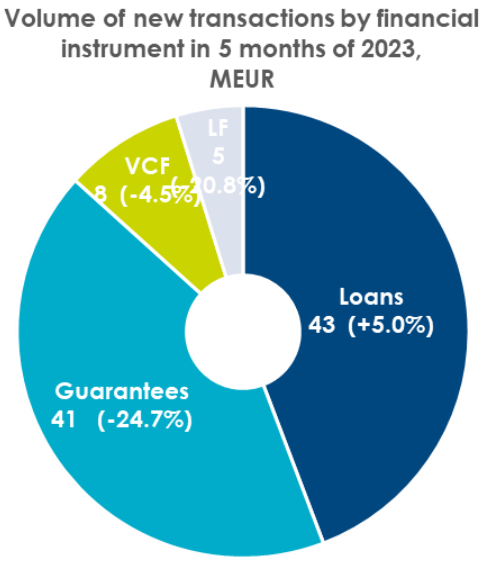
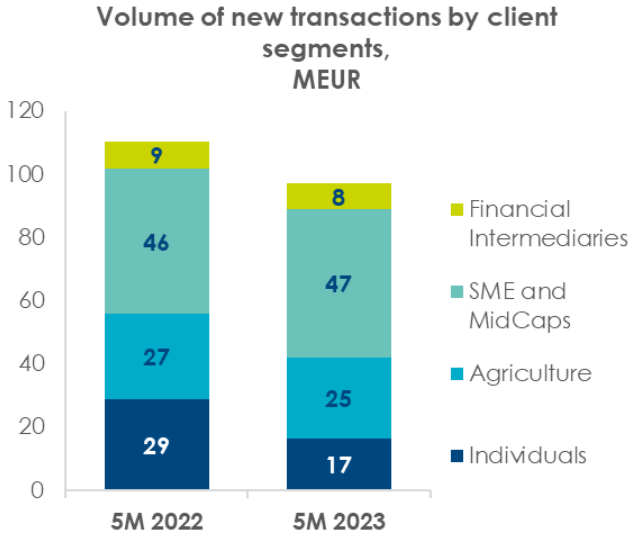
JSC Development Finance Institution Altum operational volumes for the five months period ending 31 May 2023

In the 5 months of 2023, the ALTUM's newly issued financial instruments amounted to 97 million EUR (-11.9% compared to the corresponding period of 2022), financing 1,934 new projects (-25.6% compared to 5 months of 2022).



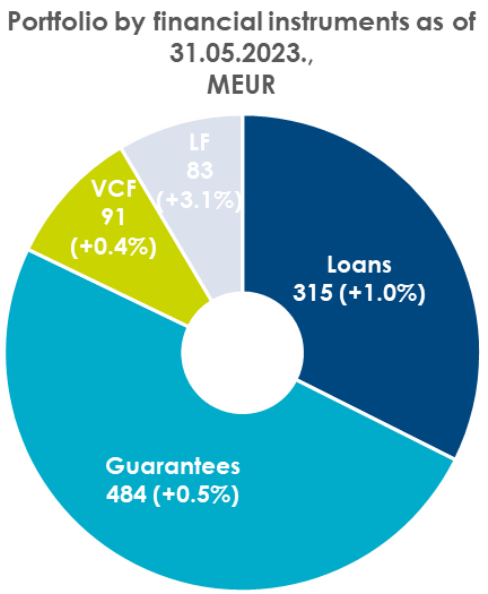


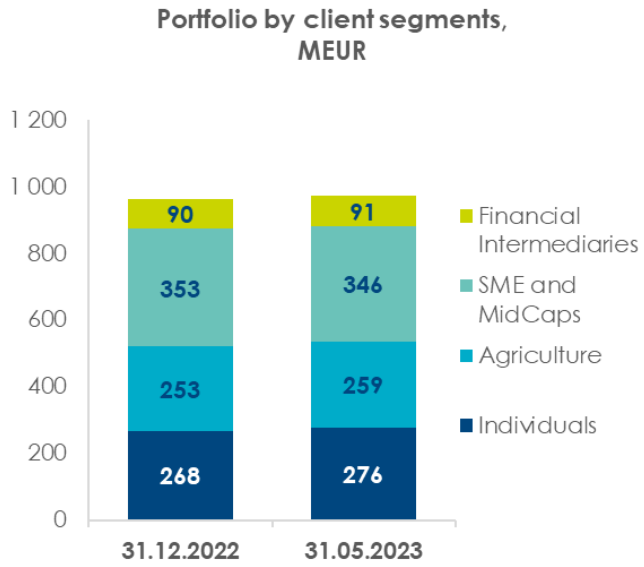
VCF - investments in venture capital funds
LF - Land Fund transactions

The volumes of new transactions have decreased in practically all financial instruments and segments in this period compared to the last year, which can be explained by the extremely cautious and wait-and-see attitude of entrepreneurs and individuals towards new investments and taking on credit obligations, which is affected by high inflation and rising rates. The largest drop in the volume of new transactions was in the Individuals segment, where it amounted to -8 million EUR in the multi-apartment energy efficiency (DME) programme, but an increase is expected already in the second half of 2023, when the DME projects approved at the end of 2022 will start to be implemented. On the other hand, the volume of new transactions in the housing guarantee programme (-5 million EUR) was affected by rising interest rates and the slowdown in bank lending, as well as high construction costs. The volume of new transactions has increased mainly in the new loan support programmes – the loan support programme for mitigating the consequences of Russian military aggression in Ukraine (+7.9 million EUR), with a slight increase in the loan support programme for Mid-caps with a capital rebate and the energy efficiency programme for companies under the Recovery and Resilience Fund (RRF) in which a faster increase in the volume of new transactions is expected in

the coming months, as well as in certain existing support programmes, for example, for increasing the energy efficiency and sustainability of companies (+4.2 million EUR), while the volume decreased in the SME growth support programme (-4.2 million EUR) and in the agriculture support programmes for land purchase and working capital loans (-6.1 million EUR), as entrepreneurs hold pending positions due to rising rates.

As of 31 May 2023, the ALTUM's gross portfolio of support instruments was EUR 1,049 million (-1.5% compared to 31 December 2022), of which the gross portfolio of financial instruments amounted to EUR 972 million (+0.9% compared to 31 December 2022).





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The portfolio of financial instruments at the end of May 2023 compared to the corresponding period of 2022 has shown a slight increase in all financial instruments and segments, except for the SMEs and Mid-caps segment. The volume of the portfolio of financial instruments is still affected by lower volumes of new transactions and amortization of the existing portfolio. Among the segments, the largest increase was in the Individuals segment, where slower amortization of the existing portfolio and smaller volumes still ensure a small, but constant increase in the portfolio of this segment. The increase in the portfolio of the Agriculture segment was influenced by the new reverse lease-back and investment property transactions of the Land Fund, as well as significantly higher (+2.1 million EUR) volumes of new transactions in the agriculture guarantees, which compensated for the drop in new transactions in the agriculture loan support programmes. The increase in guarantees was positively influenced by more favourable lending conditions in banks, at the same time, in direct lending, farmers are also starting to take a waiting position due to rising rates. The decline of the portfolio is still observed in the SMEs and Mid-caps segment, which is affected by the amortization of the portfolio of Covid-19 support instruments in both loan and guarantee support programmes (-32 million EUR compared to 31.12.2022), despite higher total volumes of new transactions in the 5 months of 2023.

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.

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