



April 2014, Latvia successfully sells bonds in the euro currency in international financial market

On 24 April 2014, Latvia has priced an issue of 10-year bonds in an amount of 1 billion euro with a coupon of 2.875% (yield rate of 2.961%). The issue was oversubscribed more than three times. Latvian Finance Minister Andris Vilks said he was pleased with the results of the bond issue in euro and with the level of demand from investors.

“This is already the second successful issue of bonds in the euro currency for Latvia this year, and this testifies the ability of our country to incorporate successfully into international financial markets as well as acknowledges a big interest of foreign investors. The transaction was performed at very advantageous moment as Latvia has become the euro area member state, but the euro area has returned to growth. This means that investors’ interest and trust in Latvian economy increases and the conducted issue of bonds will provide resources, allowing us to re-finance the European Commission’s loan next year,” points out Minister of Finance Andris Vilks.

The issue was organized in accordance with Latvia’s borrowing strategy and benefitted from current favorable conditions in financial markets.

It is planned to use the resources attracted due to the bond issue for covering a general need for financing, including for the planned repayment of a loan to the European Commission in January 2015 in an amount of 1.2 billion euros. A borrowing rate of this loan was 3.125%, which is higher than the rate of resources attracted due to the issue of bonds.

The primarily attracted investors from Europe (Germany, Austria, Switzerland, France, Great Britain, Baltic countries and others), also Asia and other regions.

Latvia’s last bonds in the international markets were issued in January 2014. That borrowing totaled 1 billion euro with a coupon of 2.625% (yield rate of 2.815%).

Overview of bond issue:

Issuer	Republic of Latvia
Rating	Baa2/BBB+/BBB+
Format	Reg S Only, Registered
Maturity	30th April 2024 (10 years)
Size	EUR 1 billion
Coupon p.a.	2.875%
Issue price	99.265
Launch spread	Midswaps + 120 bps
Governing Law	English
Launch date	25th April 2014
Listing	Luxemburg
Lead Managers	Barclays/ Deutsche Bank / Natixis

Distribution by type of investors

