



## December 2012, Latvia successfully prices seven-year bonds at a historically lowest interest rate

On 5 December 2012, Latvia successfully priced long 7-year bonds in an amount of 1.25 billion US dollars with a coupon of 2.750 percent (yield rate of 2.889 percent) which is the lowest interest rate since Latvia first issued bonds in the international financial markets.

Latvian Finance Minister Andris Vilks said he was pleased with the results of the transaction and the high interest from investors: “Recent upgrades of Latvia’s credit rating have given us the opportunity to make pre financing and to utilise the current low interest rate environment, thus having a positive effect on Latvia's debt servicing costs in the medium term.”

Strong demand came from investors in Europe and other regions, thus helping Latvia to broaden and diversify its investor base.

The bond issue is in line with Latvia's Debt Management Strategy. In order to hedge currency risk, a cross currency swap transaction has been executed.

The lead managers of the bond issue were „Barclays”, „Deutsche Bank” and „JP Morgan”.

### Overview of bond issue:

|               |                                  |
|---------------|----------------------------------|
| Issuer        | Republic of Latvia               |
| Rating        | Baa3/BBB/BBB                     |
| Format        | Reg S/144a                       |
| Maturity      | 12nd January 2020 (7 years)      |
| Size          | USD 1,25 billion                 |
| Coupon p.a.   | 2,75%                            |
| Issue price   | 99,113%                          |
| Launch spread | Midswaps + 173 bp                |
| Governing Law | English                          |
| Launch date   | 5th December, 2012               |
| Listing       | Luxemburg                        |
| Lead Managers | Barclays/Deutsche Bank/JP Morgan |

### Distribution by type of investors

