

GROSS DOMESTIC PRODUCT (GDP)

GDP 2022

39 063 mln €

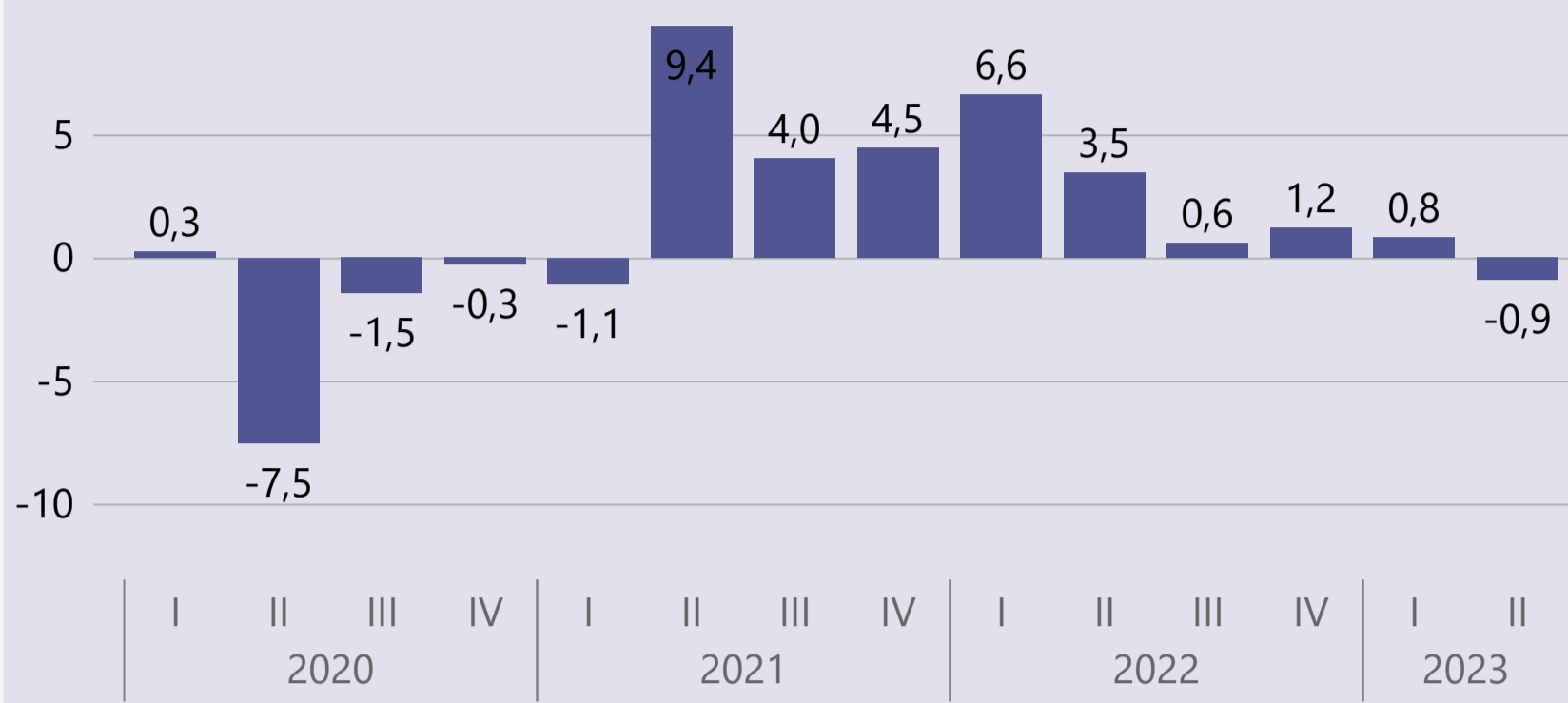
CSB, 21.04.2023.

GDP growth 2023

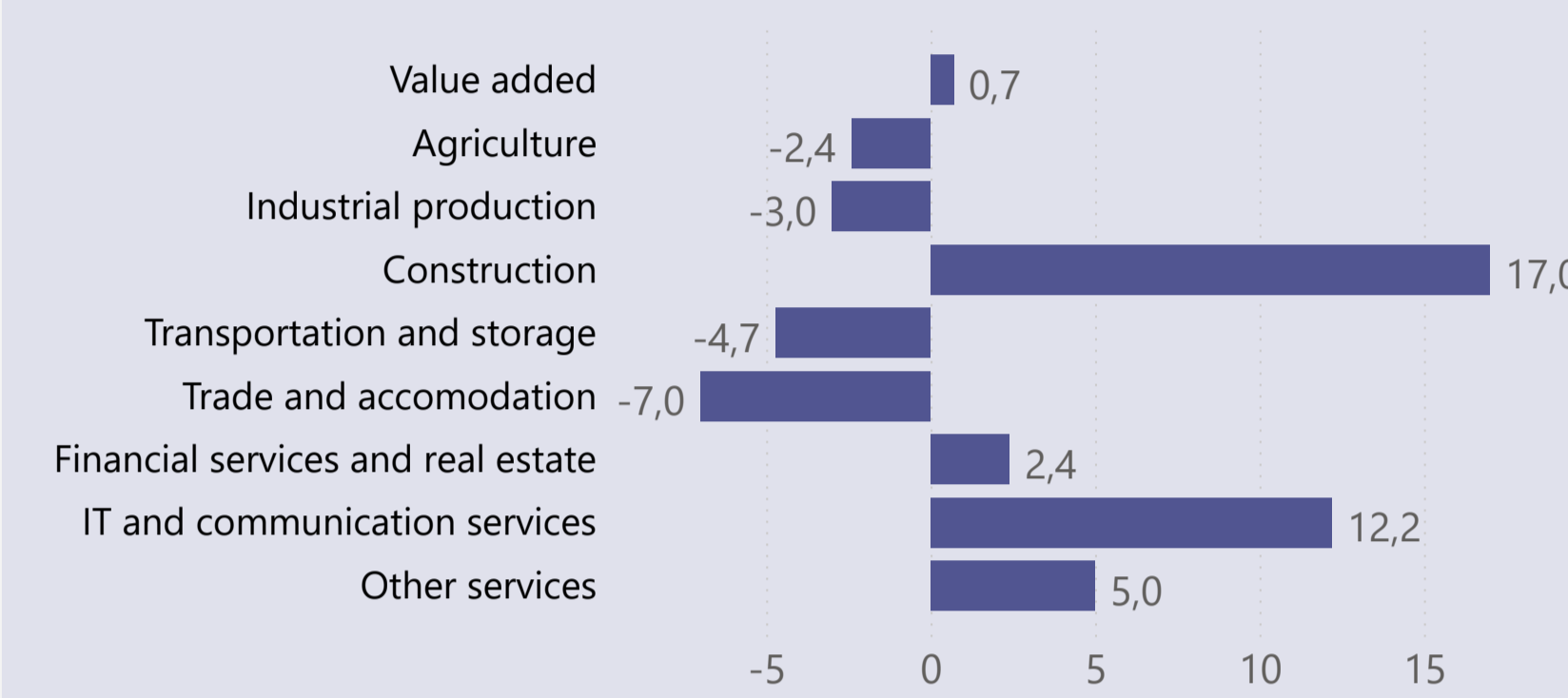
1.0%

MoF forecast, June 2023

GDP growth, YoY%

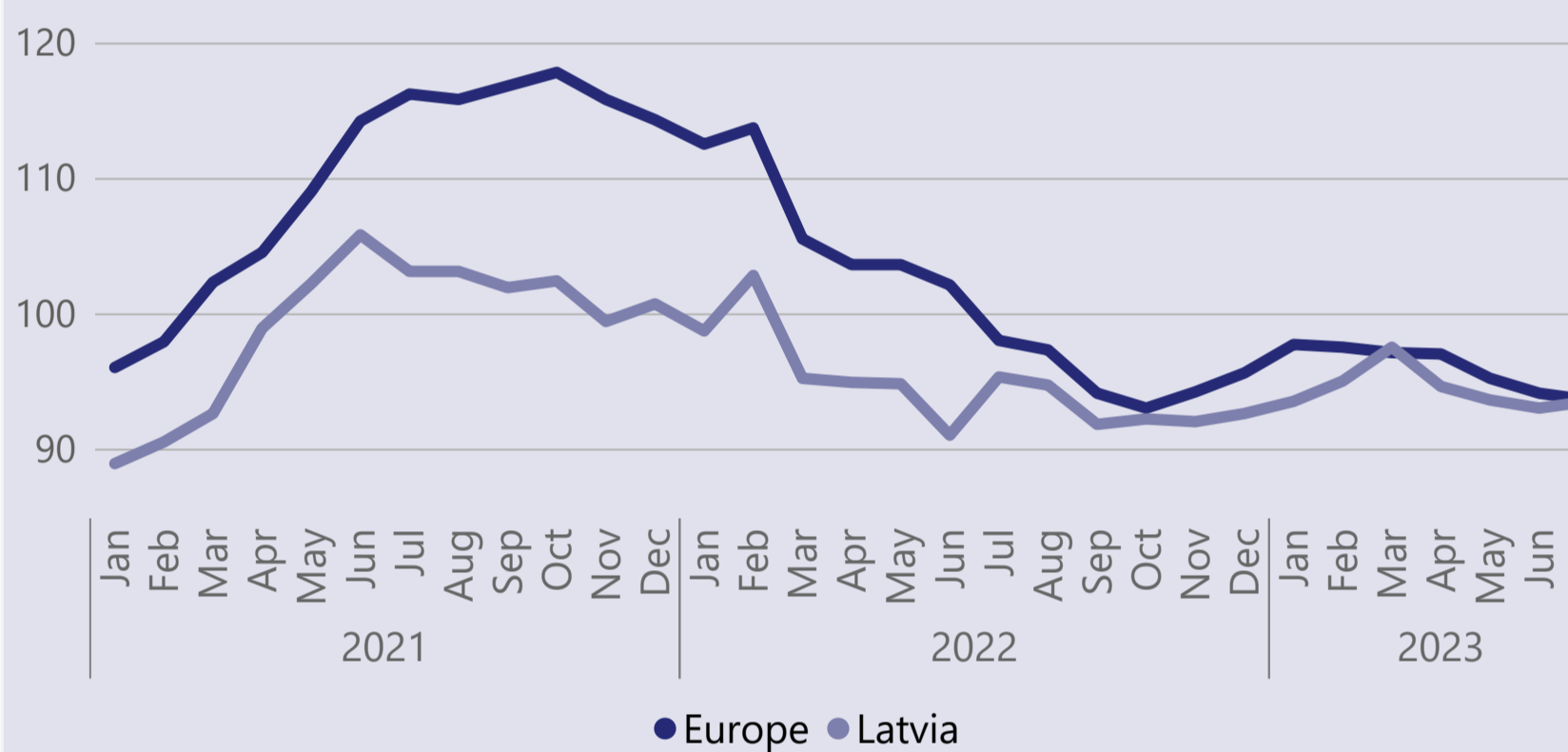


GDP growth by sectoral breakdown (2023 1st Q/2022 1st Q)



Source: Central Statistical Bureau(CSB); comparable prices; GDP 2nd Qrt 2023 early assessment

Economic confidence



Source: European Commission

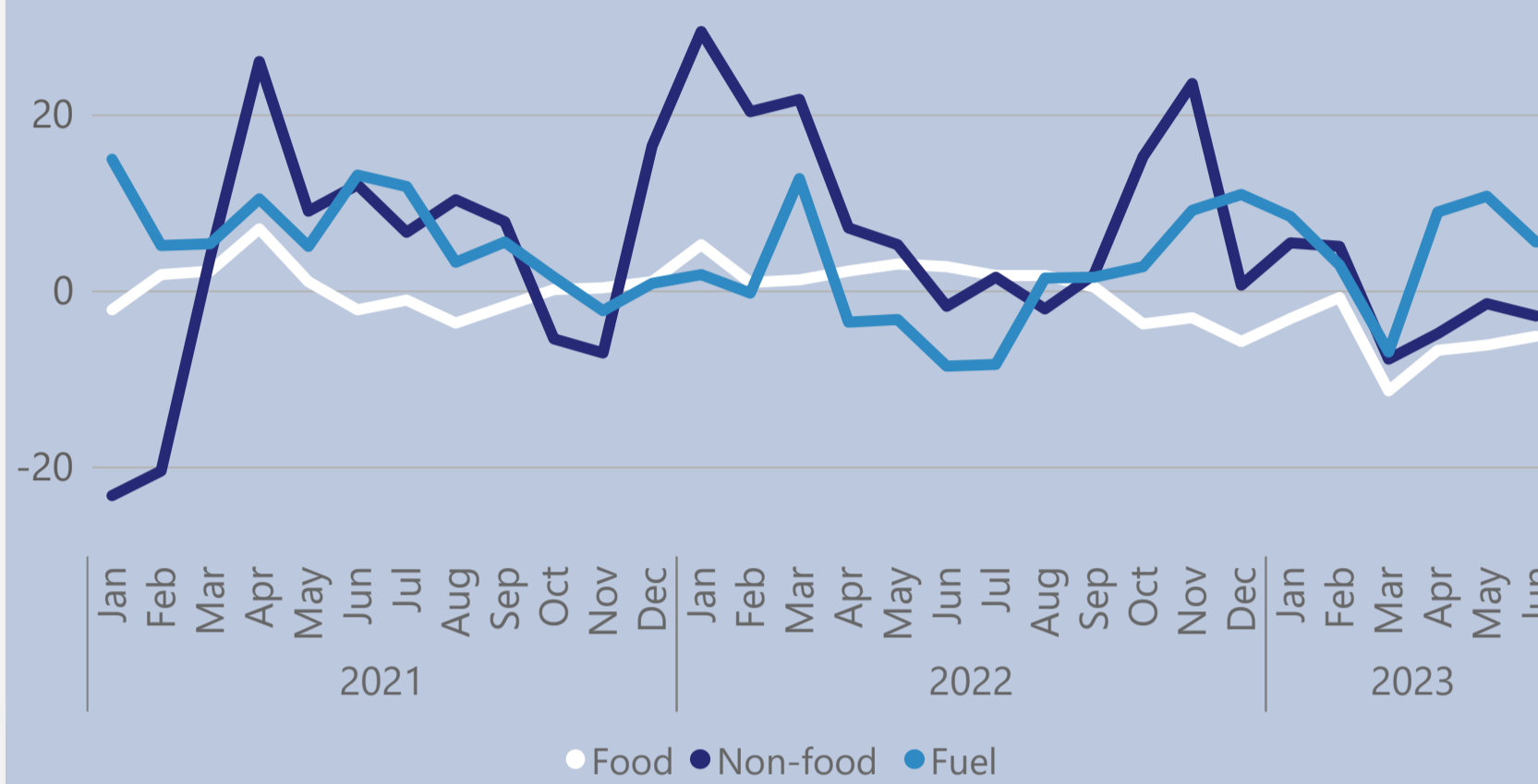
MAIN MACROECONOMIC INDICATORS

| Indicator | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* | 2024* | 2025* | 2026* |
|----------------------------------|------|------|------|------|------|------|-------|-------|-------|-------|
| Nominal GDP growth, % | 6,4 | 8 | 5,2 | -1,3 | 11,1 | 16,2 | 11 | 5,5 | 6,2 | 5,8 |
| Real GDP growth, % | 3,3 | 4 | 2,6 | -2,3 | 4,3 | 2,8 | 1 | 2,5 | 2,9 | 2,9 |
| GDP deflator, % change | 2,9 | 3,9 | 2,6 | 1 | 6,5 | 13,1 | 9,9 | 2,9 | 3,2 | 2,8 |
| Consumer price index, % change | 2,9 | 2,6 | 2,8 | 0,2 | 3,3 | 17,3 | 10 | 2,2 | 2,5 | 2,3 |
| Average monthly gross wage, EUR | 926 | 1004 | 1076 | 1143 | 1277 | 1373 | 1524 | 1638 | 1720 | 1806 |
| nominal growth, % | 7,8 | 8,4 | 7,2 | 6,2 | 11,7 | 7,5 | 11 | 7,5 | 5 | 5 |
| real growth, % | 4,7 | 5,7 | 4,2 | 6 | 8,2 | -8,4 | 0,9 | 5,2 | 2,4 | 2,6 |
| Number of persons employed, thsd | 894 | 909 | 910 | 893 | 864 | 886 | 887 | 887 | 884 | 879 |
| growth, % | 0,2 | 1,6 | 0,1 | -1,9 | -3,2 | 2,6 | 0,1 | 0 | -0,3 | -0,6 |
| Unemployment rate, % | 8,7 | 7,4 | 6,3 | 8,1 | 7,6 | 6,9 | 6,5 | 6,6 | 6,4 | 6,4 |

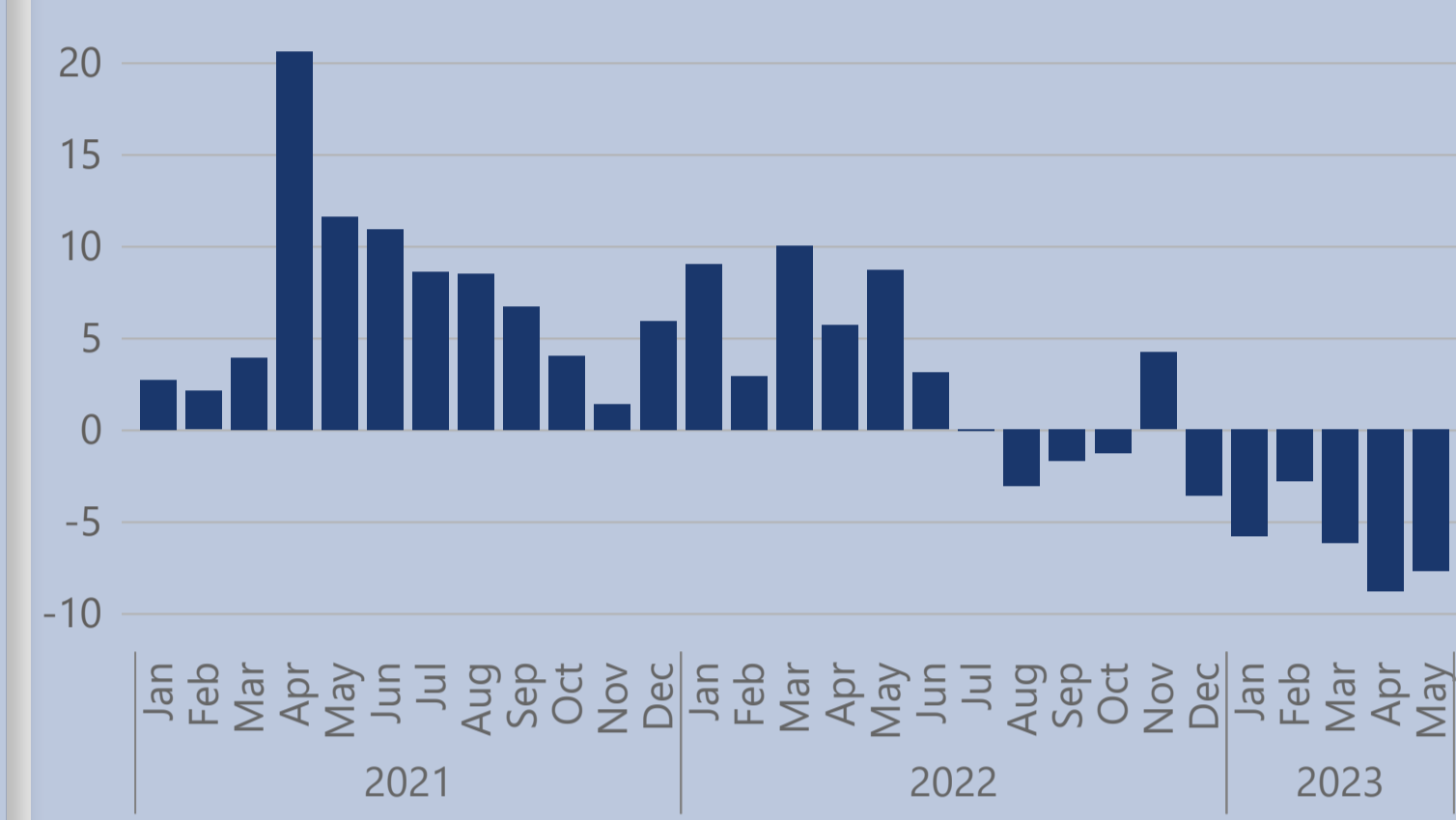
Source: CSB (21.04.2023), *forecasts of the Ministry of Finance of the Republic of Latvia (June 2023)

INDUSTRIES

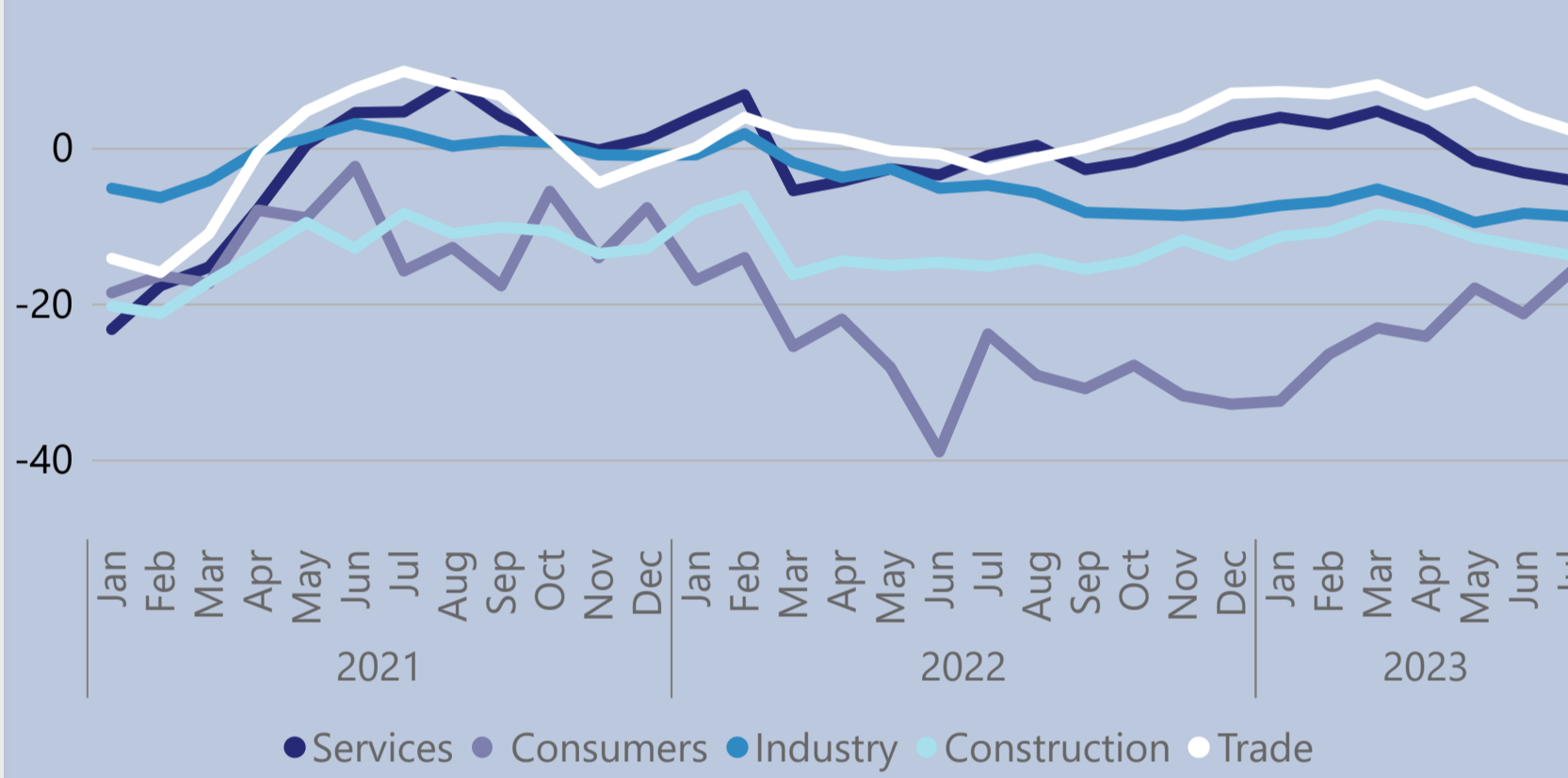
Retail trade growth, YoY%



Manufacturing output, YoY%

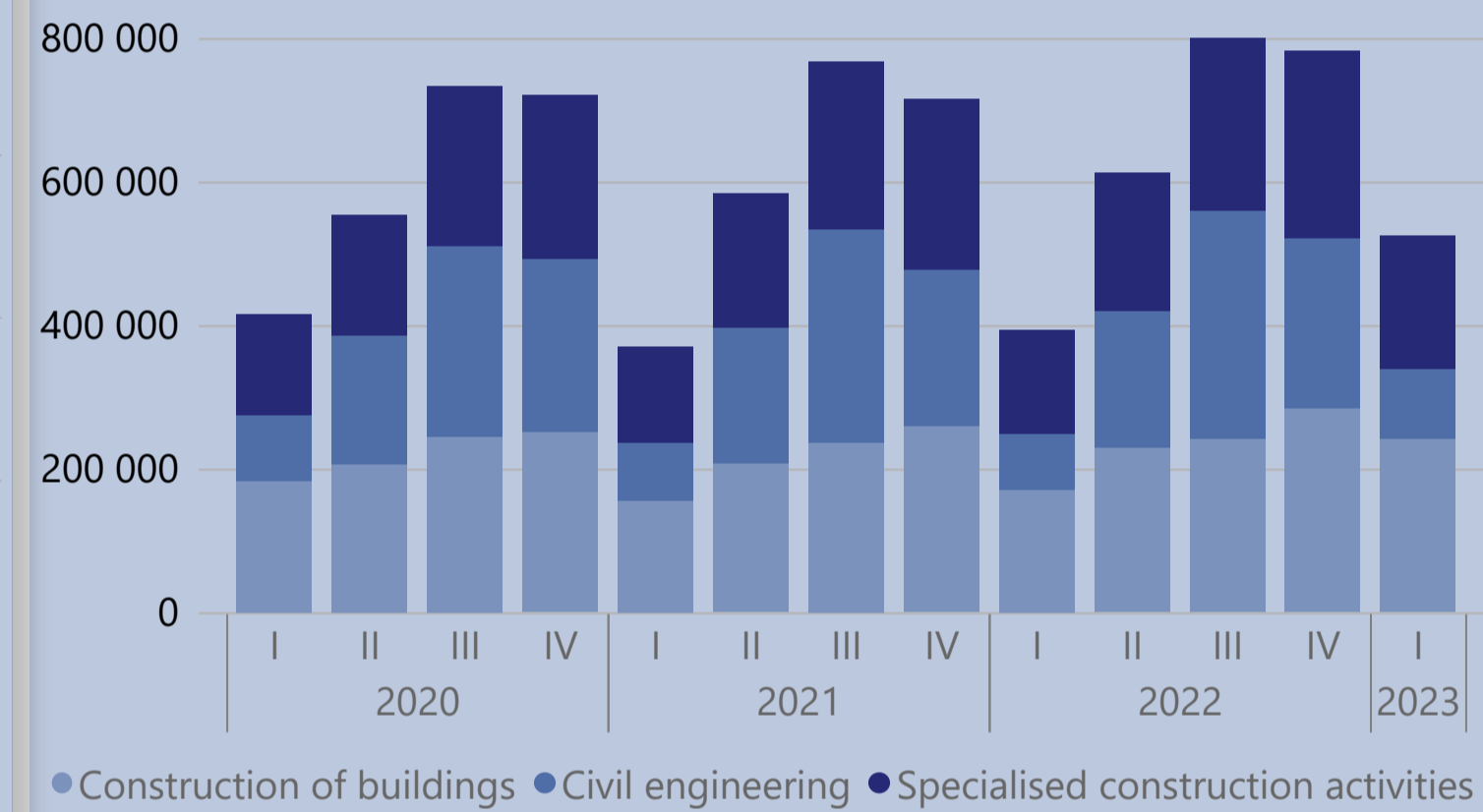


ESI Sector Confidence Index in Latvia



Source: CSB, European Commission

Construction output at constant prices, thsd €



INFLATION

Inflation

7.9%

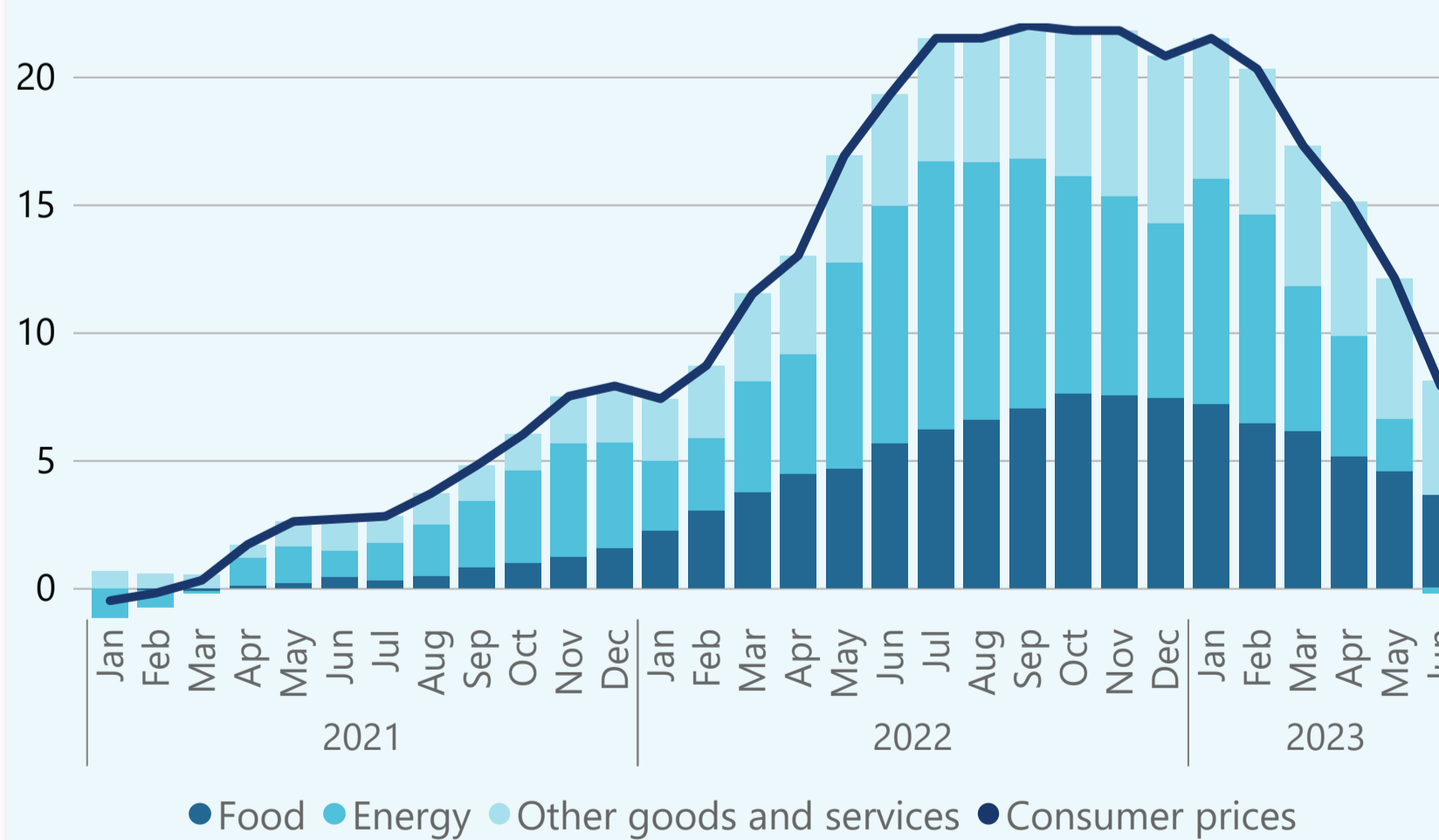
June 2023

Producer price rise

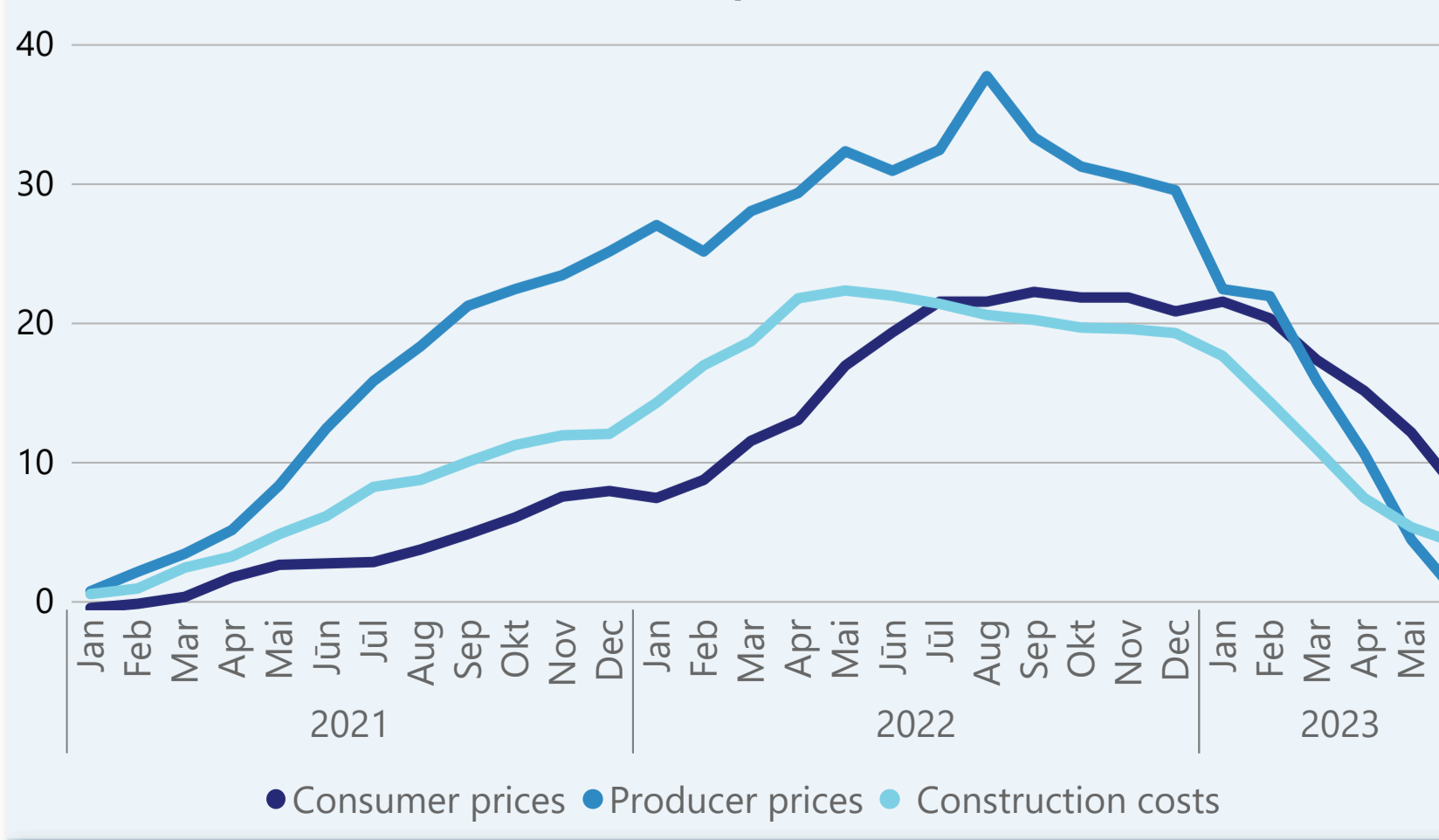
0.4%

June 2023

Consumer prices, YoY%



Prices, YoY%



Source: CSB

UNEMPLOYMENT

Registered

5.5%

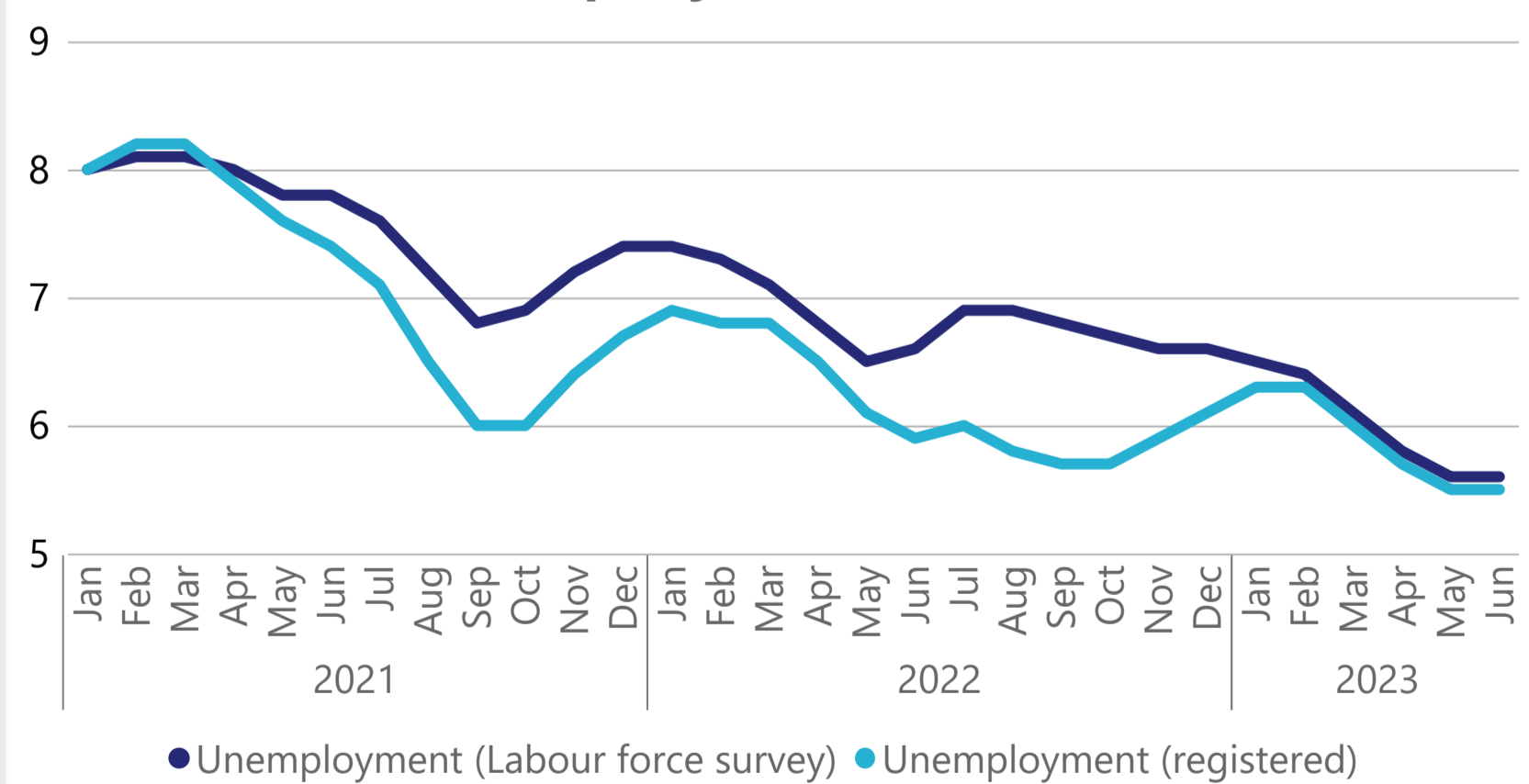
June 2023

Labour force survey

5.6%

June 2023

Unemployment rate, %



Source: CSB, State Employment Agency

WAGE

Private sector

1 483€
(+13% YoY)
1Q 2023

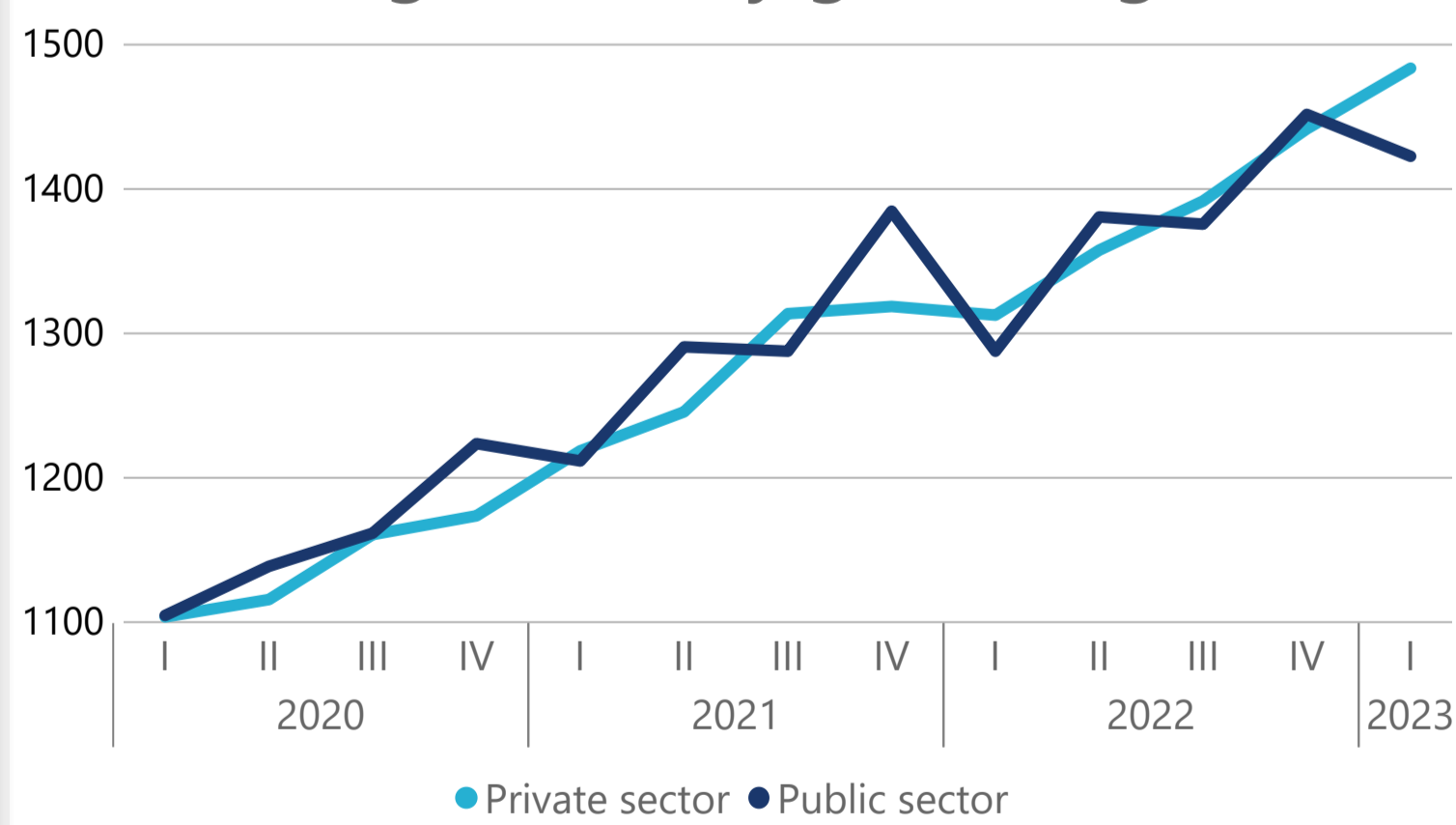
Public sector

1 422€
(+10.5% YoY)
1Q 2023

Total

1 443€
(+12.3% YoY)
1Q 2023

Average monthly gross wage, €



FOREIGN TRADE

Foreign trade (goods), mln €



Source: CSB; Bank of Latvia

Foreign trade (services), mln €



GENERAL GOVERNMENT BUDGET

General government budget balance
2023

-4.0% of GDP

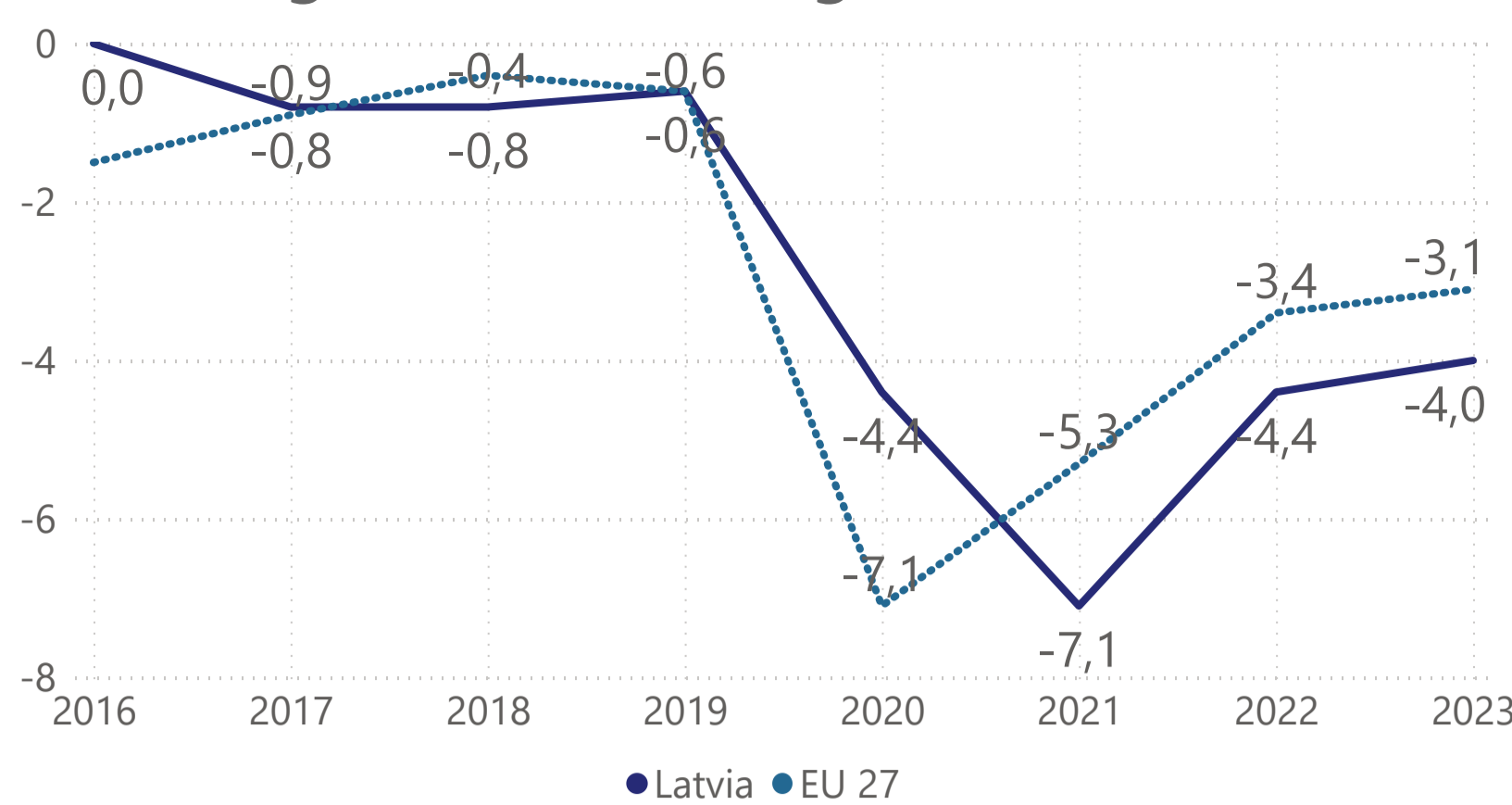
Forecast of MoF, March 2023

General government debt 2023

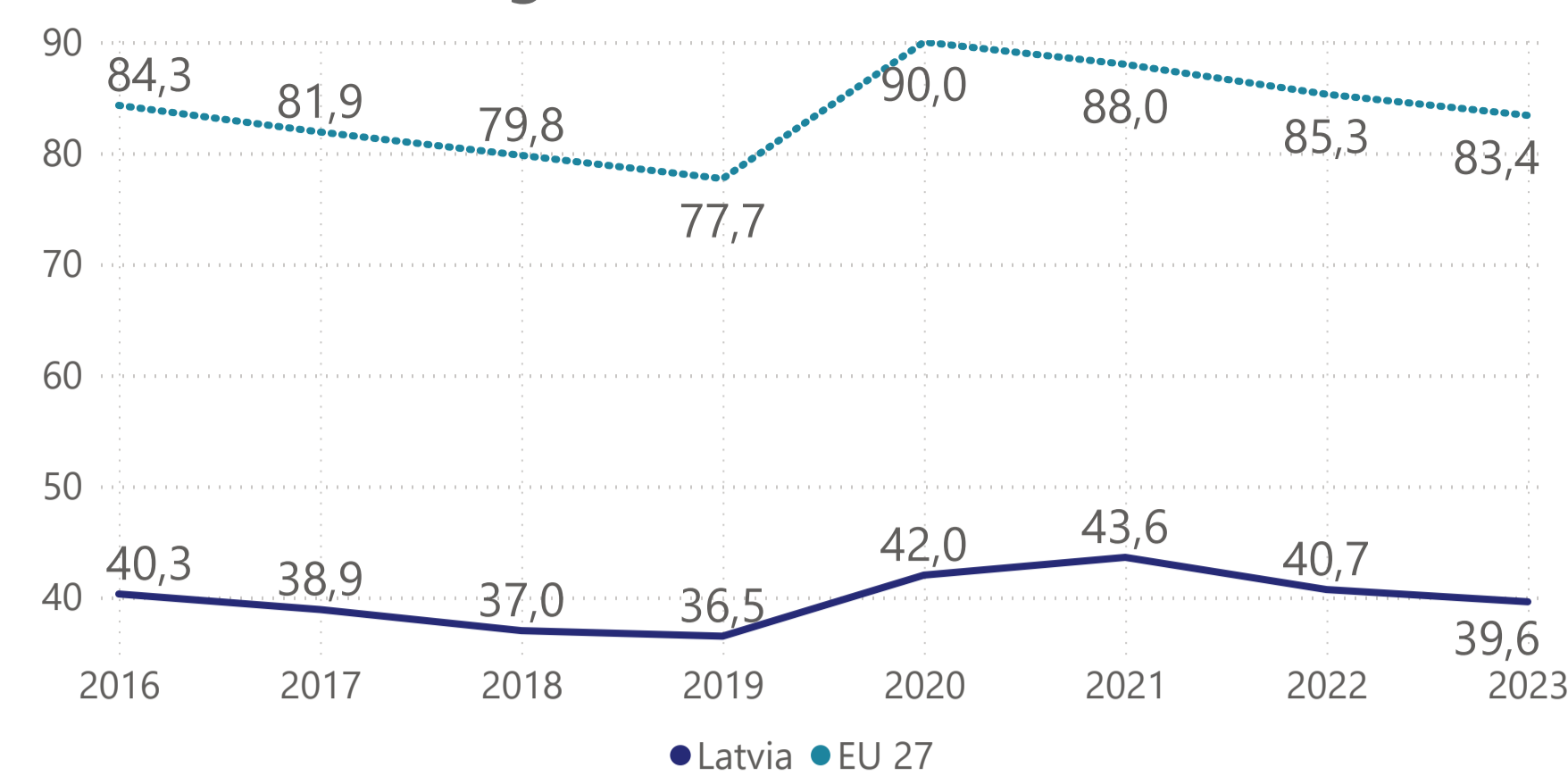
39.6% of GDP

Forecast of State Treasury, March 2023

General government budget balance, % of GDP



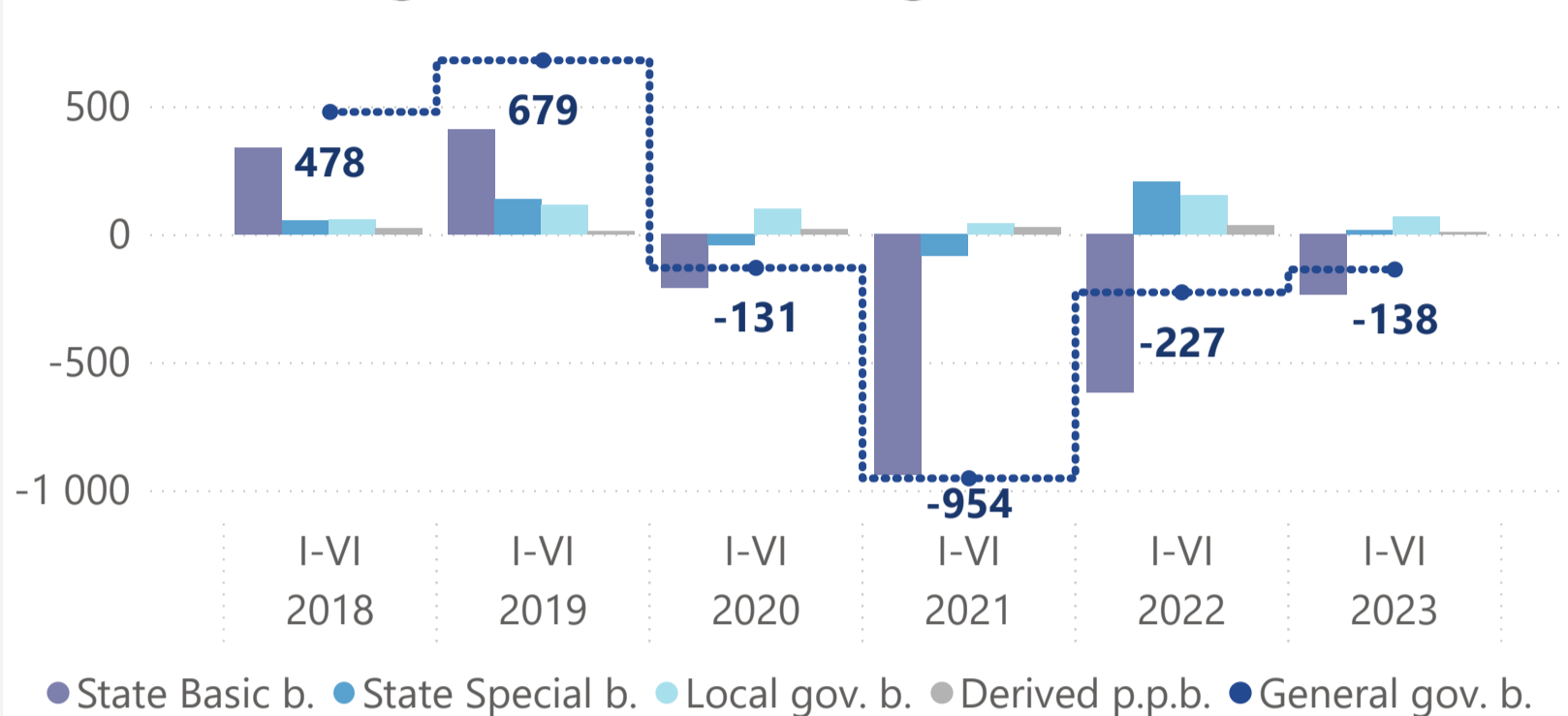
General government debt, % of GDP



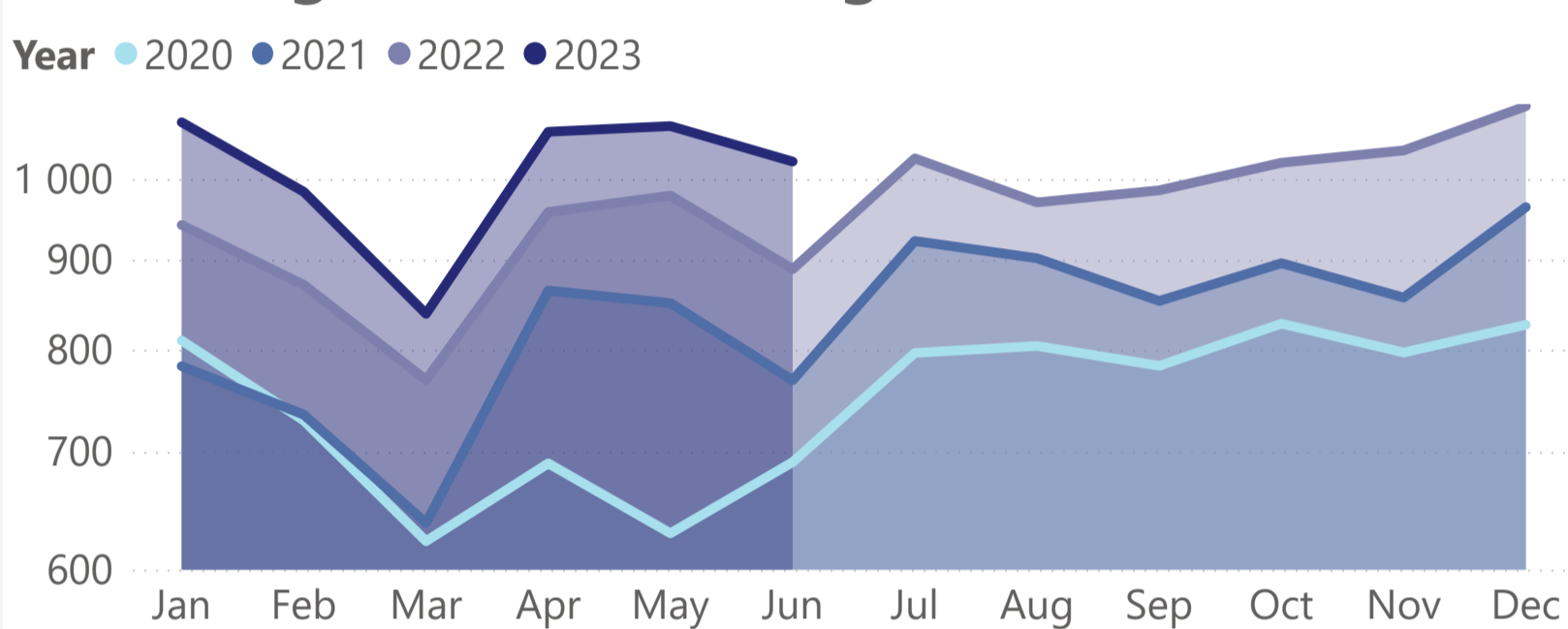
Source: Eurostat, AMECO Spring Forecast 2023, "Stability Programme of Latvia 2023-2026".

GENERAL GOVERNMENT BUDGET IN JANUARY-JUNE 2023 ON CASH BASIS

General government budget balance, mln €



General government budget tax revenue, mln €



Source: Treasury.

General government budget tax revenue in January-June 2023 including revenue in the single tax account -151.5 mln € and not included SSC revenues in 2nd pension tier 371.1 mln €.

General government budget
Execution, YoY, mln € YoY, %

| General government budget | Execution, mln € | YoY, mln € | YoY, % |
|---------------------------|------------------|------------|--------|
| Revenue | 7 684,0 | 899,1 | 13,3% |
| Expenditure | 7 821,8 | 809,8 | 11,5% |
| Balance | -137,7 | 89,3 | |

General government budget tax revenue

| Tax type | Execution, mln € | YoY, mln € | YoY, % |
|----------|------------------|------------|--------|
| SSC | 1 955,2 | 143,7 | 7,9% |
| VAT | 1 946,7 | 320,3 | 19,7% |
| PIT | 1 092,1 | 78,3 | 7,7% |
| EXCISE | 572,5 | 25,4 | 4,6% |
| CIT | 331,8 | 119,3 | 56,2% |

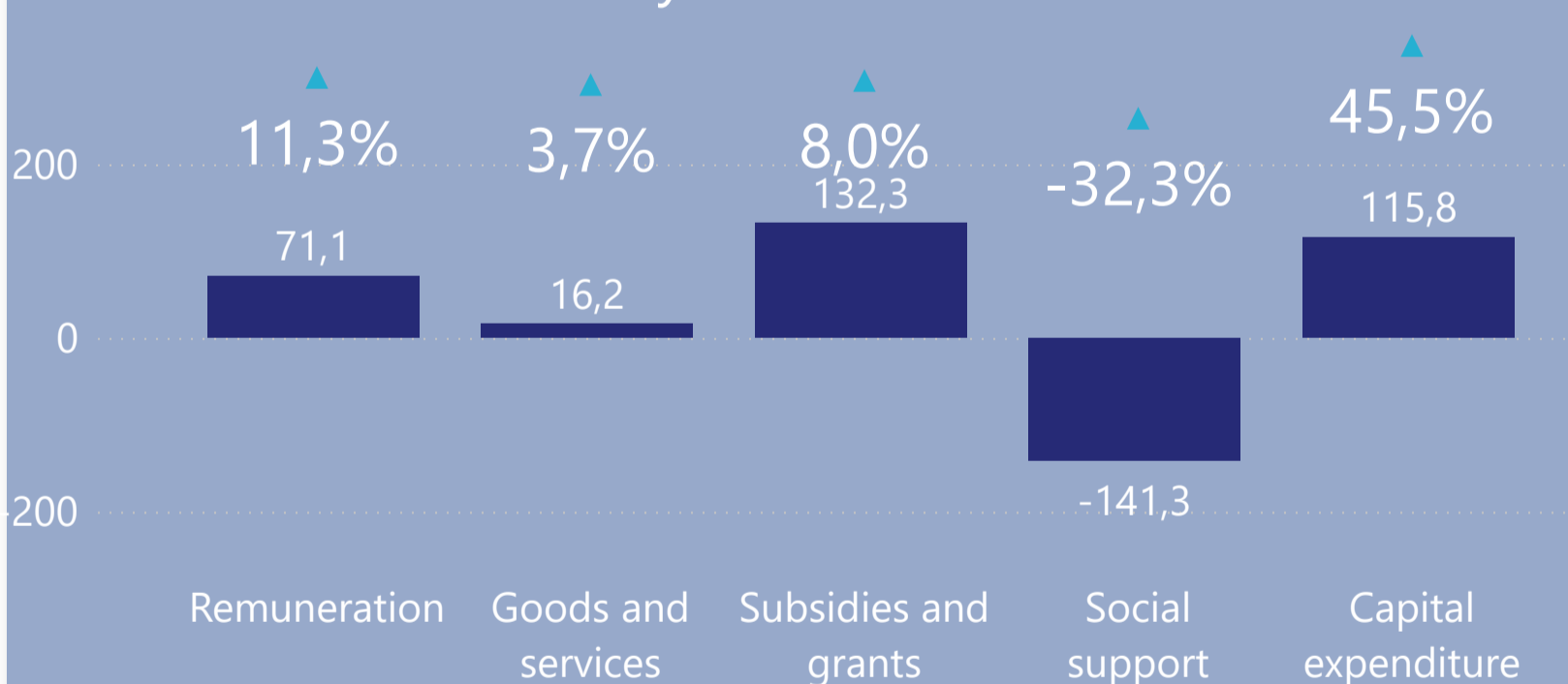
General government budget
Execution, YoY, mln € YoY, %

| General government budget | Execution, mln € | YoY, mln € | YoY, % |
|------------------------------|------------------|------------|--------|
| Revenue | | | |
| Tax revenue | 5 034,8 | 516,6 | 11,4% |
| Non tax revenue | 425,5 | 101,0 | 31,1% |
| Foreign financial assistance | 709,8 | 68,1 | 10,6% |
| Self-earned revenue | 209,2 | 19,4 | 10,2% |
| Expenditure | | | |
| Remuneration | 1 282,1 | 155,7 | 13,8% |
| Subsidies and grants | 1 635,2 | 151,3 | 10,2% |
| Goods and services | 780,4 | 95,4 | 13,9% |
| Capital expenditure | 359,8 | 93,5 | 35,1% |
| Social support | 2 053,5 | 93,0 | 4,7% |
| Interest payments | 153,2 | 30,7 | 25,1% |
| Payments to EU budget | 147,3 | -20,8 | -12,4% |

STATE BASIC BUDGET

| State Basic Budget | Execution, mln € | YoY, mln € | YoY, % |
|--------------------|------------------|------------|--------|
| Revenue | 4 546,2 | 652,8 | 16,8% |
| Expenditure | 4 782,8 | 269,3 | 6,0% |
| Balance | -236,6 | 383,5 | |

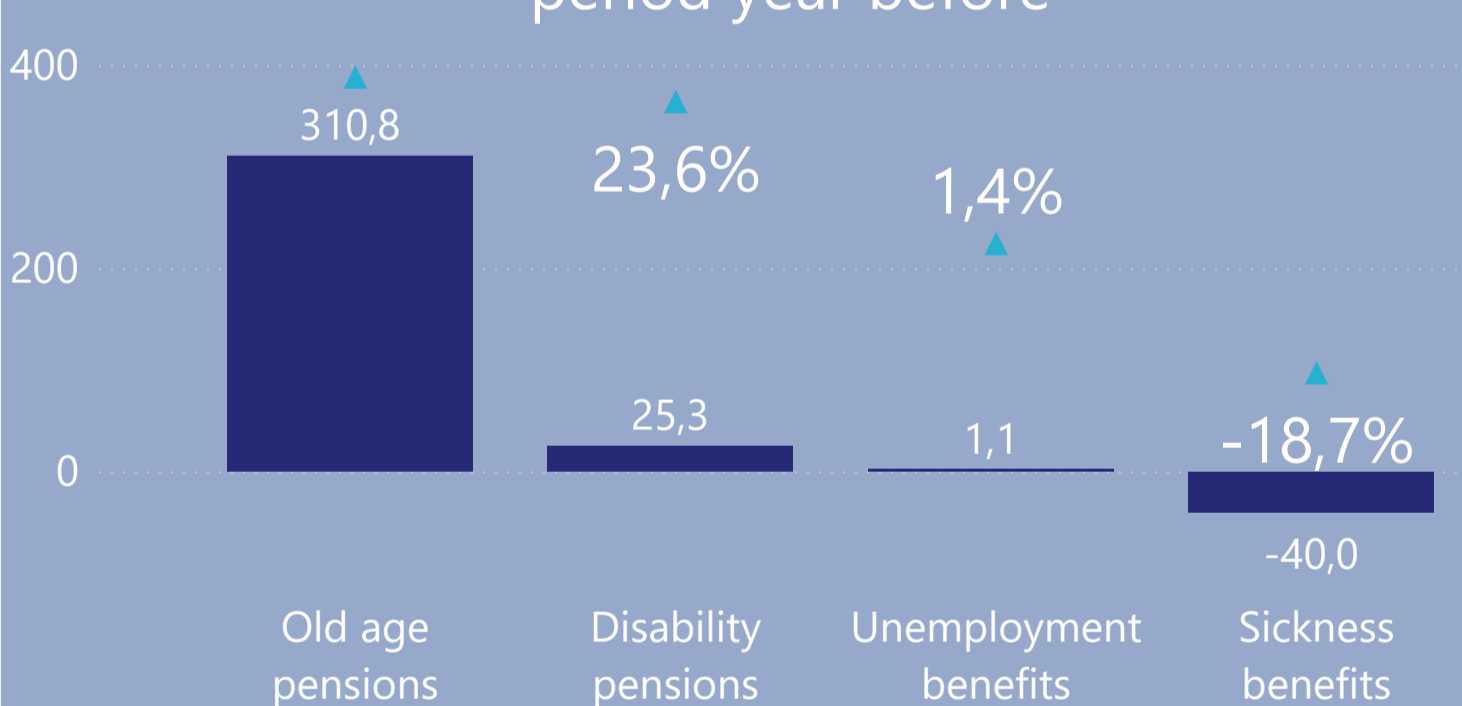
Major changes in mln € and % against respective period year before



STATE SPECIAL BUDGET

| State Special Budget | Execution, mln € | YoY, mln € | YoY, % |
|----------------------|------------------|------------|--------|
| Revenue | 2 057,6 | 133,3 | 6,9% |
| Expenditure | 2 038,7 | 319,5 | 18,6% |
| Balance | 18,9 | -186,1 | |

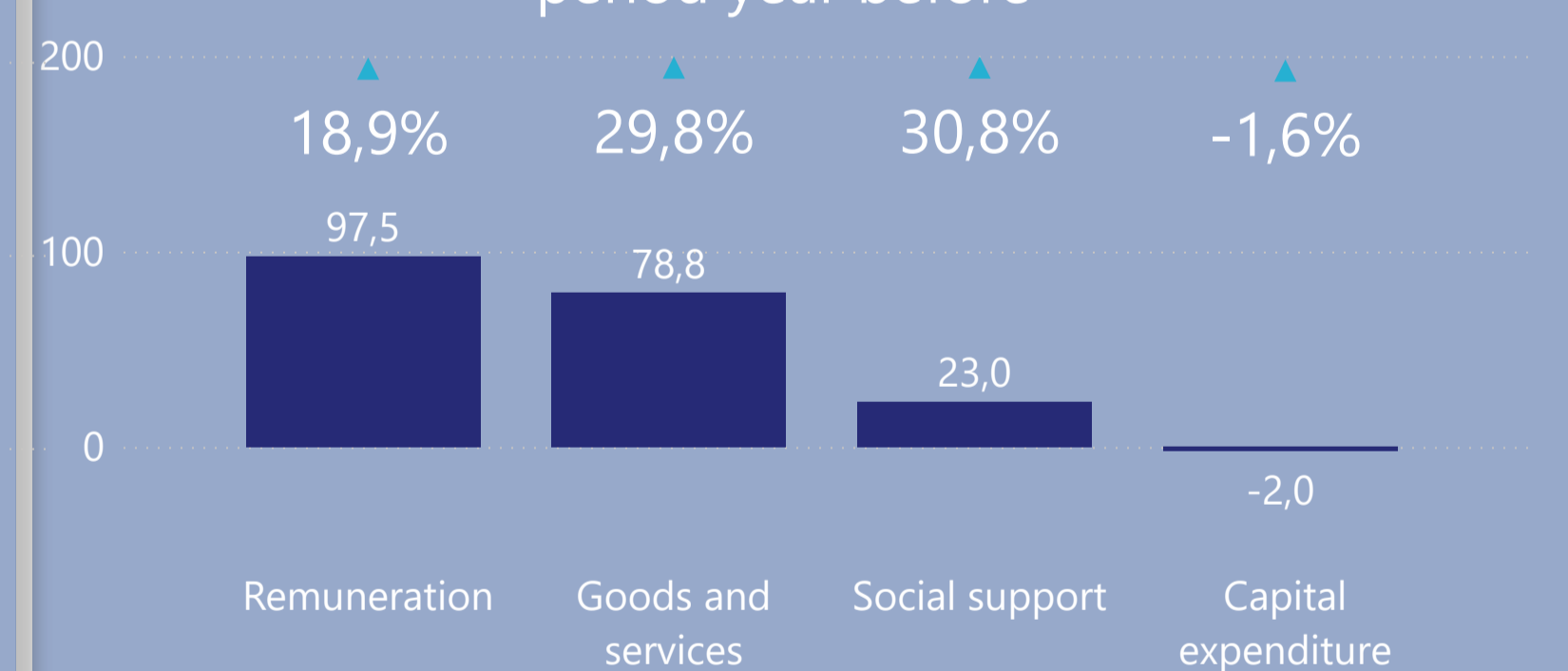
Major changes in mln € and % against respective period year before



LOCAL GOVERNMENT BUDGET

| Local Government Budget | Execution, mln € | YoY, mln € | YoY, % |
|-------------------------|------------------|------------|--------|
| Revenue | 1 758,4 | 183,9 | 11,7% |
| Expenditure | 1 686,8 | 265,1 | 18,6% |
| Balance | 71,6 | -81,2 | |

Major changes in mln € and % against respective period year before



YoY - changes in mln euro against respective period year before; YoY% - changes in per cent against respective period year before

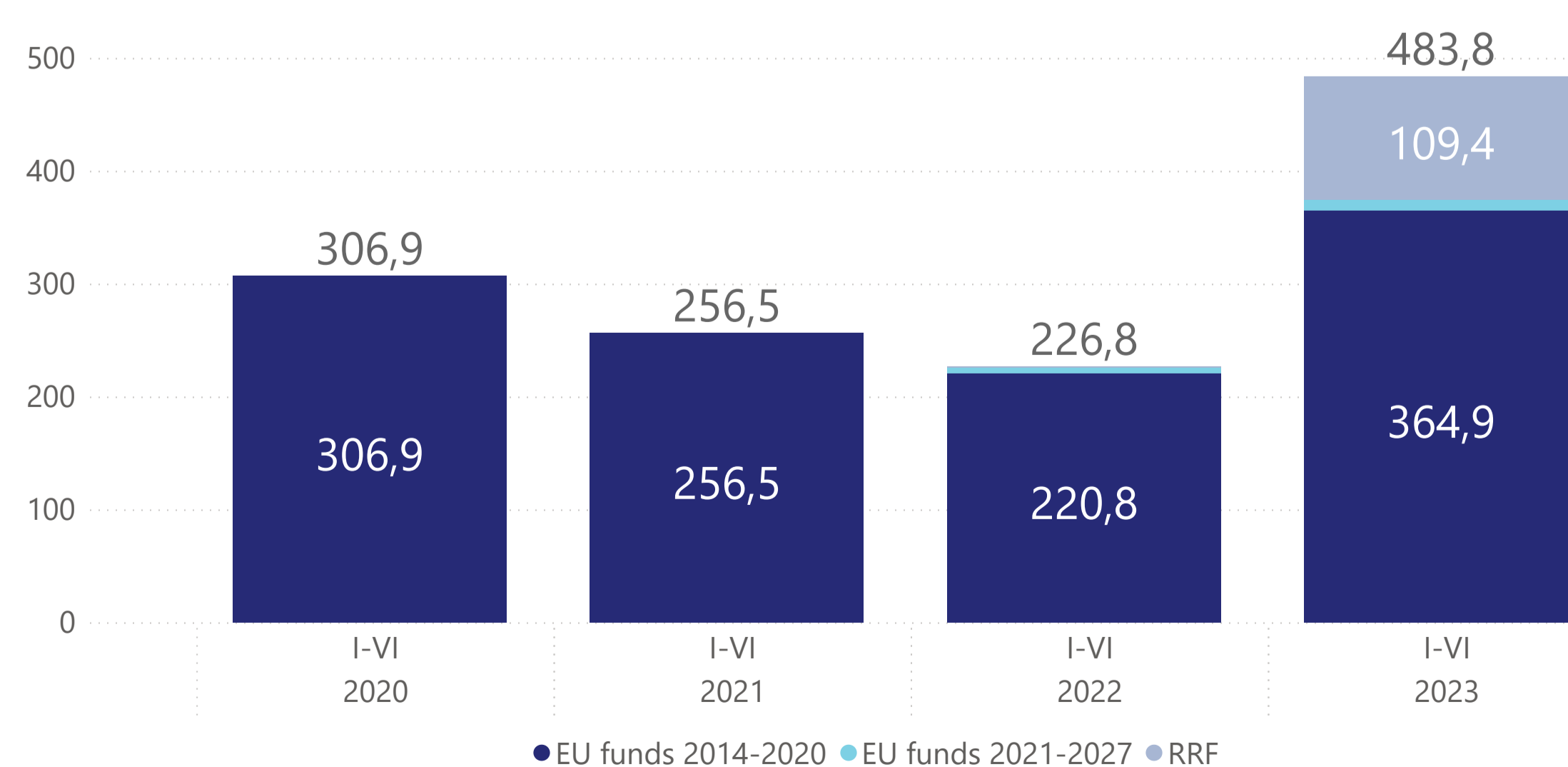
CRISIS SUPPORT MEASURES

Total support and impact on general government budget balance, mln € and % of GDP

| Measure | 2020 | 2021 | 2022 | 2023 | 2023p |
|---------------------------------|--------|---------|---------|--------|--------|
| Covid-19 | 1281,7 | 2315,1 | 965,9 | 27,3 | 100,8 |
| Energy | | 1,9 | 603,5 | 417,4 | 621,6 |
| Ukraine | | | 81,0 | 34,3 | 102,0 |
| Total support measures | 1281,7 | 2317,0 | 1650,4 | 478,9 | 824,4 |
| % of GDP | 4,2 | 6,9 | 4,2 | 1,1 | 1,9 |
| Impact on budget balance | -960,8 | -2104,7 | -1481,0 | -484,9 | -856,3 |
| (% of GDP) | -3,2 | -6,3 | -3,8 | -1,1 | -2,0 |

EUROPEAN UNION FUNDS

Investments of EU funds, mln €



Source: Plan according to the government decisions till July 13th, 2023. Execution according to data from the State Treasury, State Revenue Service, ALTUM, etc. till June 30th, 2023.

Source: State Treasury. Investments of EU funds, included co-financing from general government budget. EU funds - funds for implementation of Cohesion policy (European Regional Development Fund (ERDF), European Social Fund (ESF) and Cohesion Fund (CF). RRF- Recovery and Resilience Facility plan.