



Republic of Latvia

REPUBLIC OF LATVIA

Investor presentation

November, 2023

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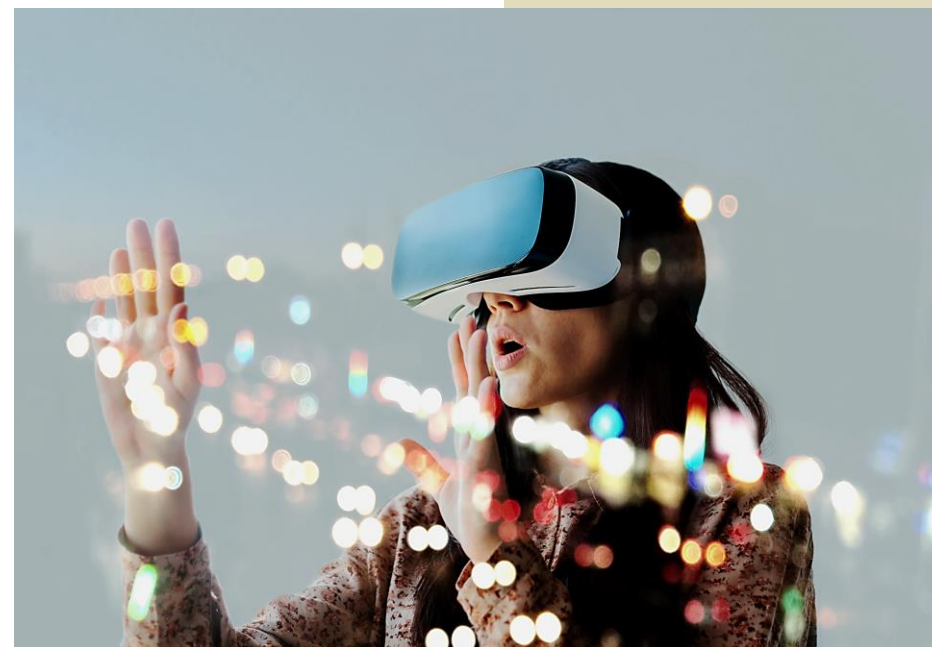
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OVERVIEW:

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 is expected to stabilize above 2.5% annually over the next few years
- 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. Gross fixed capital formation has nearly doubled for over a decade

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 underpins its 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 could provide Latvia up to EUR 6.8 bn in next years, in addition to other EU multiannual facilities that could be provided to Latvia

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 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 2.8% in 2024, 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 it 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. Current account deficits increased temporarily in 2021-2022, largely funded by FDI inflows
- 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 1.3% of liabilities and 0.4% of assets in Russia as of September 2023

Energy/Military Security

- Latvia reacted swiftly to the Russia military invasion of Ukraine by replacing Russian gas imports with new regional arrangements while imposing austerity measures which have reduced gas consumption. Energy security is guaranteed by access to regional LNG facilities and large inland 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

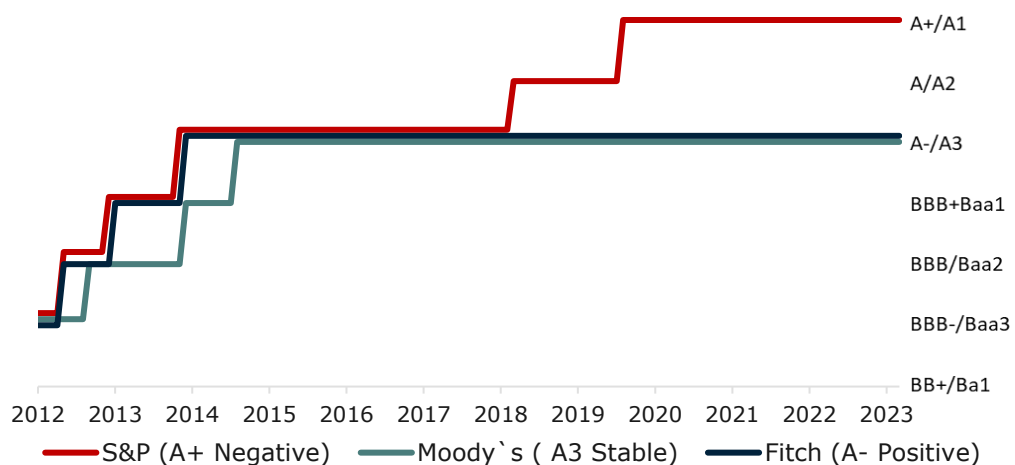
- Latvia's banking system is a credit strength. Latvian banks are well capitalized, profitable and cost-efficient. Liquidity coverage ratio is strong at 244% in September 2023.
- Latvia's households and corporates are the least indebted in the EU at 52% of GDP in 2Q2023. At the same time, bank portfolios are healthy, with non-performing loans representing just 1% of total portfolio and loss provisions covering fully risky loans.



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 June 16, 2023, **S&P Global** published announcement that Latvia's long-term foreign currency sovereign credit ratings remains the A+ level with Negative outlook (did not contain 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)

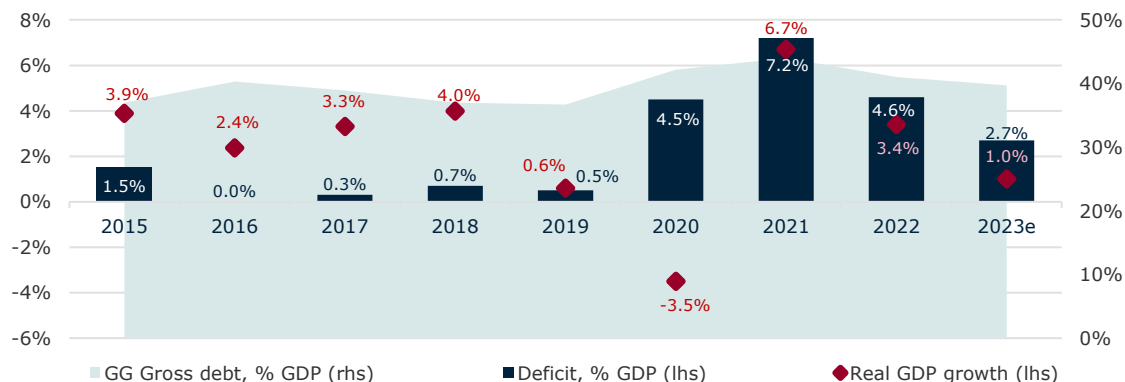
Fitch Ratings

A- / Positive ▲

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

Source: S&P, Fitch and Moody's

Resilient growth on the back of fiscal prudence



Source: Eurostat, 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



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 is a unique underground natural gas storage 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% reserved for the 2023/2024 cycle

- At the end of the injection season, which ended on 15 October, 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.
- Latvia is well-prepared to tackle a possible energy shortage by creating gas energy security reserves of 1.8 TWh in December 2022.
- 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 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 BRELL¹ system, emergency synchronization would be immediately ensured

Latvia is among the greenest electricity producers in EU - 64% of actual electricity was generated from renewables in 2021²



3rd highest overall share of **gross final energy consumption** from renewable sources among EU countries in 2021³



6th largest share of renewable **electricity** production among EU countries in 2021⁴

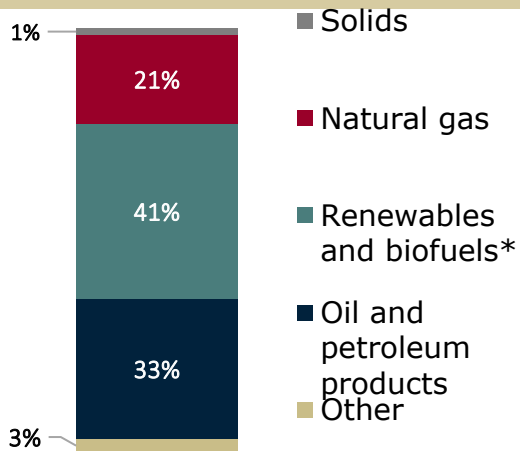
¹BRELL: Belarus, Russia, Estonia, Latvia and Lithuania

² Source: https://energy.ec.europa.eu/system/files/2022-10/LV_2022_Energy_Snapshot.pdf

³Source: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Renewable_energy_statistics

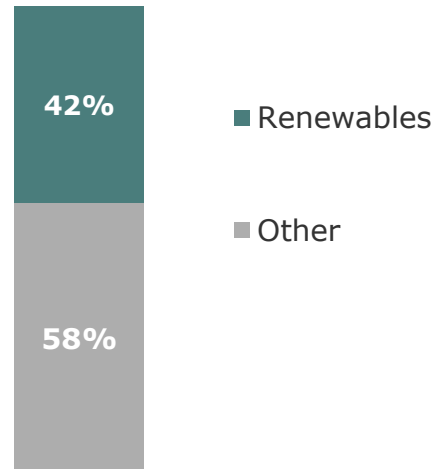
⁴ Source: https://ec.europa.eu/eurostat/databrowser/view/NRG_IND_REN/default/table?lang=en

Latvia energy mix 2021



* As per operational data, in 2022 Renewables and biofuels increased to 43.45%, verified statistics will be available on September 2023

Latvia gross final energy consumption in 2021



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)



Full synchronization of Baltic power system with European Continental Network **by 2025** ensuring integral independence from Russia



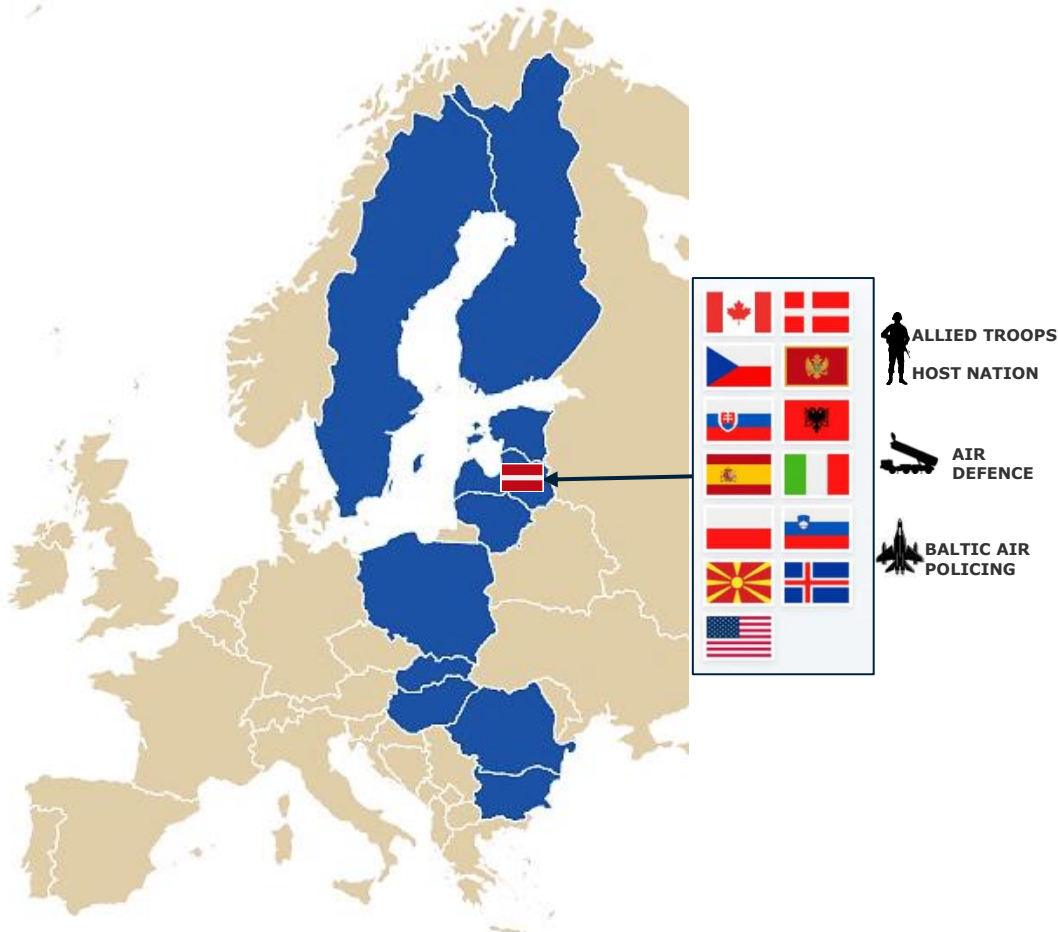
Several large investment projects planned, among others:

- 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 battlegroup in Latvia
- During NATO Summit 2022 in Madrid it was agreed to scale up existing battlegroups to brigade-size units, and before NATO Summit 2023 in Vilnius the roadmap for upgrading Canadian-led NATO enhanced Forward Presence Battle Group Latvia was signed.

Latest developments

- Latvia and Estonia will jointly acquire German medium-range air defense systems
- Canada has sent Leopard-2 tanks to Latvia - another step towards upgrading NATO's enhanced Forward Presence Battle Group Latvia
- Denmark will deploy a battalion of soldiers in Latvia starting from next year.

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
- Introduction of conscription: First wave of volunteer recruits started their state defence service duty on 1 July, 2023
- Gradual increase of defence budget to 2.5% of GDP by 2025 (3% of GDP by 2027)

FISCAL POLICY:

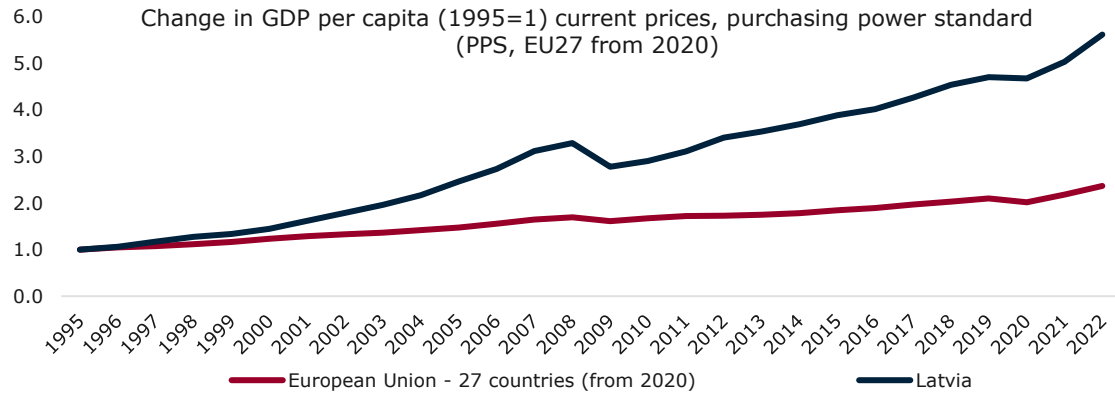
MODERATE DEFICIT AND LOW DEBT



SOLID GROWTH, FISCAL BUFFERS AND HIGH PUBLIC INVESTMENTS IN PREVIOUS YEARS

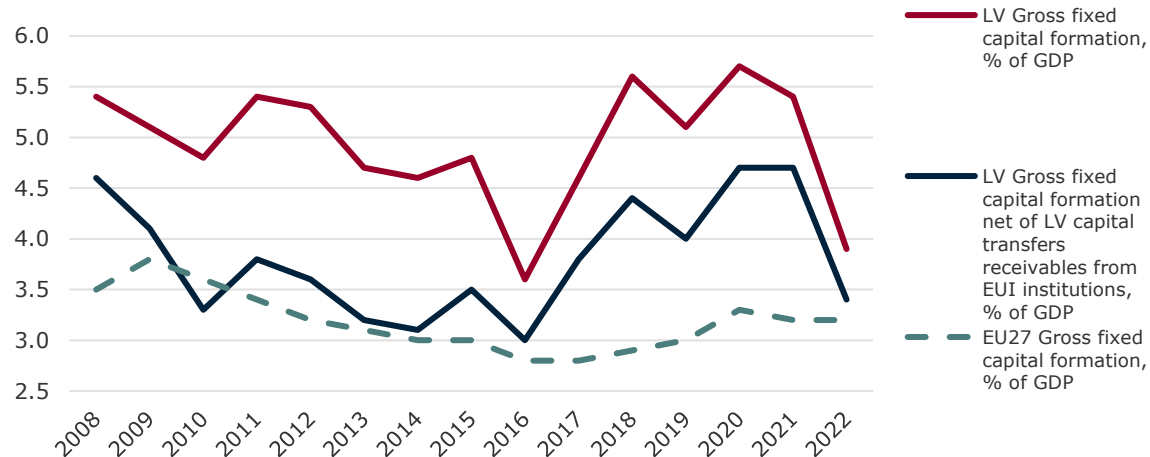
Moderate deficits and solid growth during 2012 -2019 contributed to public debt reduction

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



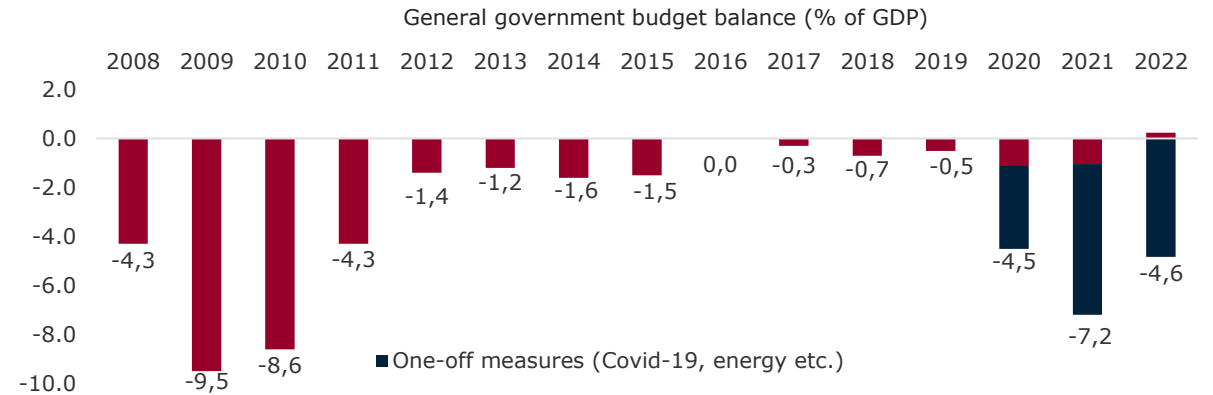
Source: Eurostat

Debt reduction has been achieved without compromising levels of public investment, which is above EU average, even netting out EU support



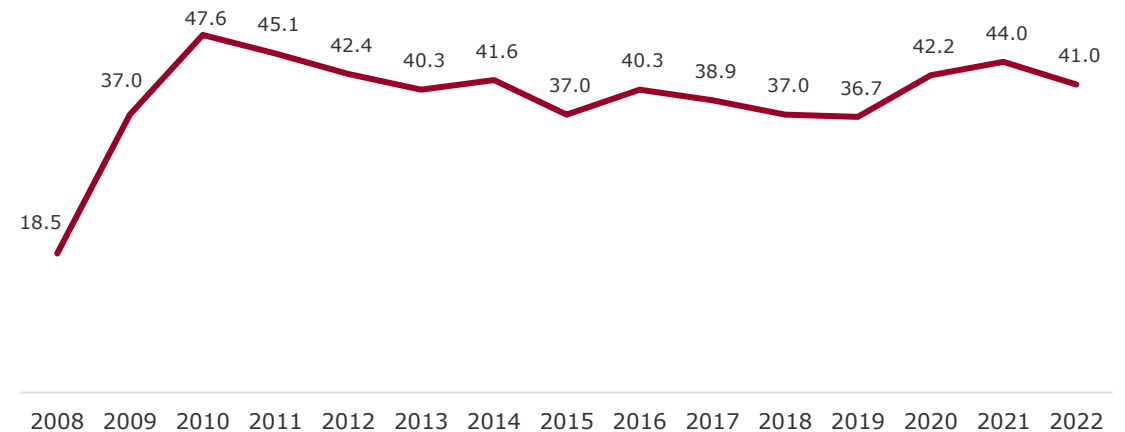
Source: Eurostat

Moderate deficits and solid growth during 2012 -2019 contributed to debt reduction by 10 pp in 8 years thus building fiscal buffer for next challenges



Source: Eurostat, calculations of MoF for one-off measures, draft law on the State Budget for 2024 and the budgetary framework for 2024, 2025 and 2026

General Government Debt (% of GDP)



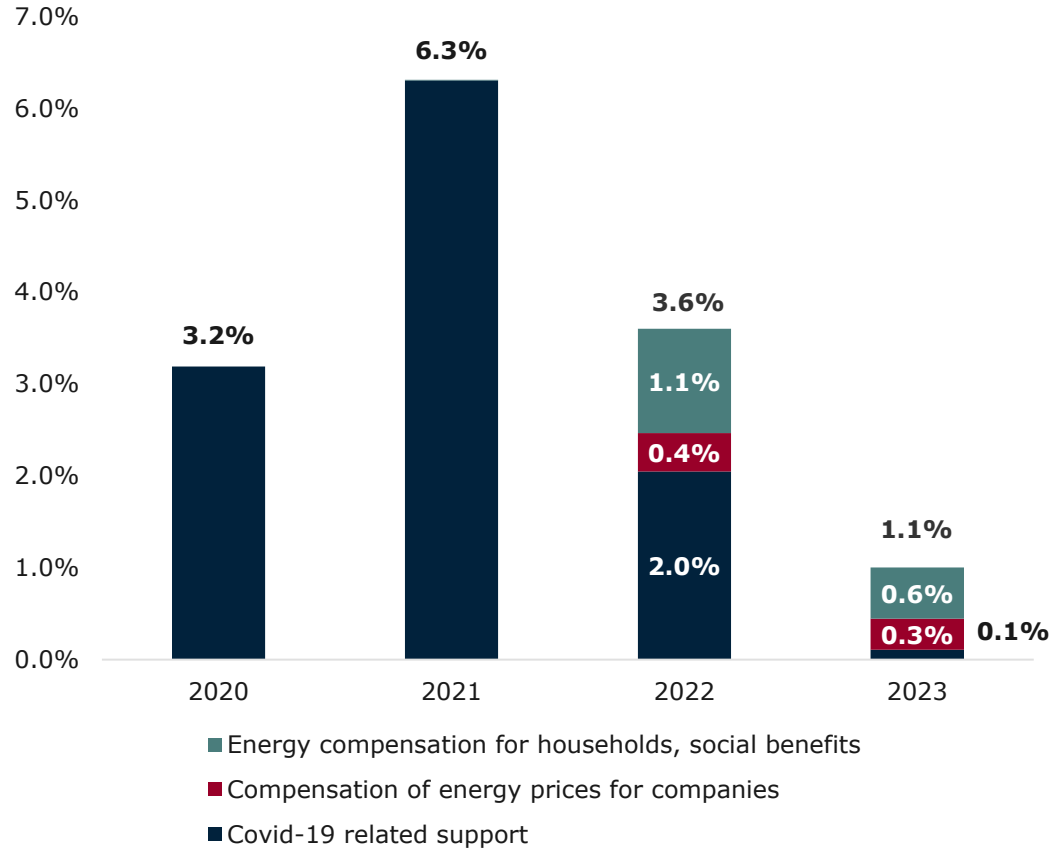
Source: Eurostat

FISCAL SPACE PROVIDES ROOM FOR SOCIAL SUPPORT MEASURES

Support measures were calibrated to minimize the negative spill-overs.

Public support packages

(% of GDP, impact on budget balance)



Principles in calibrating the support measures, if needed

- ✓ All support measures - temporary
- ✓ As far as possible the support would be targeted to most vulnerable households and companies

Targeted support measures

- The size of **targeted measures** would be significant enough to address **the underplaying challenges**

Broad support measures

- To **avoid socio-economic risks** and ensure preservice of political stability
- As small in size as possible to **minimize negative effects** in wage – inflation spiral

Note: electricity related support that applies to both households and companies is split equally among those categories

* As on 16.10.2023.

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

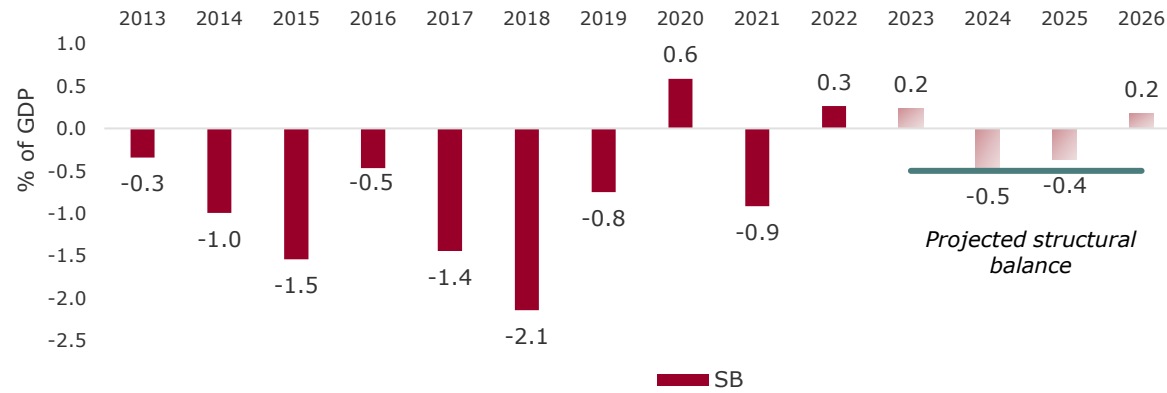
Government commitment to respect the structural balance rule of deficit not more than 0.5% of GDP. Favourable debt position compared to other EA countries

Fiscal strategy 2023 - 2026

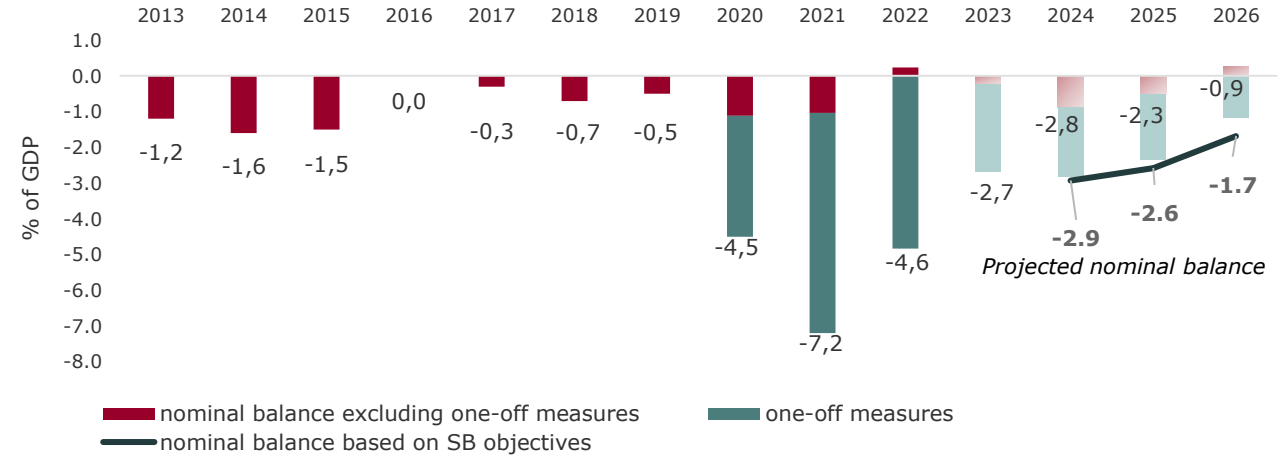
(one-off measures: defense expenditure increase, defense and security investments, energy support, COVID-19, support package to refugees from UA, support to UA)

Structural balance

(national methodology, i.e. excluding one-off measures)



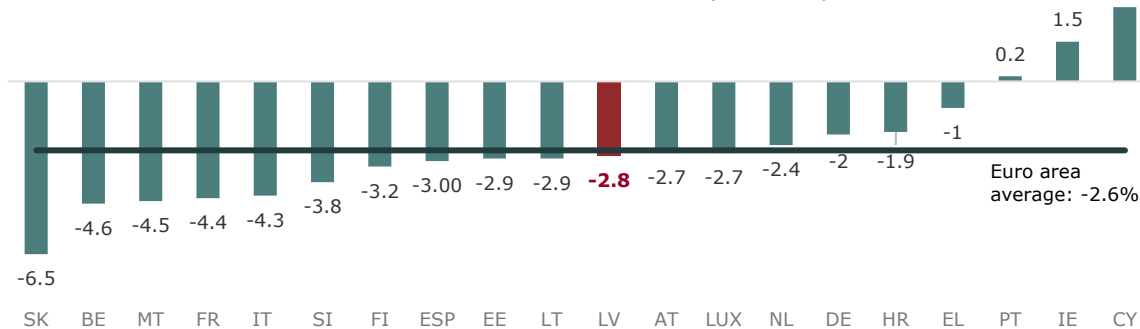
Nominal balance



Source: Eurostat, draft law on the State budget for 2024 and the budgetary framework for 2024, 2025 and 2026

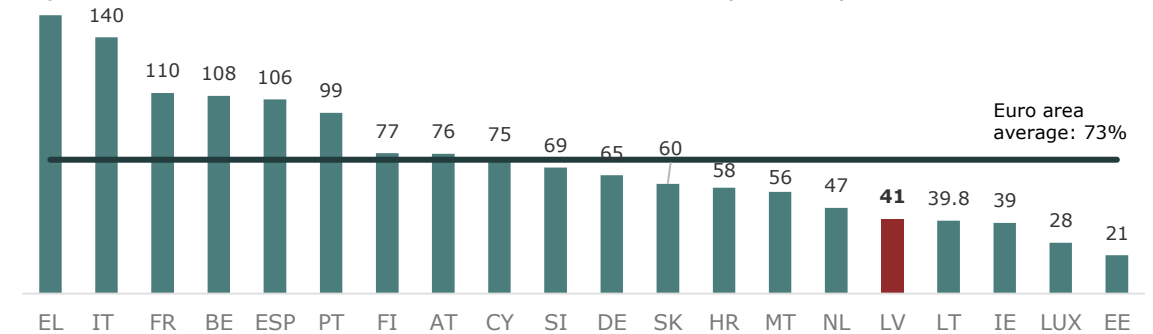
Latvia's general government deficit planned close to euro area average

General Government balance in 2024 (% of GDP)



Latvia's general government debt almost twice as low as in euro area average

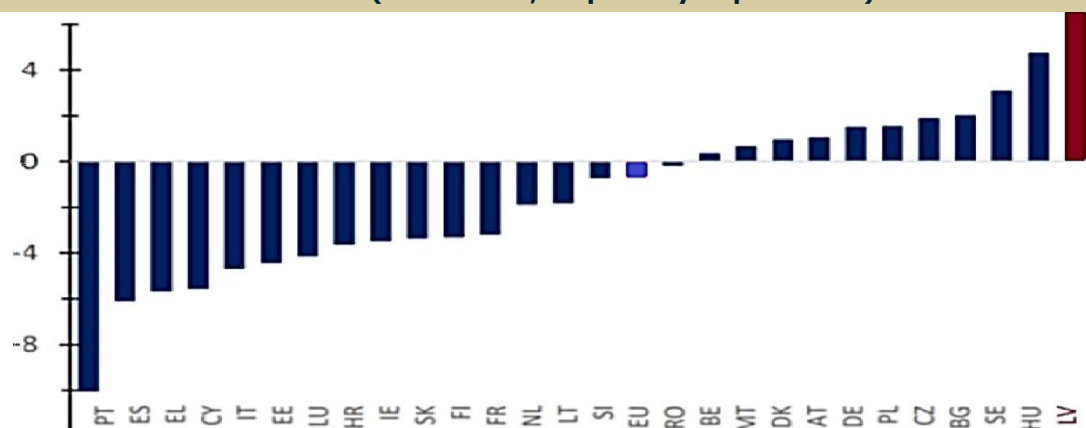
General Government debt in 2024 (% of GDP)



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

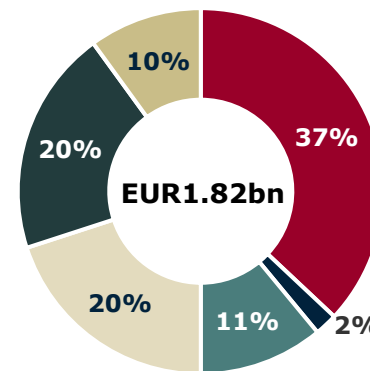
Change in the share of growth-friendly expenditure, by Member State (2001-2019, % primary expenditure)



Source: EC Report on Public Finances in EMU 2021

Recovery and Resilience plan (RRF)

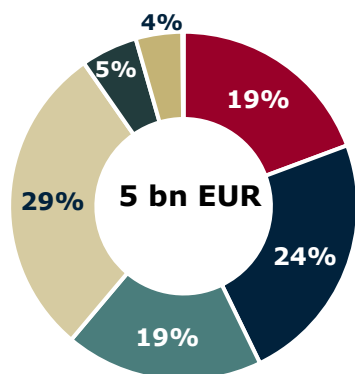
(Adopted by the Council on July 13, 2021)



- Climate 676.2 M €
- Rule of law 37 M €
- Economic transformation 196 M €
- Digital transformation 365.2 M €
- Reducing disparities 370 M €
- Health 181.5 M €

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 €

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

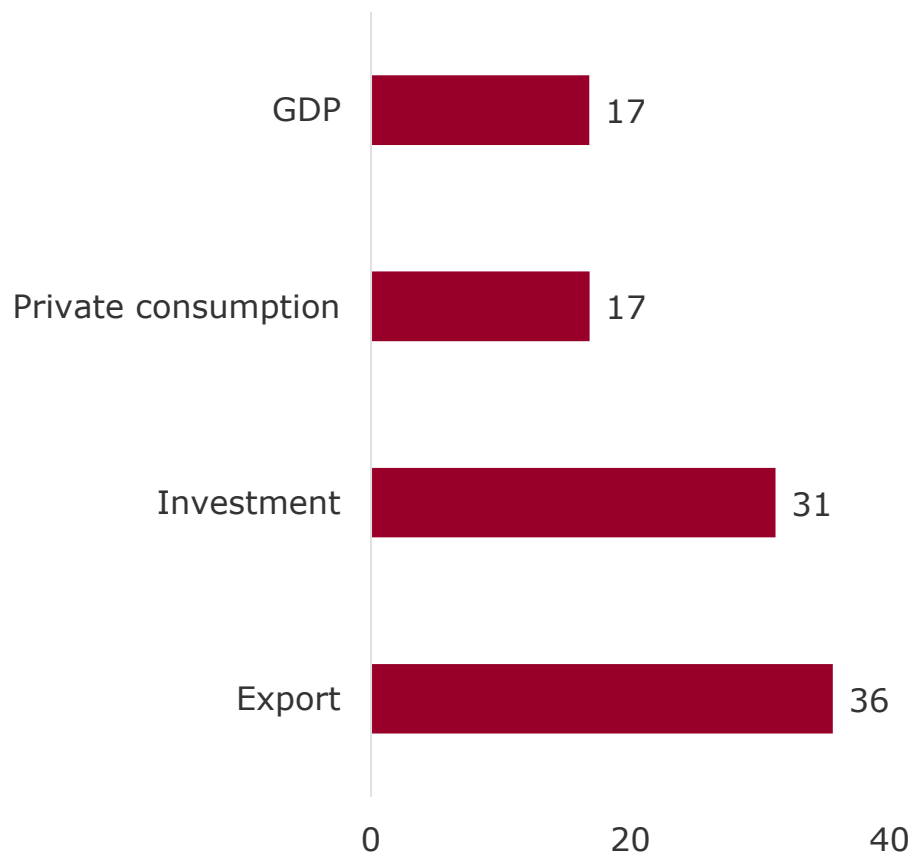
THE ECONOMY:
FLEXIBLE AND RESILIENT
ECONOMY



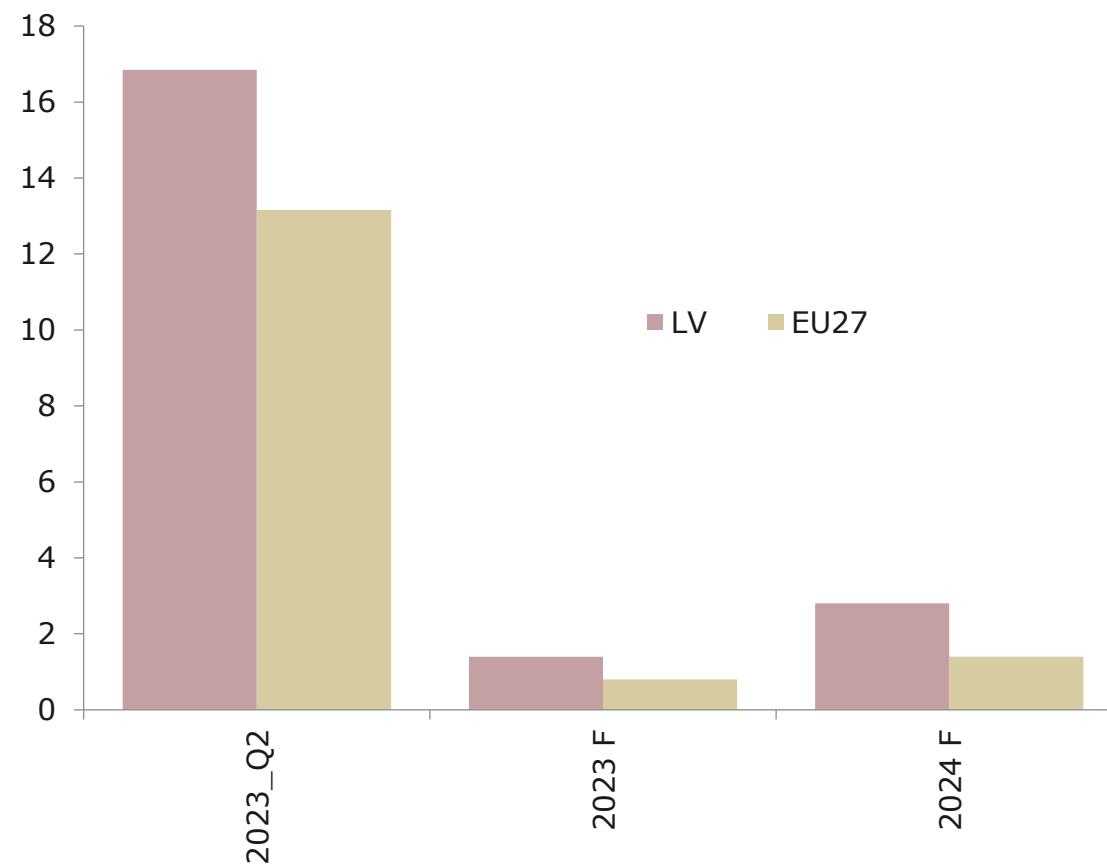
INVESTMENT AND EXPORT DRIVEN ECONOMIC GROWTH

Sound fundamentals support economic activity, increase resilience to external shocks

**GDP and its components
(Q2 2023/average 2015; %; in real terms; s.a)**



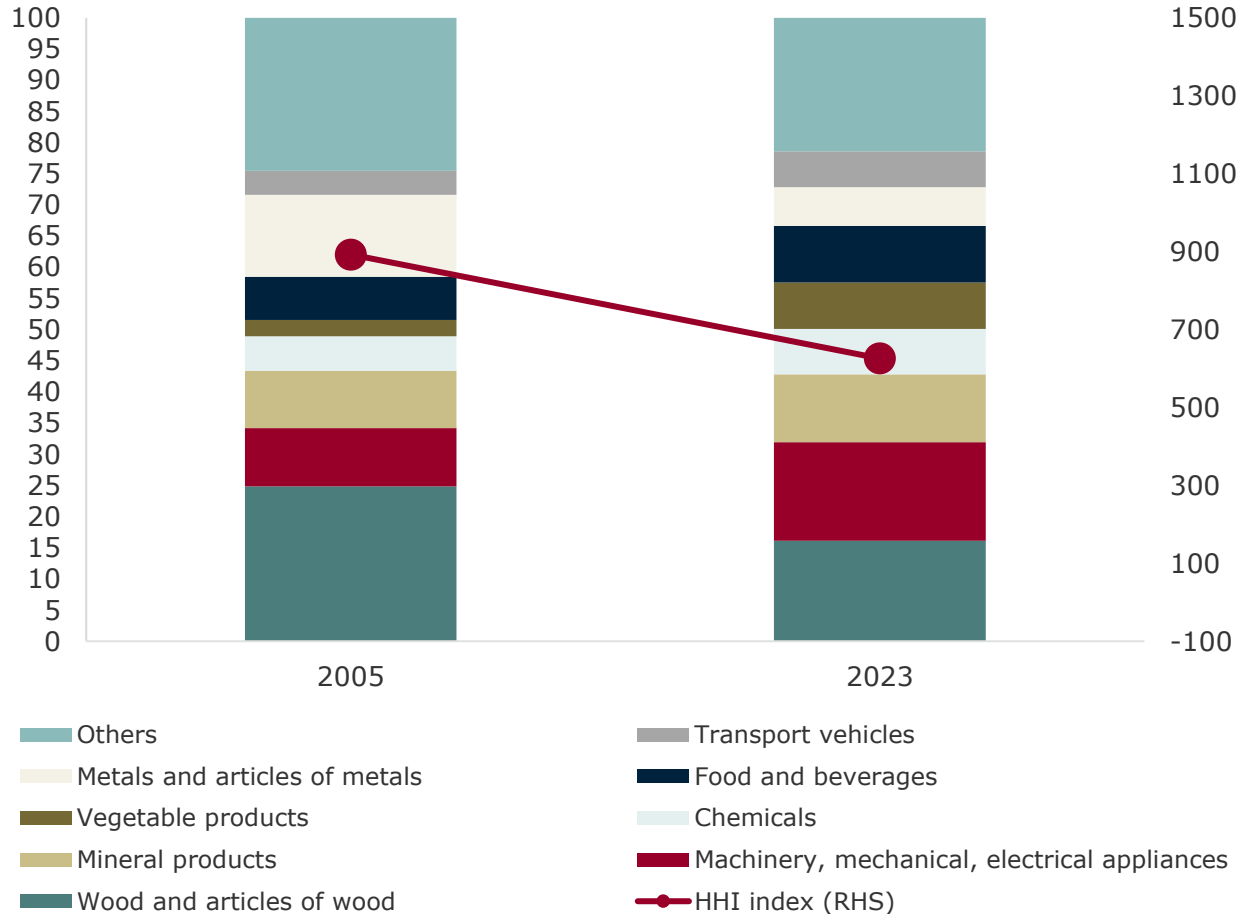
GDP in Q2 2023 compared to 2015 average (%; s.a.) and GDP forecast (y/y; %)



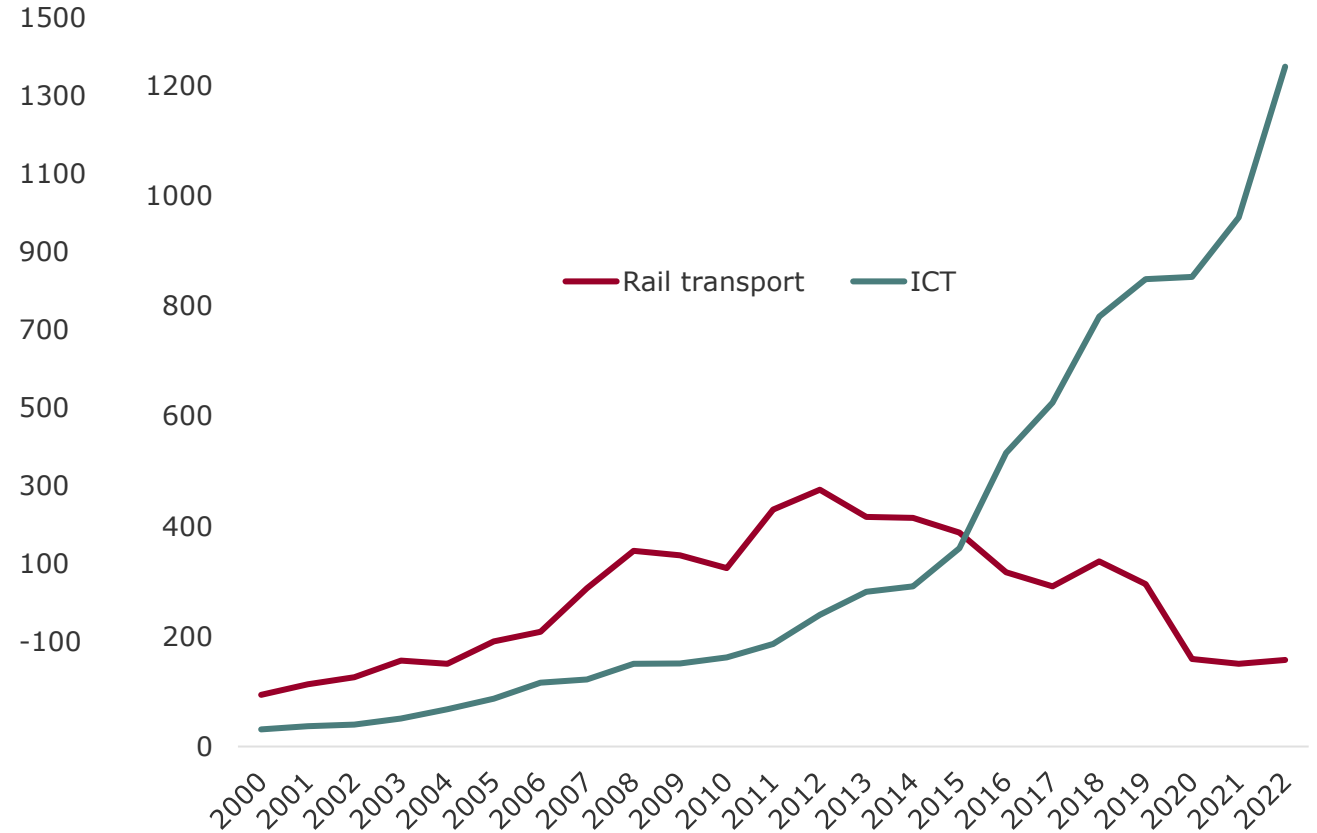
STRUCTURAL TRANSFORMATION TOWARDS MORE PRODUCTIVE SECTORS

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)



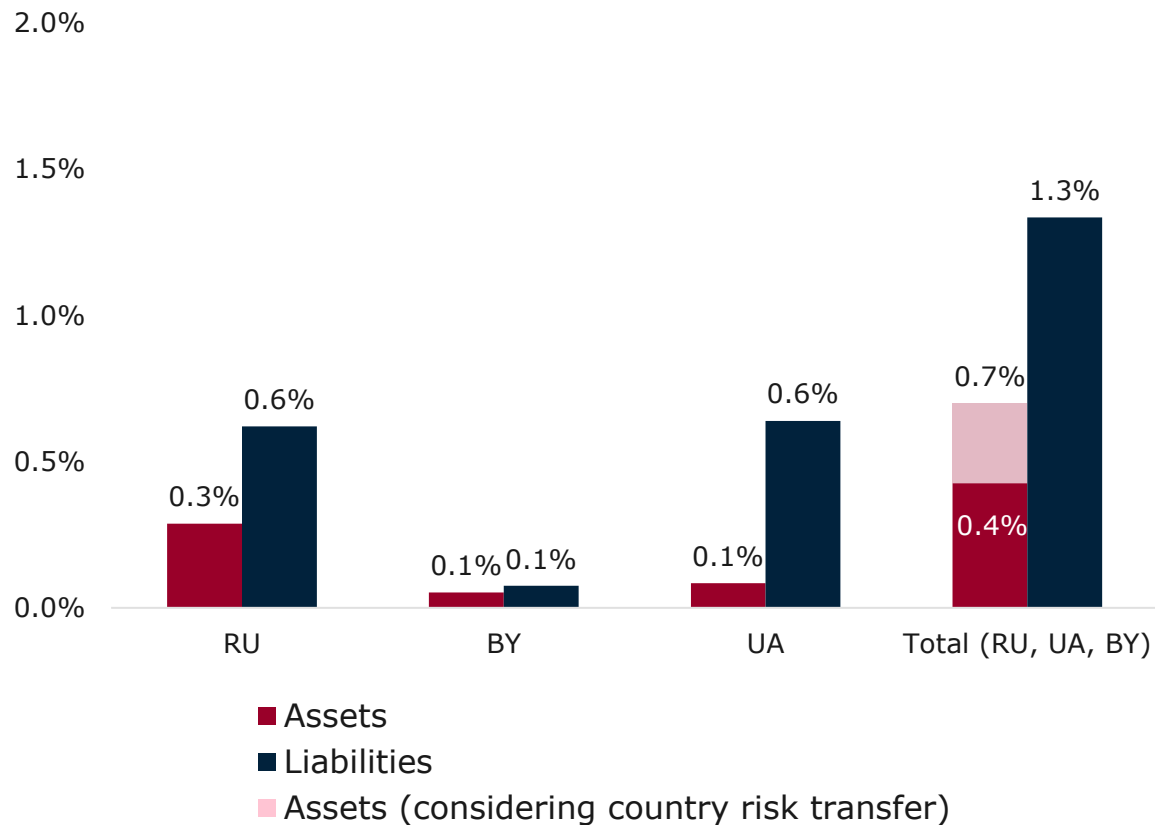
Export income of rail transport and Information and Communication Technology (ICT) services (million EUR)



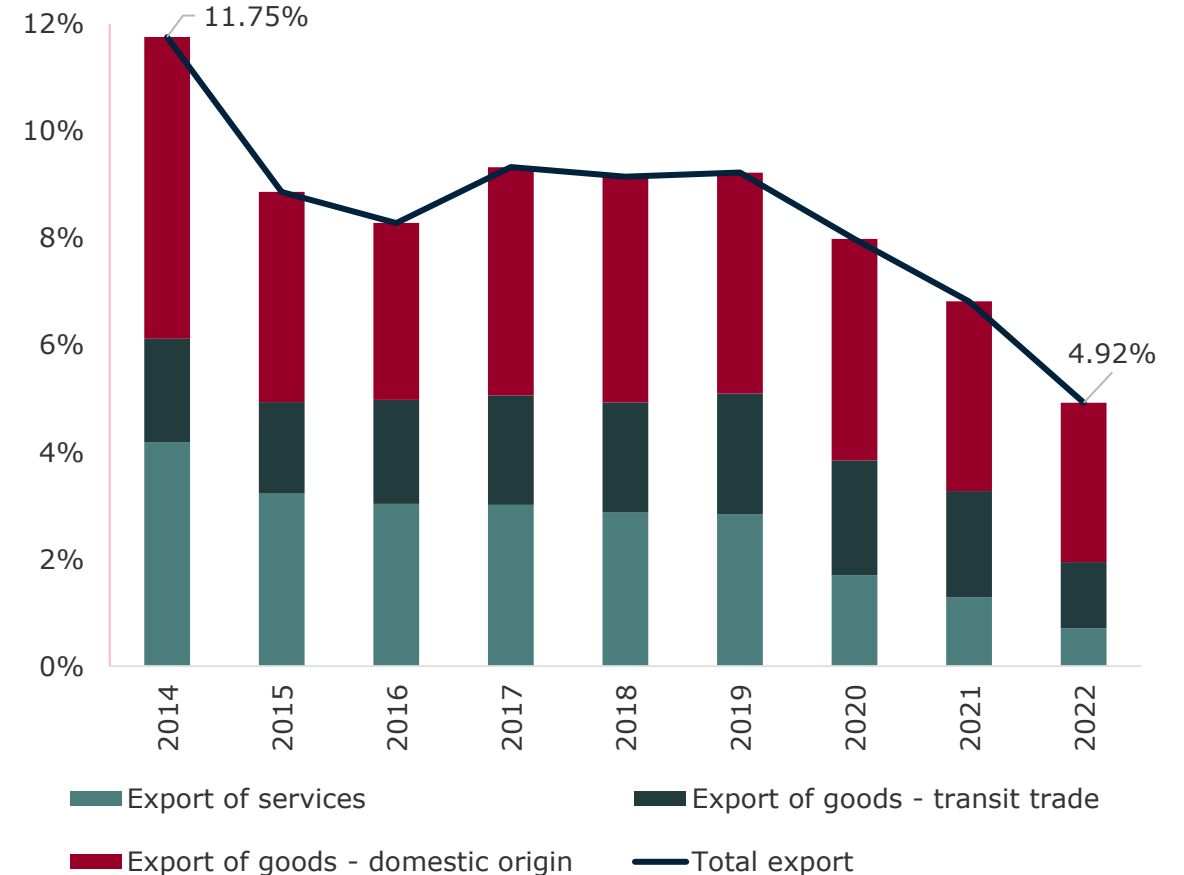
EXPOSURE TO RUSSIA IS RATHER LIMITED

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

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



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



AS GLOBAL ENERGY AND FOOD PRESSURES SUBSIDE, INFLATION DECLINES RAPIDLY

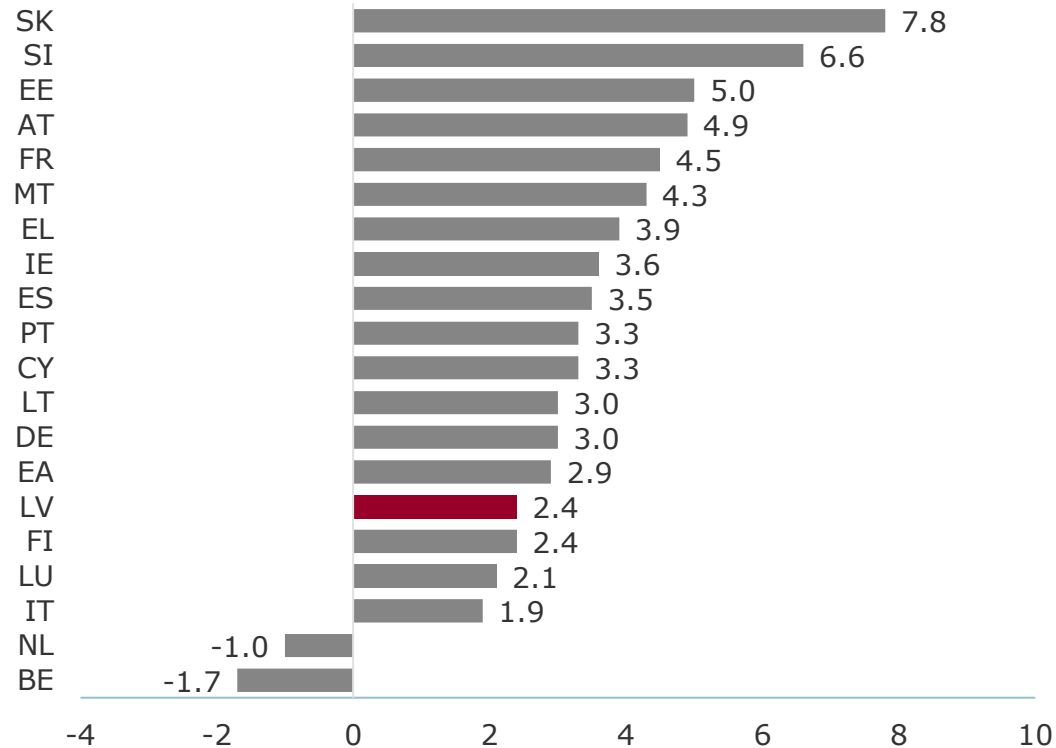
Inflation has receded quickly leaving no material harm on Latvia's cost competitiveness

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

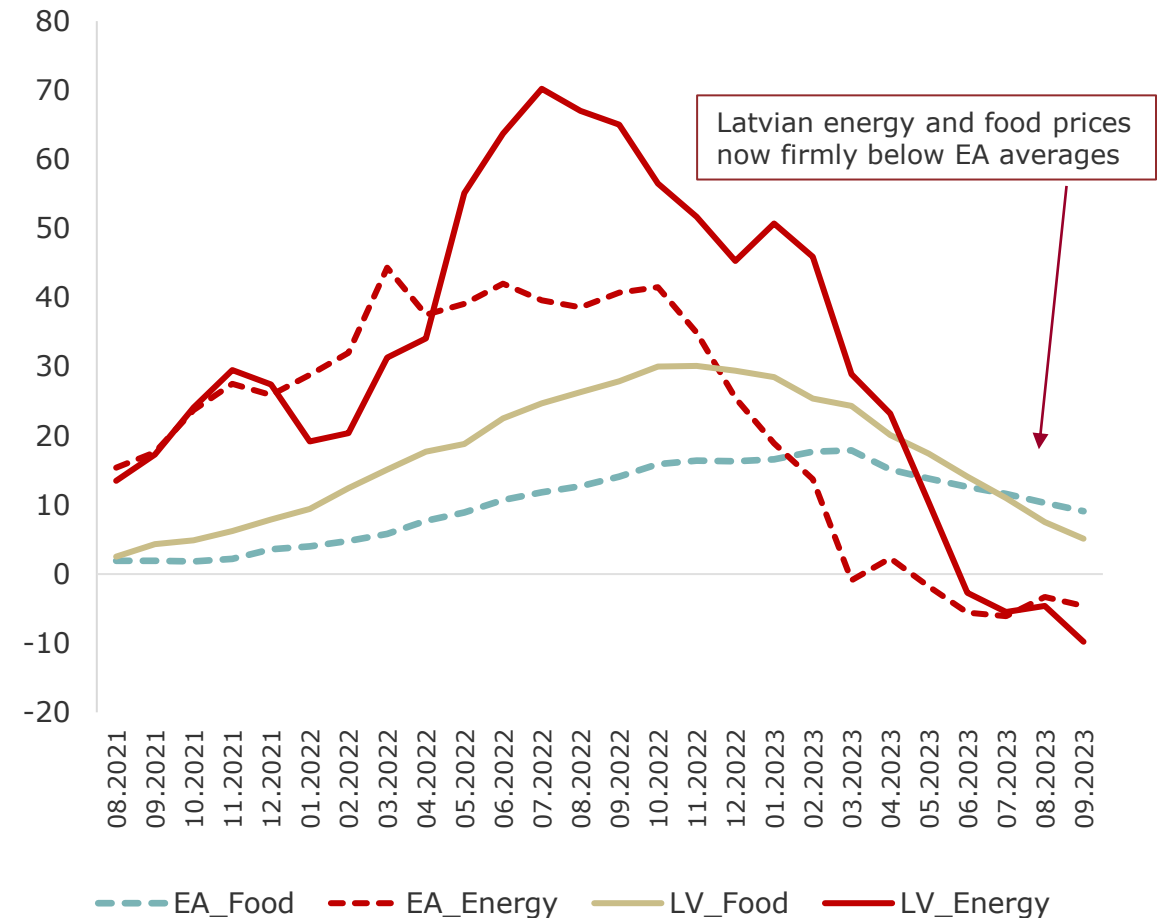
CPI forecast by European Commission (Spring Forecast 2023):

2023: 9.3%

2024: 1.7%



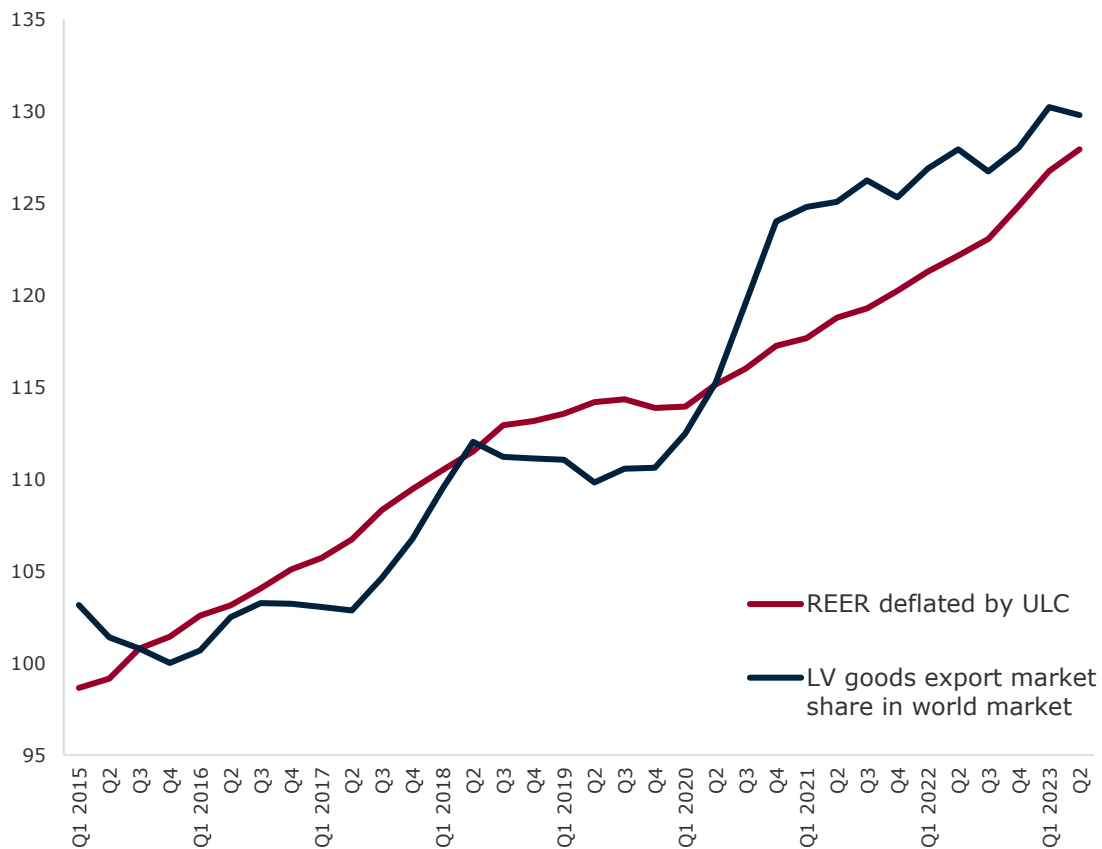
Energy and food prices in LV and Euro area (year on year; %)



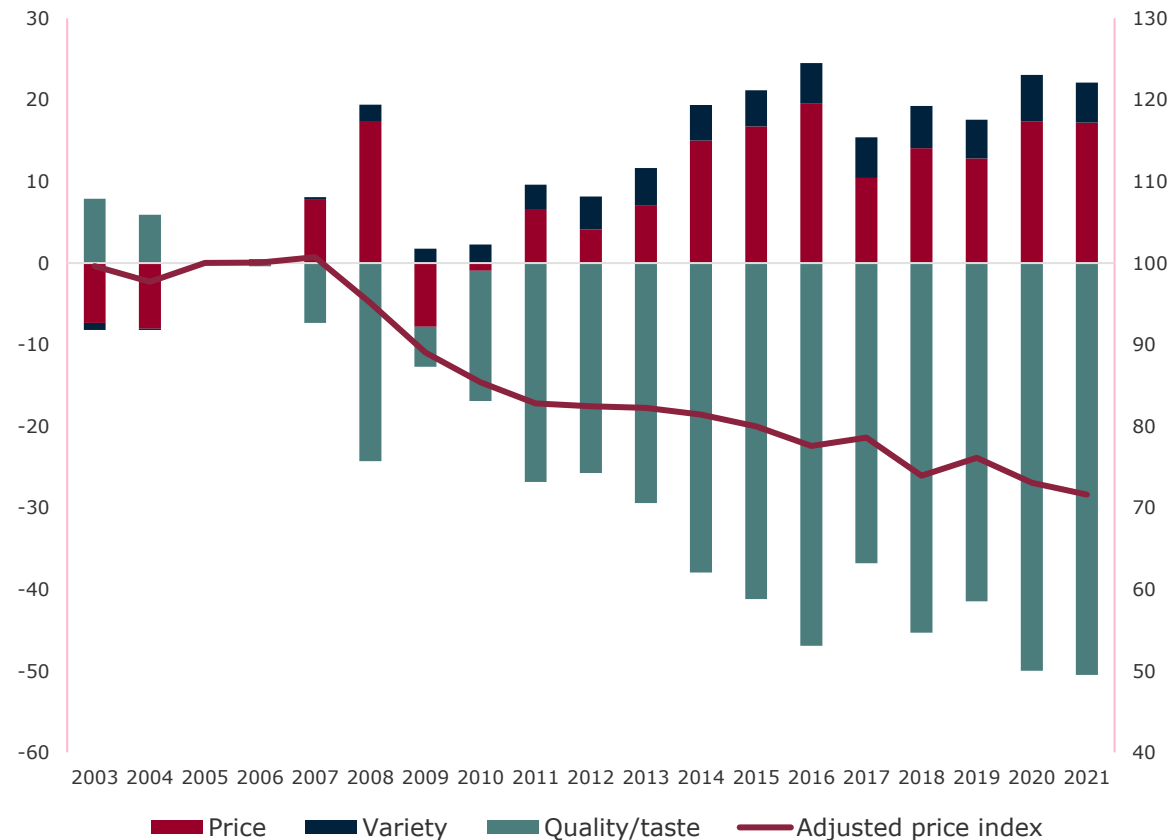
DESPITE INCREASE IN COSTS COMPANIES REMAIN GLOBALLY COMPETITIVE AND PROFITABLE

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)



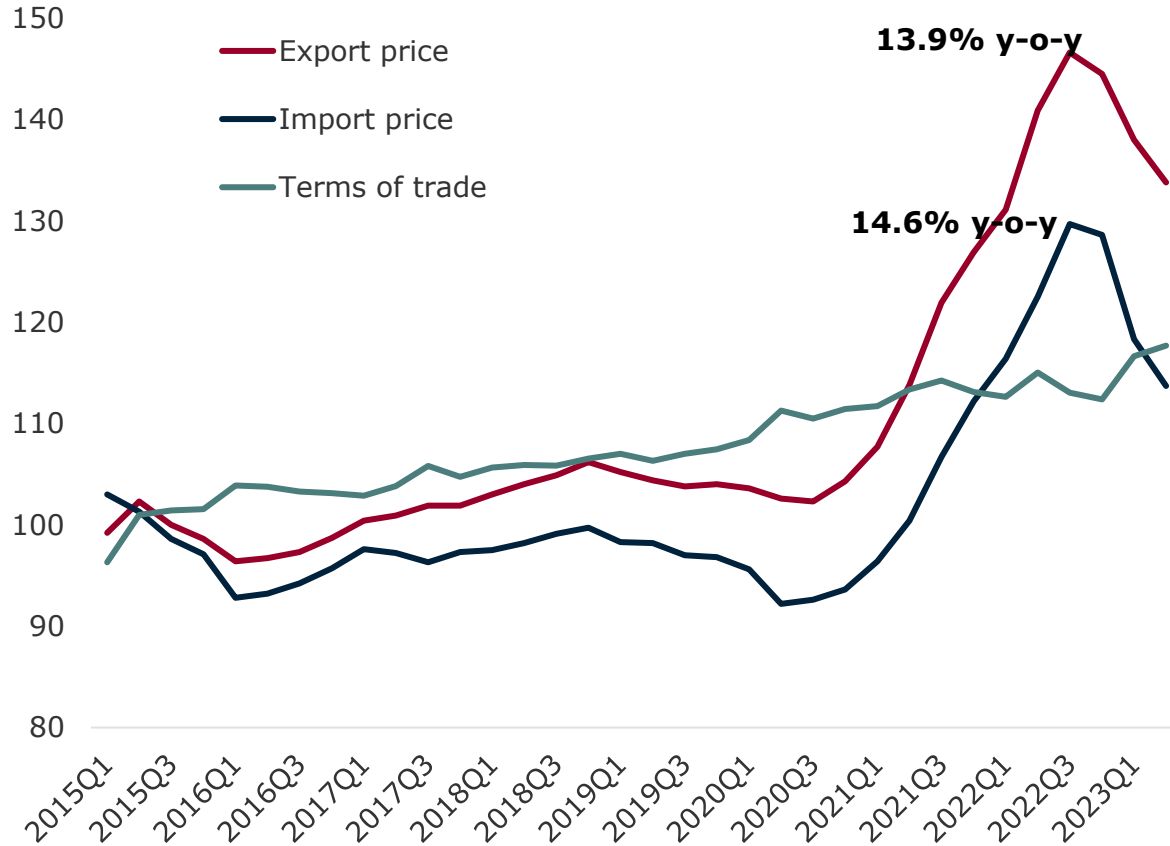
Source: European Commission, WTO

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

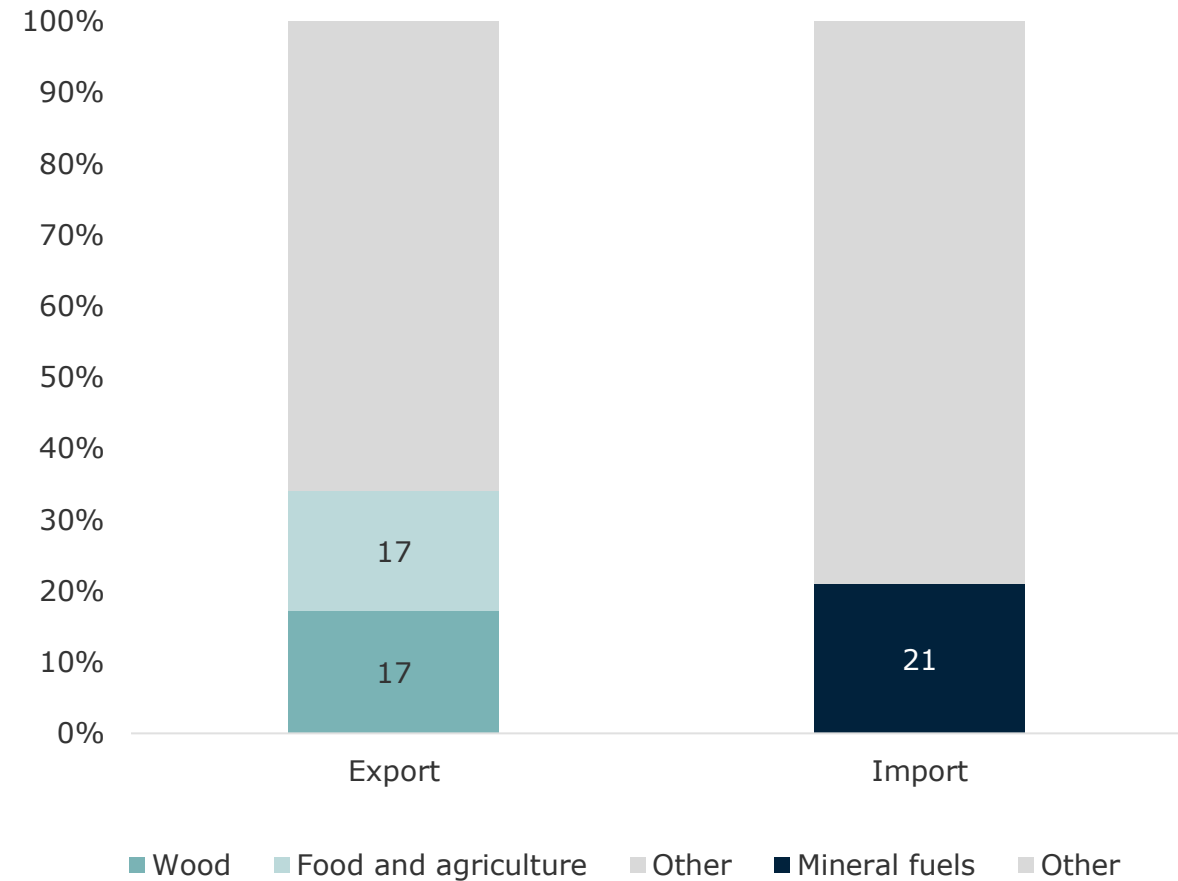
TERMS OF TRADE STAY FAVOURABLE DESPITE SWINGS IN ENERGY PRICES

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

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



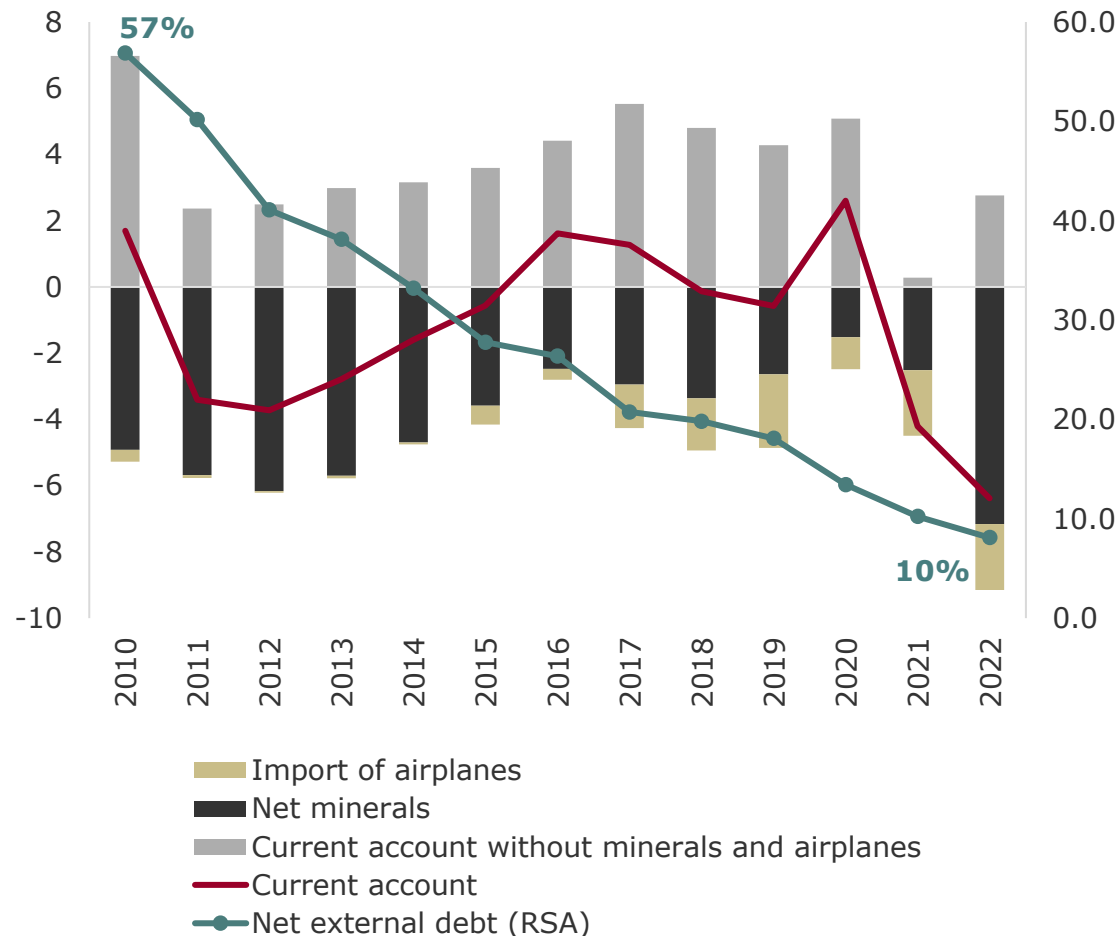
TOP 3 product group in the structure of export and import of goods in 2022 (% of total)



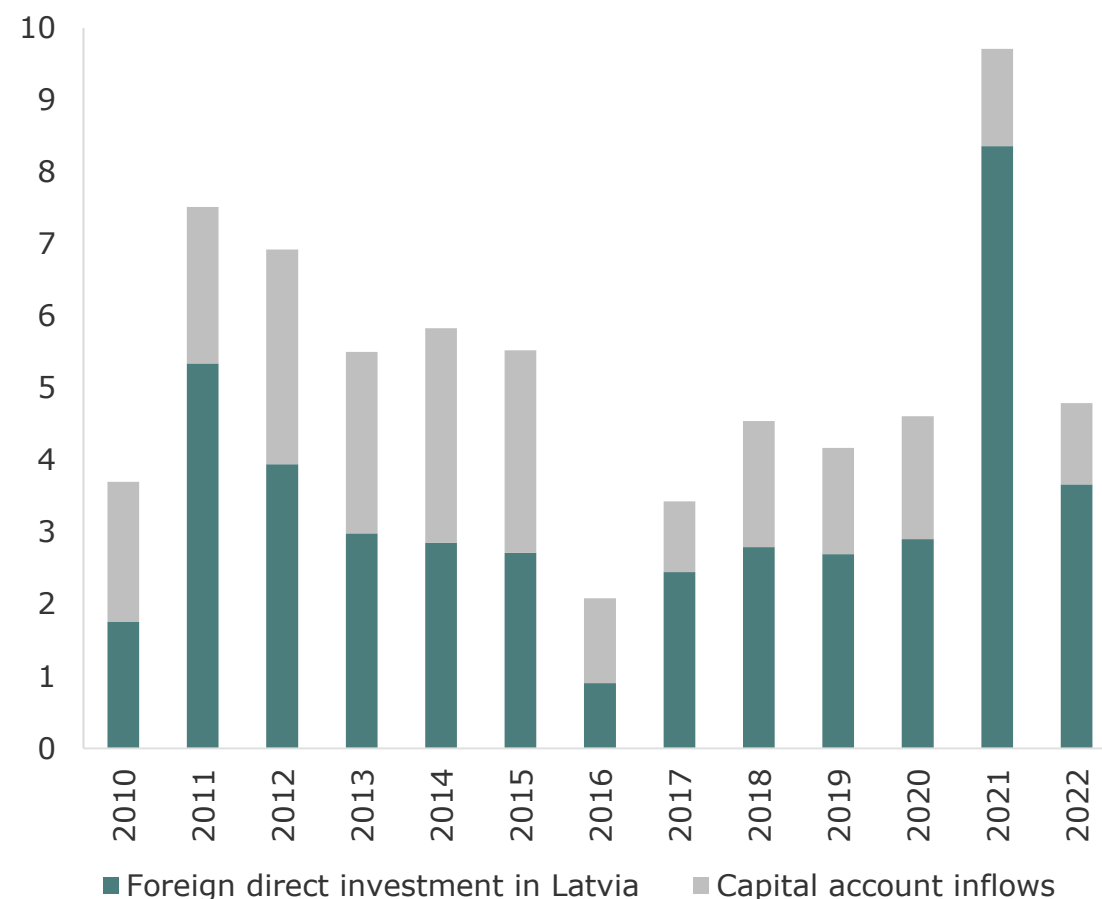
CURRENT ACCOUNT DEFICIT TEMPORARILY INCREASED REFLECTING SURGE IN ENERGY PRICES AND ACCUMULATION OF INVENTORY

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)**



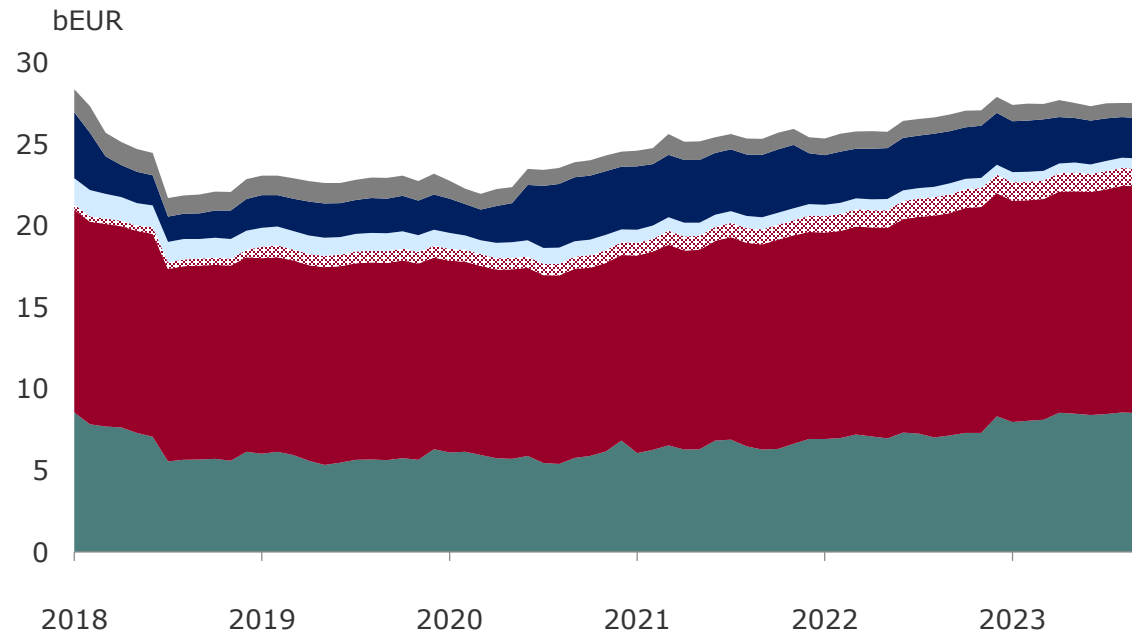
BANKING SECTOR:
WELL-CAPITALIZED
AND LIQUID



DOMESTIC LOANS AND DEPOSITS PREVAIL IN BANKS' OPERATIONS

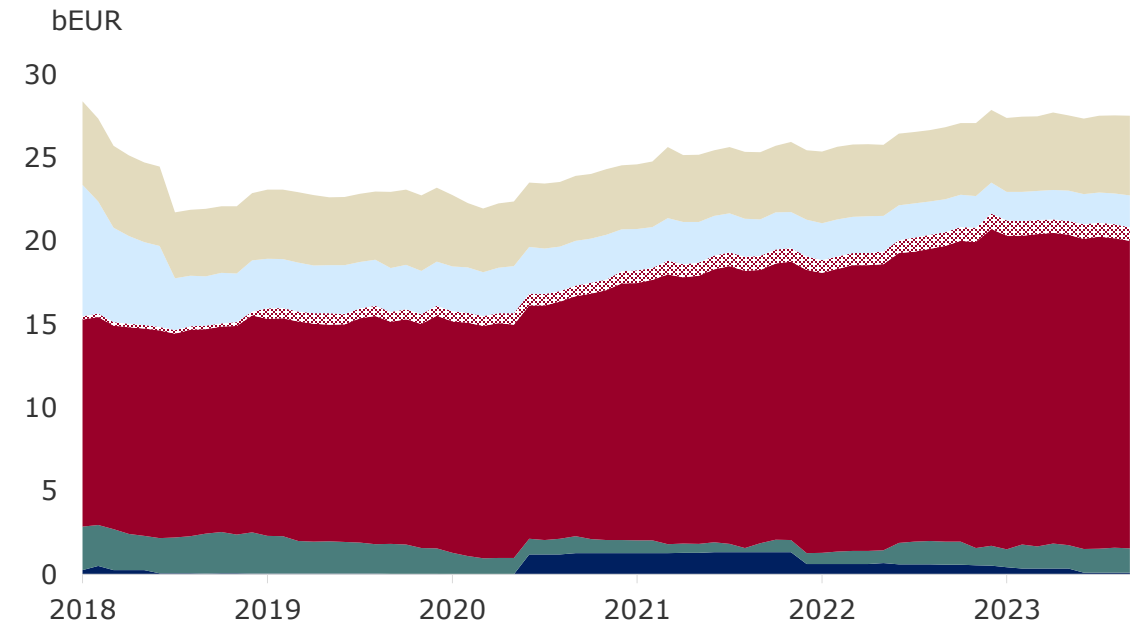
Banking sector focuses primarily on servicing domestic clients

Banking sector assets



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

Banking sector liabilities

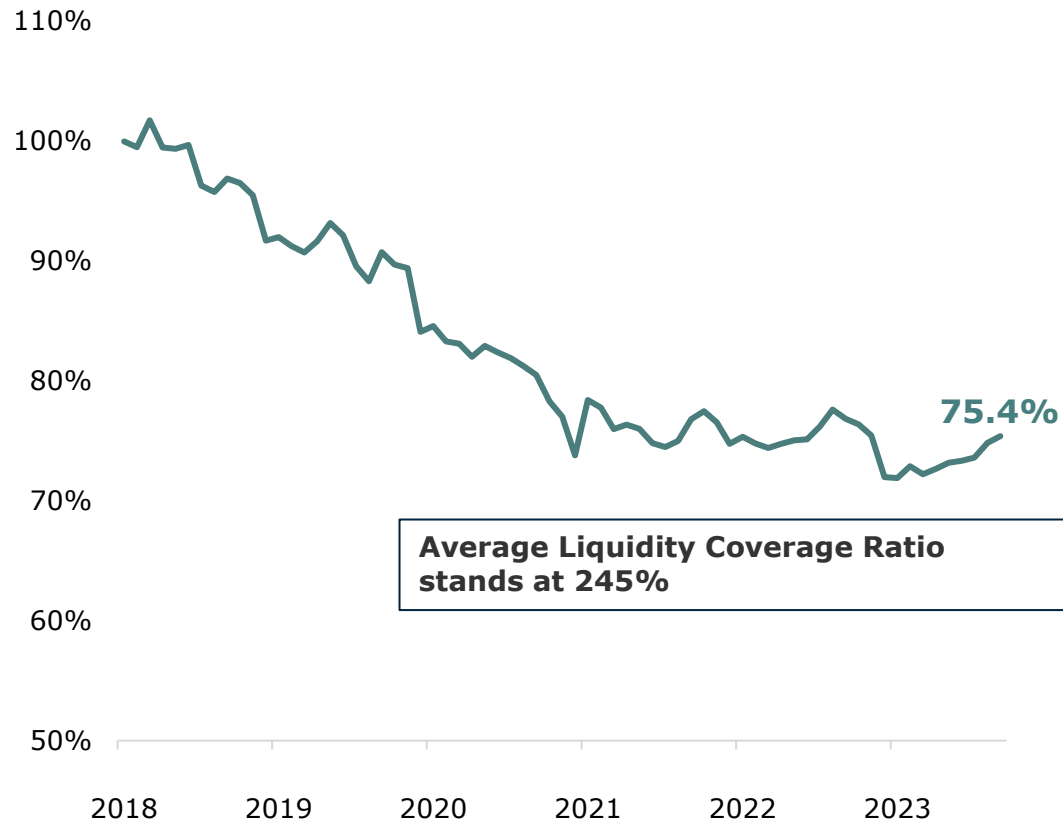


- Other liabilities & equity
- Foreign deposits
- Deposits from other Baltic states
- Domestic deposits
- MFI
- LB operations

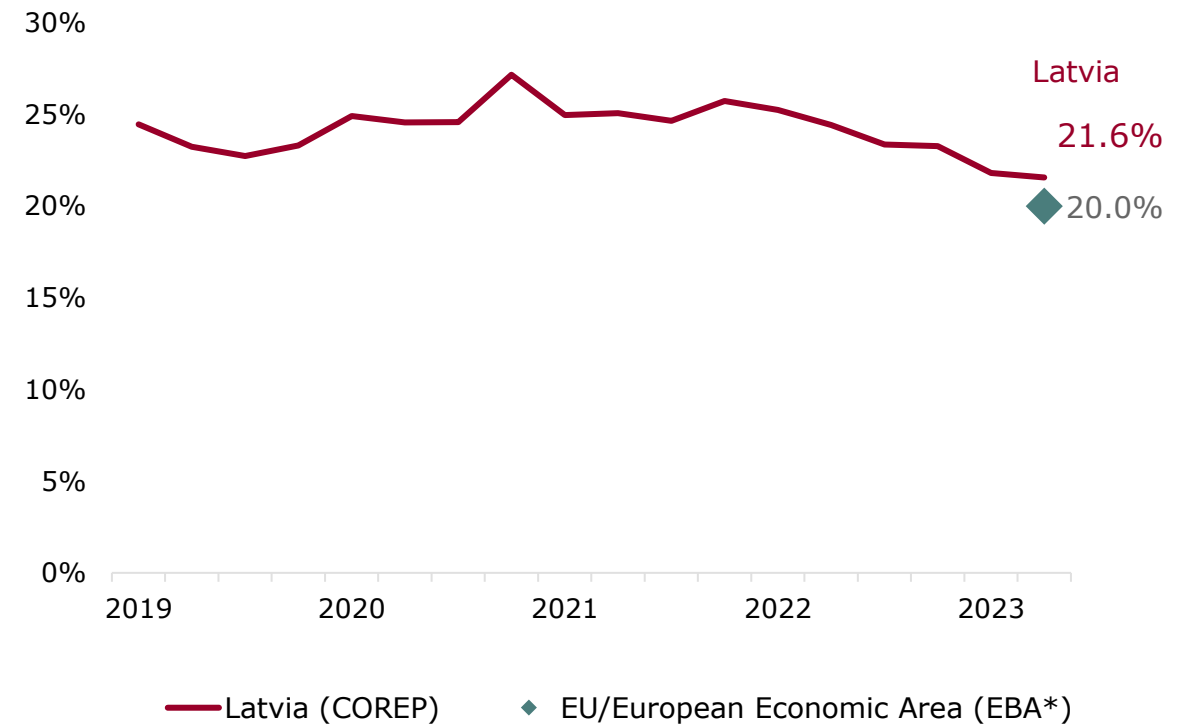
BANKS HAVE AMPLE LIQUIDITY RESERVES AND HIGH CAPITALIZATION

Ample capital buffers provide good shock absorption capacity

Domestic loan-to-deposit ratio



Total capital ratio



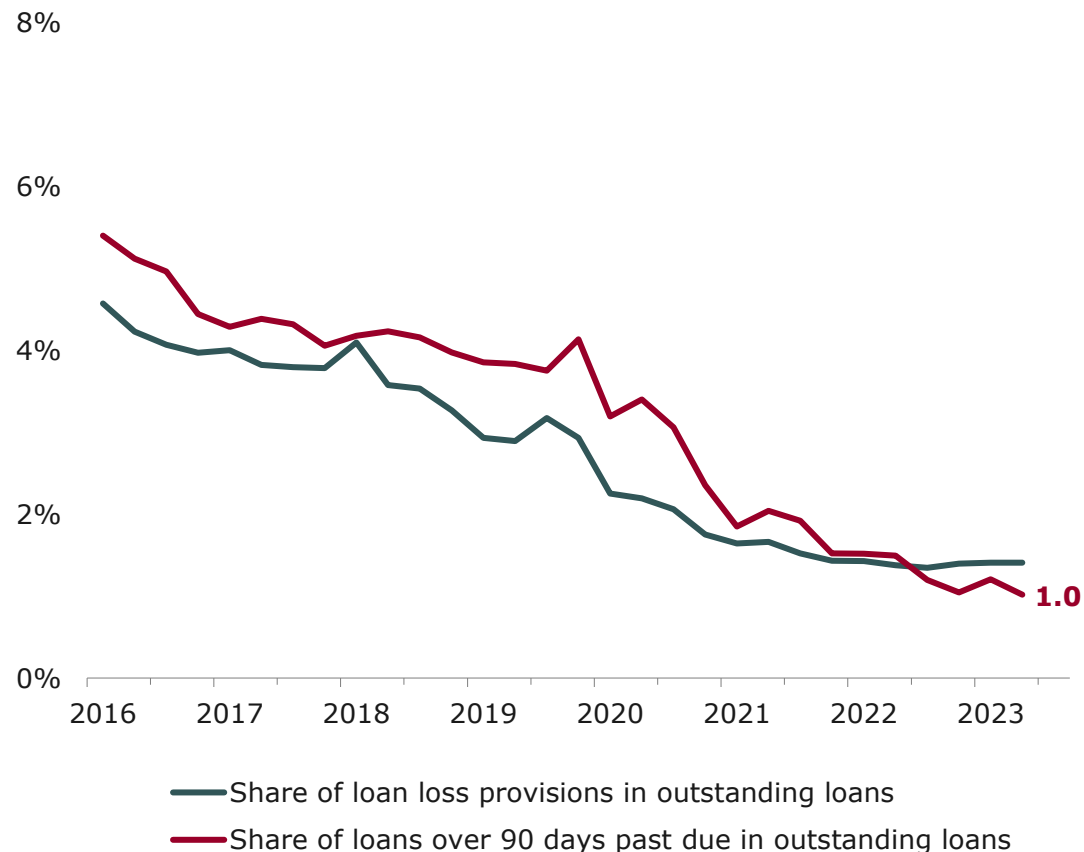
* Data for European Union (EU)/European Economic Area (EEA) are European Banking Authority (EBA) sample of largest institutions, for Latvia COREP data of active institutions are used

Source: Latvijas Banka, European Banking Authority (EBA) Risk Dashboard 2023 Q1

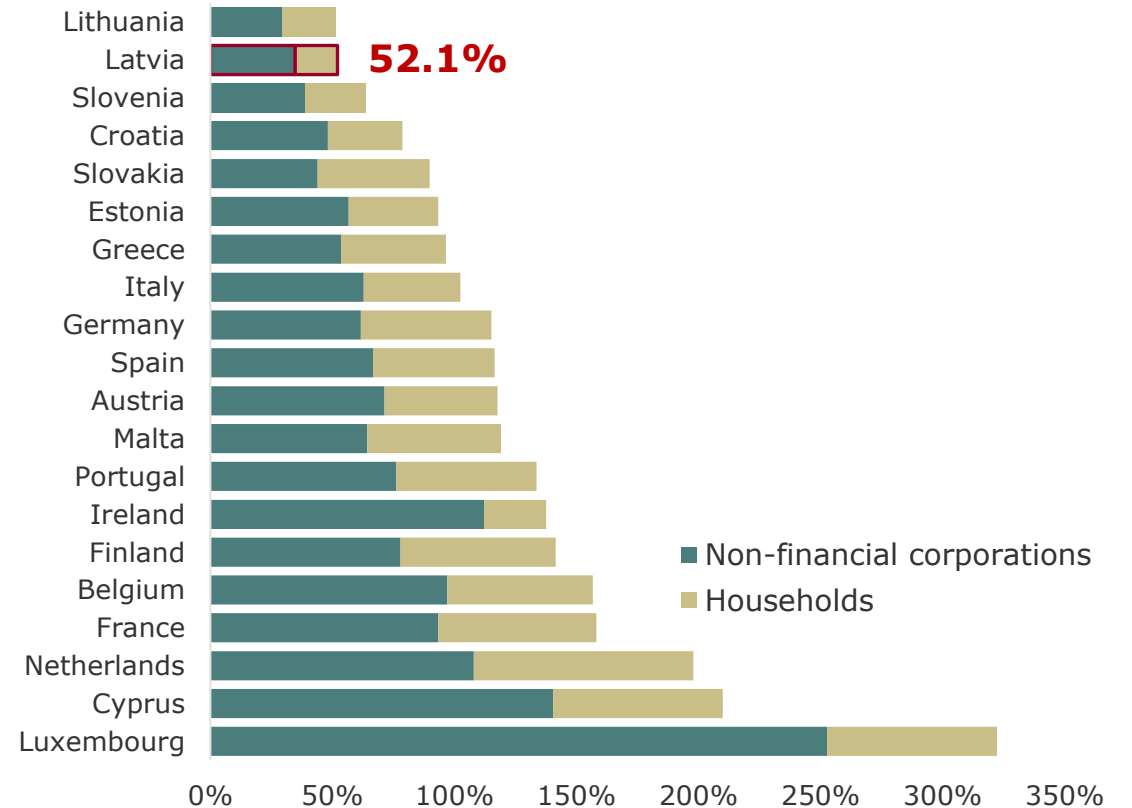
BANKS' CREDIT QUALITY REMAINS GOOD, HOUSEHOLD AND CORPORATE INDEBTEDNESS IS LOW

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

Total Loan portfolio quality



Total debt*-to-GDP

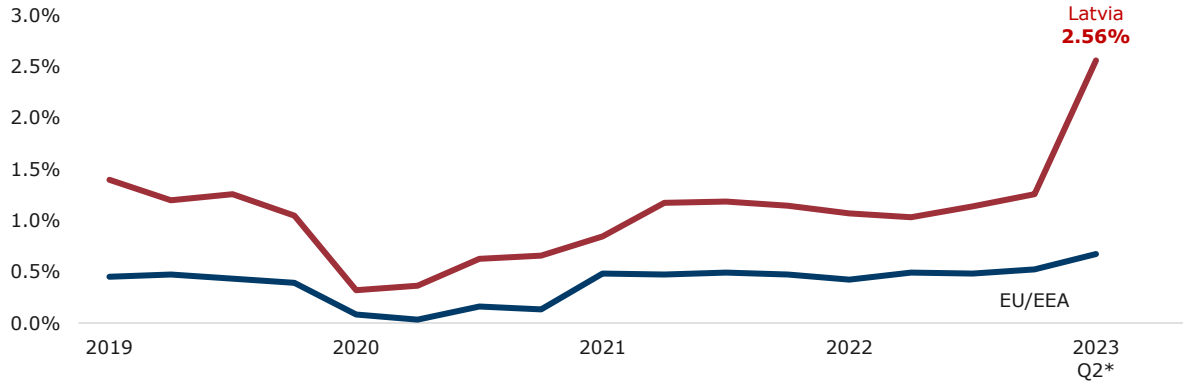


*Total consolidated debt vis-a-vis rest of the economy in 2023 Q2

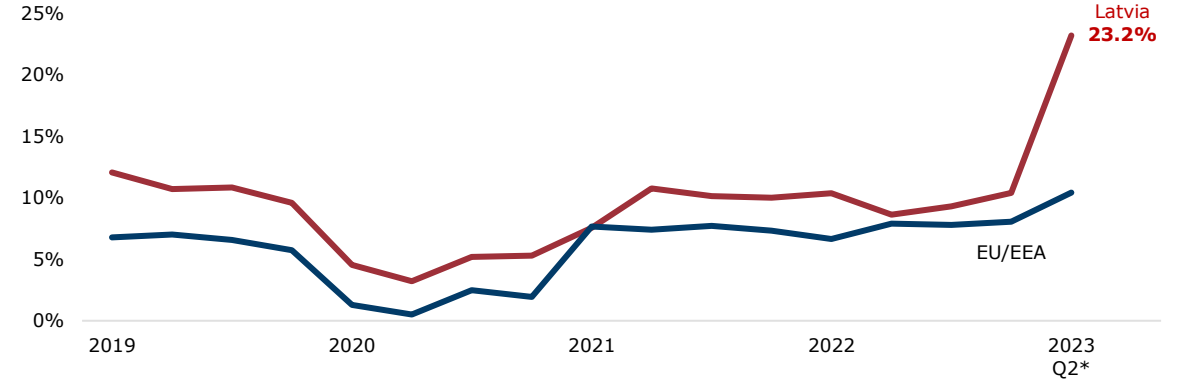
BANKING SECTOR PROFITABILITY IS STURDY AND STAYS ABOVE EU AVERAGE

Profitability is boosted by rising net interest income

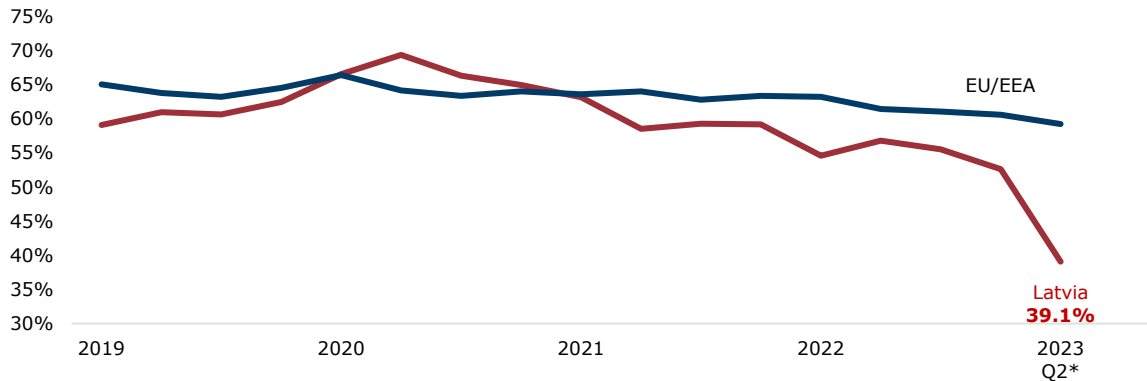
Return on Assets



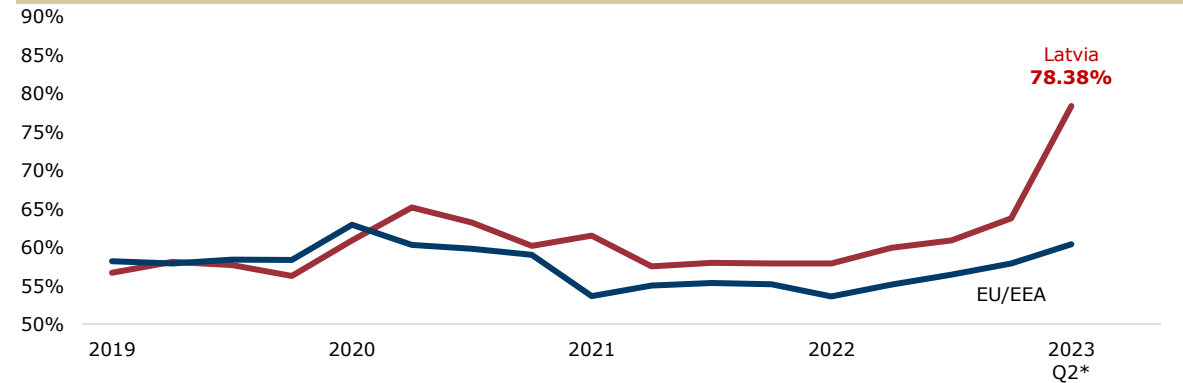
Return on Equity



Cost-to-income ratio



Net interest income to total net operating income



Data on European Union (EU)/European Economic Area (EEA) are European Banking Authority (EBA) sample of largest institutions. For Latvia - FINREP data on all institutions are used
 * Displayed most recent EBA average available is on 2023 Q1.

Source: Latvijas Banka, European Banking Authority(EBA) Risk Dashboard and Latvijas Banka calculations

**GOVERNMENT DEBT
MANAGEMENT:**

FLEXIBILITY OF FUNDING STRATEGY

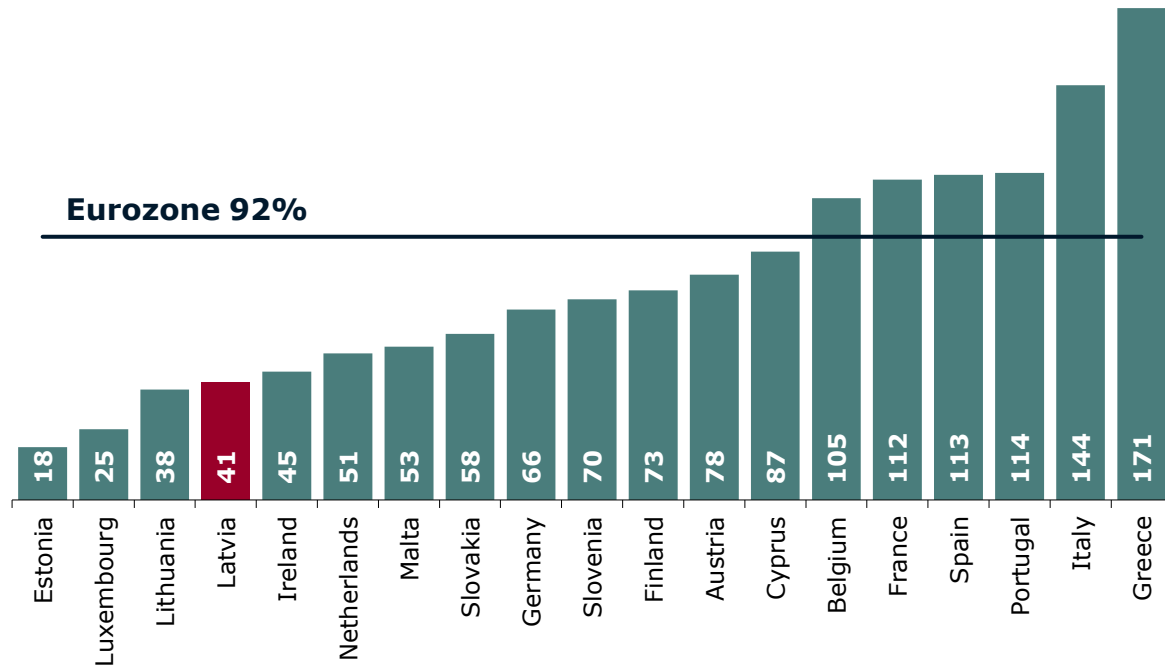


GENERAL GOVERNMENT DEBT REMAINS LOW AND MANAGEABLE

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

4th lowest general government debt level in the Eurozone in 2022

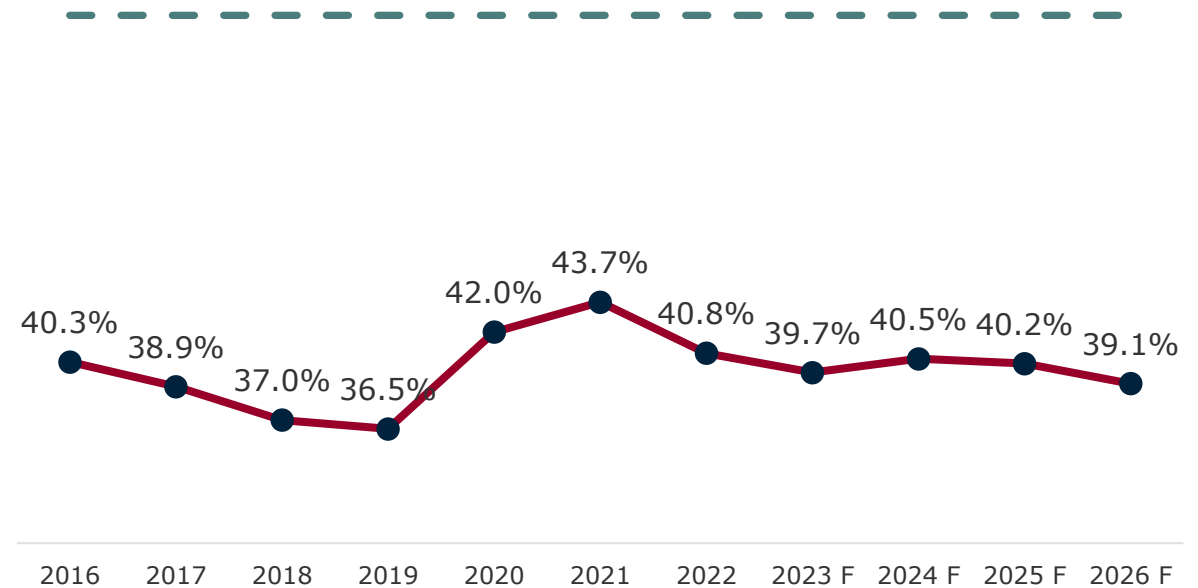
Weighted-average cost of debt: 1.66%*
Weighted-average maturity: 6.82 years*



Source: Eurostat, * data on September 30, 2023, Treasury

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

Stability and Growth Pact: 60%

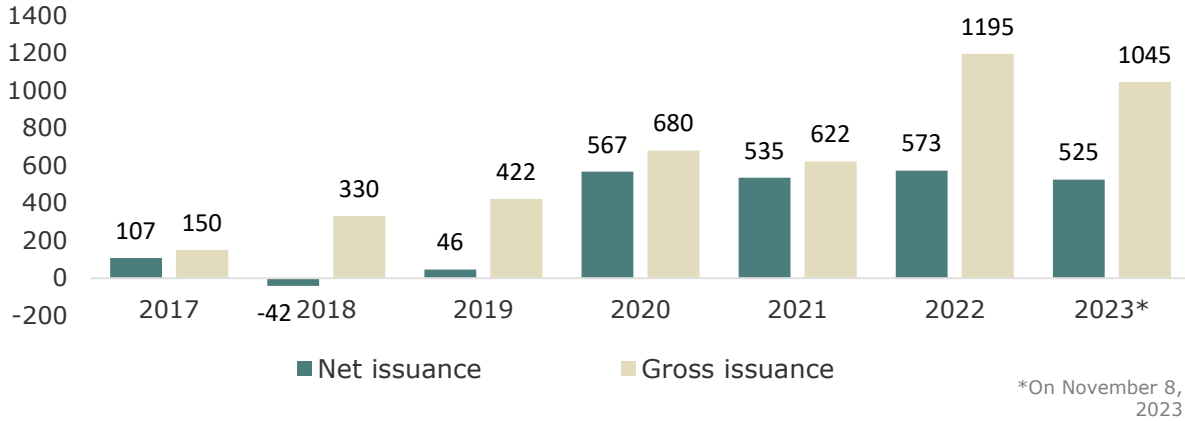


Source: Eurostat, August forecast (no policy change)

DEMAND IN THE DOMESTIC AUCTIONS CONTINUES TO BE SUPPORTIVE

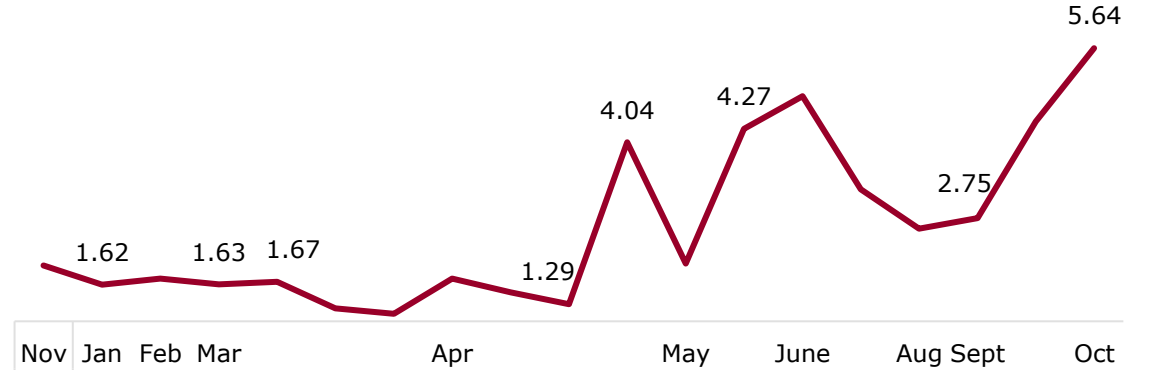
Liquidity of the outstanding Eurobonds is facilitated by TAP auctions in domestic market

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



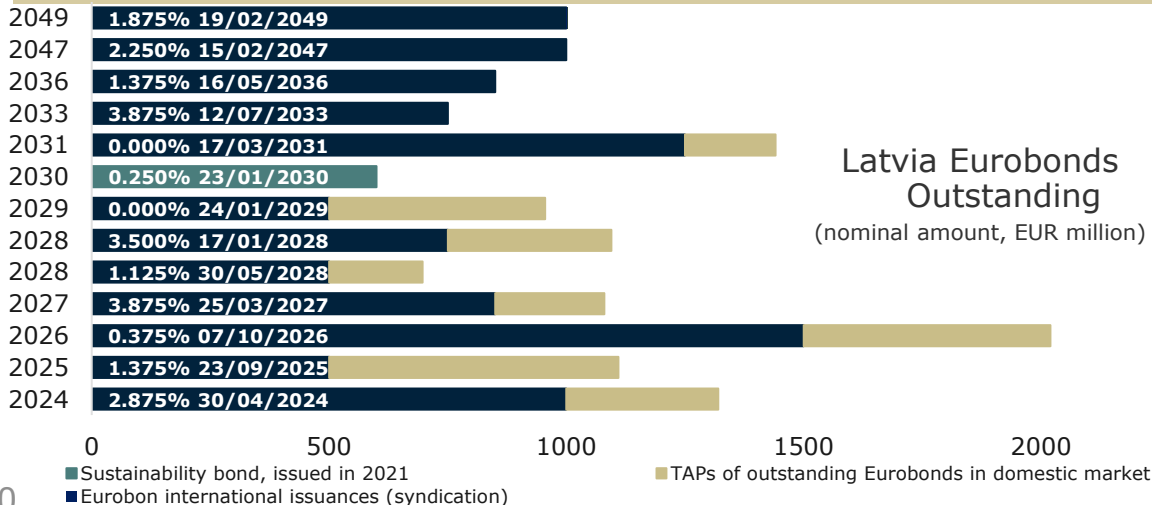
Source: The Treasury as of 08.11.2023.

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



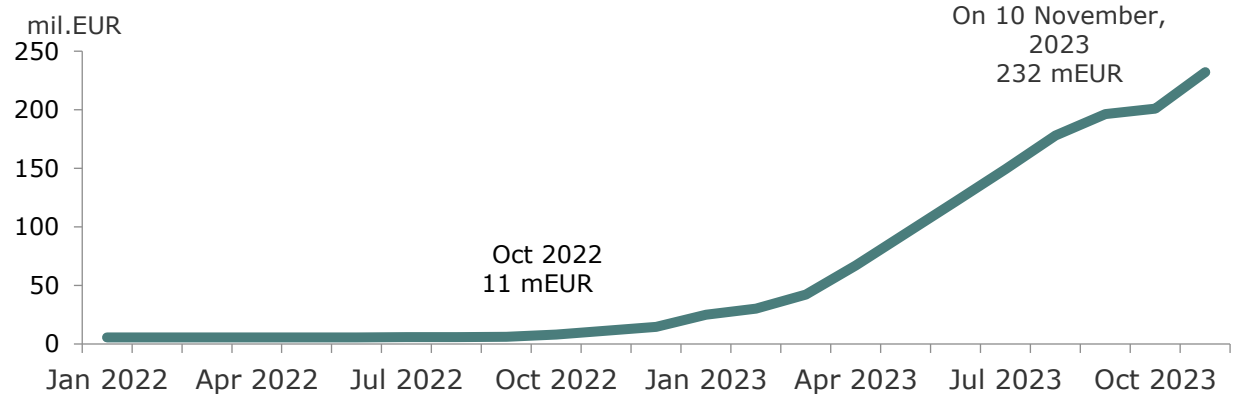
Source: The Treasury as of 08.11.2023.

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



Source: The Treasury as of 08.11.2023.

Savings Bonds – increasingly popular for retail investors

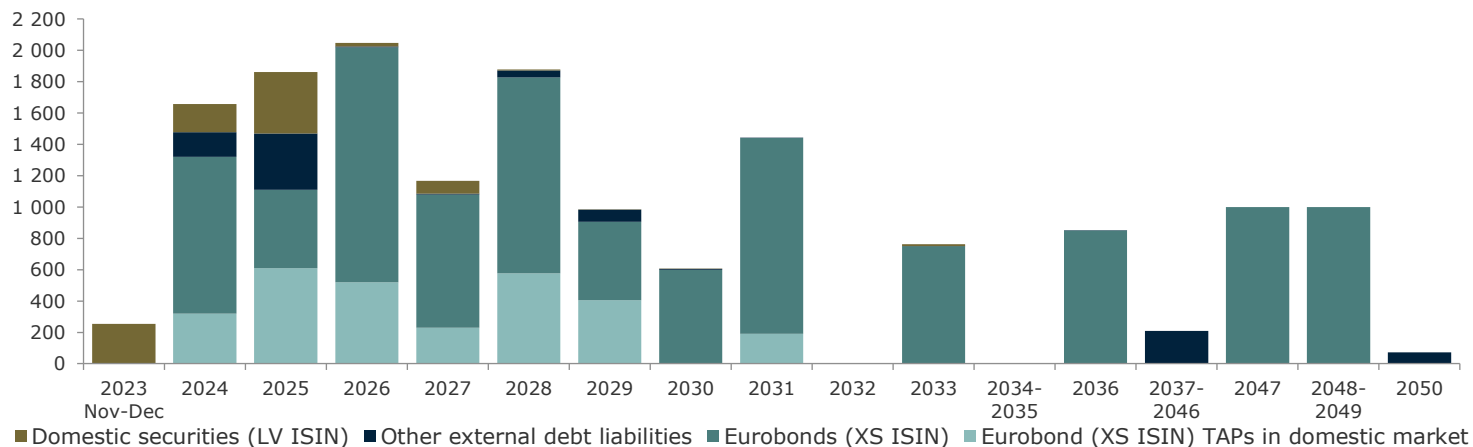


Source: The Treasury

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 October 31, 2023

Estimated central government borrowing volumes in 2022-2024 (including international and domestic market)

	Actual 2022	Actual Jan – Sep 2023	Plan Oct-Dec 2023	Plan 2024
Gross Borrowing volumes (nominal amount, EUR bn)	2.2	2.6	0.8	3.2
Cash buffer (% of GDP)	3.9	5.0		

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

2023 Funding highlights (on November 10, 2023)

International capital market syndications – 2 transactions totalling EUR 1.5bn

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

Domestic auctions

- ✓ Re-opening of bonds under LATVIA ticker from 2026 up to 2031 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 232 million raised as of November 10, 2023 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

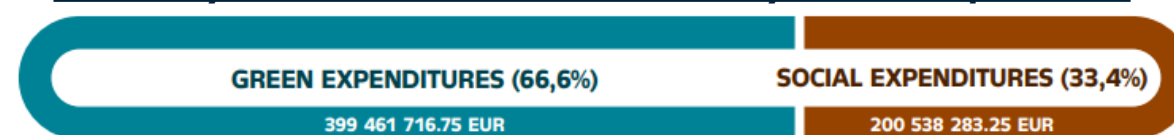
- ✓ The Republic of Latvia has issued its **debut sustainable bond in December 2021 with a € 600mn long 8-year transaction** (January 2030) and hence has released an allocation and impact report on March 2023.

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 ¹
Proceeds allocation disclosure & soundness of reporting indicators	Positive

⁽¹⁾ 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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