments Report September 2023 \(latvijabanka.lv\)](#)

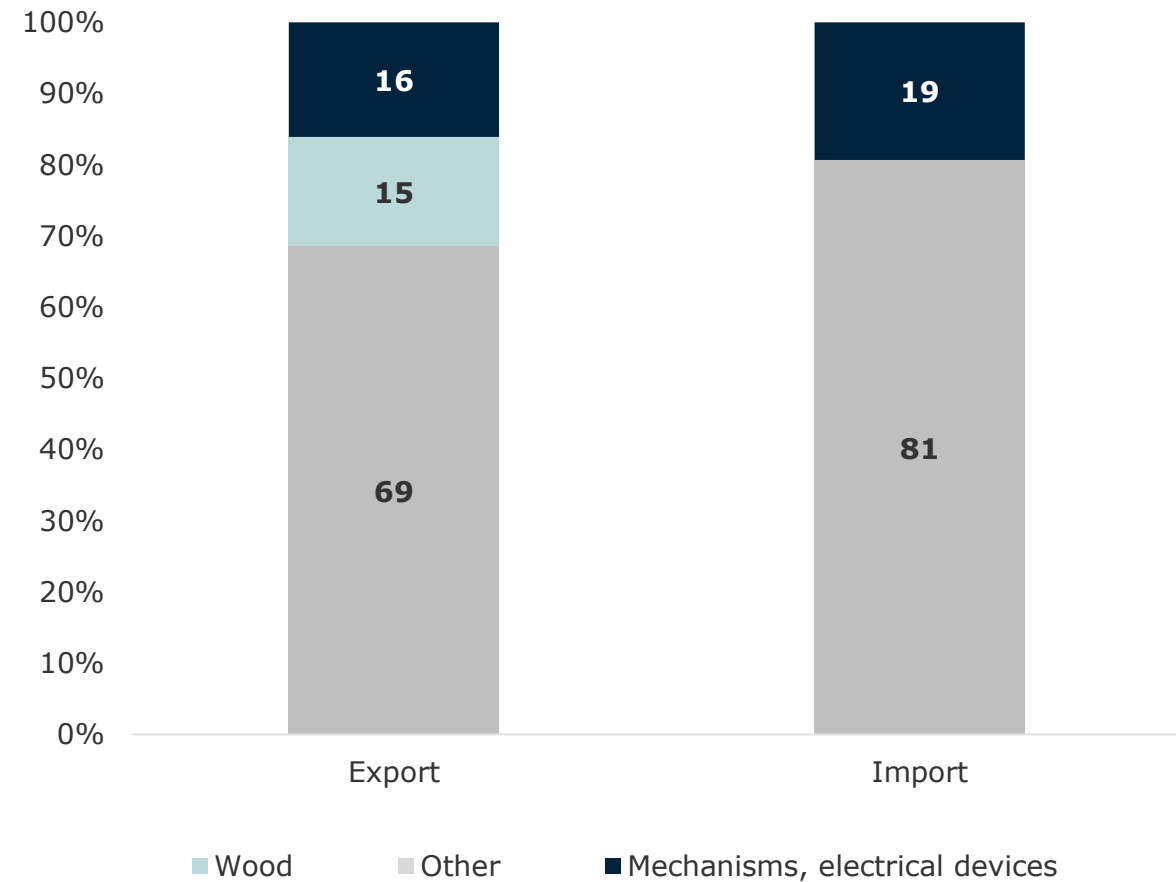
# TERMS OF TRADE STAY FAVOURABLE DESPITE SWINGS IN ENERGY PRICES

Declining energy prices have decreased import prices more substantially, leading to overall more favourable terms of trade

**Terms of Trade  
(2015=100)**



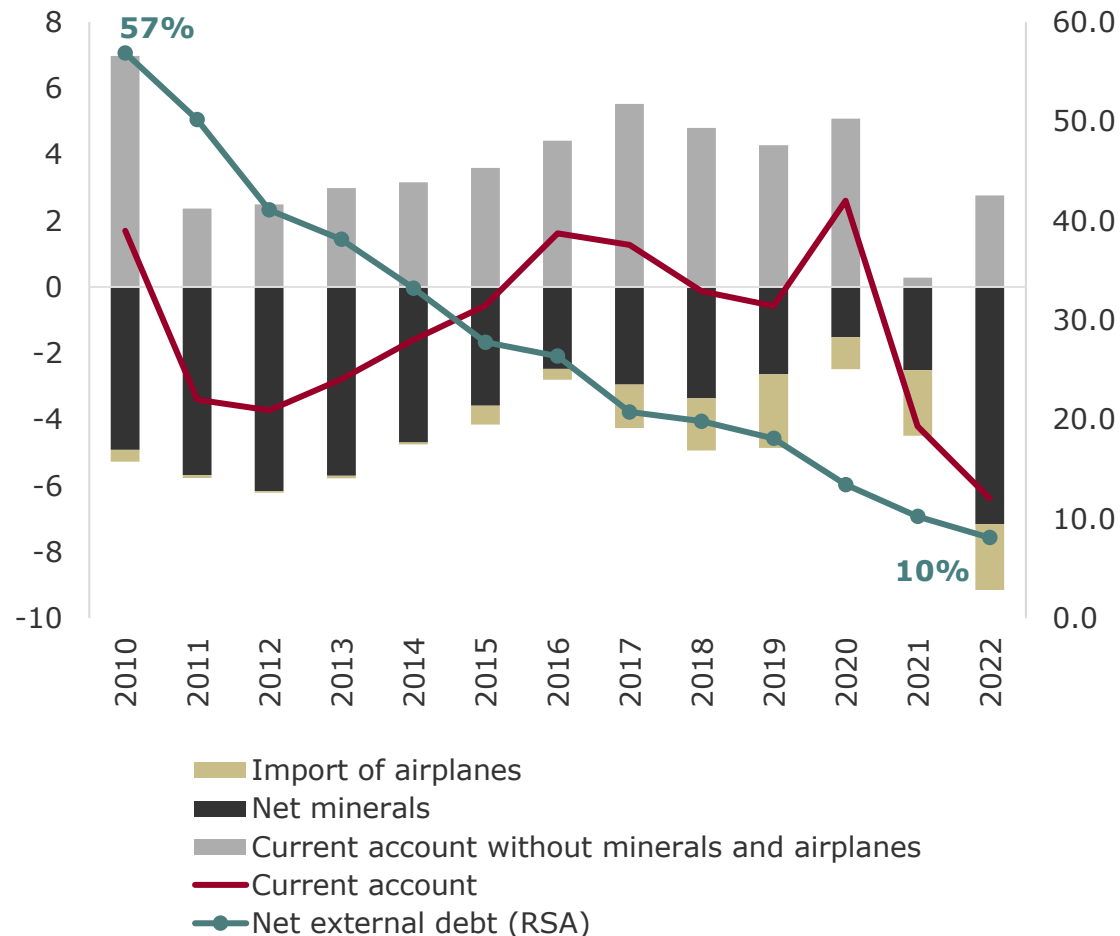
**TOP 3 product group in the structure of export and import of goods  
in 2023 (% of total)**



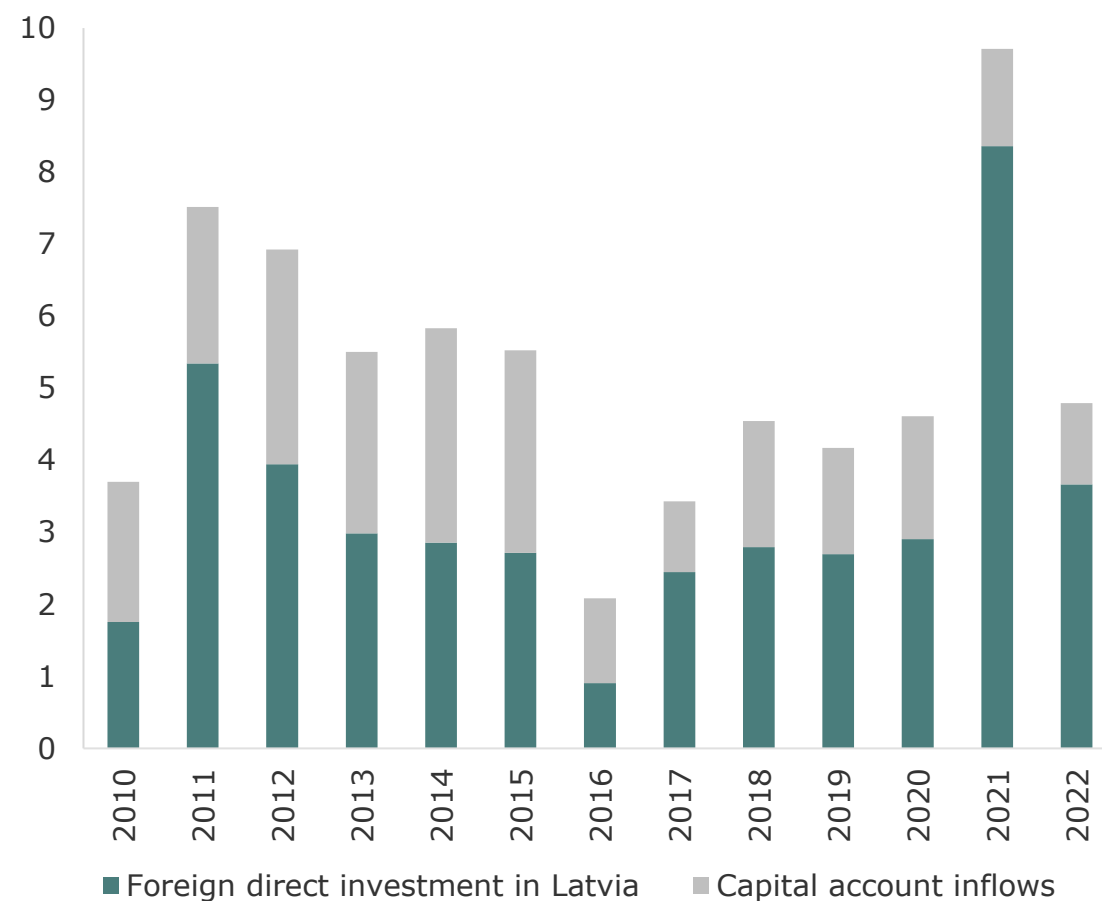
# CURRENT ACCOUNT DEFICIT TEMPORARILY INCREASED REFLECTING SURGE IN ENERGY PRICES AND ACCUMULATION OF INVENTORY

Current account deficit driven by high energy prices and an increase in inventories to cope with supply chain bottlenecks during the pandemic and early stages of war in Ukraine; net external debt remains low

External sector indicators (% of GDP)



Investment inflows (% of GDP)



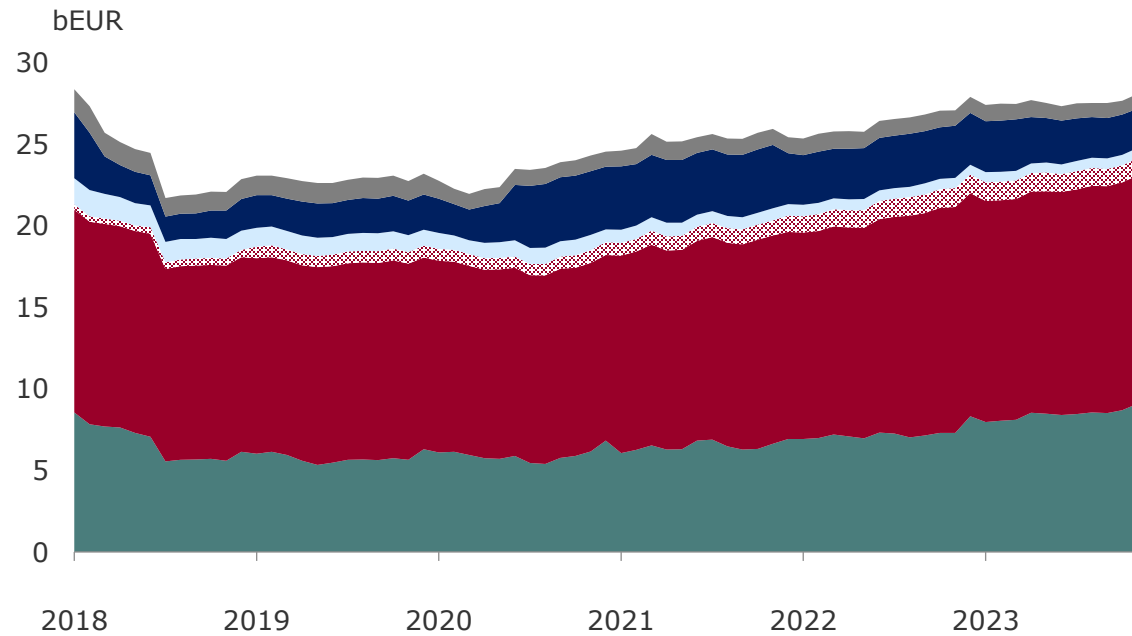
**BANKING SECTOR:**  
WELL-CAPITALIZED  
AND LIQUID



# DOMESTIC LOANS AND DEPOSITS PREVAIL IN BANKS' OPERATIONS

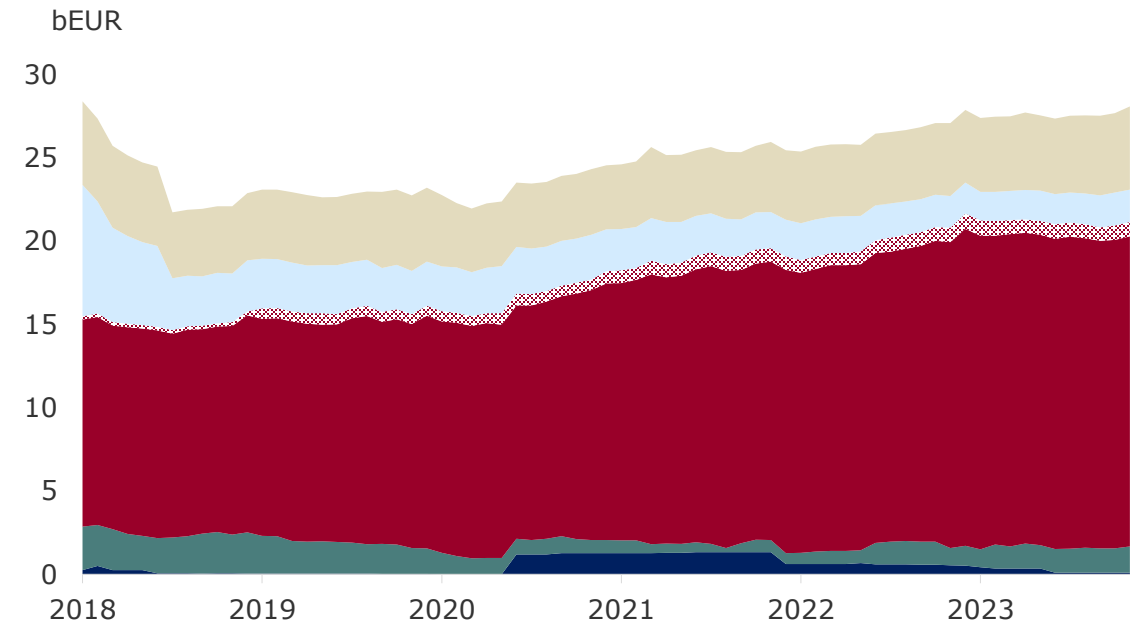
Banking sector focuses primarily on servicing domestic clients

## Banking sector assets



- Cash and claims on MFI
- Loans to other Baltic states
- Securities
- Loans to domestic clients
- Loans to foreign clients
- Other assets

## Banking sector liabilities

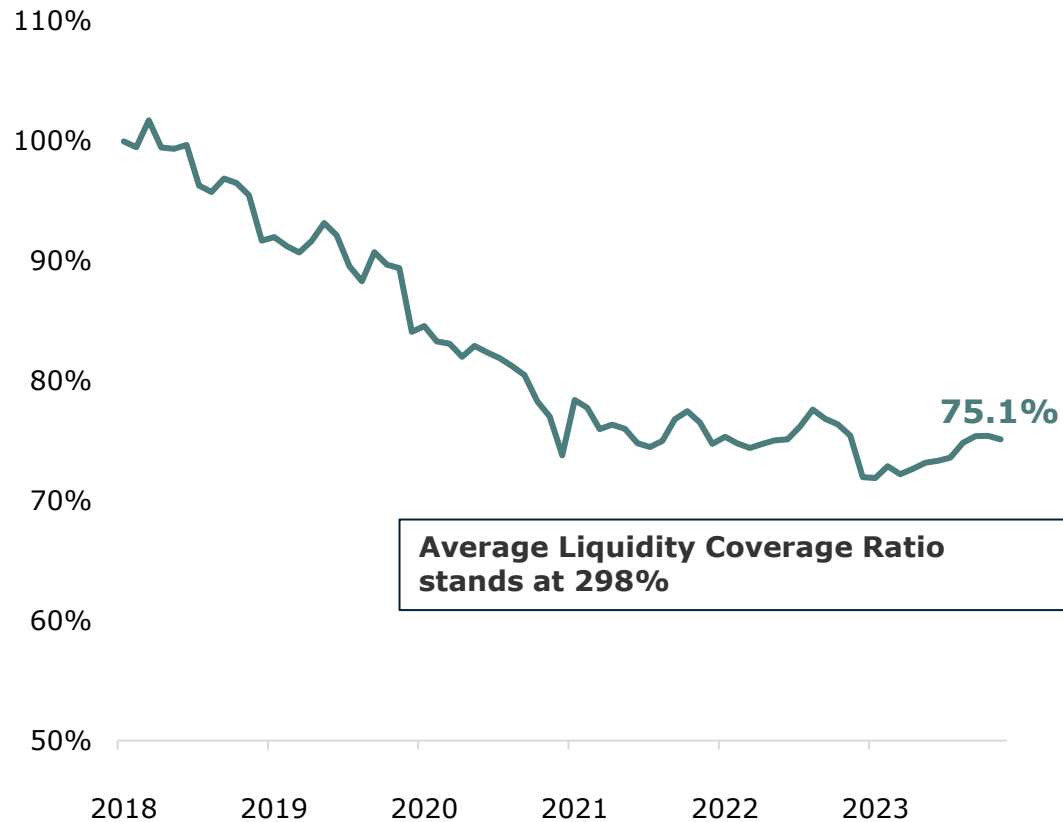


- Other liabilities & equity
- Foreign deposits
- Deposits from other Baltic states
- Domestic deposits
- MFI
- LB operations

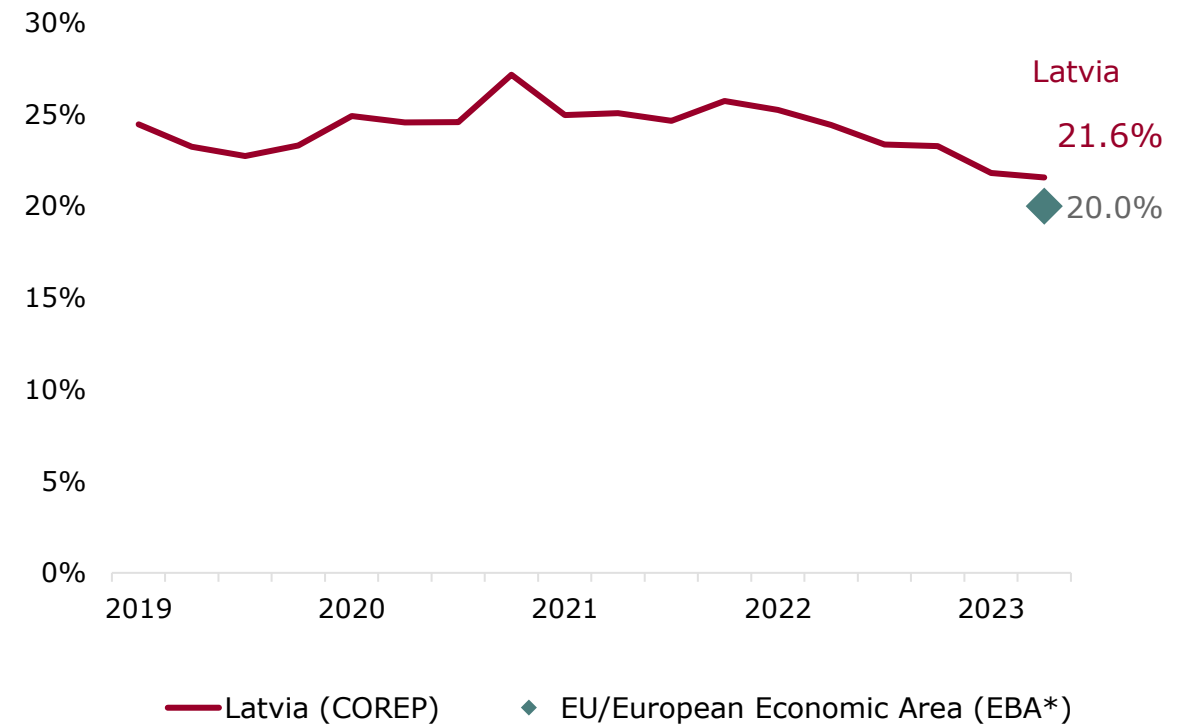
# BANKS HAVE AMPLE LIQUIDITY RESERVES AND HIGH CAPITALIZATION

Ample capital buffers provide good shock absorption capacity

## Domestic loan-to-deposit ratio



## Total capital ratio



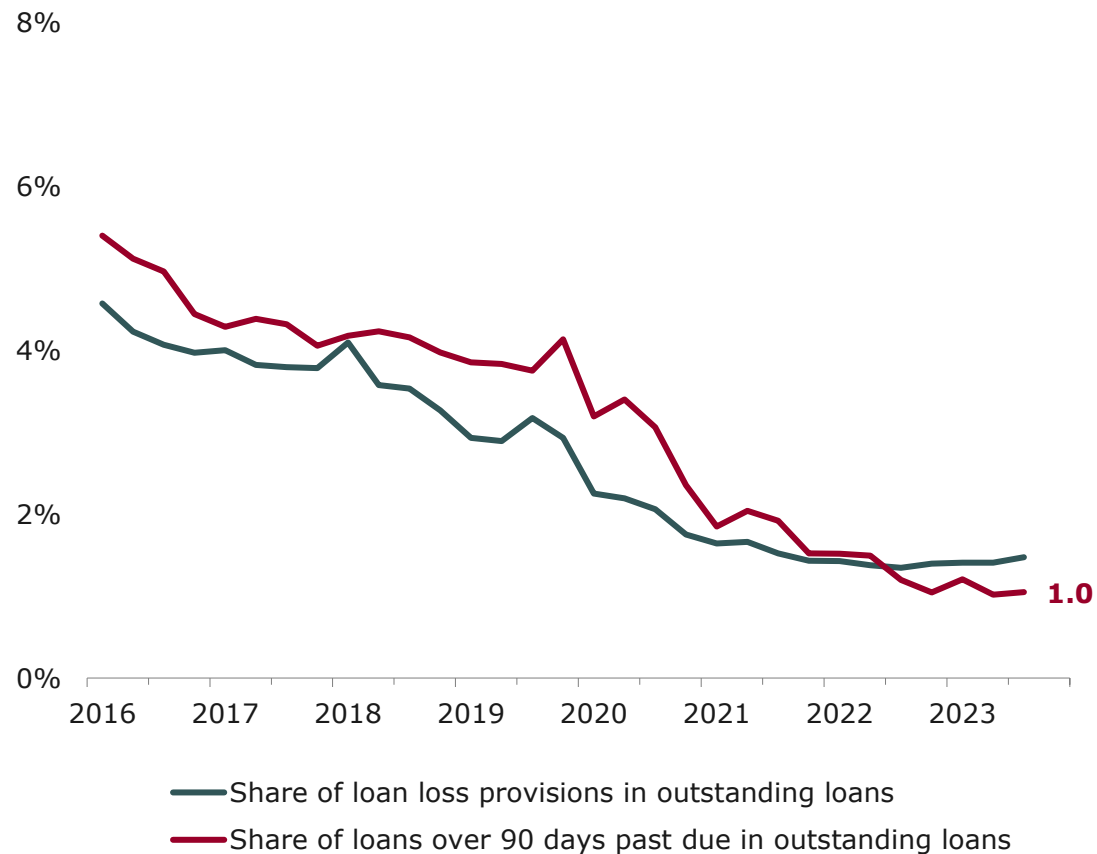
\* Data for European Union (EU)/European Economic Area (EEA) are European Banking Authority (EBA) sample of largest institutions, for Latvia COREP data of active institutions are used

Source: Latvijas Banka, European Banking Authority (EBA) Risk Dashboard 2023 Q2

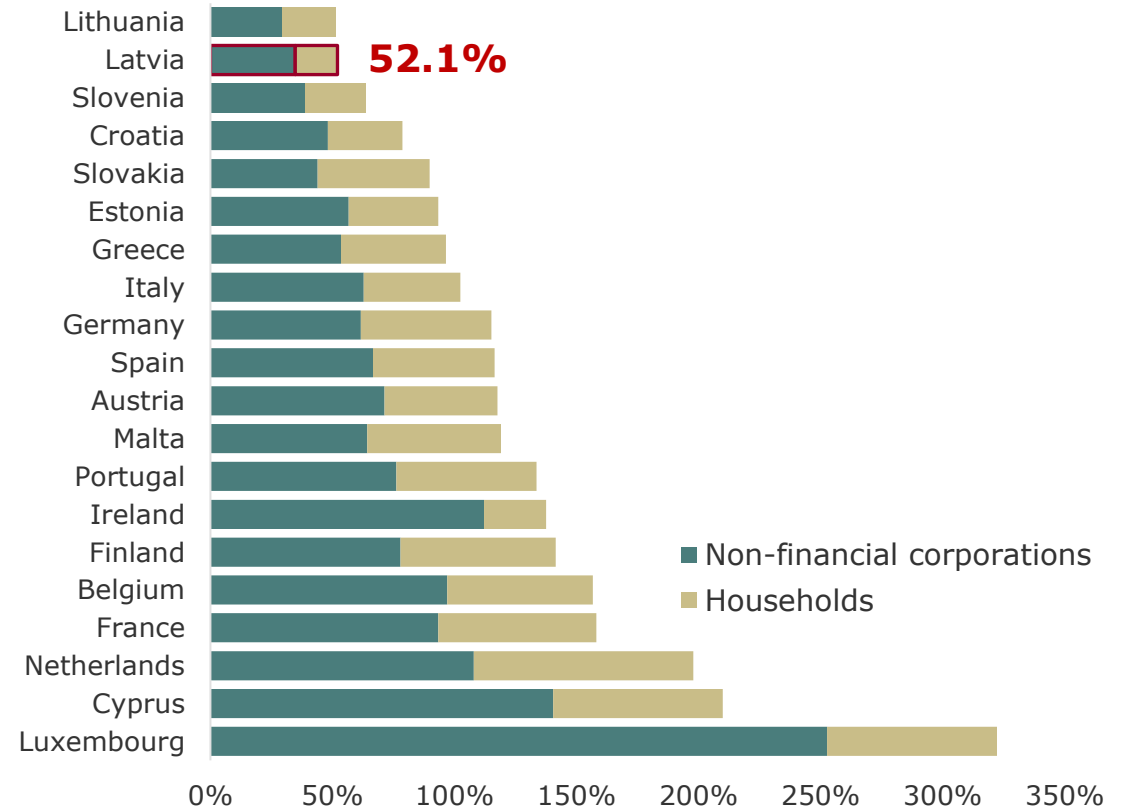
# BANKS' CREDIT QUALITY REMAINS GOOD, HOUSEHOLD AND CORPORATE INDEBTEDNESS IS LOW

Prudent lending practices and low leverage of households and corporate sector supports asset quality

## Total Loan portfolio quality



## Total debt\*-to-GDP



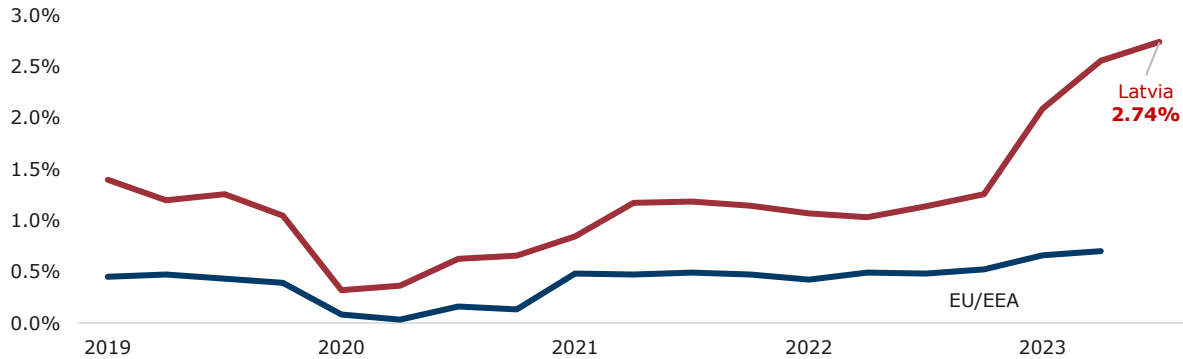
\*Total consolidated debt vis-a-vis rest of the economy in 2023 Q2



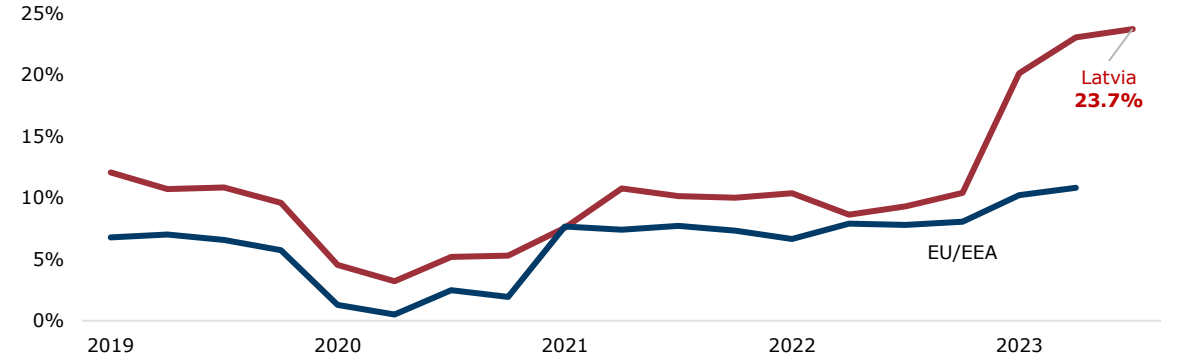
# BANKING SECTOR PROFITABILITY IS ABOVE EU AVERAGE

Exceptional profitability in 2023 is boosted by rising net interest income

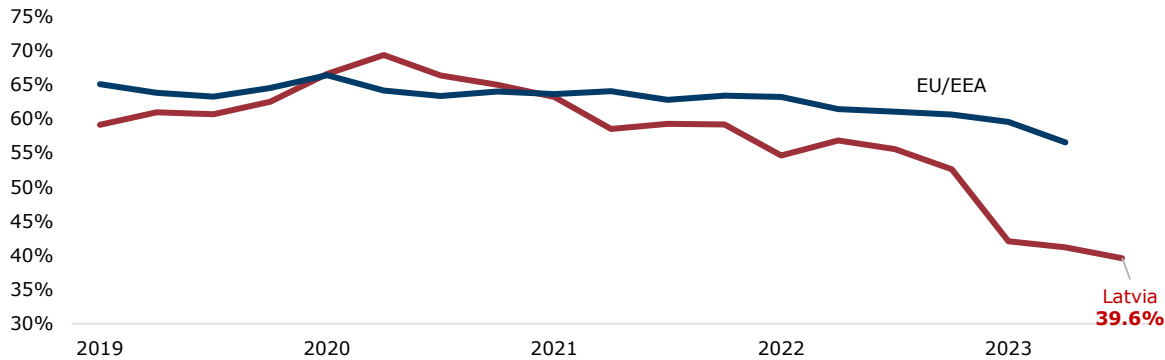
## Return on Assets



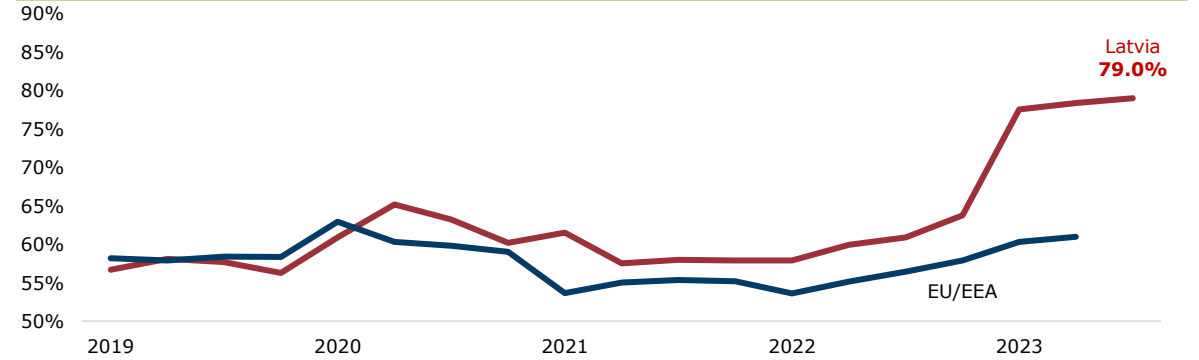
## Return on Equity



## Cost-to-income ratio



## Net interest income to total net operating income



**GOVERNMENT DEBT  
MANAGEMENT:**

FLEXIBILITY OF FUNDING STRATEGY



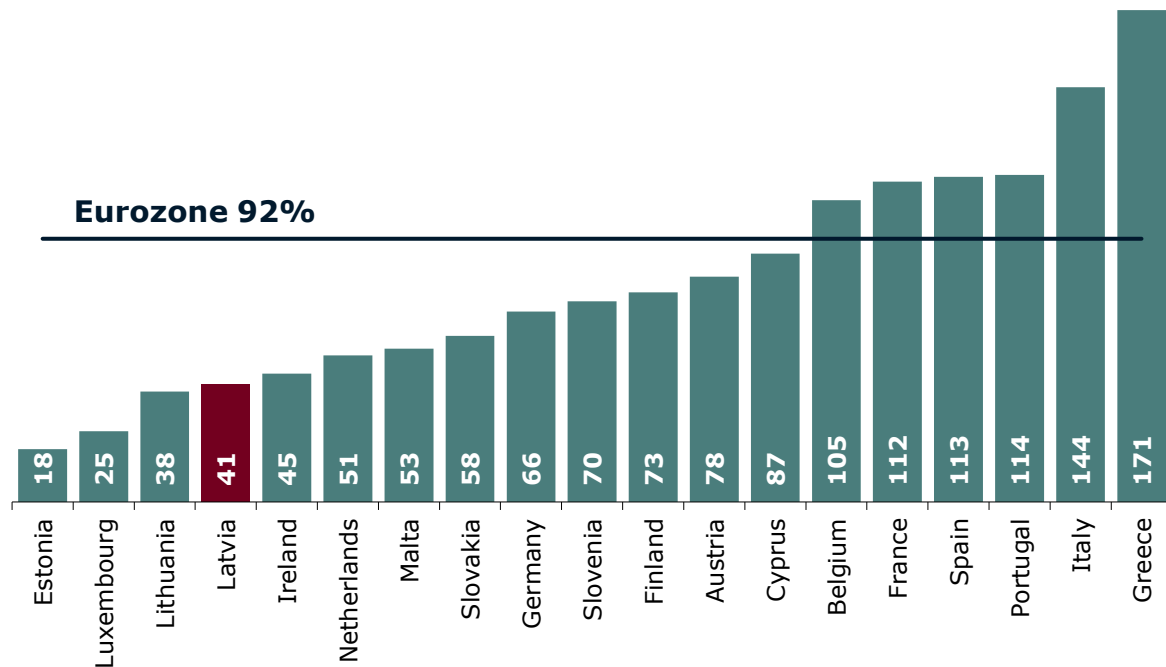
# GENERAL GOVERNMENT DEBT REMAINS LOW AND MANAGEABLE

General government debt is expected to stay well below 60% of GDP, stabilizing at a level about 41% of GDP in the medium term. Other debt metrics are also very favorable

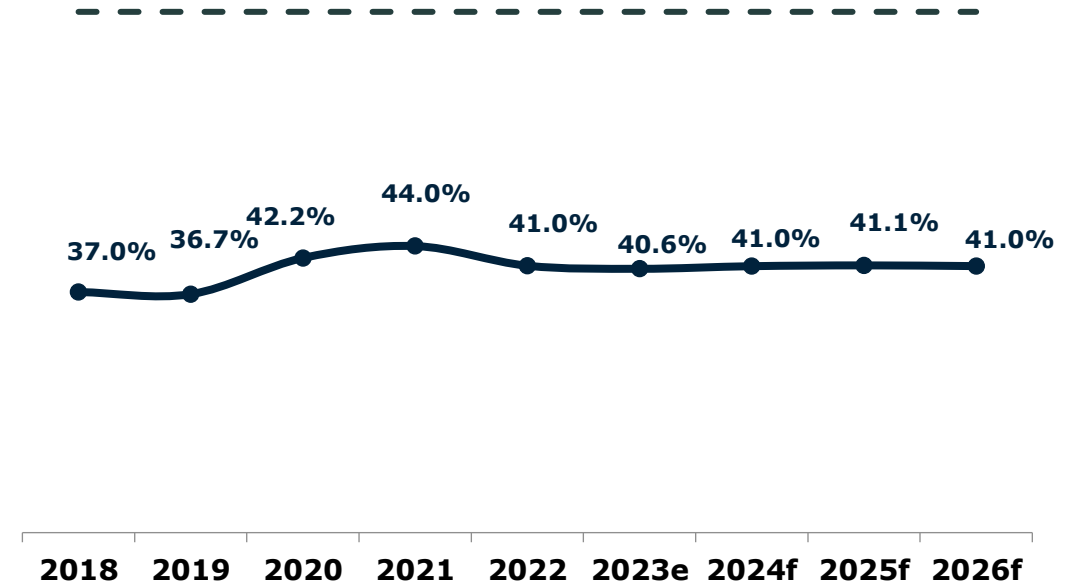
**4<sup>th</sup> lowest general government debt level in the Eurozone in 2022**

**Low debt level provides effective buffer for additional funding needs, if necessary**

Weighted-average cost of debt: 1.79%\*  
Weighted-average maturity: 6.74 years\*



**Stability and Growth Pact: 60%**



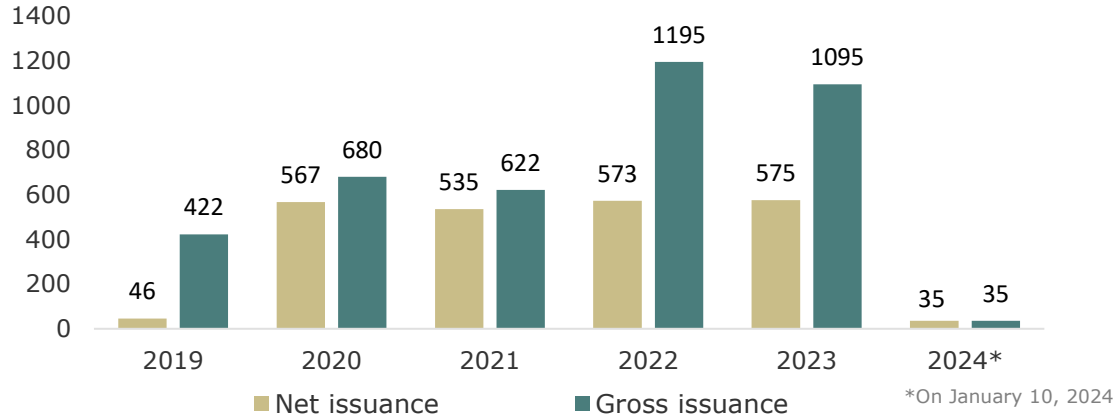
Source: Eurostat, \* data on December 30, 2023, Treasury

Source: Eurostat, Budget and medium term budget framework law 2024-2026, Treasury's estimation

# DEMAND IN THE DOMESTIC AUCTIONS CONTINUES TO BE SUPPORTIVE

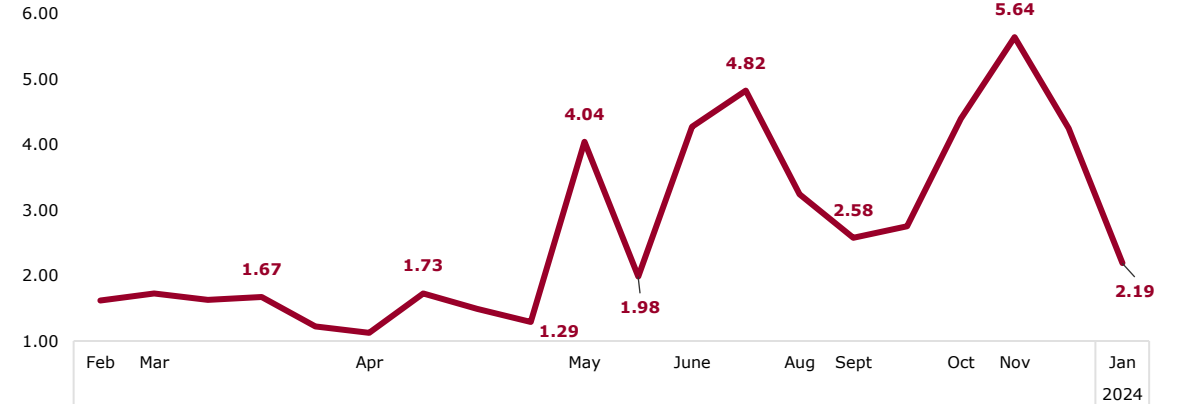
Liquidity of the outstanding Eurobonds is facilitated by TAP auctions in domestic market

**In 2022 the emphasis has been on the domestic market by borrowing largest ever volumes in relatively short period (millions, EUR)**



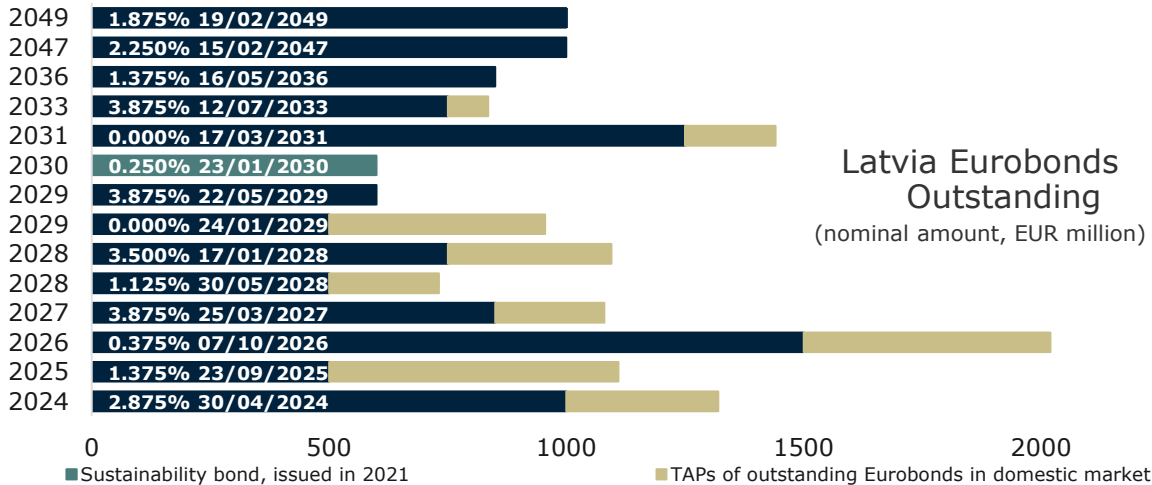
Source: The Treasury as of 10.01.2024.

**Domestic market continues to perform strongly in domestic auctions (BIDs/Sold amount ratio)**



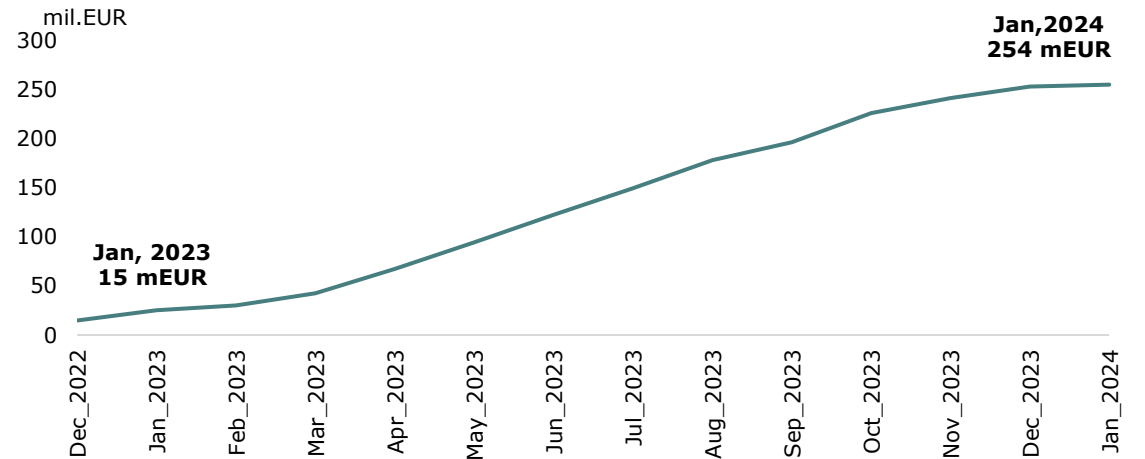
Source: The Treasury as of 10.01.2024.

**Liquidity of bonds outstanding is increased by regular TAP auctions of XS ISIN bonds in domestic market**



Source: The Treasury as of 10.01.2024.

**Savings Bonds – record demand from retail investors in 2023**

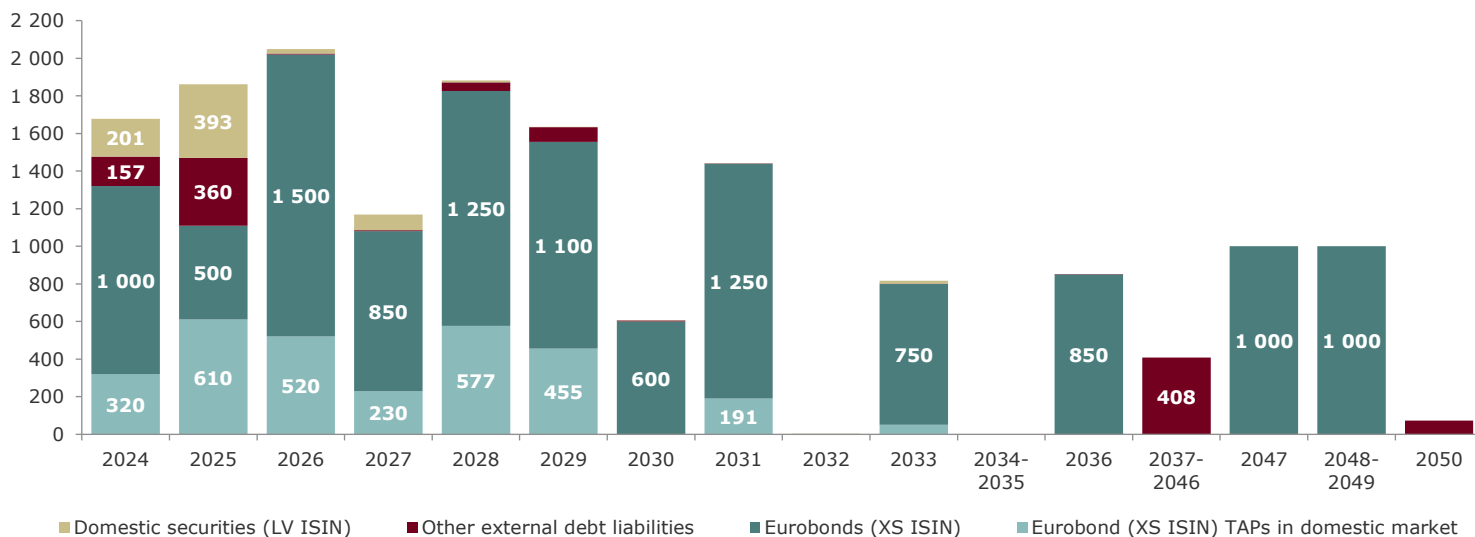


Source: The Treasury as of 10.01.2024.

# FLEXIBILITY IS EMBEDDED IN LATVIA'S FUNDING STRATEGY

Main funding instruments are government debt securities issued in the international and domestic capital markets, amidst diversified funding tools

## Debt redemption profile (EUR million)



Source: The Treasury, on December 31, 2023

## Estimated central government borrowing volumes in 2022-2025

(including international and domestic market)

	Actual 2022	Actual 2023	Plan 2024	Plan 2025
<b>Gross Borrowing volumes</b> (nominal amount, EUR bn)	2.2	3.65	2.9	3.15
<b>Cash buffer (% of GDP)</b>	<b>3.9</b>	<b>3.5</b>		

The estimated gross borrowing volume is indicative, subject to actual state budget execution and may change due to number of contingencies and external factors

## Government bonds issued in 2023

### International capital market syndications – 3 transactions totalling EUR 1.5bn

- ✓ EUR 750 million bond maturing in January 2028
- ✓ EUR 750 million bond maturing in July 2033
- ✓ EUR 600 million bond maturing in May 2029

### Domestic auctions

- ✓ Re-opening of bonds under LATVIA ticker from 2026 up to 2033 maturity
- ✓ Information about upcoming auction  
<https://www.kase.gov.lv/en/debt-management/securities-in-domestic-capital-markets/auctions-calendar>

### Savings Bonds

- ✓ Outstanding saving bonds reached EUR 254 million raised as of January, 2024 across different maturities from 12 month up to 10Y

# LATVIA PIONEERED SUSTAINABLE FUNDING IN THE REGION

## First Sovereign issuing a Sustainability Bond from the Baltic and Nordic regions

- ✓ The Republic of Latvia has established a **Sustainable Bond Framework in November 2021** confirming its commitment to contribute to financing its environmental and social transition and to support the development of Sustainable Finance in the Republic. Among the **11 categories of eligibles expenditures** for the use of proceeds approach, **8 are related to green projects** and **3 to social ones**.

*Web link to the framework: [Latvia - Sustainability Bond Framework FINAL.pdf \(kase.gov.lv\)](#)*

- ✓ The **Sustainable Bond Framework** has been independently reviewed by the second party opinion provider **ISS ESG** and assessed as aligned with ICMA's Green Bond Principles (GBPs), Social Bond Principles (SBPs) and Sustainability Bond Guidelines (SDGs).

*Web link to the Second Party Opinion: [Sustainability Quality of the Issuer and Sustainability Bond Framework \(kase.gov.lv\)](#)*

### ISS ESG evaluation grid

Sustainability bond's link to Latvia's sustainability strategy	Consistent
Alignment with GBPs, SBPs and SBGs	Aligned
Sustainability quality of the selection criteria	Positive

## Sustainability Bond Allocation and Impact Report

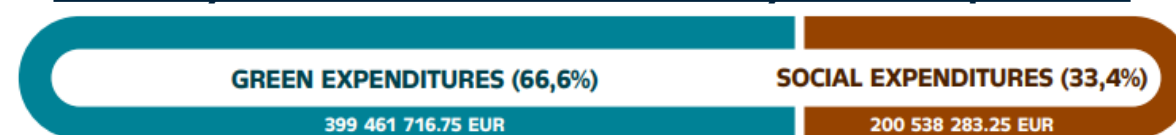
- ✓ The Republic of Latvia has issued its **debut sustainable bond in December 2021 with a € 600mn long 8-year transaction** (January 2030) and hence has released an allocation and impact report on March 2023.

*Web link to the Sustainability Bond Allocation and Impact Report: [Latvia Sustainability Bond Allocation and Impact Report.pdf \(kase.gov.lv\)](#)*

- ✓ **ISS ICS** (powered by ISS ESG) **provided assurance on the allocation and impact reports post-issuance** confirming that the proceeds raised through the sustainable bond have been allocated in compliance with the criteria and objectives of the Republic's sustainable bond framework.

*Web link to the Ex-Post External Report Review: [Report Review Latvia Sustainability Bond report \(kase.gov.lv\)](#)*

### Summary of the allocation Sustainability Bond net proceeds



### Report Review Assessment Summary

Alignment with Latvia's commitments set in the Framework	Aligned
Alignment with the Harmonized Framework Impact Reporting	Aligned <sup>1</sup>
Proceeds allocation disclosure & soundness of reporting indicators	Positive

<sup>(1)</sup> except for reporting on an annual basis. Given the complexity for sovereign(s) to issue GSSB financial instruments, some delay in the bond allocation reporting could be observed in the bond market.

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