

## September 2015, Latvia has issued bonds in international financial markets at the historically lowest rate

On Wednesday, September 16, Latvia issued 10-year bonds in amount of 500 million euros at an annual fixed interest (coupon) rate 1.375% (yield 1.449%). The demand for Latvia's bonds exceeds 1.6 times the offer. Finance Minister Jānis Reirs is satisfied with the successful issue of bonds in international financial markets.

“With the issue of bonds in international financial markets we have ensured the historically lowest rate that Latvia has ever achieved. This is the result of proper compliance with the national fiscal discipline, which has been also highly evaluated by foreign investors. As a result of this transaction we are able to reduce the government debt servicing costs in the medium term and channel state budget resources to other sectors – education, health and defence,” notes Finance Minister Jānis Reirs.

Investors were mainly from Europe (Germany, Great Britain, Austria, Scandinavia, Baltic States etc.), as well as other regions.

The proceeds obtained from the issue will be used to cover general funding needs, including to cover the state budget deficit, to repay the government debt and to issue state loans, for example, to municipalities and municipal companies for funding investment projects.

According to the operative data of the Treasury, the government debt at the end of August was 8.1 billion euros or ~33% of the gross domestic product (GDP) forecasted for 2015.

It should be reminded that currently the government is working at the state budget for 2016, and it is planned that the next year's state budget deficit should not exceed 1% of GDP.

Joint Lead Managers were HSBC, Natixis and DNB.

The last issue of Latvia's bonds in international financial markets took place in April 2014, when 10-year bonds in amount of one billion euro were issued at an annual fixed (coupon) rate 2.875% (yield 2.961%).

### Overview of bond issue:

Issuer	Republic of Latvia
Rating	A3/ A- /A-
Format	Reg S Registered
Maturity	23rd September 2025 (10 years)
Size	EUR 500,000,000
Coupon p.a.	1.375%
Issue price	99.316
Launch spread	35 bps
Governing Law	English
Launch date	16th September 2015
Listing	Luxemburg
Lead Managers	DNB/ HSBC/ Natixis

### Distribution by type of investors

