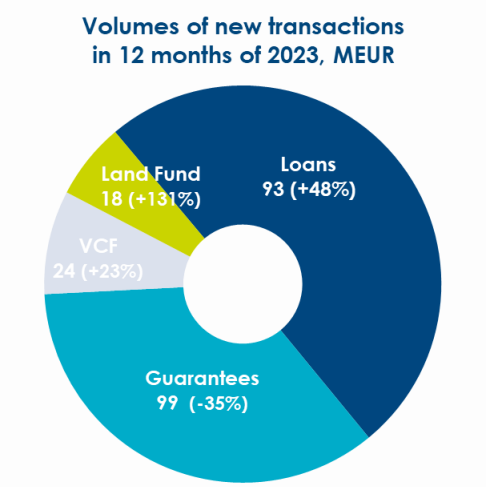
JSC Development Finance Institution Altum operational volumes for the twelve months period ending 31 December 2023

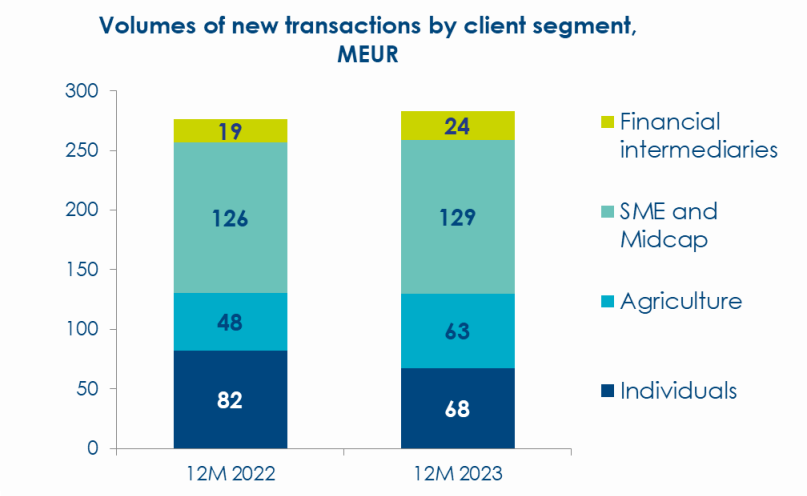
ALTUM's portfolio of support instruments has grown in 2023 both in terms of volume and number of transactions, with the total portfolio reaching EUR 1.1 billion at the end of the year. In the 12 months of 2023, the total portfolio of ALTUM in terms of volume and number of projects grew similarly - by 4%. In certain business areas, for example, housing guarantee programmes, the volume of new transactions decreased, while in several others, for example, the SMEs and Mid-caps segment, this volume has increased. In terms of financial instruments, the largest growth is in the loan portfolio, which grew by 48% in 12 months.

To promote lending and the continuation of investment plans for businesses even in conditions of high credit rates, in 2023 ALTUM introduced reliefs in both guarantees' programmes and direct loans with the aim of promoting the implementation of sustainable projects, reducing costs for customers by attracting an ALTUM guarantee for a bank loan, as well as increasing the availability of financing for customers. including significantly reducing collateral requirements for loans up to EUR 100,000 and reducing interest rates for several customer segments. The impact of the reliefs on the volumes of new transactions will be visible in 2024-2025.

New volumes

In total, in the 12 months of 2023, the new transactions of ALTUM's support instruments amounted to EUR 289 million (-20% compared to the corresponding period of 2022), of which new transactions of financial instruments – EUR 283 million (+3% compared to the corresponding period of 2022), financing 4,846 new projects (-26% compared to the 12 months of 2022).





The decrease in the volume of new transactions was largely influenced by the drop in the volume of grant instruments - if in the 12 months of 2022 the volume of new transactions of grant instruments was EUR 83 million, of which EUR 72 million in the energy efficiency programmes for multi-apartment buildings, then in the 12 months of 2023 – EUR 6 million, which is related to the conclusion of the previous EU funds period 2016-2022. Although the volume of new transactions in 2023 decreased

compared to the previous year, in the second half of the year there was a positive trend of increasing the volume of new transactions in financial instruments and the decrease in the volume of transactions caused by high interest rates slowed down a bit.

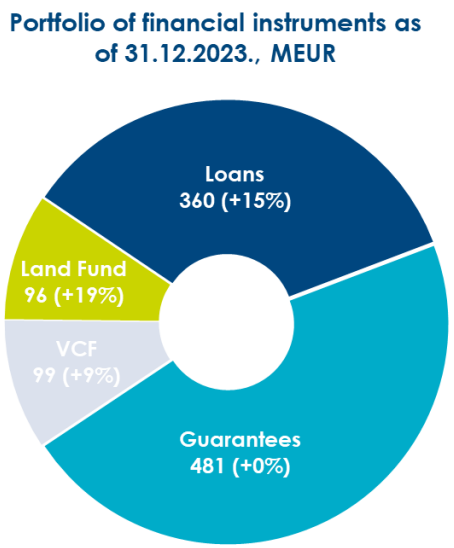
The most significant increase in the volume of new transactions in the 12 months of 2023 was in loans - in the Individuals segment, the increase is more than five times (EUR 29 million in the 12 months of 2023 compared to EUR 6 million in the corresponding period in 2022), mainly in energy efficiency programmes for apartment buildings, as well as in the SMEs and Mid-caps segment (EUR 70 million in 12 months of 2023 compared to EUR 44 million in the corresponding period in 2022). The volume of new loan transactions in 2023 was like guarantees, which, in turn, had a significant drop in the volume of new transactions compared to the previous year, mainly in housing guarantees, which is related to the increasingly high interest rates and rising construction costs.

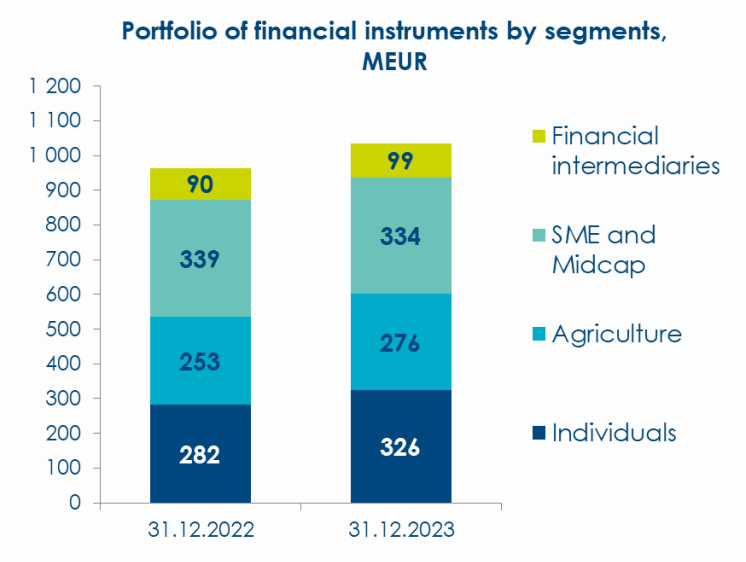
A rapid increase in the volume of new transactions was observed in the Agriculture segment, especially at the end of 2023, when working capital loans were available to farmers at a reduced fixed rate of 3.5% per year. Also, at the end of 2023, farmers' demand for the support instruments provided by the Land Fund increased, because 2023 was one of the most difficult years for farmers in recent times, both due to the weather conditions and the purchase prices of production.

Also, in the SMEs and Mid-caps segment in 2023 there was an increase in the volume of new transactions compared to the corresponding period before. At the beginning of 2023, there was a high demand for support instruments for mitigating the consequences of the Russian Federation's military aggression against Ukraine (+10 million EUR), while in the second half of the year the volume of new transactions began to grow in the investment loans' programme for the Mid-caps with a capital rebate (+7 million EUR) and the Renewal and Resilience Fund's energy efficiency and digitization loans for companies (+7 million EUR), while throughout 2023, energy efficiency and sustainability loans (+15 million EUR) showed a stable increase in the volume of new transactions.

Portfolio of support instruments

ALTUM's gross portfolio of support instruments was EUR 1,103 million on 31 December 2023, of which the gross portfolio of financial instruments amounted to EUR 1,035 million (+7% compared to 31.12.2022).





The portfolio of financial instruments at the end of December 2023 compared to the end of 2022 maintained a growth trend in all financial instruments, as well as in the Individuals segment (+27 million EUR in support programmes for multi-apartment buildings and + 10 million EUR in housing guarantees' programmes) and the Agriculture segment. The portfolio of the SMEs and Mid-caps segment is still smaller than at the end of 2022, the size of the portfolio continues to be affected by the amortization of the portfolio of the Covid-19 support programmes (-24 million EUR compared to

the end of 2022), however, the new transactions were able to compensate for the reduction in the portfolio.

JSC Development Finance Institution Altum is a Latvian state-owned company providing enterprises and households access to financial resources by means of support financial instruments - loans, guarantees, investments in venture capital funds - in the areas defined as important and to be supported by the state, thus developing the national economy and enhancing mobilization of the private capital and financial resources. On 16 December 2022 Moody's Investors Service (Moody's) affirmed the Company's Baa1 long-term issuer rating, with outlook stable, same as affirmed on 25 March 2019. The baseline credit assessment (BCA) is also affirmed at Baa3, together with the short-term issuer rating at P-2. The assigned Moody's rating of Altum is one of the highest credit ratings assigned to corporate entities in Latvia. On 24 October 2017 the bonds issued by Altum were listed on a regulated market – Baltic Bond List of Nasdaq Riga.

Laura Lapkovska
AS Attīstības finanšu institūcija Altum Investors Relationships Division
Tel.: +371 67774023, +371 26165699
E-mail: Laura.Lapkovska@altum.lv