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JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Annual Report
for the year ended 31 December 2025

(the 12th reporting period)

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Altum

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

VALUES Excellence / Team / Responsibility

AS Attīstības finanšu institūcija Altum (the joint stock company Development Finance Institution Altum) is a Latvian state-owned company that ensures access for enterprises and households to the 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.

Strategy 2025-2027

In accordance with the strategy of JSC Development Finance Institution Altum for the period 2025–2027, the following strategic development directions and most significant long-term objectives have been set:

- The main financial objective when implementing the state aid programmes is to ensure a positive return on Altum's capital;
- The main non-financial objective is to facilitate access to finance for economic development, focusing on the following key areas:
 - implementation of the new programmes for EU programming period 2021-2027. The programmes focus on solutions for climate change mitigation and sustainable finance for business, including developing a range of financial instruments in the areas of innovation, R&D, productivity and digitalisation, and energy efficiency in both the residential and corporate segments;
 - promoting affordable housing in the regions;
 - increasing the role of venture capital instruments in business financing through actively introducing the 5th generation venture capital funds in the scope of early- to growth-stage funds;
 - launching the Baltic Capital Markets Acceleration Fund (IPO Fund) to support capital market development;
 - further development of the Latvian Land Fund;
- Increasing Altum's role in direct lending through active lending and servicing; given the inadequate funding offer from the private sector, this would include the initiation of mortgage lending in the regions of Latvia;
- Replacement of IT systems and implementation of Customer Relationship Management (CRM) platform technologies to modernise customer service and ensure effective loan application appraisal and underwriting processes.



Management Report

Activity during the reporting period

In 2025, the Development Finance Institution Altum (hereinafter – the Company) made a significant contribution to the development of the national economy, with the volume of new financial instrument transactions reaching EUR 535 million, while simultaneously ensuring stable financial results and a positive return on capital.

Key financial and performance indicators

Based on data from the audited financial statements for the respective years

	2025	2024	2023
Key financial data			
Net interest income (EUR '000)	20 026	23 026	17 765
Operating profit (EUR '000)	32 082	28 663	17 810
Profit for the period (EUR '000)	32 082	28 663	17 810
Cost to income ratio (CIR)	18.8%	23.3%	26.34%
Employees	258	254	255
Total assets (EUR '000)	1 730 046	1 455 350	1 316 086
Financial debt (EUR '000)	927 091	755 011	599 305
Tangible common equity (TCE) / Tangible managed assets (TMA) ¹	19.4%	21.6%	23.4%
Equity and reserves (EUR '000)	445 737	416 055	389 353
Return on average equity (ROE)	7.4%	7.1%	4.5%
Total risk coverage: (EUR '000)	374 448	309 853	281 355 ²
Risk coverage reserve	342 557	269 321	226 793 ²
Risk coverage reserve used for provisions	(52 656)	(46 585)	(42 078)
Portfolio loss reserve (specific reserve capital)	85 117	85 736	96 587
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(570)	1 381	53
Liquidity ratio for 180 days ³	321%	342%	430%
Net Cash flows from operating activities (EUR '000) ⁴	144 066	135 234	138 724
Net Cash flows from financing activities (EUR '000)	3 000	4 579	9 009
Net Cash flows from investing activities (EUR '000) ⁴	76 079	(249 994)	(121 467)
Support instruments gross value (EUR '000), of which	1 501 490	1 234 002⁶	1 101 797
Grants	4 294	3 159	68 132
Financial instruments gross value (EUR '000) ⁷			
Loans (excluding sales and leaseback transactions)	621 218	474 193 ⁵	359 246
Guarantees	627 944	523 538	480 025
Venture capital funds	90 210	97 999	97 456
Latvian Land Fund, of which:	157 824	135 113	96 938
- sales and leaseback transactions	37 005	42 137	28 692
- investment properties	120 819	92 976	68 246
Total	1 497 196	1 230 843⁶	1 033 665
Number of transactions	42 414	38 730	35 260
Volumes issued (EUR '000) (by financial instrument) ⁷			
Loans (excluding sales and leaseback transactions)	292 079	221 741	141 993
Guarantees	199 628	142 902	99 440
Venture capital funds	13 910	15 745	23 920
Latvian Land Fund, of which:	28 668	40 506	17 676
- sales and leaseback transactions	9 823	19 692	7 916
- investment properties	18 845	20 814	9 760
Total	534 285	420 894	283 029
Number of transactions	8 387	6 710	4 846
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	1 405 422	978 319	946 008
Leverage for raised private funding	158%	129%	229%
Volume of support programmes funding per employee (EUR '000)	5 803	4 625	4 054
Long-term rating assigned by Moody's Ratings	Baa1	Baa1	Baa1

Management Report (cont'd)

Key financial and performance indicators (cont'd)

¹ TMA includes the off-balance sheet item, namely, guarantees at net carrying amount.

² As of Q3 2024 Risk Coverage Reserve excludes the public funding for full coverage of potential capital rebate component. Thus 1) restated comparatives for Risk Coverage Reserve as at 31 December 2023 are EUR 226 793 thousand instead of EUR 315 649 thousand and 2) restated comparatives for Total Risk Coverage as at 31 December 2023 are EUR 281 355 thousand instead of EUR 370 211 thousand.

³ The calculation of liquidity ratio takes into account the previous experience and management estimate of the expected amount and timing of guarantee claims.

⁴ As of Q2 2024 Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. Thus restated comparatives for Net cash flows from operating activities as at 31 December 2023 should be EUR 138 724 thousand instead of EUR 35 724 thousand and restated comparatives for Net cash flows from investing activities as at 31 December 2023 should be EUR (121 467) thousand instead of EUR (18 467) thousand.

⁵ The gross loan portfolio is presented in accordance with the definition of the gross Support instruments. The KPI reported as at 31 December 2024 is presented taking into account the impact of fair value change on the future potential capital rebate component - loans with a capital rebate. However, this decrease should not have occurred under the gross loan portfolio definition, subsequently this indicator as at 31 December 2024 amounts to EUR 474,193 thousand (previously: EUR 418,079 thousand).

⁶ Taking into account reference No.5, the total Financial instruments gross value as at 31 December 2024 should amount to EUR 1,230,843 thousand (previously: EUR 1,174,729 thousand), and the total Support instruments gross value as at 31 December 2024 should amount to EUR 1,234,002 thousand (previously: EUR 1,177,888 thousand).

⁷ Taking into account the significance of the volume, Latvian Land Fund portfolio, which consists of sales and leaseback transactions and investment properties, is also presented in the operational volumes for the period. In accordance with the accounting principles and IFRS the sales and leaseback transactions are accounted for under the loans, the loan volume in this table has been reduced for the volume of the sales and leaseback transactions as it is recorded under Latvian Land Fund portfolio.

The figures are explained in the section 'Key Financial and Performance Indicators' under *Other Notes to the Annual report*.

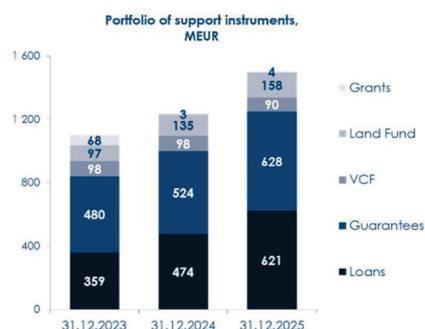
Management Report (cont'd)

Operational volumes

Altum's operational volumes are characterized by two dimensions: (i) support instruments that include lending, issuing of guarantees, investments in capital instruments, transactions of the Latvian Land Fund (hereinafter - the Land Fund) and servicing of grants, and (ii) segments that include SME and Midcaps, Agriculture, Individuals and Financial intermediaries.

Support instruments

In 2025, Altum's gross portfolio of support instruments totalled EUR 1,501 million (31 December 2024: EUR 1,234 million), of which the gross portfolio of financial instruments (excluding grants) was EUR 1,497 million, an increase of EUR 266 million (+22%) compared with the end of 2024. The largest increase was in the loan portfolio, which grew by EUR 147 million (+31%) in 2025, exceeding the EUR 600 million mark for the first time. Loans under the Recovery and Resilience Facility (RRF, Recovery Fund) programme accounted for 46% of total portfolio growth, while investment loans with a capital rebate accounted for 31%. The guarantee portfolio grew by EUR 104 million (20%). The greatest impact on guarantee portfolio growth came from guarantees issued to private individuals, increasing by EUR 60 million (+19%) during 2025. The guarantee portfolio for merchants, including SME's, large-enterprise segments, and agricultural guarantees, grew by EUR 45 million (22%).



* The loan portfolio is presented in accordance with the definition of gross portfolio, including as at 31 December 2024 the amount of the loan issued and outstanding, which is not reduced by the component of a possible capital rebate

The Land Fund portfolio increased by EUR 23 million (+17%) in 2025.

The gross portfolio of support instruments, by the number of projects increased by EUR 3,731 (+10%).

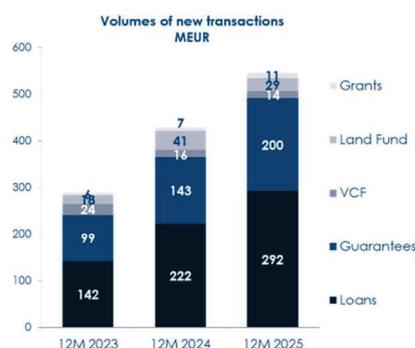
Management Report (cont'd)

Operational volumes (cont'd)

Support instruments (cont'd)

In 2025, the volume of new transactions reached EUR 545 million, 27 % (+EUR 117 million) higher than in 2024. The increase was mainly driven by the higher volume of new loan transactions (+EUR 70 million) and the higher volume of new guarantee transactions (+EUR 57 million). In the loan portfolio, the volume of new transactions continued to be driven primarily by programmes under the Recovery Fund, with EUR 98 million issued in 2025 (+EUR 49 million compared with the corresponding period in 2024). The volume of new transactions under this fund's programmes

was most affected by new transactions in the Energy Efficiency Promotion Programme for Apartment Buildings and the Affordable Housing Construction Programme. A particularly high volume of new transactions was also observed in the Investment Loan Programme with Capital Rebate, where the volume of new transactions reached EUR 46 million (+EUR 14 million compared to 2024) in 2025. There was also significant demand for SME loans in 2025, with new transactions reaching EUR 66 million (+EUR 12 million compared to 2024).



In 2025, the increase in the volume of new guarantee transactions was driven by high demand for both merchant guarantees (in the SME and large enterprise segment) and guarantees to private individuals. In 2025, the volume of guarantees issued to merchants was EUR 102 million (+EUR 31 million compared with 2024), while the volume of guarantees issued to private individuals reached EUR 97 million (+EUR 28 million compared with 2024). The high demand for merchant guarantees was supported by Altum's attractive product conditions and the increased lending activity in commercial banks. Growth in new transactions for private individuals continued to be driven mainly by demand for Housing Guarantees and for energy efficiency guarantees for apartment buildings. In 2025, new Housing Guarantee transactions totalled EUR 58 million (+EUR 19 million), while new energy efficiency guarantees for apartment buildings reached EUR 27 million (+EUR 11 million).

In the Land Fund, demand decreased in 2025, with new transaction totalling EUR 29 million, which is EUR 12 million less than in 2024.

Management Report (cont'd)

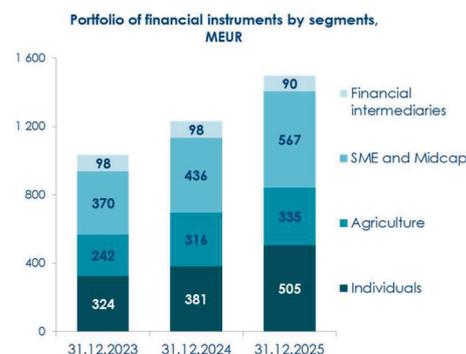
Operational volumes (cont'd)

Segments

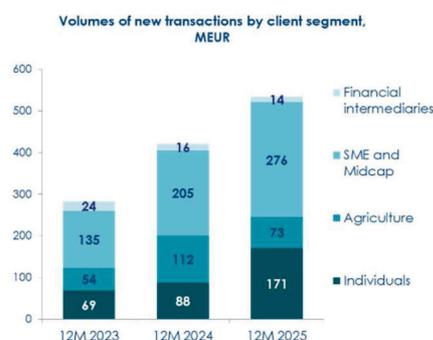
The Individuals segment accounts for 34% of the total portfolio (at the end of 2024: 31%). The largest part (76%) of the Individuals segment consists of guarantee instruments, mainly housing guarantees and guarantees for energy efficiency of multi-apartment buildings, as well as study portfolio guarantees. The largest portfolio growth in 2025 was in this segment: +EUR 124 million (+33%). Compared to the corresponding period in 2024, the volume of new transactions increased by EUR 84 million (+95%). The largest volume of new transactions in 2025 was recorded in the multi-apartment building energy-efficiency programme. Across both the Recovery Fund and the new multi-apartment building energy-efficiency programme, implemented under the EU Cohesion Policy for the 2021–2027 planning period, loans amounting to EUR 35 million were issued,

while guarantees totalled EUR 27 million. Strong demand also continued for housing guarantees for families, military service members, and young specialists, with new transactions amounting to EUR 58 million. Issuance activity also remained high in the Recovery Fund rental housing programme, where EUR 27 million in new transactions were issued in 2025.

The SME and large enterprise segment accounted for 38% of the total portfolio (2024 year-end: 35%), with loan instruments currently representing the majority share (58%). In 2025, the SME and large enterprise segment portfolio increased in total by EUR 131 million (+30%), supported by growth in both the loan and guarantee portfolios. The loan portfolio grew by EUR 83 million (+33%), while the guarantee portfolio increased by EUR 48 million (+26%). Compared with 2024, new transaction volumes increased by EUR 71 million (+35%). This growth was driven mainly by programmes



* The loan portfolio is presented in accordance with the definition of gross portfolio, including as at 31 December 2024 the amount of the loan issued and outstanding, which is not reduced by the component of a possible capital rebate



Management Report (cont'd)

Operational volumes (cont'd)

Segments (cont'd)

implemented under the EU Cohesion Policy for the 2021–2027 planning period, with new transactions in these programmes totalling EUR 96 million in 2025 (+EUR 24 million versus 2024), including EUR 24 million in loans and EUR 72 million in guarantees. Demand remained strong for Investment Loans with Capital Rebate, where new transactions reached EUR 46 million in 2025 (+EUR 14 million compared with 2024). Significant activity was also observed in the Recovery Fund programmes for digital transformation and energy-efficiency improvements, where new transactions totalled EUR 45 million (+EUR 8 million), as well as in SME Growth Loans, with EUR 63 million issued in 2025 (+EUR 11 million).

The agricultural segment accounted for 22% of the total portfolio (2024 year-end: 26%). A slight increase in this segment was observed, with the portfolio growing by EUR 19 million in 2025 (+6%). This growth was driven mainly by the Land Fund, where new transactions totalled EUR 29 million in 2025, contributing to a EUR 23 million increase in the Land Fund portfolio (+17%). The loan portfolio in this segment did not increase in 2025, reflecting significantly lower demand for working capital loans. During 2025, EUR 10 million in working capital loans were issued - EUR 29 million less than in 2024 - resulting in a EUR 9 million decline in the overall working capital loan portfolio. Demand remained steady for small loans in rural areas and for land acquisition loans, where new transactions in 2025 reached EUR 16 million and EUR 13 million respectively. The guarantee portfolio in this segment decreased by EUR 3 million during 2025.

Financial intermediaries formed under Venture Capital Programmes account for 6% (31 December 2024: 8%) of the total segment portfolio. The portfolio of financial intermediaries declined in 2025, influenced by both investment repayments and low volumes of new business. Investments were made at the beginning of the 2nd quarter in fifth-generation venture capital funds supported by EU Cohesion Policy funding under the 2021–2027 programming period; however, this had a limited impact on portfolio growth. Total invested: EUR 7 million.

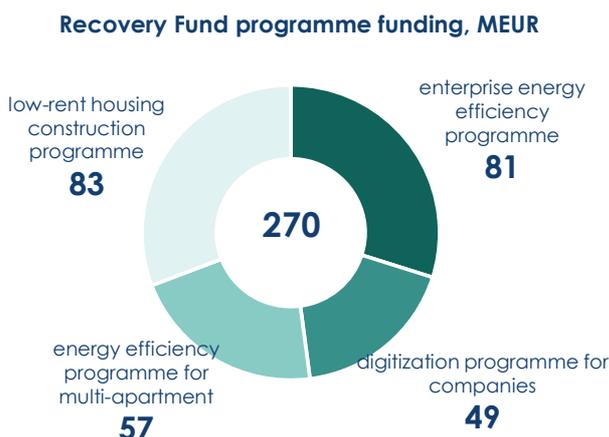
Altum plays an important role in ensuring the availability of financial instruments in regional areas beyond Riga and its surrounding area, which is ensured through the development of targeted programmes for financing enterprises in the regions (small loans in rural areas, loans for the purchase of agricultural land, land fund, etc.), as well as by proactively introducing conditions encouraging lending in the regions in general programmes implemented by Altum. Since the start of 2024, in order to encourage lending in the regions, Altum has been issuing loans of up to EUR 100 thousand to businesses with substantially reduced collateral requirements. In 2025, 64% of new transactions (by number) in this portfolio are regional transactions. Also, in the overall loan portfolio, the volume of new transactions in the regions increased in 2025 compared to 2024: EUR 201 million in 2025 and EUR 158 million in 2024.

Management Report (cont'd)

New products and increasing operational efficiency

In Recovery Fund programmes, as at 31 December 2025, approved transactions totalled EUR 248 million, of which EUR 168 million was disbursed in new transactions, with the total volume of capital rebates paid reaching EUR 47 million.

To promote active uptake of Recovery Fund programmes, the final 12th round of the Recovery Fund Corporate Energy Efficiency Programme was announced in December 2025. No further rounds will be announced in this programme; however, a similar Business Sustainability Programme is planned to be launched in the 1st quarter of 2026."



In 2025, the review of project applications received under **the Large Investment Loan Programme offering a capital rebate for medium-sized and Midcaps** continued. Until 31 December 2025, 26 applications for granting support to projects for a total project amount of more than EUR 790 million (the amount of the attributable capital EUR 170 million) have been approved, of which contracts have already been concluded for 23 (attributable amount of capital rebate EUR 150 million), while 2 applications (attributable amount of capital rebate EUR 16,5 million) are still being evaluated by Altum. The volume of new transactions in this programme in 2025 was nearly EUR 46 million, with a significant amount issued specifically in the 4th quarter, when EUR 24 million was granted. In the 4th quarter of 2025, the programme's fourth round was launched.

As part of the implementation of the **EU Cohesion Policy under the programming period 2021-2027**, starting with 2024, more than EUR 400 million in the form of financial instruments will be available to support entrepreneurship in at least 10 support programmes. In 2025, the launch of at least four new programmes was planned, with their terms approved at the end of 2024 and in January 2025 (energy efficiency improvement in multi-apartment buildings, productivity-enhancing loans for business innovation, use of the renewable energy resources and energy efficiency improvement in district heating and cooling, promotion of renewable energy – biomethane). Among the programmes referenced above, Altum launched the application process for the multi-apartment building energy-efficiency support programme on 3 April 2025, with the issuance of loans and guarantees already starting in the fourth quarter of 2025. In May 2025, two new support programmes for entrepreneurs were opened, aimed at the production, research, and development of dual-use projects. In December 2025, the application process was launched for two additional support programmes: 'Promotion of Renewable Energy - Biomethane' and 'Use of Renewable Energy and Improvement of Energy Efficiency in District Heating and Cooling'.

The European Investment Fund and ALTUM signed a new agreement in 2025, making student loans more accessible to thousands of Latvian students. With the support of the European Union's InvestEU programme, this initiative will provide funding of up to EUR 66 million by 2029.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In 2025, all fifth-generation venture capital funds began operations, including one growth venture capital fund: "FlyCap Private Debt Fund III AIF KS" as well as three pre-seed and seed venture capital funds: "KS AIF BIFI", "KS AIF Outlast Fund", "KS AIF Buildit 5G Fund". The Baltic Capital Market Acceleration Fund also commenced operations in 2025. The manager of this fund, together with private market participants, will make investments in SMEs, as well as small and innovative medium-sized enterprises at pre-IPO, IPO and IBO stages, operating in Latvia, Lithuania and other European Union regions.

At the end of 2024, the Ministry of Economics submitted a notification to the European Commission regarding ALTUM's launch of mortgage lending in market segments where, according to a study by the Bank of Latvia, mortgage lending volumes are significantly lower, and these segments are located outside Riga and its surrounding areas. For the launch of this programme, ALTUM received approval from the European Commission through an amendment to its founding decision, as well as a licence from the Consumer Rights Protection Centre. The programme was opened on 29 October 2025. From the launch date until the end of 2025, applications totalling EUR 0.9 million were approved.

Continuing the implementation of increasing Altum's operational efficiency and proceeding with the centralised reviewing of the applications for small loans (with the ticket size up to EUR 100 thousand) as part of the automation process, Altum since the beginning of 2024, increased the limit of the loan amount in the centralized remote evaluation from EUR 50 thousand to EUR 100 thousand, while also introducing a scoring system in the small loan segment with the aim of achieving a significant reduction in the terms of application review compared to the average indicators in previous years. In the twelve months of 2025, 866 projects worth EUR 27 million were approved through centralized remote assessment, accounting for 41% of all approved loan transactions during the period (2024 average: 40%). The rejection rate for applications during the same period averaged 23% of all applications received. The average amount of approved transactions in 2025 remained at the 2024 level: EUR 31 thousand. This average amount reflects the fact that 30% of all approved transactions are up to EUR 30 thousand, with an average transaction size of EUR 16 thousand. These relate to the nature of the transactions, primarily micro-loans for the purchase of small equipment, machinery or vehicles, as well as working capital loans. For loans above EUR 30 thousand, the average amount in 2025 remained EUR 54 thousand, comprising both investment loans mainly for equipment and machinery purchases, and working capital transactions.

In 2025, **by increasing operational efficiency, Altum implemented significant changes in its Anti-Money Laundering, Counter-Terrorism and Counter-Proliferation Financing (AML/CTPF) and sanctions risk management system.** To increase capacity for implementing risk control measures and to ensure a more effective risk-based approach, part of the client risk assessment activities was delegated to the first line of customer service.

Thus, a highly competent AML/CTPF and sanctions risk specialisation centre was retained centrally within the Risk Management Department, focusing on the analysis of risks related to the most complex clients and beneficiary groups, as well as on methodological development. Meanwhile, the assessment of lower-risk profiles is carried out in the first line of defence, significantly increasing operational efficiency and improving the speed of control execution.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In 2024, **Altum launched the process modernisation project 'ATOMS'**, within which a new core Customer Relationship Management (CRM) system is being implemented to position Altum as a modern, customer-oriented development finance institution. The main objectives of the ATOMS project are:

- to improve the customer experience by ensuring that applying for Altum support and completing the process is simple, fast and easy to understand;
- to improve the employee experience by ensuring that staff time is devoted to high value-added activities.

Within the project, several essential strategic initiatives were implemented in 2025, purposefully improving the customer experience, digitising core processes and strengthening the organisation's operational efficiency, including:

- the introduction of a unified customer service model, with a modern contact centre that meets contemporary requirements and provides remote authentication options using Smart-ID and eParaksts mobile;
- the implementation of the new core CRM system, enabling the centralised collection of customer data ('customer 360');
- the development of a new SME process design, focusing both on the customer journey and the employee experience, ensuring a balance between customer-valued services and efficient internal workflows, while reducing manual steps and associated risks.

Overall, the work completed in 2025 significantly strengthened the organisation's digital maturity, improved both customer and employee experience, and created a stable foundation for further process automation and business development. In 2026, the replacement of the customer service and transaction processing systems initiated in 2025 is expected to be completed, introducing remote identification capabilities, enhancing data exchange between Altum and external data providers, as well as internally between Altum's systems. To reduce customer-facing bureaucracy, an MKV declaration solution will be introduced, providing the basis for a sustainable and standardised approach in the future.

To prepare for the implementation of the European Union's InvestEU programme, ALTUM, together with an independent auditor, conducted its Pillar Assessment in 2023. This assessment of compliance is a prerequisite for ALTUM to apply for the role of InvestEU implementation partner and, in the future, for cooperation in implementing EU funds, thereby expanding the range of specialised financial instruments available to Latvian companies. The first phase of the assessment was completed at the end of 2023, and a draft report was submitted to the European Commission. Following agreement on the draft with the Commission, the key findings were identified. These have since been addressed, and a re-assessment by the independent auditors has been received. In 2025, the report has been submitted to the European Commission for review and opinion. Based on the information provided by Altum and the auditors' conclusions, the Commission has obtained sufficient assurance regarding the implementation of the recommendations, and the assessment is now progressing toward closure. A decision on whether to submit an application for the role of Invest EU implementing partner has not yet been taken.

Management Report (cont'd)

Rating

On 28 January 2025, Moody's Ratings (Moody's) affirmed Altum's Baa1 long-term issuer rating, with outlook stable, following update of rating methodology. The rating is the same as affirmed on 2 February 2024. The short-term issuer rating is also affirmed at the same P-2. Altum's credit rating is based on Moody's Finance Companies Methodology of July 2024. Within regular process, on 30 January 2026 Moody's has published ALTUM's updated credit rating (not rating action). Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia and has been constantly high at Baa1 since first assigned in 2017.

The high credit rating strengthens ALTUM's ability to implement its long-term financing strategy. It supports regular participation in the capital markets, including bond issuance, as well as access to funding from international financial institutions.

On May 23, 2025, ALTUM successfully issued 5-year bond placement, totalling EUR 70 million, marking the Company's largest bond issuance to date. Overall, 18 institutional investors participated in the bond offering, including Nordic Investment Bank. The allocation of the issued volume was as follows: 69% to asset management funds, 14% to Nordic Investment Bank, 13% to banks, and 4% to insurance companies. Geographically 43% of the bond was allocated to Latvian investors, 32% to – Lithuanian, 11% to – Estonian and 14% to an investor based in Finland. Bond yield on issuance was level 3.576%.

Risk Management

To ensure Altum's effective and sustainable operations, a comprehensive Risk Management System has been established, providing for the proactive identification, assessment and mitigation of risks, as well as the timely implementation of corrective measures. In assuming risks, Altum adheres to the principle of prudence and ensures the ability to meet its objectives and functions over the long term.

In its risk management, Altum applies a range of qualitative and quantitative methods and instruments, and sets risk limits and control mechanisms that cover all material identified risks. The selection of risk management methods is made with consideration of the material impact of each specific risk on Altum's operations and financial stability.

Given Altum's operations in higher-risk areas through the implementation of state support programmes, a risk coverage of EUR 375 million was established as at 31 December 2025 (31 December 2024: EUR 310 million), available to cover expected credit losses under the support programmes. Expected credit losses are estimated prior to the launch of each respective support programme, and a portion of the public funding received for expected credit loss coverage under that programme is allocated to the Risk Coverage. The Risk Coverage consists of the total of the Risk Coverage Reserve and the Portfolio Loss Reserve (special reserve capital), net of provisions established for expected credit losses.

Geopolitical risks

As geopolitical tensions and related economic uncertainty persist, Altum continues to adhere to the restrictions set out in its risk management policies regarding cooperation with the Russian Federation and Belarus. Since November 2022, loans to legal entities have been declined if their beneficial owners or officials are Russian or Belarusian citizens, except where their shareholding did not exceed 10%. From early 2026, this approach has been strengthened to a zero-tolerance regime, prohibiting Russian residents from receiving support. The Company ensures ongoing monitoring of international and national sanctions regimes and timely implementation of required control measures.

Management Report (cont'd)

Contribution to Sustainability

The financial sector has a crucial role to play in achieving the European Green Deal objectives, including the transition to a climate-neutral, climate-resilient, resource-efficient, and fair economy. Sustainability is a key part of the Altum's business and strategy and has become an important strategic driver for the banking sector as well as for development finance institutions in Europe. Altum takes responsibility for the long-term impact of its day-to-day activities and continuously works to ensure that the investment decisions it makes in building its portfolio contribute to sustainable development, do not adversely impact sustainability factors, and facilitates its clients' transition towards a sustainable economy and encourages responsible business practices.

To promote the transition of companies to a low-carbon economy, reduce the CO₂ footprint across product and service lifecycles, adapt to supply chain ESG requirements, and strengthen resilience to physical climate risks, dedicated "transition- financing" product was introduced in the SME segment as early as summer 2023. This "transition financing" product for the agricultural sector became available in November 2025, marking the conclusion of an active launching phase during the year. The phase included both product development for farmers and the launch of a unified methodology, applied within the European financial sector for tagging sustainability projects, across all loan programmes of SME/Midcap and Agriculture segments. The volume of new transactions continues to benefit from an additional incentive introduced in autumn 2023 - a financing price discount for sustainable projects, initially applied for 18 months from the date of loan issuance. From November 2025, all sustainable loan projects (loans without capital rebate) in both the SME and agricultural segments that comply with European Investment Banks 'green project' tagging tool (EIB Green Checker) will benefit from financing price discount for the entire duration of the loan.

Taking into account the results of ESG risk materiality analysis conducted in 2023, during the development of **ALTUM's medium term strategy for 2025-2027, the sustainability aspects were integrated into the strategy** covering both the loan origination - with an emphasis on transition financing and tailored products across various segments to support companies' transition - and the risk management framework. In line with the hierarchy of strategic documents, the Company will expand on the principles nailed already in Altum Strategy for 2025 – 2027: transition financing to support the transition to low-carbon economy and moving towards carbon neutrality. Altum has set a goal to reduce the CO₂ emissions of its financed portfolio by funding particular segments engaged in sustainability projects. The Company will focus on financing projects contributing to improvement of energy efficiency in corporates segment and residential buildings, promote use of renewable energy resources and related infrastructure, support 'green buildings', sustainable transport, circular economy project and the transition to low carbon economy. Altum plans to expand support and financing to supply chain partners in these sectors to promote the overall decarbonisation of companies' products and services footprint throughout the supply chain. In addition, Altum will support projects that contribute to social wellbeing and productivity, such as the construction of affordable housing, improving the energy efficiency of multi apartment buildings and supporting social entrepreneurship.

Management Report (cont'd)

Contribution to Sustainability

Altum's new loan volumes contributing to the environmental and social aspects of ESG targets for 2023–2025.

Given the overall increase of EUR 70 million in new loans 2025 compared to 2024, the volume of loans issued for projects contributing to environmental goals is particularly noteworthy - accounting for 30% of all loans issued during 2025 (2024: 23%).

Sustainability loans issued to the SME segment amounted to EUR 39 million (2024: EUR 36 million), primarily concentrated in the energy-efficiency and renewable-energy sectors. In 2025, projects related to battery energy storage systems were particularly prominent, while activity in green buildings and sustainable transport was comparatively lower. The volume of loans issued for sustainability projects in 2025 is similar when comparing the RRF financing programmes with the other financing programmes.



In the Individuals segment, the total volume of loans issued for projects contributing environmental goals amounted to EUR 48 million (2024: EUR 14 million), consisting of loans for improving the energy efficiency in multi-apartment buildings (MAB EE). The significant increase in the volume of loans issued compared to 2024 (+EUR 34 million) was driven both by the RRF MAB EE programme, which has reached its full disbursement capacity, and by the strong demand for the MAB EE 3 programme opened in spring 2025, resulting in loan disbursements already by the end of 2025.

The increase in the volume of loans issued in 2025 for project contributing to social goals +EUR 26 million (2024: +EUR 4 million) was driven by the RRF affordable housing programme (+EUR 21 million), as well as the new regional mortgage lending programme

in individuals segment and more active lending to small enterprises in the regions (+EUR 5 million).

It should be noted that affordable-rent housing, with a disbursed volume of EUR 26.6 million in 2025, contributes both to the achievement of social goals and qualifies as nearly zero energy buildings (corresponding to Class A buildings), and therefore falls within the green buildings sector.

Management Report (cont'd)

Contribution to Sustainability (cont'd)

Overall, in 2025, the new projects financed by Altum targeting environmental goals expected to deliver a sustainable contribution by estimated annual reduction in CO₂ emissions of 21.4 thousand tonnes (2024: 15.3 thousand tonnes CO₂e). Almost half of this impact, (47%), comes from battery energy storage system projects. As a result, the renewable energy sector accounts for 73% of the total positive CO₂ reduction impact of new projects, while the energy efficiency sector accounts for 27%. In the SME segment, the new financed projects will reach annual reduction of 649 tonnes of CO₂e per EUR 1 million invested (2024: 422 tonnes) on total project impact basis. In contrast, in the Individuals segment, the total impact will reach annual reduction of only 21 tonnes of CO₂e per EUR 1 million invested (2024: 25 tonnes), even though the expected reduction in primary energy consumption in the projects will reach 30%. This is explained by the higher investment amount per project, along with significantly lower CO₂e footprint of heat-energy suppliers included in respective calculation -an obvious improvement resulting from the recent years transition to more environmentally friendly heat-generation solutions. Since CO₂ reductions for SME green building projects is not applicable for calculations, therefore, the positive contribution in sustainability of such projects comes with additional value.



Management Report (cont'd)

Future Outlook

In 2026, Altum plans to ensure portfolio growth and strengthen operational efficiency by continuing existing state support programme

s and launching new ones.

The Ministry of Economics, as the policy maker, is advancing an initiative for a new fund, 'For Growth and Defence', in cooperation with private fund managers. The planned size of the fund will be EUR 100 million, with the possibility of further increase. The fund's objective is to promote development, innovation, and economic sustainability among Latvian companies by investing in equity capital, including in defence and infrastructure companies, as well as public-private partnership projects.

The ReARM support programme, aimed at strengthening industrial capacity is currently being developed. It will support the introduction and commercialisation of military or dual-use products, as well as the construction of infrastructure necessary for their implementation.

Reinis Bērziņš
Chairman of the Management
Board

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Supervisory Board and Management Board

Supervisory Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Ieva Jansone-Buka	Chairperson of the Supervisory Board	01.09.2025	temporarily ¹
Ilze Lore	Member of the Supervisory Board	02.09.2025	temporarily ¹
Krišjānis Znotiņš	Member of the Supervisory Board	01.05.2024.	30.04.2027.
Līga Kļaviņa	Chairperson of the Supervisory Board	27.12.2022.	31.08.2025.
Ansis Grasmanis	Member of the Supervisory Board	01.05.2024.	01.09.2025

¹ For the time until a new candidate is selected in line with the procedures of nominating supervisory board members, according to the Law on Governance of Capital Shares of a Public Person and Capital Companies.

Līga Kļaviņa ceased to hold office as Chairman of ALTUM's Supervisory Board on 31 August 2025.

Ieva Jansone-Buka was appointed as interim Chairman of ALTUM's Supervisory Board on 1 September 2025.

Ansis Grasmanis ceased to hold office as a member of the Supervisory Board of ALTUM on 1 September 2025.

Ilze Lore was appointed as an interim member of ALTUM's Supervisory Board on 2 September 2025.

Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	27.05.2024.	06.11.2028.
Jēkabs Krieviņš	Member of the Board	02.04.2024.	01.04.2027.
Inese Zīle	Member of the Board	02.04.2024.	01.04.2027.
Ieva Jansone-Buka	Member of the Board	18.03.2024.	05.06.2025.
Juris Jansons	Member of the Board	09.01.2023.	08.01.2026.

As at 5 June 2025, Ieva Jansone – Buka ceases to hold office as a member of the Management Board.

As at 8 January 2026, Juris Jansons ceases to hold office as a member of the Management Board.

Reinis Bērziņš was reappointed as Chairman of the Board from 7 November 2025 until 6 November 2028.

Statement of Management's responsibility

The Supervisory Board and the Management Board (hereinafter – Management) of the joint stock company Development Finance Institution Altum (hereinafter - Company) are responsible for preparation of the financial statements of the Company as well as for information disclosed in the Other notes to the Annual Report.

The financial statements and notes thereto set out on pages 23 to 126 are prepared in accordance with the source documents and give a true and fair view of the financial position of the Company as of 31 December 2025 and the results of its operations, changes in the shareholders' equity and cash flows for the year then ended.

The aforementioned financial statements are prepared on a going concern basis in conformity with IFRS Accounting Standards as adopted by the European Union. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statements.

The Management are responsible for maintenance of proper accounting records, safeguarding of the Company's assets, and prevention and detection of fraud and other irregularities in the Company. The Management are also responsible for operating the Company in compliance with the Law of the Republic of Latvia on Development Finance Institution and other laws of the Republic of Latvia as well as European Union Regulations applicable to the Company.

Reinis Bērziņš
Chairman of the Management
Board

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Statement of Comprehensive Income

All amounts in thousands of euros

	Notes	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Interest income at effective interest rate	5	30 881	32 036
Other interest and similar income	6	10 350	8 134
Interest expense	7	(21 205)	(17 144)
Net interest income		20 026	23 026
Income from implementation of state aid programmes	8	10 496	7 926
Expenses to be compensated for implementation of state aid programmes	9	(10 030)	(7 478)
Net income for implementation of state aid programmes		466	448
Gains / (losses) from trading securities and foreign exchange translation	10	(7)	6
Share of gains of investment in associate and other investments	11	6 570	9 028
(Losses) of investment in associate and other investments less losses from liabilities at fair value through profit or loss	12	(2 686)	(1 230)
Net gain / (loss) from loans at fair value through profit or loss	13	7 465	(7 465)
Other income	14	8 339	8 188
Other expense	15	(1 288)	(1 203)
Operating income before operating expenses		38 885	30 798
Staff costs	17	(5 522)	(5 345)
Administrative expense	18	(1 013)	(1 107)
Amortisation of intangible assets and depreciation of property, plant and equipment		(759)	(731)
Allowances for expected credit losses, net	16	491	5 048
Profit before corporate income tax		32 082	28 663
Profit for the period		32 082	28 663
Other comprehensive loss/ income:		(400)	2 772
<i>Items to be reclassified to profit or loss in subsequent periods</i>			
Net profit / (loss) from financial assets measured at fair value through other comprehensive income		(400)	2 772
Total comprehensive income for the period		31 682	31 435

The accompanying notes on pages 23 to 126 form an integral part of these financial statements.

Reinis Bērziņš
Chairman of the Management
Board

Rudīte Bērziņa
Chief Accountant

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Statement of Financial Position

All amounts in thousands of euros

	Notes	31.12.2025.	31.12.2024.
Assets			
Due from credit institutions and the State Treasury	19	839 708	627 769
<i>including cash and cash equivalents</i>		678 860	455 715
Financial assets at fair value through other comprehensive income - investment securities	20	130 859	183 572
Financial assets at amortised cost:			
Loans	21	438 864	412 249
Financial assets at fair value through profit or loss - loans with capital rebate	22	79 277	24 971
Grants	23	4 241	3 128
Deferred expense	30	479	522
Accrued income	31	8 347	723
Investments in associates	24	63 867	72 227
Other investments	25	34 228	29 043
Investment property	26	120 819	92 976
Property, plant and equipment	28	4 251	4 287
Intangible assets	27	2 398	946
Other assets	29	2 708	2 937
Total assets		1 730 046	1 455 350
Liabilities			
Due to credit institutions	32	23 225	40 366
Due to general government entities	33	262 894	207 634
Financial liabilities at amortised cost - Issued debt securities	40	91 404	65 491
Deferred income	37	7 260	5 439
Accrued expense	36	1 013	785
Liabilities from financial guarantees	34	53 620	49 262
Provisions for off-balance sheet liabilities	38	1 629	609
Support programme funding	39	839 469	664 256
Other liabilities	35	3 795	5 453
Total liabilities		1 284 309	1 039 295
Equity			
Share capital	41	211 033	211 033
Reserves	42	200 528	173 865
Revaluation reserve of financial assets measured at fair value through other comprehensive income	44	2 094	2 494
Retained earnings		32 082	28 663
Total equity		445 737	416 055
Total equity and liabilities		1 730 046	1 455 350

The accompanying notes on pages 23 to 126 form an integral part of these financial statements.

Reinis Bērziņš
Chairman of the Management
Board

Rudīte Bērziņa
Chief Accountant

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Statement of Changes in Equity

All amounts in thousands of euros

	Share capital	Reserves			Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings	Total equity
		Specific reserves for support programmes	General reserve capital	Other specific reserves-difference recognised in reorganisation reserve			
As at 1 January 2024	204 862	125 629	57 265	(15 935)	(278)	17 810	389 353
Profit for the period	-	-	-	-	-	28 663	28 663
Other comprehensive income	-	-	-	-	2 772	-	2 772
Total comprehensive income	-	-	-	-	2 772	28 663	31 435
Increase of share capital	6 171	-	-	-	-	-	6 171
Increase of reserve capital (Note 42)	-	7 384	-	-	-	-	7 384
Reallocation of general reserves to specific reserves attributable to support programmes (Note 42)	-	(18 288)	-	-	-	-	(18 288)
Distribution of 2023 profit	-	-	17 810	-	-	(17 810)	-
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2023	-	53	(53)	-	-	-	-
As at 31 December 2024	211 033	114 778	75 022	(15 935)	2 494	28 663	416 055
Profit for the period	-	-	-	-	-	32 082	32 082
Other comprehensive income	-	-	-	-	(400)	-	(400)
Total comprehensive income	-	-	-	-	(400)	32 082	31 682
Increase of reserve capital (Note 42)	-	3 000	-	-	-	-	3 000
Reallocation of general reserves to specific reserves attributable to support programmes (Note 42)	-	(5 000)	-	-	-	-	(5 000)
Distribution of 2024 profit	-	-	28 663	-	-	(28 663)	-
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2024	-	1 381	(1 381)	-	-	-	-
As at 31 December 2025	211 033	114 159	102 304	(15 935)	2 094	32 082	445 737

The accompanying notes on pages 23 to 126 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euros

	Notes	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Cash and cash equivalents at the beginning of period		455 715	565 896
Cash flows from operating activities			
Profit before taxes		32 082	28 663
Amortisation of intangible assets and depreciation of property, plant and equipment		759	731
(Decrease) in allowances for expected credit losses	16	(491)	(5 048)
Revaluation of investment properties	26	(3 651)	(5 139)
Revaluation of support programmes	15	(229)	169
Revaluation of Investments in associates		(1 207)	(5 562)
Revaluation of other investment	24	(2 721)	(2 236)
Revaluation of loans with capital rebate	13	(7 465)	7 465
Interest income at the effective interest rate	5	(30 881)	(32 036)
Interest and similar income	6	(10 350)	(8 134)
Interest expense	7	21 205	17 144
(Gain) / loss from foreign exchange	10	7	(6)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		(2 942)	(3 989)
(Increase) of loans		(182 634)	(138 020)
(Increase) of grants	23	(9 024)	(5 722)
Increase of due to credit institutions and general government entities	32,33	36 082	41 359
(Decrease) in deferred income and accrued expense		(528)	(69)
(Increase) in deferred expense and accrued income	30,31	(7 581)	(5 774)
Net increase in support programme funding	39	280 189	218 592
Paid-up capital rebate for guarantees		(7 754)	(15)
Decrease of other assets	29	380	1 074
(Decrease) in other liabilities		(2 054)	(662)
Increase in cash and cash equivalents from operating activities		104 134	106 774
Interest received		48 082	38 363
Interest paid		(8 150)	(9 903)
Net cash flows from operating activities		144 066	135 234
Cash flows from investment activities			
Purchase of financial assets at fair value through other comprehensive income		(33 067)	(170 609)
Redemption of financial assets at fair value through other comprehensive income		85 767	0
Issuance of debt securities measured at amortised cost	40	70 000	0
Redemption of debt securities measured at amortised cost	40	(45 000)	(20 000)
Term deposits (Increase) / decrease, net	19	(305 000)	(170 000)
Term deposits decrease	19	315 000	135 000
Acquisition of property, plant and equipment and intangible assets	27,28	(2 285)	(611)
Purchase of investment properties	26	(18 944)	(21 711)
Sale of investment properties	26	2 505	2 308
Investment in associates, acquisition	24	(7 205)	(10 610)
Investment in associates, disposal	24	16 772	7 649
Other investments, acquisition	25	(3 500)	(5 126)
Other investments, disposal	25	1 036	3 716
Net cash flows from investing activities		76 079	(249 994)
Cash flows from financing activities			
Increase of reserve capital	42	3 000	4 579
Net cash flows from financing activities		3 000	4 579
Increase / (decrease) in cash and cash equivalents		223 145	(110 181)
Cash and cash equivalents at the end of the period		678 860	455 715

The accompanying notes on pages 23 to 126 form an integral part of these financial statements.

Approval of the Financial Statements

The management of the Company has approved these financial statements on 25 March 2026. The Commercial Law of the Republic of Latvia as well as Development Finance Institution Law stipulates that the shareholders' meeting is entitled to pass a decision on approval of the financial statements.

1 General Information

(1) Corporate Information

These financial statements contain the financial information about joint-stock company Development Finance Institution Altum (Company).

Comparatives on the Company's financial performance for 2024 is included in the Statement of Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, respectively, as well as in the relevant notes to the financial statements.

JSC Development Finance Institution Altum is a Latvia state-owned company that ensures access of the enterprises and households to the 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 28 January 2025, Moody's Ratings (Moody's) affirmed Altum's Baa1 long-term issuer rating, with outlook stable. The rating is the same as affirmed on 2 February 2024. The short-term issuer rating is also affirmed at the same P-2. Altum is rated by Moody's Finance Companies Methodology, published in July 2024. Altum's standalone assessment set at Baa3 is the same as before. Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia and has been constantly high at Baa1 since first assigned in 2017.

JSC Development Finance Institution Altum was established on 27 December 2013 by a decision of the Cabinet of Ministers. The mission of the Company's establishment is by merging three prior independently operating companies providing state support into a single institution and further allocate the state funds for implementation of financial instrument state support and development programmes in one place. The Company's operations are governed by its specific law – Development Finance Institution Law. The Company's Articles of Association have been approved by the Cabinet of Ministers. All voting shares of the Company are owned by the Republic of Latvia. The holders of the shares are ministries of the Republic of Latvia as stipulated by the Development Finance Institution Law with following split of the shares – the Ministry of Finance 40%, the Ministry of Economics 30% and the Ministry of Agriculture 30% respectively.

The Company does not perform any regulated activities related to the financial and capital markets as a financial institution, therefore the Company is not required to comply with capital adequacy requirements. However, the Company operates in accordance with the best financial and capital market practices regarding internal control, risk management and compliance.

1 General Information (cont'd)

(1) Corporate Information (cont'd)

The Company holds an investment in alternative investment fund "Altum Capital Fund" (the Fund) registered on 31 July 2020. The Fund was created with the aim to support well-managed, perspective Mid-cap companies to overcome the effect of Covid-19 that as a result of the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. The Fund's committed capital was fully subscribed on 16 September 2020, reaching EUR 100 million, of which the majority (EUR 51.1 million or 51.1%) was held by the large private pension funds and EUR 48.9 million consists of public funding invested by the Company. The Company is also the manager of the Fund registered with the Financial and Capital Market Commission on 26 May 2020. The investment period agreed with the EC ended on 30 June 2022, after its end, new investments were no longer approved, but investments in the portfolio's companies approved until 30 June 2022 continued. The capital investment paid into the Fund as at 31 December 2025 amounted to EUR 40.6 million (the Company's share EUR 19.9 million).

The below listed venture capital funds - are treated as associates during the reporting period for purposes of financial accounting.

Legal Title	Legal Address	Generation	Investment % in share capital
BIFI AIF KS	Lastādijas iela 12/3, Rīga, Latvija, LV-1050	5	84.5
Outlast Fund I AIF, KS	Lastādijas iela 12/3, Rīga, Latvija, LV-1050	5	89.7
FlyCap Privat Debt Fund III AIF KS	Matrožu iela 15A, Rīga, Latvija, LV-1048	5	58.7
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	4	100.0
KS Buildit Latvia Pre-Seed Fund	Lastādijas iela 12/3, Rīga, Latvija, LV-1050	4	100.0
KS Commercialization Reactor Pre-seed Fund	Brīvības gatve 300 -9, Rīga, Latvija, LV-1006	4	100.0
KS INEC 1	Vīlandes iela 3 - 7, Rīga, Latvija, LV-1010	4	75.0
KS INEC 2	Vīlandes iela 3 - 7, Rīga, Latvija, LV-1010	4	90.0
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīga, Latvija, LV-1011	4	80.0
KS Buildit Latvia Seed Fund	Lastādijas iela 12/3, Rīga, Latvija, LV-1050	4	80.0
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija, LV-1006	4	80.0
KS ZGI-4	Roberta Hirša iela 1, Rīga, Latvija, LV-1045	4	60.0
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, Latvija, LV-1048	4	60.0
KS Baltcap Latvia Venture Capital Fund (fund is in the process of liquidation)	Jaunmoku iela 34, Rīga, Latvija, LV-1046	2	66.7
KS Imprimatur Capital Technology Venture Fund (fund is in the process of liquidation)	Ščecinas iela 4, Rīga, Latvija, LV-1014	2	67.0
KS Imprimatur Capital Seed Fund (fund is in the process of liquidation)	Ščecinas iela 4, Rīga, Latvija, LV-1014	2	100.0
Company KS ZGI-3 (liquidated on 26 November 2025)	Roberta Hirša iela 1, Rīga, Latvija, LV-1045	3	95.2
KS FlyCap investment Fund ¹	Matrožu iela 15A, Rīga, Latvija, LV-1048	3	95.2
KS Expansion Capital Fund (fund is in the process of liquidation) ²	Vīlandes iela 3 - 7, Rīga, Latvija, LV-1010	3	95.2
Baltic SME Initial Public Offering Fund	Upės str. 21-1, Vilnius, the Republic of Lithuania		40.5
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg		20.0
KS AIF "Altum capital fund"	Doma laukums 4, Rīga, LV-1050		48.9

¹ The term of KS FlyCap investment Fund was extended until 31 December 2026.

² The term of the 3rd generation capital fund The Expansion Capital fund expired on 31 December 2024. The fund is currently under liquidation. During liquidation process, the fund manager continue to dispose of the remaining portfolio investments on the most favourable terms available.

1 General Information (cont'd)

(1) Corporate Information (cont'd)

For the financial reporting purposes Altum's investments in VC funds re classified as investments in associates, depending on existence of significant influence or control indicators assessed based on annual control assessment following IFRS requirements.

In implementing Altum Venture Capital's 5th generation investment programme, a public procurement process for the selection of fund managers was concluded in 2024. As a result, one growth-stage fund manager and three pre-seed and seed stage fund managers were selected. At the end of 2024 and the beginning of 2025, agreements were signed with fund managers to initiate the establishment of funds and ensure the necessary conditions for the start of operations. In the first quarter of 2025, Subscription agreements were signed with the manager of the pre-seed and seed stage KS AIF BIFI Fund, and in the second quarter, with the manager of the fund KS AIF Outlast Fund I, in turn, in the third quarter, Subscription Agreements were signed with the manager of the KS AIF FlyCap Private Debt Fund III, and the funds have commenced investment activities. In the second quarter of 2025, KS AIF BIFI, and in the third quarter, KS AIF Outlast Fund I made their first investment.

Based on a preliminary assessment of significant influence and control indicators as required by IFRS, the rights identified are considered protective in nature (they are time limited and can only be exercised under exceptional circumstances). Accordingly, they are not treated as indicators of control, and three above mentioned funds are accounted as associates for financial accounting purposes.

On 22 September 2025 Altum signed an agreement with the manager of Baltic Capital Market Acceleration Fund. The Fund, co-founded by Altum and ILTE (Lithuania) and attracting private investors, is the first initiative of its kind in the Baltic region. It will support small and medium sized enterprises, primarily from Latvia and Lithuania, seeking to list on Baltic exchanges to initiate investment activities. On November 6, 2025, the fund began its investment period.

2 Accounting Policies

(1) Basis of presentation

The Company's financial statements are prepared in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS), on a going concern basis. In preparation of these financial statements on a going concern basis the management considered the Company's financial position, access to financial resources and analysed the impact of the external factors on future operations of the Company.

The Company's financial statements are prepared in accordance with the historical cost convention, excluding investment securities measured at fair value through other comprehensive income, investments in associated companies measured at fair value through profit or loss, investment properties measured at fair value, support programmes financing measured at fair value through profit or loss, and loans with capital rebate measured at fair value through profit or loss.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

In the financial statements the amounts are presented in thousands of euros, unless specified otherwise. The functional presentation currency of the Company is the euro.

(2) Foreign currency translation

During the reporting period transactions in foreign currencies were converted into euro based on the foreign exchange rate of the European Central Bank effective on the day of the transaction. Monetary assets and liabilities as well as off-balance sheet claims and foreign currency liabilities were converted into euro based on the foreign exchange rate of the European Central Bank effective at the end of the reporting period. Gain or losses on foreign exchange rate fluctuations were included in the statement of comprehensive income of the reporting period.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

The applicable rates for the principal currencies at the end of the reporting period were the following:

31.12.2025	31.12.2024
1 EUR = USD 1.175000	1 EUR = USD 1.03890

2 Accounting Policies (cont'd)

(3) Income and expense recognition

Income and expenses accounting of the Company is based on accrual basis, i.e., income and expenses, pertaining to the reporting period, are included in the statement of comprehensive income regardless of the day of their receipt or origination.

Interest income and expenses

Interest income and expenses are recognised in profit or loss for all interest bearing instruments on an accrual basis using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When estimating future cash flows, the Company considers all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest accrued on loans and loan reservation fee are included in profit or loss and interest accrual calculation uses either "30/360" or "actual days/360" accounting method as specified in agreements with customers.

The following principles apply to contractual penalties (late payment charges):

- contractual penalties are calculated daily and recorded off-balance sheet (recognized at a point time),
- they are included in profit or loss only when paid by customer (recognized at a point in time),
- subject to grace days, i.e., if customer pays the entire amount in full within 3 days after the scheduled payment date, contractual penalties are not calculated.

Commission income related to loan issuance and servicing are included in profit or loss based on the following principle:

- loan processing and disbursement commissions, together with related direct costs – using effective interest rate method,
- other commissions (loan account management, amendment of the terms etc.) are recognised on the day of their receipt (recognized at a point in time).

Commissions from granting and maintenance of financial guarantees are included in the profit or loss following the principles below:

- commissions from granted financial guarantees – according to principles described in Note 2 (4) item (xvii) (recognised over the time),
- other commissions are recognised on the day of their receipt (recognized at a point in time).

If pricing for credit risk is covered by the Risk Coverage Reserve or Portfolio Loss Reserve, such cost component for credit risk coverage in pricing is excluded from interest income on loans and commissions from financial guarantees charged for customers. See also Note 2 (15) item (i) and Note 39.

State aid programme management fee

Altum receives a management fee for carrying out part of the implementation and administration of State aid programmes, as specified in the public-funding management agreements. The management fee is compensation provided by the public funding provider to cover the management costs related to the implementation and administration of the State aid programme, which are only partially covered / not covered by income from loan interest / guarantee premium revenues.

The management fee for the respective programmes is calculated in accordance with the methodology set out in the public-funding agreements for the relevant state support programmes

The methodology for calculating the management fee differs between state support programmes and their respective EU planning periods. Under the 2021–2027 EU planning period, the management fee received for State aid programmes exceeds the administration costs incurred in the reporting period. In accordance with the methodology, the excess portion is deferred, recognised as Deferred Income, and subsequently released to income over the programme's implementation period, in proportion to actual workload.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement

(i) Initial recognition

Financial instruments at fair value through profit or loss (FVTPL) are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price.

Following the initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost (AC) and investments in debt instruments measured at fair value through other comprehensive income (FVOCI), resulting in immediate recognition in the financial statements.

All purchases and sales of financial assets that require delivery within the time frame established by market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Company commits to deliver a financial asset. All other purchases are recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Financial assets – classification and subsequent measurement – measurement categories

The Company classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on the Company's business model for managing the related assets portfolio and the cash flow characteristics of an asset.

(iii) Financial assets – classification and subsequent measurement – business model

The business model reflects how the Company manages assets in order to generate cash flows – whether the Company's objective is:

- a) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows"), or
- b) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or,
- c) if neither of (a) and (b) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Company undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Company in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed and how the assets' performance is assessed. Refer to Note 2 (15) for critical judgements applied by the Company in determining the business models for its financial assets.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(iv) Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Company assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 2 (15) for critical judgements applied by the Company in performing the SPPI test for its financial assets.

(v) Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model.

(vi) Financial assets – allowances for expected credit losses

Allowances for expected credit losses are recognised for financial assets classified as AC and FVOCI. Allowances for expected credit losses from credit commitments and contingent liabilities arising from financial guarantee contracts are recognised as allowances or liabilities for financial guarantee contracts. The principles for recognition of expected credit losses arising from off-balance sheet financial commitments and contingent liabilities are consistent with the principles and methods applied for on-balance sheet exposures.

Allowances for expected credit losses are measured based on expected credit loss model. Expected credit losses ("ECL") reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and considering all reasonable and supportable information, including past events, current conditions and reasonable and supportable forecasts of future economic conditions that could affect the expected collectability of the future cash flows available without undue cost or effort at the reporting date. Such allowance is measured according to whether there has been a significant increase in credit risk since initial recognition of an instrument.

Stage 1 includes financial instruments that have not experienced a significant increase in credit risk since initial recognition and those within the Company's policy to assess for low credit risk at the reporting date.

Stage 2 includes financial instruments that have deteriorated significantly in credit quality since the initial recognition but credit-impairment.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(vi) Financial assets – allowances for expected credit losses (cont'd)

Stage 3 includes financial instruments which are credit-impaired, meaning there is objective evidence of impairment such as default or other observable events that have a negative impact on the expected future cash flows of the asset.

The 12-month ECL are recognized on instruments in Stage 1 and the lifetime ECL are recognized on instruments in Stage 2 and Stage 3. The lifetime ECL represent losses from all possible default events over the remaining life of the financial instrument. The 12-month ECL are the portion of the lifetime ECL resulting from the default events that are possible within 12 months after the reporting date. Consequently, the 12-month ECL are not the expected cash shortfalls over the next 12 months or the credit losses on financial assets that are forecast to default in the next 12 months.

POCI (Purchased or originated credit-impaired financial assets) includes financial assets that were originally purchased or originated with indicators of impairment. Such assets are never classified in stages and credit losses are always estimated over the expected life of the contract.

(vii) Measurement of expected credit losses

The Company measures the ECL for financial instruments that are individually significant and collectively for financial instruments that are not individually significant and share similar credit risk characteristics.

For ECL financial instruments assessed on a collective basis, the calculation is performed as the discounted product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD). The PD represents the likelihood that a borrower will default on its obligation, during the next 12 months or during the remaining lifetime of the obligation. The EAD is an expected exposure at the time of default, taking into account scheduled repayments of principal and interest, and expected further drawdowns from loan commitments. The LGD represents the expected loss on a defaulted exposure, taking into account such factors as counterparty characteristics, collateral and product type.

The ECL are determined by projecting the PD, LGD and EAD for each future month over the expected lifetime of an exposure. The three parameters are multiplied together and adjusted for future information. This effectively calculates monthly ECL, which are discounted back to the reporting date using the original effective interest rate and summed. The sum of all months over the remaining expected lifetime results in the lifetime ECL and the sum of the next 12 months results in the 12-month ECL. The Company uses single scenario expected cash flow method with overlays for alternative scenarios for macroeconomic factors such as year-on-year change in gross domestic product and real estate prices. PDs and LGDs are derived from historic performance of financial instruments, except PDs and LGDs for investments in securities claims and due from credit institutions and State Treasury are obtained from historical information published by international credit rating agencies. 'Point in time' probabilities (PDs in the current economic conditions, as opposed to economic cycle-neutral 'through the cycle' PDs) are used for PDs.

The Company assesses credit-impaired exposures individually without the use of modelled inputs. The credit loss allowance for these exposures are established using the discounted expected cash flows.

(viii) Definition of default and credit-impaired financial assets

Default is an input to the PD and LGD, which affects the measurement of the ECL. Financial assets which are credit-impaired are included in Stage 3 or POCI if indicators of impairment are identified at the time of recognition of the financial instrument. A financial instrument is in default and indicators of credit impairment if principal or interest payments on the transaction are more than 90 days past due, rating downgrades indicate signs of default, an exposure is declared in bankruptcy or similar order, a non-performing forbearance measure is applied towards the borrower or there is an assessment that the borrower is unlikely to pay its obligations as agreed. When assessing whether a borrower is unlikely to pay its obligations, the Company takes into account both qualitative and quantitative factors including, but not limited to the overdue status or non-payment on other obligations of the same borrower, expected bankruptcy and breaches of financial covenants. An instrument is no longer considered to be in default or credit-impaired when all overdue amounts are repaid, there is sufficient evidence to demonstrate that there is a significant reduction in the risk of non-payment of future cash flows and there are no other indicators of credit-impairment.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(ix) Determining a significant increase in credit risk since initial recognition

The Company assesses changes in credit risk at the individual financial instrument level. A financial instrument is no longer considered to have experienced a significant increase in credit risk when none of the indicators of SICR are present anymore.

Stage 2 includes financial instruments that have deteriorated significantly in credit quality since the initial recognition but for which there is no objective evidence of credit impairment. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure due to "days past due" status or significant decrease in internal rating status: the Company uses 31+ days past due status for loans and guarantees. The Company assumes that credit risk related to investments in securities and due from other credit institutions has increased significantly since initial recognition if their external rating was below A3/A- at the time of initial recognition and the rating has declined by at least two notches. Investments in securities and due from other credit institutions are classified in Stage 1 if their external rating has not deteriorated below A3/A- since initial recognition of exposure or if their rating has not decreased by at least two notches after initial recognition. The Company also identifies whether a significant increase in credit risk has occurred for an exposure due to changes in qualitative credit risk indicators such as financial performance of the borrower, breaches of covenants, industry specific information, etc.

(x) Expected lifetime

The lifetime of a financial instrument is relevant for both the assessment of significant increase in credit risk, which considers changes in the probability of default over the expected lifetime, and the measurement of the lifetime ECL. The expected lifetime is limited to contractual period specified in respective agreement. All contractual terms are considered when determining the expected lifetime, including prepayment options and extension and rollover options that are binding to the Company.

(xi) Modifications

Where a loan is modified but is not derecognised, significant increases in credit risk are still assessed for impairment purposes, relative to credit at initial recognition. Modifications do not automatically lead to a decrease in credit risk and all quantitative and qualitative indicators will continue to be assessed.

(xii) Estimates

The Company use both models and expert credit judgement (ECJ) in order to determine ECLs. The degree of judgement that is required to estimate ECL depends on the model outcome, materiality and the availability of detailed information. The model provides guidance and transparency as to how economic events could affect the impairment of financial assets. Expert judgements may be applied to the modelled outcome to incorporate an estimated impact of factors not captured by the model. Such judgemental adjustment to the model-generated ECLs may be applied to significant exposures at a counterparty level. The adjustments are decided by the relevant committee using the model ECLs as guidance.

(xiii) Presentation of credit loss allowance

For financial assets measured at AC, credit loss allowance is presented in the Company's statement of financial position as a reduction of the gross carrying amount of the assets.

For loan commitments, grant commitments and financial guarantee contracts, such allowance is presented as a liability (provisions) in the Company's statement of financial position.

For debt instruments measured at FVOCI (investment securities), allowances for ECL are recognised in profit or loss and other changes in gross carrying value are recognised in the OCI as gains less losses on debt instruments measured at FVOCI.

A write-off reduces the gross carrying amount of a financial asset. Write-offs are recognised when the amount of loss is ultimately determined and represent the amount before the utilisation of any previous impairment allowances. Any subsequent recoveries of write-offs or credit loss allowances are recognised in profit or loss.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(xiv) Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Company has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

(xv) Financial assets – derecognition

The Company derecognises financial assets when:

- the assets are redeemed or the rights to cash flows from the assets otherwise expired or
- the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying path-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

(xvi) Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

The Company derecognises the original financial asset and recognises a new asset at its fair value, if the initial cash flow differs significantly from the revised one. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new asset meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss.

In a situation where the revision of the agreement is triggered by the financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the difference in present value of the expected cashflows is not significant, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit impaired (POCI) financial assets), and recognises a modification gain or loss in profit or loss.

(xvii) Financial liabilities – measurement categories

Financial liabilities classified as measured at AC are recognized at fair value on the transaction date and are subsequently measured at amortised cost.

Financial liabilities classified as measured at FVTPL are recognized at fair value on the transaction date and are subsequently measured at fair value.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(xviii) Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires) or significantly modified.

(xix) Due from credit institutions and the State Treasury

Amounts due from credit institutions and the State Treasury are recorded when the Company advances money to a credit institution or the Treasury of the Republic of Latvia with no intention of trading the resulting unquoted non-derivative receivable due on fixed or determinable dates. Amounts due from credit institutions and the Treasury are carried at amortised cost. Amounts due from credit institutions and the Treasury comprises cash and demand deposits with original maturity of 3 months or less (See Note 19) and demand deposits with original maturity of more than 3 months.

(xx) Investment securities

Based on the business model and the cash flow characteristics, the Company classifies investments in securities as carried at AC or FVOCI.

Investment securities or debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch. Part of fixed income securities held by the Company are included into this category.

Debt securities are initially recognized at fair value, with the accrued coupon accounted for separately. Transaction costs related to the acquisition of securities are added to their acquisition cost.

Interest income from debt securities is calculated using the effective interest rate method.

Investment securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Securities are revalued by adjusting their nominal value to reflect the market price. The market price is determined using the average market price of the respective security, based on offer price quotations received from three banks with which the Company has a settlement service agreement.

Allowance estimated using the expected credit loss model is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss. Treasury bills, fixed income securities are included into this financial assets' measurement category.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(xxi) Loans

For purposes of this section, loans are:

- direct lending products, i.e., the Company grants a loan to a borrower, who is the end beneficiary of the funds issued. Direct lending products include sales and leaseback transactions and loans with capital rebate,
- indirect lending products, i.e., the Company issues a loan to a borrower, who is an intermediary. The intermediary then grants the received loan further to borrowers, who are the end beneficiaries of the funds. The Company recognizes expected credit loss either (i) resulting from solvency problems of the borrower / end beneficiary solely or (ii) resulting from both solvency problems of the intermediary and solvency problems of the borrower / end beneficiary, proportionate to the share of risk,

The loans are recognised in the financial statements of the Company when cash is advanced to borrowers. Granted, but not yet disbursed loans are recognised as loan commitments in off-balance sheet.

Based on the business model and the cash flow characteristics, the Company classifies loans (excluding those with a capital rebate) measured at AC. It means, that loans are held for collection of contractual cash flows. In turn, loans with a capital rebate are measured/reflected at fair value. Leaseback transactions are measured/reflected at amortized cost

a) Loans with capital rebate

The fair value of loans with a capital rebate is determined separately for: a) the potential future capital rebate, and b) the portion of the loan to which the capital rebate will not apply. Fair value is calculated based on the discounted cash flow method, which primarily relies on unobservable data in an active market, based on the Company's assumptions and estimates. These assumptions and estimates are regularly reviewed and adjusted in line with the most current available information.

The maximum capital rebate is determined at the time of the loan issuance, while the actual rebate amount depends on the performance of the financial project during the post-monitoring phase, considering the degree of achievement of the project's objectives. Consequently, the fair value calculation assesses the expected capital rebate amount based on assumptions about the timing and probability of its application, considering the likelihood that not all borrowers will meet the defined project objectives required to qualify for the capital rebate. The likelihood of a capital rebate being applied is assessed by evaluating the potential achievement of the objectives for each significant financial project or by using historical data on the amount of capital rebate granted. Losses resulting from a decrease in the fair value of the potential future capital rebate component are recognized in the profit or loss statement.

The fair value measurement of the portion of the loan to which the capital rebate will not be applied, is based on assumptions regarding the expected future cash flows of the loan until its maturity. The cash flow includes expected principal repayments, reduced by the expected capital rebate at the time of its application, along with interest payments and related costs (for example, applicable administrative costs). To determine the fair value of future cash flows, the expected losses from borrower default are deducted, incorporating the probability of default (PD) and loss given default (LGD) criteria. The adjusted cash flows are then discounted using the interest rate applicable to the specific loan. When evaluating the fair value of the portion of a loan portfolio measured at fair value through profit or loss, to which the capital rebate will not be applied, the discounting of expected future cash flows until the loan's maturity results in changes to fair value of the loan component. These changes are deferred and recognised within Deferred income.

Considering the public funding received to finance the issued loan with a capital rebate, which is recognized under the liability "Support programme financing", the fair value of this public funding is determined. The difference between the funding received and its fair value is also assessed and recognized as part of state support. This portion of state aid is recognized as income to the extent necessary to offset the decrease in the fair value of the related asset -the loan with the capital rebate.

In accordance with the 2025 amendments to the public funding agreements, the net impact of fair value changes of loans with capital rebate and the fair value changes of public funding for the reporting period after initial recognition is attributed to the respective programme's public funding, resulting in an increase or decrease in the value of the public funding.

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(xxi) Loans (cont'd)

b) Loan commitments

The Company issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. The commissions received for loan processing and issuance are amortised over the term of the commitment. Fees associated with loans are deferred and included in the carrying amount of the loan at initial recognition. At the end of each reporting period, the commitments are measured at the remaining unamortised balance (on off-balance sheet) of the amount at initial recognition plus the amount of the loss allowance (on-balance sheet) determined based on the ECL model, unless the commitment is to provide a loan at an interest rate below the market rate, in which case the measurement is at the higher of these two amounts.

The carrying amount of the loan commitments is presented as a liability within off-balance sheet.

c) Sales and leaseback transactions

Sales and leaseback transactions is agricultural land purchase transaction with rent and repurchase rights for the seller of the property established by agreement. It was concluded that the sales and leaseback transactions embraced the repurchase option for the lessee that could be exercised nearly always. From IFRS point of view it means that such a rent falls outside the definition of rent as, in essence, the usage rights of the asset are not transferred and remain with the lessee. The nature of sales and leaseback transactions transaction corresponds to the definition of financial asset where the purchase price is a long-term loan issued to the lessee (right to get the money in the future), whereas land functions as a collateral. Following the same practice applied to the other loans the management assesses impairment at each reporting date. A part of the impairment assessment and calculation is linked to evaluation of the collateral.

d) Repossessed collateral

Repossessed collateral represents movable assets, land and buildings that have been acquired in the debt collection process for the purpose to hold them and sell in an ordinary course of business. See Note 2 (8) item (v) details.

(xxii) Grants

The Company acts as an agent when servicing grants. The Company advances grants in instalments to the customers. The grant agreements between the Company and funding providers (grantors) stipulates that the Company will provide grants to the customers in advance-and in accordance with agreements.

Grants that are advanced to the customers are recognized as non-financial assets at amortized cost. Upon approval by the grantor for the eligibility of the disbursed grants, the advanced grants are derecognized as non-financial assets and the related support programme funding balances are reduced by the approved amount. Grants committed to the customers, but not yet disbursed are accounted for on the Company's off-balance sheet.

Impairment allowances are made for expected credit losses for both advanced grants recognized as non-financial assets and grant commitments.

(xxiii) Financial guarantees

Financial guarantees require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial outstanding recognition. In addition, an ECL allowance is recognised for fees receivable that are recognised in the statement of financial position as an asset.

The outstanding amount of the financial guarantees contracts is presented as a liability within off-balance sheet (Note 43).

Payments, which are made by the Company, to reimburse the holder of the guarantee for a loss are included in Other assets (Note 29).

2 Accounting Policies (cont'd)

(4) Financial assets and liabilities - initial recognition and subsequent measurement (cont'd)

(xxiv) Financial liabilities with a capital rebate

Under financial guarantees with a capital rebate, when the borrower of the financier's loan meets the eligibility criteria for the capital rebate, the Company must make a payment to the financier for the applied capital rebate, which correspondingly reduces the borrower's outstanding loan balance with the financier. The Company assesses whether the borrower of the financier's loan meets the eligibility criteria for the capital rebate. Since the funding for the obligations arising from the reserved capital rebate is provided from public funding, and there is no certainty regarding the actual occurrence of these obligations until the borrower of the financier's loan meets the eligibility criteria for the capital rebate, these future obligations are presented within Public Funding as Programme Funding. At the time of the capital rebate payment, public funding is reduced accordingly (See Note 39).

(xxv) Financial liabilities carried at amortised cost

Financial liabilities carried at amortised cost are mainly amounts due to the Treasury of the Republic of Latvia and credit institutions. These are initially recognised at fair value net of transaction costs incurred. Financial liabilities are subsequently measured at AC and any difference between net proceeds and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. In cases of early repayment, any difference between the repaid and carrying amounts is immediately included in the profit or loss.

(xxvi) Issued debt securities

The Company recognises issued debt securities at the date when the respective funds are received. After initial recognition when these financial liabilities are initially recognised at fair value including direct transaction costs, those are subsequently carried at amortised cost using the effective interest method. When issued debt securities are sold at a discount or premium, the difference is amortised applying the effective interest method until the debt matures and charged to the statement of comprehensive income as interest expense.

(xxvii) Financial liabilities designated at FVTPL

The Company designates liabilities, for example, support programme funding at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss. See Note 2 (14) for details.

(5) Investments in venture capital funds

The Company's investments in venture capital funds (VCF) are classified as Investments in associates and Other Investments. The Company is applying IFRS 9 in recognition and measurement of investments in venture capital funds. These investments are financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Company. Investments in equity securities are measured at FVTPL, except where the Company elects at initial recognition to irrevocably designate an equity investments at FVOCI. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value.

(i) Investments in associates

The Company's investments in associates, including venture capital funds AIF "Altum capital fund", Baltic Capital Market Acceleration Fund (IPO Fund), are measured at fair value through profit or loss.

Investments in associates initially are recognised at cost and subsequently measured at fair value through profit or loss.

2 Accounting Policies (cont'd)

(5) Investments in venture capital funds (cont'd)

(i) Investments in associates (cont'd)

The Company uses the Risk Coverage Reserve (see Note 2 (15) item (i)) which is part of the support programme funding to compensate the change in the values of venture capital funds. The risk coverage mechanism is attributable to the 2nd, 3rd, 4th and 5th generation venture capital funds.

The Company use the Portfolio Loss Reserve (see Note 2 (15) item (i)) to compensate the change in the values of AIF "Altum capital fund" and Baltic Capital Market Acceleration Fund (IPO Fund).

(ii) Investments in the Baltic Innovation Fund

Investments in the Baltic Innovation Fund are valued at fair value through profit or loss. The management has made following assessment in order to support such valuation:

- within the meaning of IAS 28, the Baltic Innovation Fund correspond to the definition of a venture capital organisation or comparable to it entities;
- within the meaning of IAS 28, the Baltic Innovation Fund's investments should be classified as associates;
- the Baltic Innovation Fund measures its investments at fair value through profit or loss according to IFRS 9.

The above conclusions enabled the Company to apply the exception in relation to the Baltic Innovation Fund measurement provided in IAS 28 and in its financial statements to measure the Baltic Innovation Fund and its investments applying IFRS 9 and deciding to state the investment in the Baltic Innovation Fund at fair value through profit or loss.

The Company uses part of the support programme funding, i.e., the Risk Coverage Reserve (see Note 2 (15) items (i) and (iii)) to compensate the change in the values of venture capital funds. Since December 2017 the said risk coverage mechanism is attributable also to the Baltic Innovation Fund capped for amount of EUR 2 million.

(iii) Other Investments

Other investments include investments in the Baltic Innovation Fund II and investments in the Three Seas Initiative Investment Fund.

Other investments initially are recognised at acquisition cost and subsequently measured at FVTPL.

2 Accounting Policies (cont'd)

(5) Investments in venture capital funds (cont'd)

(iv) Other accounting matters

The management fees of the VCFs referable to the reporting period (previous periods) are treated as fees for services received and are included in profit or loss.

As foreseen by the new wording of the agreement No 2015/15 On Implementation of the Investment Fund dated 23 December 2015 concluded between the Company and the Ministry of Economics, the Company is reimbursed from the funding of the Ministry of Economics for the following:

- management fees to the 2nd, 3rd, 4th and 5th generation VCFs' managers for implementation of the financial engineering instruments (see Notes 8, 9 and 39). This coverage mechanism is valid for all generation VCFs (see Note 24)
- all costs including management fee incurred by the Company as investor in AIF "Altum capital fund" are covered by the Portfolio Loss Reserve from September 2020 (see Notes 24 and 42).
- value impairment of the investments of the financial engineering instruments due to valuation or revaluation (see Note 24). This coverage mechanism is valid for the 2nd, 3rd, 4th and 5th generation VCFs (see Note 24).

(6) Fair value of assets and liabilities

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Fair values of financial assets and liabilities are based on market prices quoted in active markets. If the market for a financial asset or liability (and for unlisted securities) is not active, the Company establishes fair value by using valuation techniques. These include the use of discounted cash flow analysis, option pricing models and recent comparative transactions as appropriate. Where, in the opinion of the Management of the Company, the fair values of financial assets and liabilities differ materially from their book values, such fair values are separately disclosed in the notes to the accounts.

The information about financial and non-financial assets and liabilities, which are measured at fair value or which fair values are disclosed, are summarised in the following notes:

Disclosures for valuation methods, significant estimates and assumptions	Note 2 (4), 2 (5), 2 (7), 2 (8), 2 (14), 2 (15)
Quantitative disclosures of fair value measurement hierarchy	Note 46
Loans with capital rebate	Note 22
Investments in debt securities	Note 20
Investment property	Note 2 (8) item (iv)
Financial instruments including those carried at amortised cost	Note 2 (4)

(7) Off-setting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liability simultaneously.

(8) Non-financial assets – initial recognition and subsequent measurement

(i) Intangible assets

Acquired computer software and licences are recognised as intangible assets on the basis of the costs incurred to acquire and bring to use the software. Intangible assets are amortised on the basis of their expected useful live (5 years) and less impairment, if there is an indication that intangible asset may be impaired. The costs associated with developing or maintaining computer software programs are recognised as an expense when incurred.

2 Accounting Policies (cont'd)

(8) Non-financial assets – initial recognition and subsequent measurement (cont'd)

(ii) Property, plant and equipment and depreciation

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, if any.

Depreciation is provided using the straight-line method to write off the cost of each asset to its residual value over the estimated useful life of the asset. The assets' residual values and useful live are reviewed, and adjusted if appropriate, at each balance sheet date.

The annual depreciation rates applied are as follows:

Category	Depreciation rate
Land and buildings	2 - 10% p.a.
Furniture and fittings	10 - 25% p.a.
Computers and equipment	16.67 – 50% p.a.
Vehicles	20% p.a.
Leasehold improvements	over the term of the lease agreements

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Property, plant and equipment are periodically reviewed for impairment.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.

Gains and losses on disposals of property and equipment are recognised in the profit or loss in the period of disposal. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

(iii) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss. Goodwill impairment losses cannot be reversed over the next reporting periods.

(iv) Investment property

Investment property comprises land or buildings, which are held in order to earn rentals or for capital appreciation, or both, and which are not occupied by the Company, nor held for immediate sale.

2 Accounting Policies (cont'd)

(8) Non-financial assets – initial recognition and subsequent measurement (cont'd)

(iv) Investment property (cont'd)

Investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, to any difference in the nature, location or condition of the asset. The fair value of investment property is based on valuation by an independent valuator who holds a recognised and relevant professional qualification and who has recent experience in the location and category of the investment property being valued. If this information is not available, the Company uses alternative valuation methods such as discounted cash flow projections. Changes in the fair value of investment property are recorded in the profit or loss as part of operating income. Revaluation of investment property is performed annually.

Gains and losses on sale of investment properties is recognised at sale as the difference between the proceeds from the sale and the carrying amount (fair value) of investment properties.

(v) Repossessed collateral (included in Other assets)

Repossessed collateral includes movable assets, land and buildings that have been acquired in the debt collection process for the purpose to hold them and sell in an ordinary course of business. Inventory is reported at the lower of cost or net realizable value. Net realizable value is a selling price during an ordinary course of business of the Company less selling expenses.

Depreciation of repossessed collateral is not calculated. Changes in value of repossessed collateral are recognised in profit or loss. The value of repossessed collateral is reassessed at each reporting date to ensure it is stated at the lower of cost or net realizable value.

Realised gains and losses on sale of repossessed collateral are recognised at sale as the difference between sale price of repossessed collateral and carrying amount as at the moment of sale.

2 Accounting Policies (cont'd)

(9) Leases

The Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company applies optional exemptions for short-term leases and leases of low-value items.

The Company applied simplified approach and did not restate comparative information. Right-of-use assets were measured equal to the lease liabilities at the date of initial application. Cumulative effect of initial application was immaterial therefore it was not recognised as an adjustment to the opening balance of retained earnings.

Under IFRS 16, a contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract is a lease or contains a lease, the Company assesses whether:

- the contract provides for the use of an identified asset: the asset may be designated, directly or indirectly, and must be physically separable or represent practically full capacity of the asset from the physically separable asset. If the supplier has a significant right to replace the asset, the asset is not identifiable;
- the Company has the right to obtain all economic benefits from the use of the identifiable asset over its useful life;
- the Company has the right to determine the use of the identifiable asset. The Company has the right to determine the manner in which the asset will be used, when it can decide how and for what purpose the asset will be used. Where the relevant decisions about how and for what purpose an asset is used are predetermined, the Company should assess whether it uses the asset, or the Company has developed an asset in a manner that predetermines how and for what purpose the asset will be used.

Upon adopting IFRS 16, the Company used a single recognition and measurement approach for all leases with similar characteristics (with certain exemptions) and made an assessment on the identified right-of-use assets non-cancellable lease terms (including the extension and termination options) and lease payments (including fixed and variable payments etc.).

Leases are recognised as right-of-use assets and the corresponding lease liabilities at the date when leased assets are available for use of the Company. The cost of the right-of-use an asset consists of:

- the amount of the initial measurement of the lease liability;
- any lease payments made before the commencement date less any lease incentives received;
- any initial direct costs.

The right-of-use assets are classified and recognised according to groups of property, plant and equipment. The Company accounts right-of-use assets of land, buildings and vehicles.

The carrying amount of the right-of-use asset is amortised on a straight-line basis from the commencement date to the end of the useful life of the underlying asset or from the commencement date of the lease to the end of the lease term, unless an asset is scheduled to be redeemed. The right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for any revaluation of the lease liabilities.

Assets and liabilities arising from leases at commencement date are measured at the amount equal to the present value of the remaining lease payments, discounted by the Company's incremental interest rate. Lease liabilities include the present value of the following lease payments:

- fixed lease payments (including in-substance fixed lease payments), less any lease incentives receivable;
- variable leases payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 Accounting Policies (cont'd)

(9) Leases (cont'd)

Lease liabilities are subsequently measured when there is a change in future lease payments due to changes of an index or a rate, when the Company's estimate of expected payments changes, or when the Company changes its estimate of the purchase option, lease term modification due to extension or termination. When a lease liability is subsequently measured, the corresponding adjustment is made to the carrying amount of the right-of-use asset or recognised in the statement of comprehensive income if the carrying amount of the right-of-use asset decreases to zero.

Each lease payment is divided between the lease liability and the interest expense on the lease. Interest expense on lease is recognised in the statement of comprehensive income over the lease term to form a constant periodic interest rate for the remaining lease liability for each period.

Lease payments related to short-term leases are recognised as an expense in the statement of comprehensive income on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less at the commencement date.

(10) Corporate income tax

Corporate income tax for the reporting period is included in the financial statements based on the Company's management's calculations prepared in accordance with tax legislation of the Republic of Latvia.

Corporate income tax is calculated on the basis of distributed profit which is subject to the tax rate of 20% of their gross amount, or 20/80 of net expense. Corporate tax on distributed profit will be recognized when the shareholders of the Company make a decision about profit distribution.

Corporate income tax for the distributed profit is included in the profit and loss statement line item "Corporate income tax" and disclosed by the components in the notes to the financial statements.

In accordance with Paragraph 2 of Article 15 of the Development Finance Institution Law, the Company's profit for the period is transferred to reserves in order to ensure financial stability and sustainable operation of the Company as well as to mitigate the risks of approved support programmes.

(11) Provisions

The Company's contingent liabilities and off-balance sheet items consist of financial guarantees, loan commitments, grant commitments as well as commitment to associates and other investments (see Note 38). Provisions include allowances for expected credit losses for loan commitments, grant commitments and financial guarantees are presented in Note 2 (4) item (vi).

(12) Vacation reserve

Accruals for employee leaves are recognised on an accrual basis. The volume of accrued liabilities for leaves is calculated, based on the number of leave days earned, but unused by the staff members of the Company, and following the principles listed below:

- accruals are created for payment for all unused leave days of staff members,
- the value of one unused leave day is defined as the staff members' average salary per day at the end of the reporting year, plus the appropriate compulsory social insurance contributions,
- movements in accruals are recognised in the profit or loss.

(13) Employee benefits

The Company pays social insurance tax for state pension insurance and to the state funded pension scheme in accordance with Latvian legislation. State funded pension scheme is a defined contribution plan under which the Company pays fixed contributions determined by the law and has no legal or constructive obligations to pay further contributions if the state pension insurance system or state funded pension scheme are not able to settle their liabilities to employees. The social insurance tax are recognised as an expense on an accrual basis and are included within staff costs.

2 Accounting Policies (cont'd)

(14) Support programme funding

Although liabilities arising from support programme funding are interest-free or have an interest rate that differs from the average market rate, they have an additional participation in the profit or loss related to the assets in which the Company has invested using these resources. The management of the Company is of the opinion that these liabilities have a different kind of interest return related to the return on the underlying assets. For the purposes of IFRS the interest return of this kind is considered as embedded derivative. As it follows from IFRS 9 Clause 4.3.5., the embedded derivatives may be recognised without separating them from the contract, together with the whole contract, at its fair value with re-measurement through profit or loss.

The fair value of the liability established in this manner as of 1 January 2018 consists of the already carried Support programme funding coupled with the state aid portion adjusted for the part of the future cash flow pertaining of additional payments / to reduction of additional payments due to value appreciation or impairment of the associated assets, i.e. the liability is recognised to the extent that corresponds to the liability's repayment amount established for the Company. In determining the fair value of support programmes funding, the Company applied a discount rate of 3.65% (in 2024: 3.50%)

Since the Company's clients in the majority of support programmes are not entitled to cover the full charge of expected credit risk in, then for coverage of the programme's expected loss on credit risk respective portion of public funding available for that programme is allocated at full or partial extent of total expected credit loss depending on the agreed programme's structure. More on principles of received support programme funding, incl. the Risk Coverage Reserve that can be used for covering the Company's credit risk losses see below Note 2 (15) item (i).

(15) Critical accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company bases its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The estimates and assumptions are evaluated regularly and are based on the historic experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Such estimates and judgements are disclosed below.

(i) **Expected credit losses, incl. to be covered from support programme funding. Risk Coverage Reserve. Portfolio Loss Reserve.**

State support programmes implemented by the Company are designed according to the market gap to ensure access of enterprises and residents to finance resources in areas that the government has defined as important and to be supported, fielding national policy into the national economy or that access is not sufficient with available financial instruments in the market. Expected loss along with programme's impact, risk assessment, financial feasibility and implementation expenses are estimated prior to approval of respective programme at the Cabinet of Ministers as stipulated by Development Finance Institution Law.

In assessing the programme's expected losses, the Company evaluates the inherent credit risk, taking into account the Company's activities in high-risk areas, operational risk, as well as other risks, such as market risk. Since, in the majority of support programmes, the Company's clients are not required to cover the expected credit risk costs in full, a portion of the public funding available for the programme is allocated, in full or in part, to cover the programme's total expected credit losses, depending on the approved programme structure, and is therefore earmarked for the coverage of credit risk losses before implementation of the programme. See also Note 2 (3).

That public funding part allocated for the coverage of programme's expected loss on credit risk is transferred to particular support programme reserve capital within the Company's Specific reserves for support programmes and classified as Portfolio Loss Reserve (see Note 42) or accounted separately as provisions for risk coverage (Risk Coverage Reserve) classified within the liabilities (see Note 39). Detailed information on Risk Coverage Reserve see also Note 2 (5) items (i) and (iii).

If public funding classified within Risk Coverage Reserve or Portfolio Loss Reserve for coverage of a particular programme's expected loss on credit risk exceeds actual credit loss incurred during the implementation of the programme, then respective excess portion of that public funding is reallocated to other support programme set by Company's shareholders' meeting or repayable according to the terms of the programme funding agreement.

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(ii) Impairment losses of loans

In order to assess impairment allowance, the management needs to make assumptions regarding the estimated cash flows and their timing related to loans. Significant estimates need to be made in relation to value of the collateral of the loans and advances. The assessment of the collateral includes the amounts of such impairment losses covered by Support programme funding provided by state, see Note 39. Further details disclosed in Note 2 (4) item (vi).

(iii) Fair value of investments in the VCF

The Company's management checks regularly that the value of the underlying investments of the VCFs is properly reflected. If the information about investments' evaluation is not sufficient or does not confirm the value, the management needs to make assumptions about the fair value of the VCFs.

Detailed assumptions and sensitivities

Valuation of Company's private equity and venture capital fund portfolio companies is carried out in accordance with Altum's internal valuation principles, which are based on International Private Equity and Venture Capital Valuation Guidelines (IPEV).

Key valuation principles:

- All new investments (i.e., within 1 year from the date of investment) are recognized at acquisition value, assuming there is no evidence to the contrary;
- Pre-seed and seed stage investments, considering the specifics of start-up stage companies, are evaluated based on the fulfilment of their non-financial goals (milestones), and therefore the evaluation of these investments is carried out according to a simplified principle: the application of a discount. A discount is applied based on the professional judgement of internal the valuer, considering the magnitude of changes.
- Investments of private equity funds, whose initial investment value does not exceed EUR 500,000 are valued according to the professional judgment of internal valuer based on valuation models prepared by fund managers.
- For investments in private equity funds whose initial investment value exceeds EUR 500,000., an in-depth valuation is performed. A separate valuation model is developed prepared for each such investment, based on the valuation model provided by the fund manager. The most common valuation methods are:
 - Comparable Company Analysis: based on the purchase/sale transactions of companies similar to the company (both from the point of view of the product and the stage of development) in the world (price of recent investment), data from stock exchanges and international databases, where the method can only be used if the company is at least in the early stages of commercializing the product. Industry-appropriate return coefficients (multiples) are used for growth-stage target companies. The most commonly used multiples are turnover, EBITDA or net profit multiples.
 - Discounted Cash Flow Method: determination of NPV of future cash flow can be used at the moment when all prerequisites for predicting future cash flow acceptable and understandable to the investor have been met.
 - Investments, except for pre-seed and seed investments of the Acceleration Program, where several funds have invested in one company, are valued separately with the aim of harmonizing the methodologies of different fund valuation models to reflect a common value in Altum's financial reports.

The risk of price fluctuations directly affects the value of Altum's VCF portfolio. By making investments in 22 funds and 3 fund of funds Altum has provided sufficient investment diversification covering 30 funds with various strategies and geographies.

	31.12.2025.	31.12.2024.
Carrying value of VCF	98 095	101 270
Impact on NAV +10%	9 810	10 127
Impact on NAV -10%	(9 810)	(10 127)

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(iv) Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of Comprehensive Income. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2025 and 31 December 2024 for investment properties. Investment property consists of agricultural land. Comparable transaction method is applied mostly for investment property. More information is provided in Note 2 (8) item (iv) and Note 25.

(v) Classification of the 2nd and 3rd generation VCFs

On 31 December 2024, the operational term of the 3rd generation funds expired. The only fund for which liquidation proceedings have not been initiated is FlyCap Mezzanine Fund II, liquidation proceedings have been initiated for all other funds. During the liquidation process, the fund managers will continue to realise the remaining portfolio investments under the most favourable terms possible.

The Company evaluates the agreements with fund managers annually, assessing the existence of control or significant influence, applying the IFRS No.10 criteria for control and IAS No.28 criteria for significant influence. The Company considers that it does not control the VCFs even though it owns more than 50% in majority of the VCF. Following the annual evaluation, it has been concluded that the Company has significant influence over the VCFs, and therefore, investments in VCFs are classified as associates and measured at fair value through profit or loss.

The Fund Manager, in accordance with the Limited Partnership Agreement, in compliance with national and EU regulations, ensures the independent and professional investment, management and realisation of the Fund's investments and has acted as an honest and diligent manager to the highest industry standards.

Altum, as a special limited partner, has no right to participate in or in any way influence the operational work of the fund manager, to carry out investment evaluation, to take investment decisions, to participate in the investment realisation process, which is fully the responsibility of the fund manager in accordance with the concluded agreement.

Altum, as a special limited partner, has a role on the Advisory Boards of the funds, which are held at least once a year to discuss the fund's performance, but the Advisory Board members do not take decisions on the fund's performance and, if they do, they are of a recommendatory nature.

However, in the event of extraordinary occurrences which may seriously threaten the operation of the Fund, the Members may, by a majority of at least 75% of the subscribed capital, decide to exclude the General partner for any of the following justifiable reasons (the General partner has committed a material breach of the terms of the Agreement or acted in a mismanaged manner). Similarly, decisions relating to the extension, termination, reduction of management fees, changes in key personnel and other matters of a significant nature may be taken by a 75% majority of the Members, however, these are not related to day-to-day investment management and decision-making but relate to general operating principles.

The Company has to monitor the implementation of financing instruments, select financial intermediaries according to legal acts and aim to increase the value of Investment Fund. The Company could stop the cooperation with the VCFs managers only in cases when the VCFs managers cease their operations or illegal actions would be discovered. Under these circumstances, the VCFs in question would either be closed – the liquidation process would be initiated, no new investments would be made or a search for a new fund manager would be initiated through public tender. The selection of a fund manager for implementation of the state aid programmes requires following the legislation on public tenders, as would the change of fund managers.

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(vi) Classification of the 4th generation VCFs

In 2018 active co-operation with the 4th generation VCFs was started. In order to evaluate existence of control or significant influence, the Company assessed thoroughly the concluded co-operation agreements applying IFRS 10 control criteria and IAS 28 significant influence criteria.

When assessing the terms of the Limited Partnership Agreement concerning control over the investment, in accordance with the criteria of SFPF No.10, it was previously determined that the most significant indicator is the Company's "veto" right to change the investment manager within two years of the agreement's conclusion. The term for exercising these rights expired in 2022. As a result, there are no longer any significant indicators of control over investment, and the Company classifies its investments in 4th generation venture capital funds as investments in associated companies.

(vii) Classification of the 5th generation VCFs

Cooperation with the 5th-generation venture capital funds began in 2024 and 2025. Each year, the company undertakes a detailed review of its agreements with fund managers to determine whether control or significant influence is present, applying the principles of IFRS 10 and IAS 28. The Company considers that it does not control the venture capital funds, even though its participation in each fund exceeds 50%, as Altum is not exposed to positive variable returns in excess of its initial investment plus defined preferred return. During the annual assessment, it is concluded that Company has significant influence over the funds, therefore, these investments are treated as investments in associates and measured at fair value through profit or loss.

(viii) Investments in AIF "Altum Capital Fund"

According to the accounting policy of AIF "Altum Capital Fund", it operates as an investment entity because the following criteria set out in IFRS 10 "Consolidated Financial Statements" are met – (i) AIF "Altum Capital Fund" obtains funds for investments from several investors for the purpose of providing those investors with investment management services, (ii) AIF "Altum Capital Fund" commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both and (iii) AIF "Altum Capital Fund" measures and evaluates investments at fair value, therefore, AIF "Altum Capital Fund" does not consolidate its investments in equity instruments.

In accordance with the Limited Partnership Agreement, the General Partner is the Company and as the Fund manager is fully responsible for all aspects of the Fund's operation, including the revaluation of the investments. The fair value of the investments is recognized and reflected in the audited annual report.

The Company's investment in the Fund constitutes 48.91% of the Fund's capital, is classified as an Associate and is measured at fair value through profit or loss.

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(ix) Monitoring value of investments in VCFs

2nd, 3rd, 4th and 5th generation VCFs

In accordance with the Limited Partnership Agreement, the General Partner who is the manager of the VCF and comes from the venture capital industry, is fully responsible for all aspects of VCF's operation, including investment assessment, revaluation and determination of impairment if carrying value of investment exceeds recoverable amount. Carrying value and impairment is recorded and reported on the fund's financial statement (audited on an annual basis).

Carrying value of investments made by the VCFs on the funds' financial statement are recorded at fair value complying with the Company's accounting policy. However, other aspect is determination of fair value used by funds management for making different management decisions, including decisions regarding exit strategy, timing etc. Fair value is reported on Funds' Quarterly Investment Reports. The value of the investment is established based on the most appropriate technique from the International Private Equity and Venture Capital Valuation Guidelines. The employed methods include Third party assessments, Industry Valuation Benchmarks, Discounted cash-flow method and other.

In accordance with the Company's principles, the Company considers valuations presented by the fund management as a reliable source as only professionals with respective experience and proven track record are selected as fund managers. However, in order to ensure a sound and transparent finance management, the Company conducts a regular monitoring procedure (typically on a quarterly basis) for revaluation of portfolio value of the investments funds. The assessment is carried out based on the information presented by funds management. The process is divided into several stages:

- Financial Intermediary unit, business owner of venture capital segment, is responsible for initial analysis of Fund's recorded and recognised investment value based on supporting information prepared and sent by fund management. The following information is presented by the investment funds for every investment exposure: the current development and dynamic of investment, the current financial performance and financial forecasts. It should be noted that the funds specialised in early-stage investments (mostly, pre-revenue projects) are not able to provide information about financial performance of projects. In this case investment scoring approach is used as a base.
- Financial Intermediary unit conducts Q&A sessions with venture capital fund management during which the fund management reports about every investment of the portfolio. If supporting information indicates about potential flaws in calculations of fair values, adjustment is made.
- Adjusted (if any) information is provided to the Risk Management Department for revision of carrying value, then presented on Risk and Asset-Liability Management Committee for final approving before recognized in the Company's accounting system.

If there is evidence of value decrease, the Company calculates decrease of the VCFs' NAV and recognises the loss in the profit or loss.

AIF "Altum Capital Fund"

In accordance with the Limited Partnership Agreement, the General Partner is the Company and as the manager of the Fund is fully responsible for all aspects of the Fund's operation, including investment assessment, revaluation and determination of impairment if carrying value of investment exceeds recoverable amount. Carrying value and impairment is recorded and reported on the Fund's financial statement (audited on an annual basis).

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(ix) Monitoring value of investments in VCFs (cont'd)

AIF "Altum Capital Fund" (cont'd)

Carrying value of investments made by the Fund is recorded in the Fund's financial statements at fair value in accordance with the Fund's accounting policy. Fair value of investments is reported in the Fund's Quarterly Investment Reports to Partners. The fair value of financial instruments is determined by applying various valuation techniques, or a combination thereof depending on the specific nature of the investment and the information available to support the underlying assumptions. The choice of methods is prioritized as follows – (i) the fair value of financial instruments publicly quoted on regulated market is always determined by reference to their market bid price at the reporting date, (ii) third party quoted market prices in active markets, (iii) transactions in comparable financial instruments of comparable entities on or outside regulated markets and (iv) discounted cash flow. The valuation process and the necessary data gathering and their analysis are carried out by the Investment Director who is responsible for managing the specific investment. In addition, each assessment is evaluated. The results of the analysis are presented in an Investment Valuation Report and submitted quarterly to the VCF's Investment Committee for review. Unless the Investment Committee of AIF "Altum Capital Fund" requires changes or additions to a valuation report, it is submitted to the Accounting Department to record the changes in the investment value.

Baltic Capital Market Acceleration Fund (IPO Fund), to promote capital market development

Investment evaluation draws on the quarterly reports submitted by the fund manager and on semi-annual discussions addressing key changes and developments within the investment portfolio.

Under the terms of the agreement, the fund manager is fully responsible for all aspects of the fund's operations, including investment valuation, the assessment of impairment, and any revaluation required when the carrying amount exceeds the recoverable amount. The carrying amount and any potential impairment are recognised and presented in the fund's financial statements, which are audited annually by an independent auditor.

Venture capital fund investments are presented in the Company's financial statements at fair value, in accordance with the Company's accounting policies. Fair value determination is an integral part of fund operations and underpins the fund manager's decisions on investment development, as well as the formulation and timing of exit strategies. Fair value is disclosed in the fund's quarterly investment reports, while the valuation methods applied reflect the recognised approaches set out in the International Private Equity and Venture Capital Valuation Guidelines.

According to the Company's established principles the assessments submitted by the fund manager serve as a reliable basis for valuation, reflecting the manager's experience and expertise. To support a transparent and stable investment portfolio, the Company carries out regular monitoring—typically on a quarterly basis - evaluating investment progress and related risks. Each assessment draws on the information provided by the fund manager and is complemented by additional analytical work performed by the Company.

Baltic Innovation Fund, Baltic Innovation Fund 2 (BIF 2) and The Three Seas Initiative Investment Fund

The assessment of BIF investments is based on reports from the European Investment Fund (Fund Managers) and the Fund Managers within its portfolio, detailing the fund's operations and financial indicators in the relevant financial period. Additionally, semi-annual discussions are held with the Fund of Funds Manager regarding BIF's operations during the last six months.

The investment assessment of the Three Seas Initiative Investment Fund is based on documentation received from Fuchs Asset Management S.A. (the Fund Manager), investor reports, and other information provided by the Fund Manager regarding the Funds' operations and financial performance during the relevant financial period.

(x) Sales and leaseback transactions

Exploring the options for recording of sales and leaseback transactions and IFRS compliance, the management based its opinion on the subject matter of the transaction and its economic justification rather than the legal form. As part of assessment of these transactions, the management paid much attention to exercising of the reverse repurchase right of the lessee. The transaction is classified as a financing transaction rather than a lease, and the property serves as collateral for the transaction. IFRS 9 is applied in accounting for the reverse lease.

2 Accounting Policies (cont'd)

(15) Critical accounting estimates and judgements (cont'd)

(xi) Agent vs Principal

The Company acts as either an Agent or Principal in the implementation a state aid programme.

The Company's management believes that the Company acts as Principal when it is responsible for providing a support programme and has the ability to fully or partially influence the amount of compensation received from customers (interest rate, commission income, guarantee premiums, etc.), taking into account that some programmes may impose a limit on the compensation received from customers, which must not be exceeded. The Company has assessed its role as the Principal in the programme Loans with capital rebates and has concluded that Principal accounting is appropriate as the Company controls services (performs evaluation of the creditworthiness of a customer before issue of the loan), has primary responsibility for issue and monitoring of the loan performance, has discretion in setting prices. The company recognises in profit or loss both the income received from customers and expenses related to the net value of the support instruments, either in full or in part.

The Company acts as an Agent if it is responsible for providing support programmes. However, the remuneration received from customers for support instruments issued under these programmes includes amounts collected on behalf of and for the benefit of other entities, which do not increase the Company's equity capital and, therefore, do not constitute the Company's income. Similarly, the expenses related to the net value of support instruments do not reduce the Company's equity capital and, as such, are not recognized as the Company's expenses. Consequently, the Company recognises as revenue only the portion of funds it receives that is allocated to covering the management costs of the support programmes. In turn, other revenues and expenses are fully allocated to the funds designated for the implementation of the support programme, either reducing or increasing the support programme's funding.

(xii) Loan interest rate reduction

Taking into account the increase in the EURIBOR rate and the cost of raising funds and the corresponding interest payments made by borrowers, the Company will apply a reduction in loan interest rates to loans for which a loan agreement has been signed until 31 December 2023. As a result, part of the present value of the future cash flow will no longer be legally enforceable, therefore, in accordance with the requirements of paragraph B5.4.6 of IFRS 9, the Company has revised the carrying value of the financial instrument as the estimated present value of the future cash flow provided for in the contract and recognized the estimated losses in profit or loss in 2023 as the reduction of interest rate was announced and approved by the Council in December 2023 as part of 2024 budget approval and the Company had commitment to execute on the reduction in interest rate enacted before the year end. The interest rate reduction was applied as interest rate subsidies. In accordance with the Cabinet of Ministers' regulations of 01 October 2024 on 'The Implementation Programme 'Interest rate subsidies for transactions included in the Altum loan portfolio', the Company calculated and paid interest rate subsidies to customers for the interest paid in 2024 at the start of 2025.

(16) Application of new and/or amended IFRS and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)

(i) Standards or interpretations effective for the first time for the annual periods beginning 1 January 2025

- **Amendments to IAS 21 Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025).

The adoption of new standards and amendments to existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the reporting period. Their adoption did not have any material impact on the disclosures or amounts presented in these financial statements.

(ii) Standards or interpretations effective for the first time for the annual periods beginning after 1 January 2026 or not yet endorsed by the EU

- **Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026).
- **Annual Improvements to IFRS Accounting Standards** (effective from 1 January 2026).
- **Contracts Referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7** (effective for annual periods beginning on or after 1 January 2026).
- **IFRS 18 Presentation and Disclosure in Financial Statements** (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU).
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU).**

The Company is assessing the impact of these amendments on its financial statements.

3 Risk Management

For risk management, the Company has developed a risk management system that takes into account its size, structure and operational characteristics as well as restricted options for management of certain risks. The Company manages the risks affecting its operations in compliance with the risk management internal regulatory documents approved by the Company that detail and establish the aggregate of measures used to manage the risks inherent in the Company's operations.

The following major risk management principles are followed:

- risk management is a component of every-day functions;
- the Company identifies and assesses the probable risks before launching of new products or services;
- while assuming the risks, the Company maintains its long-term ability to achieve the goals and objectives set for its operations;
- the Company does not enter into transactions or perform activities that entail risks that endanger the stability of its operations in the short and long term or that may damage its reputation.

In its risk management, the Company uses various risk analysis methods and instruments appropriate to the specific nature of the financial institution's activities, and sets risk limits and restrictions.

The major risks that the Company is exposed to are credit risk, operational and compliance risks. Considering the escalating geopolitical events in 2022, anti-money laundering and terrorism and proliferation financing risks (hereinafter - AML), and sanctions, as well as interest rate risk, arising both from credit risk of outstanding loans and from the management of the interest rate exposures, have also increased and properly supervised.

3 Risk Management (cont'd)

(1) Credit Risk

The credit risk is the probability of risk that a customer or cooperation partner of the Company is unable or unwilling to meet its liabilities towards the Company in full and within the established term. The Company is mainly exposed to credit risk within the framework of its lending activities, issuing guarantees to third parties, investing in venture capital funds, as well as implementing other financial instruments within the framework of the state support and development program. The Company is also subject to the credit risk due to its investment activities. Credit risk also includes concentration risk, which means large individual exposures as well as significant exposures to groups of customers or cooperation partners whose probability of default is driven by common underlying factors, such as sector, the overall macroeconomic situation, the sector or type of instrument.

(i) Credit Risk Governance

Credit risk governance is set in the Company's Risk Management Policy and Credit Policy:

- The Council determines the total amount of risk that the Company wishes to undertake. In order to ensure the execution of the Council, risk limits and goals are set in the Company in terms of geographical regions, countries, sectors of the economy, transaction portfolios exposed to credit risk, as well as limits are set for risk transactions with one clients/cooperation partners or groups related to them, as well as risk limits or targets.
- The Risk Management Department is responsible for the independent supervision and control of credit risk management. The task of the Risk Management Department is to develop and maintain a credit risk management framework appropriate to the specifics of the Company's operations, as well as to monitor and ensure that the level of credit risk assumed does not exceed the Council's.
- The units that ensure cooperation with the client on a daily basis (hereinafter - the business unit) are responsible for credit risk assessment and monitoring before starting a risk transaction with the client, as well as during the transaction relationship, observing the risk limits and goals set by the Company, and in compliance with the Company's internal procedures the order specified in the regulations.
- The Internal Audit performs independent periodic reviews of the credit risk management system.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

(ii) Credit Risk Assessment, Reduction and Monitoring

The key principle of credit risk management in the Company is the ability of the customers and cooperation partners to meet their liabilities towards the Company, which is achieved by assessment of the customer and co-operation partner prior to transaction, as well as further continuous monitoring and evaluation with instruments incorporated into the credit risk management system.

Before starting risk transactions, the Company carefully analyses and evaluates the customer's or cooperation partner's ability and willingness to cover the assumed obligations to the Company. The solvency of a customer or cooperation partner at the time of transaction assessment and in the future, when implementing the project to be financed, is the main criterion when deciding on a risk transaction with a specific customer or cooperation partner.

The Company reduces its exposure to credit risk by requesting collateral or other collateral that meets the terms of the exposure and program. The term "collateral" includes pledges and guarantees. Pledge within separate groups of transactions or other security is not required if the programme rules allow it. The collateral assessment is based on a thorough examination and analysis of the pledged assets and is an integral part of the customer's credit risk assessment. The value of the collateral is updated periodically, including when reviewing the terms of the risk transaction issued to the customer or cooperation partner, as well as in situations when the Company has reason to believe that the value has changed or when the risk transaction has become a problematic loan.

The risk profile of portfolios exposed to credit risk is continuously analysed. Monitoring of portfolios and individual customers or cooperation partners with a higher risk of default is performed more regularly with greater regularity. Business units are responsible for the continuous monitoring of criteria and conditions that indicate an increase in the credit risk of individual risk exposures. If the risk profile of a customer or business partner has deteriorated, corrective measures are considered and implemented to increase the security of such exposures and potentially reduce credit risk. In such situations, a series of actions adapted to the situation are immediately implemented to reduce the Company's risk or losses, including involving a specially created restructuring and collection unit, which concentrates relevant competences in insolvency management and restructuring.

Breakdown of loans by internal rating categories, in thousands of euros:

Internal rating categories	A	B	C	D	E	F	G	H	Without rating	Overlays	Total
Total gross loans:	2 387	20 138	45 979	109 752	97 487	48 602	26 646	18 101	66 153	-	435 245
Stage 1	2 387	19 528	45 201	101 164	78 856	13 400	3 883	20	62 084	-	326 523
Stage 2	-	575	620	4 428	13 070	32 732	20 089	44	3 127	-	74 685
Stage 3/ POCI	-	35	158	4 160	5 561	2 470	2 674	18 037	942	-	34 037
Allowances for expected credit losses	(12)	(318)	(377)	(1 927)	(3 096)	(1 770)	(1 344)	(7 405)	(563)	(6 184)	(22 996)
Total net loans as at 31 December 2024	2 375	19 820	45 602	107 825	94 391	46 832	25 302	10 696	65 590	(6 184)	412 249
Total gross loans:	1 241	21 335	56 016	109 346	114 735	55 756	19 894	15 364	66 376	-	460 063
Stage 1	1 241	19 344	54 594	99 206	93 442	21 105	5 602	215	63 590	-	358 339
Stage 2	-	1 883	1 101	8 657	14 056	28 182	10 626	259	1 710	-	66 474
Stage 3/ POCI	-	108	321	1 483	7 237	6 469	3 666	14 890	1 076	-	35 250
Allowances for expected credit losses	(14)	(350)	(601)	(1 638)	(3 838)	(2 986)	(1 401)	(5 412)	(786)	(4 173)	(21 199)
Total net loans as at 31 December 2025	1 227	20 985	55 415	107 708	110 897	52 770	18 493	9 952	65 590	(4 173)	438 864

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

(ii) Credit Risk Assessment, Reduction and Monitoring (cont'd)

Breakdown of issued guarantees by internal rating categories, in thousands of euros:

Internal rating categories	A	B	C	D	E	F	G	H	Without rating	Overlays	Total
Total gross outstanding guarantees:	-	23 046	45 446	50 198	42 449	21 572	2 480	1 423	336 924	-	523 538
Stage 1	-	22 596	45 354	49 737	34 866	9 870	880	369	332 379	-	496 051
Stage 2	-	-	32	435	5 773	10 765	1 575	26	3 387	-	21 993
Stage 3	-	450	60	26	1 810	937	25	1 028	1 158	-	5 494
Allowances for expected credit losses ¹	-	(909)	(2 342)	(4 041)	(4 979)	(3 310)	(346)	(516)	(29 081)	-	(45 524)
Total net outstanding guarantees as at 31 December 2024	-	22 137	43 104	46 157	37 470	18 262	2 134	907	307 843	(680)	478 014
Total gross outstanding guarantees:	-	31 634	64 419	64 276	48 213	20 648	2 041	2 283	394 430	-	627 944
Stage 1	-	31 620	63 958	63 768	43 669	12 091	373	271	387 767	-	603 517
Stage 2	-	14	321	16	1 794	7 652	535	240	4 383	-	14 955
Stage 3	-	-	140	492	2 750	905	1 133	1 772	2 280	-	9 472
Allowances for expected credit losses ¹	-	(848)	(2 958)	(4 363)	(5 812)	(2 314)	(537)	(759)	(32 131)	-	(49 722)
Total net outstanding guarantees as at 31 December 2025	-	30 786	61 461	59 913	42 401	18 334	1 504	1 524	362 299	(680)	578 222

¹ The Company uses internal rating for assessment of credit risk to decide on issuing of financial guarantee and for further monitoring of credit risk. Internal rating assigned to a guarantee is one of several factors that has been considered when the ECL is measured. Financial guarantees are measured at the higher of the following values: loss allowance determined as expected credit loss and the amount initially recognized (fair value) less any cumulative amount of amortization.

Internal rating scale and characteristics:

Internal rating class	Description	Internal rating class	Description
A	customer with a very successful business performance	E	customer with a heightened sensitivity to possible changes
B	customer with a successful business performance	F	customer with unsuccessful performance
C	customer with certain performance advantages	G	customer with very unsuccessful performance
D	customer with medium operational risk	H	default or near-default

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Breakdown of financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment, in thousands of euros:

	Stage 1		Stage 2		Stage 3		Simplified approach		Total	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Financial assets at AC										
Due from credit institutions and the Treasury	839 734	627 797	-	-	-	-	-	-	839 734	627 797
Allowances for expected credit losses	(26)	(28)	-	-	-	-	-	-	(26)	(28)
Total net due from credit institutions and the Treasury	839 708	627 769	-	-	-	-	-	-	839 708	627 769
Investment securities	-	-	-	-	3 552	4 023	-	-	3 552	4 023
Allowances for expected credit losses	-	-	-	-	(3 552)	(4 023)	-	-	(3 552)	(4 023)
Total net investment securities	-	-	-	-	-	-	-	-	-	-
Loans	358 339	326 523	66 474	74 685	35 250	34 037	-	-	460 063	435 245
Allowances for expected credit losses ^{1, 2}	(5 970)	(7 177)	(4 010)	(4 520)	(11 219)	(11 299)	-	-	(21 199)	(22 996)
Total net loans	352 369	319 346	62 464	70 165	24 031	22 738	-	-	438 864	412 249
Other financial assets	1 040	2 176	-	-	769	841	1 744	842	3 553	3 859
Allowances for expected credit losses	(30)	(41)	-	-	(655)	(746)	(160)	(135)	(845)	(922)
Total net other financial assets	1 010	2 135	-	-	114	95	1 584	707	2 708	2 937
Total financial assets at AC	1 199 113	956 496	66 474	74 685	39 571	38 901	1 744	842	1 306 902	1 070 924
Allowances for expected credit losses	(6 026)	(7 246)	(4 010)	(4 520)	(15 426)	(16 068)	(160)	(135)	(25 622)	(27 969)
Total net financial assets at AC	1 193 087	949 250	62 464	70 165	24 145	22 833	1 584	707	1 281 280	1 042 955

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Breakdown of financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment, in thousands of euros: (cont'd)

	Stage 1		Stage 2		Stage 3		Simplified approach		Total	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Financial assets at FVOCI										
Investment securities	131 015	183 943	-	-	-	-	-	-	131 015	183 943
Allowances for expected credit losses	(156)	(371)	-	-	-	-	-	-	(156)	(371)
Total net investment securities	130 859	183 572	-	-	-	-	-	-	130 859	183 572
Total financial assets at FVOCI	131 015	183 572	-	-	-	-	-	-	131 015	183 943
Allowances for expected credit losses	(156)	(371)	-	-	-	-	-	-	(156)	(371)
Total net financial assets at FVOCI	130 859	183 201	-	-	-	-	-	-	130 859	183 572
Off-balance sheet items and contingent liabilities										
Outstanding guarantees	603 517	496 051	14 955	21 993	9 472	5 494	-	-	627 944	523 538
Allowances for expected credit losses ¹	(43 633)	(39 859)	(1 916)	(3 241)	(4 173)	(2 424)	-	-	(49 722)	(45 524)
Total net outstanding guarantees	559 884	456 192	13 039	18 752	5 299	3 070	-	-	578 222	478 014
Loan commitments	251 529	169 889	488	156	-	-	-	-	252 017	170 045
Allowances for expected credit losses ¹	(1 521)	(551)	(11)	(3)	-	-	-	-	(1 532)	(554)
Total net loan commitments	250 008	169 338	477	153	-	-	-	-	250 485	169 491
Total off-balance items and contingent liabilities	855 046	665 940	15 443	22 149	9 472	5 494	-	-	879 961	693 583
Allowances for expected credit losses	(45 154)	(40 410)	(1 927)	(3 244)	(4 173)	(2 424)	-	-	(51 254)	(46 078)
Total net off-balance items and contingent liabilities	809 892	625 530	13 516	18 905	5 299	3 070	-	-	828 707	647 505

¹ Includes total net impairment provisions of EUR 409 thousand, to be derecognized from the Portfolio Lost Reserve (Special Reserve Capital) risk coverage upon approval of the 2025 Annual Report. For additional information, see Note 42 (3).

² Includes a provision of EUR 1,895 thousand (31 December 2024: EUR 3,841 thousand) for interest rate reduction, which is not to be classified as a credit impairment provision. The decrease in the provision reserve of EUR 1,946 thousand, recognized in 2025, includes interest compensation paid to customers for a portion of interest income received in 2024.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Changes in credit loss allowance and gross carrying amount for loans, in thousands of euros:

	Credit loss allowance				Total	Gross carrying amount				Total
	Stage 1	Stage 2	Stage 3	Simplified approach		Stage 1	Stage 2	Stage 3	Simplified approach	
As at 31 December 2024	7 177	4 520	11 299	-	22 996	326 523	74 685	34 037	-	435 245
Transfers between stages:										
from Stage 1 to Stage 2	(201)	742	-	-	541	(21 684)	23 169	-	-	1 485
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(76)	(204)	3 520	-	3 240	(8 206)	(8 016)	15 141	-	(1 081)
from Stage 3 to Stage 2	-	8	(295)	-	(287)	-	1 119	(1 346)	-	(227)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	27	(150)	-	-	(123)	4 499	(5 938)	-	-	(1 439)
New originated or purchased	882	-	-	-	882	102 189	-	-	-	102 189
Derecognised during the period	(280)	(803)	(1 841)	-	(2 924)	(39 058)	(11 653)	(8 217)	-	(58 928)
Changes to ECL measurement model assumptions (PD, LGD)	147	185	414	-	746	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	47	14	1	-	62	-	-	-	-	-
Changes in ECL impairment overlay	79	(145)	-	-	(66)	-	-	-	-	-
Decrease in the allowance for interest refunds	(1 946)	-	-	-	(1 946)	-	-	-	-	-
Write-offs	-	-	(1 071)	-	(1 071)	-	-	(1 071)	-	(1 071)
Change of outstanding balance ²	114	(157)	(808)	-	(851)	(5 924)	(6 892)	(3 294)	-	(16 110)
As at 31 December 2025	5 970	4 010	11 219	-	21 199¹	358 339	66 474	35 250	-	460 063

¹ Includes:

- 1) a provision for interest rate reduction of EUR 1,895 thousand (31 December 2024: EUR 3,841 thousand) which is not to be treated as the provision for credit impairment;
- 2) an expected credit loss provision of EUR 649 thousand (31 December 2024: EUR 988 thousand) for the Small, Medium-sized and Large enterprises (SME and Large) portfolio, recognizing the ongoing uncertainty arising from the consequences of the Russian invasion of Ukraine and the impact of increased interest rates on borrowed credit risk, amounting to EUR 605 thousand (31 December 2024: EUR 1,356 thousand), see Note 3(8);
- 3) the expected credit loss provision reserve of EUR 1,024 thousand for the agricultural portfolio, which was established in the 4th quarter of 2025;
- 4) The net decrease in the expected credit loss provision reserve of EUR 66 thousand includes the conversion of the reserve from the general reserve to individual provisions of EUR 691 thousand, the reversal of the reserve due to portfolio amortization of EUR 399 thousand, as well as the establishment of a provisional reserve for the agricultural portfolio of EUR 1,024 thousand.

² Change of outstanding balance includes cash flows from repayment of principal.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Changes in credit loss allowance and gross carrying amount for outstanding guarantees, in thousands of euros:

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2024	39 859	3 241	2 424	45 524	496 051	21 993	5 494	523 538
Transfers between stages:								
from Stage 1 to Stage 2	(599)	810	-	211	(5 793)	6 404	-	611
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(441)	(519)	3 453	2 493	(5 236)	(2 305)	6 775	(766)
from Stage 3 to Stage 2	-	6	(125)	(119)	-	131	(134)	(3)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	272	(655)	(198)	(581)	6 632	(6 252)	(419)	(39)
New originated or purchased	12 980	-	-	12 980	185 304	-	-	185 304
Derecognised during the period	(3 860)	(500)	(954)	(5 314)	(56 365)	(4 152)	(1 975)	(62 492)
Changes to ECL measurement model assumptions (PD, LGD)	(35)	(17)	(280)	(332)	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	2	1	2	5	-	-	-	-
Changes in impairment overlay for interest rate discounts	-	-	-	-	-	-	-	-
Paid-out guarantees	(15)	(5)	(123)	(143)	(72)	(16)	(227)	(315)
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance ¹	(4 530)	(446)	(26)	(5 002)	(17 004)	(848)	(42)	(17 894)
As at 31 December 2025	43 633	1 916	4 173	49 722	603 517	14 955	9 472	627 944

¹ Change of outstanding balance includes cash flows from repayment of principal of underlying loan

Breakdown of issued loans by overdue terms, including accrued interest on loans, in thousands of euros:

	31.12.2025.	31.12.2024.
Performing	415 609	387 723
Past due up to 30 days	26 723	32 503
Past due from 31 to 60 days	5 203	3 090
Past due from 61 to 90 days	1 912	1 749
Past due over 90 days	10 616	10 180
Total gross loans, without interest accrued on the loans	460 063	435 245
Impairment allowances	(21 199)	(22 996)
Total net loans	438 864	412 249

Breakdown of granted loans at fair value by overdue periods, including accrued interest on loans, in thousands of euros:

	31.12.2025.	31.12.2024.
Performing	192 935	80 891
Past due up to 30 days	4 543	193
Past due from 31 to 60 days	516	-
Past due from 61 to 90 days	166	-
Total gross loans before recognition at fair value impact	198 160	81 084
Fair value (decrease) of potential future capital rebate component	(125 263)	(61 529)
Net increase in fair value of the loan component	6 380	5 416
Total net loans at fair value	79 277	24 971

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Macroeconomic scenarios

The Company has implemented forward-looking information in the measurement of expected credit losses. The forward-looking adjustment incorporates three economic scenarios: a base case scenario which comprises most likely future economic development, a less likely adverse scenario and optimistic scenario, which foresees a less likely but possibly more favourable change compared to the base case scenario.

Macroeconomic forecasts to December 31, 2025:

	2026	2027	2028
GDP annual growth rate, in %			
Base case scenario ¹	2.5	2.6	2.7
Adverse scenario	1.3	2.2	2.2
Optimistic scenario	3.5	2.9	3.1
Weighted average²	2.3	2.5	2.6
Changes in commercial property prices, in %³			
Base case scenario	1.0	1.75	2.5
Adverse scenario	1.0	1.0	1.5
Optimistic scenario	1.5	2.5	3.0
Weighted average²	1.1	1.7	2.4
Changes in housing prices, in %³			
Base case scenario	4.0	3.0	2.5
Adverse scenario	1.75	2.0	2.0
Optimistic scenario	5.5	5.0	4.0
Weighted average²	3.7	3.0	2.6

¹ The baseline scenario combines two external scenarios, using the information available by 31 December 2025:

(i) The Ministry of Finance's Macroeconomic Development Scenario (the latest, published on June 16, 2025) forecasts slow growth, with GDP expected to increase by 1.1% in 2025 (in December 2024 the forecast was 2.9%), followed by an acceleration to 2.1% in 2026 till 2.2% in 2027 and 2028 (in December 2024 the forecast was 2.8% in 2026 and 2.6% in 2027).

(ii) the macroeconomic development scenario of the Bank of Latvia (published on 19 December 2025), which forecasts weak growth in 2025 at 1.7% (forecast in December 2024 was 2.1%), while forecasting growth for 2026 at 2.8% (forecast in December 2024 was 3.3%), 2.9% in 2027 (forecast in December 2024 was 3.3%), and by 3.2% in 2028.

² A 70% weighting was applied to the base case scenario, 20% - to the adverse and 10% - to the optimistic scenario.

³ Real estate price forecasts are based on assessments by certified industry experts engaged by Altum.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Macroeconomic forecasts to December 31, 2024:

	2025	2026	2027
GDP annual growth rate, in %			
Base case scenario	2.5	2.9	3
Adverse scenario	1.8	2.8	2.6
Optimistic scenario	3.1	3	3.3
Weighted average	2.4	2.9	2.9
Changes in commercial property prices, in %			
Base case scenario	1.5	1.75	2.5
Adverse scenario	0.75	1	1.5
Optimistic scenario	2	2.5	3
Weighted average	1.4	1.7	2.4
Changes in housing prices, in %			
Base case scenario	2.5	3	4
Adverse scenario	1.5	1.75	2
Optimistic scenario	3	4	5
Weighted average	2.4	2.9	3.7

The deterioration of macroeconomic projections recorded in December 2025 compared to December 2024, has led to a EUR 87 thousand increase in ECL allowances for loans and liabilities related to loan issuance, and EUR 5 thousand increase for guarantees. The changes in macroeconomic projections had a limited impact on the guarantees, as provisioning for guarantees is based on higher of the estimated expected credit losses and fair value. The fair value of guarantees was less impacted by changes in macroeconomic projections.

To conduct the analysis of the ECL criteria, the Company applied the following upward and downward scenarios to macroeconomic factors - changes in real estate prices and GDP

Sensitivity analysis of Credit loss allowance

For the purpose of sensitivity analysis, the Company applied the following real estate and GDP growth upward and downward scenarios:

- Applying only the negative or only the optimistic GDP scenario, both of which are considered reasonably possible. Changes in SCR for loans and financial guarantees - assuming a 100% probability for each scenario - are shown below in thousands of euros:

	Balance as at 31.12.2025.	Optimistic scenario	Adverse scenario
Credit loss allowance for loans	21 199	(88)	137
Credit loss allowance for outstanding guarantees	49 722	(6)	5

- Changes in ECL for loans and financial guarantees assuming a 5-percentage-point increase or decrease in real estate prices, presented in thousands of euros:

	Balance as at 31.12.2025.	Change in real estate prices	
		Increase by 5 pp	Decrease by 5 pp
Credit loss allowance for loans	21 199	(446)	428
Credit loss allowance for outstanding guarantees	49 722	(159)	(164)

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Collateral

In calculating the ECL due to default on loan principal or interest payments or other loss events the expected recovery from collateral is taken into account, including real estate and commercial pledges measured at market value. The value of collateral is based on the valuations performed by independent valuers.

Information on the value of collateral assessed and position against net loan portfolio, in thousands of euros:

	31.12.2025.	31.12.2024.
Real estate (loans)	233 372	238 542
Real estate (sales and leaseback)	37 005	42 137
Movable property	119 427	77 177
Guarantees	1 316	1 640
Total collateral	391 120	359 496
Loan portfolio, gross	658 223	516 329
Impairment allowances	(21 199)	(22 996)
Fair value (decrease) of potential future capital rebate component	(125 263)	(61 529)
Net increase in fair value of the loan component	6 380	5 416
Loan portfolio, net ¹	518 141	437 220
Exposed	24.51%	17.78%

¹ The position 'Loan portfolio, net' includes:

1) Loans measured at amortized cost which, in accordance with the terms of the support programme, are not secured by real estate or movable property pledges. The risk for such loans is covered by a risk coverage mechanism. In the apartment building energy efficiency programme, the absence of the above collateral is mitigated by assigning debtor payments as security – i.e., future payments by residents for house management. This collateral structure is the standard solution in apartment building renovation and energy efficiency projects. The balance of these programmes as at 31 December 2025 was EUR 54,312 thousand (31 December 2024: EUR 46,424 thousand). In 2024, support programmes for loans with reduced collateral requirements of up to EUR 100 thousand in the agricultural and SME segments were introduced. The balance of these loans as at 31 December 2025 was EUR 42,952 thousand (31 December 2024: EUR 16,665 thousand).

2) Support programmes providing loans with a capital rebate and issued in accordance with the collateral transaction structure, for example, under the Affordable Housing Construction Programme. Collateral is secured at the mid-stage of construction (upon registering the new building), and the completed building is subsequently registered as collateral upon commissioning. The balance of this programme as at 31 December 2025 was EUR 14,400 thousand (31 December 2024: EUR 503 thousand). Within the energy efficiency programme for multi-apartment buildings, debtor payments or future resident payments serve as collateral. The balance of these programs as at 31 December 2025 was EUR 14,281 thousand (31 December 2024: EUR 2,365 thousand). Reduce collateral requirements also apply in the Large Investment Loan Programme. The balance of which, as at 31 December 2025, was EUR 19,110 thousand (31 December 2024: EUR 8,832 thousand).

Both the above-mentioned multi-apartment building energy efficiency programmes, the Large Investment Loan Programme and the Affordable Housing Construction Programme are implemented in accordance with the shareholder-delegated tasks addressing a market gap in lending. Risks associated with flexible collateral structures are mitigated through structured borrower assessment, compliance with the specific financial covenant framework and risk coverage provided by public funding resources assigned to each programme.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Exposure to credit risk

Maximum credit risk exposures of the balance and off-balance sheet items (not including collateral held or other security), in thousands of euros:

	31.12.2025.	31.12.2024.
Assets exposed to credit risk		
Due from credit institutions and the Treasury	839 708	627 769
Financial assets at fair value through other comprehensive income - investment securities	130 859	183 572
Financial assets at amortised cost:		
Loans	438 864	412 249
Financial assets at fair value through profit or loss - Loans with capital rebate	79 277	24 971
Investments in associates	63 867	72 227
Other investments	34 228	29 043
Other assets	2 708	2 937
Total	1 589 511	1 352 768
Off-balance sheet items exposed to credit risk		
Contingent liabilities – Guarantees	627 944	523 538
Financial commitments	408 032	238 700
Total	1 035 976	762 238

Part of subitem “Loans” are loans to agriculture segment (see Note 21) that are secured by agricultural land with a cautious valuation. Loans to other segments are secured mostly by real estate, to a lesser extent – by other types of assets or commercial pledges. The expected cash flows from collateral are taken into account when estimating impairment allowances for expected credit losses. Risk Coverage Reserve and Specific Reserve Capital is available to the Company to cover expected credit losses arising from deterioration of quality of loan portfolio. For more detailed information on Risk Coverage Reserve and Specific Reserve Capital see Note 38 and Note 42.

Article 49 of the Law on State Budget 2025 provides that guarantees issued by the Company in amount of EUR 260,000 thousand is backed by the state according to the Agriculture and Rural Development Law and the Development Finance Institution Law. Actual amount of guarantees issued under these conditions as at 31 December 2025 was EUR 225,243 thousand (31 December 2024: EUR 239,350 thousand).

3 Risk Management (cont'd)

(2) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its contractual or contingent obligations, that it does not have the appropriate amount of funding and liquidity to support its assets or, in case of necessity, the resources might not be available to it on the market, and/or it might be unable to dispose of positions without considerable losses and in a short period of time to ensure the necessary liquidity.

The objective of liquidity risk management is to maintain liquid assets of sufficient size and quality, as well as to attract financing with appropriate maturity structure, which ensures timely fulfilment of liabilities as well as planned increase of assets.

The Company implements a prudent liquidity risk management policy. Consequently, the focus of liquidity management is on balancing of existing and planned portfolio under each support programmes and the amount and timing of funding available for their implementation.

Given that the repayment term for funding under the support programmes can be extended in accordance with the Cabinet of Ministers regulations, this means in practice that this funding remains on the Company's balance sheet and that funding is reallocated to new programmes.

The Risk and Asset-Liabilities Management Committee is responsible for the monitoring and management of liquidity risk in accordance with the Company's Resource Management Strategy and the Company's Risk Management Strategy.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2025, in thousands of euros:

	Up to 1 year ¹	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	7 098	17 217	-	-	-	24 315
Due to general governments	37 931	118 208	77 986	43 868	56 541	334 534
Issued debt securities	22 531	78 480	-	-	-	101 011
Support programme funding ²	46 028	306 239	87 625	145 368	254 209	839 469
Other liabilities	3 454	341	-	-	-	3 795
Total financial liabilities	117 042	520 485	165 611	189 236	310 750	1 303 124
Off-balance sheet items and contingent liabilities	684 032	172 018	179 926	-	-	1 035 976
Total financial liabilities, off-balance items and contingent liabilities³	801 074	692 503	345 537	189 236	310 750	2 339 100
Due from credit institutions and the Treasury	839 708	-	-	-	-	839 708
Investment securities	49 013	81 846	-	-	-	130 859
Liquid assets	888 721	81 846	-	-	-	970 567

¹ According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Company has been classified within maturity "Up to 1 year". The exception is the housing guarantees for families with children and housing guarantees for young specialists – these guarantees with remaining contractual maturity exceeding 3 years, counting from the reporting date, are classified within maturity "1 to 5 years", because the compensation mechanism for housing guarantee for families with children and housing guarantee for young specialists stipulates that compensation for the declared guarantee cases is paid within 3 years from the date the guarantee case is declared. In turn, the housing guarantees for families with children and housing guarantees for young specialists with remaining contractual maturity shorter than 1 year, counting from the reporting date, are presented in accordance with the remaining contractual maturity.

Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2025 and supporting analysis is presented in table below.

² At the end of support programme's operation, its funding remains on the Company's balance sheet, as any refunds from existing support programme are accumulated and used to finance new ones. According to recent estimates, the funding for support programmes currently included in the 1–5-year term, in the amount of EUR 205 million, will have its repayment period extended.

The financing of support programmes includes received funding intended for future transactions where capital rebate may be applied, which would reduce the amount of public funding. Since the potential size of the capital rebate depends on loan issuance rates, the probability of rebate application, and the uncertainty surrounding the timing of its occurrence, the related public funding is reported in the term structure on a precautionary basis. As a result, EUR 41 million is reflected under the *Up to 1 year* term, EUR 101 million under the *1–5-year* term, EUR 22 million under the *5–10-year* term.

³ Since part of off-balance sheet items and contingent liabilities is backed by funding which has already been recognized as financial liabilities in amount of EUR 291 million, then this amount is included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2025, in thousands of euros:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	-	3 538	3 560	7 098
Due to general governments	17 412	354	3 897	16 268	37 931
Issued debt securities	212	424	637	21 258	22 531
Support programme funding	368	-	-	45 660	46 028
Other liabilities	3 052	320	-	82	3 454
Total financial liabilities	21 044	1 098	8 072	86 828	117 042
Off-balance sheet items and contingent liabilities ¹	644 403	7 316	9 544	22 769	684 032
Total financial liabilities, off-balance items and contingent liabilities	665 447	8 414	17 616	109 597	801 074
Due from credit institutions and the Treasury ²	699 111	70 428	70 169	-	839 708
Investment securities	760	1 021	296	46 936	49 013
Liquid assets	699 871	71 449	70 465	46 936	888 721

¹ Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 43.

² includes the contractual expected cash flows from term deposits with credit institutions, which are available within 1 month for the purpose of liquidity management in accordance with the signed agreements, therefore in the calculation of the liquidity ratio is included in the maturity group up to 1 month.

Contingent liabilities and financial commitments are funded from various funding sources available to the Company.

Outstanding financial guarantees in amount of EUR 396,301 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 39) and Specific reserve capital (see Note 42).

Loan commitments in amount of EUR 252,017 thousand (up to 1 year) – from financial facilities (either received by the Company or available upon request), in accordance with loan agreements concluded with financial institutions and the State Treasury (see Notes 32 and 33) and respective loan support programme funding (see Note 39), as well as corresponding financing of loan support programs.

Grant commitments in amount of EUR 3,461 thousand (up to 1 year) – from respective grant support programme funding (see Note 39).

Commitments to investments in associates in amount of EUR 22,590 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 39).

Commitments to AIF "Altum capital fund" in amount of EUR 104 thousand (up to 1 year) – from specific reserve capital (see Note 42).

Contingent liabilities for investments in the Baltic SME Initial Public Offering Fund amount to EUR 5,620 thousand (up to 1 year) and maybe covered either from special reserve capital (see Note 42) or from financing provided as a contribution to share capital.

Commitments to other investments in amount of EUR 7,400 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 39) and the Company's own funding for Three Seas Initiatives Investment Fund.

As a consequence, the liquidity of the Company is not deteriorated.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2024, in thousands of euros:

	Up to 1 year ¹	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	13 414	29 561	-	-	-	42 975
Due to general governments	21 163	95 537	66 210	39 381	53 000	275 291
Issued debt securities	45 736	20 046	-	-	-	65 782
Support programme funding ²	29 614	108 521	297 000	88 371	140 750	664 256
Other liabilities	5 023	430	-	-	-	5 453
Total financial liabilities	114 950	254 095	363 210	127 752	193 750	1 053 757
Off-balance sheet items and contingent liabilities	495 317	109 965	156 956	-	-	762 238
Total financial liabilities, off-balance items and contingent liabilities³	610 267	364 060	520 166	127 752	193 750	1 815 995
Due from credit institutions and the Treasury	627 769	-	-	-	-	627 769
Investment securities	88 475	95 097	-	-	-	183 572
Liquid assets	716 244	95 097	-	-	-	811 341

¹ According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Company has been classified within maturity "Up to 1 year". The exception is the housing guarantees for families with children and housing guarantees for young specialists – these guarantees with remaining contractual maturity exceeding 3 years, counting from the reporting date, are classified within maturity "1 to 5 years", because the compensation mechanism for housing guarantee for families with children and housing guarantee for young specialists stipulates that compensation for the declared guarantee cases is paid within 3 years from the date the guarantee case is declared. In turn, the housing guarantees for families with children and housing guarantees for young specialists with remaining contractual maturity shorter than 1 year, counting from the reporting date, are presented in accordance with the remaining contractual maturity.

Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2024 and supporting analysis is presented in table below.

² After expiring of the support programme its funding remains on the Company's balance sheet since any repayment from the existing support programme accumulates and are used to finance new support programmes.

³ Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 233 million are included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2024, in thousands of euros:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	1 264	5 895	6 255	13 414
Due to general governments	5 584	354	3 658	11 567	21 163
Issued debt securities	56	45 619	20	41	45 736
Support programme funding	1 699	-	-	27 915	29 614
Other liabilities	4 461	534	-	28	5 023
Total financial liabilities	11 800	47 771	9 573	45 806	114 950
Off-balance sheet items and contingent liabilities ¹	486 911	792	1 492	6 122	495 317
Total financial liabilities, off-balance items and contingent liabilities	498 711	48 563	11 065	51 928	610 267
Due from credit institutions and the Treasury	505 411	55 912	46 235	20 211	627 769
Investment securities	23 388	765	295	64 027	88 475
Liquid assets	528 799	56 677	46 530	84 238	716 244

¹ Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 43.

Contingent liabilities and financial commitments are funded from various funding sources available to the Company.

Outstanding financial guarantees in amount of EUR 318,634 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 39) and Specific reserve capital (see Note 42).

Loan commitments in amount of EUR 170,045 thousand (up to 1 year) – from financial facilities (either received by the Company or available to the Company upon request) concluded with financial institutions and the Treasury (see Notes 32 and 33) and respective loan support programme funding (see Note 39).

Grant commitments in amount of EUR 1,922 thousand (up to 1 year) – from respective grant support programme funding (see Note 39).

Commitments to investments in associates in amount of EUR 3,070 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 39).

Commitments to AIF "Altum capital fund" in amount of EUR 100 thousand (up to 1 year) – from specific reserve capital (see Note 42).

Commitments to other investments in amount of EUR 3,468 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 39) and the Company's own funding for Three Seas Initiatives Investment Fund.

As a consequence, the liquidity of the Company is not deteriorated.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of assets and liabilities by maturity profile as at 31 December 2025 based on the time remaining from the reporting date to their contractual maturity, in thousands of euros:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury ¹	699 111	70 428	70 169	-	-	-	839 708
Investment securities ²	760	1 021	296	46 936	81 846	-	130 859
Loans ³	20 080	15 385	17 248	42 325	216 657	206 446	518 141
Grants	252	814	256	514	2 405	-	4 241
Deferred expense and accrued income	463	16	4 696	1 911	1 740	-	8 826
Investments in associates	6 991	-	2 434	3 884	45 335	5 223	63 867
Other investments	-	-	-	-	-	34 228	34 228
Investment property	-	-	-	-	-	120 819	120 819
Property, plant and equipment	-	-	-	-	-	4 251	4 251
Intangible assets	-	-	-	-	-	2 398	2 398
Other assets	1 763	2	670	109	151	13	2 708
Total assets	729 420	87 666	95 769	95 679	348 134	373 378	1 730 046
Liabilities							
Due to credit institutions	-	-	3 357	3 314	16 554	-	23 225
Due to general governments	17 412	354	1 773	12 086	92 180	139 089	262 894
Issued debt securities	-	-	1 479	19 998	69 927	-	91 404
Deferred income and accrued expense	339	175	-	-	-	7 759	8 273
Provisions	32 118	193	281	497	4 849	17 311	55 249
Support programme funding ⁴	368	-	-	45 660	306 239	487 202	839 469
Other liabilities	3 052	320	-	82	341	-	3 795
Total liabilities	53 289	1 042	6 890	81 637	490 090	651 361	1 284 309
Net liquidity	676 131	86 624	88 879	14 042	(141 956)	(277 983)	445 737

¹ Includes term deposits with credit institutions, split by the remaining maturity according to the contracts.

² Investments in securities reflect their contractual coupon amortisations.

³ With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate.

⁴ At the end of support programme's operation, its funding remains on the Company's balance sheet, as any refunds from existing support programme are accumulated and used to finance new ones. According to recent estimates, the funding for support programmes currently included in the 1–5-year term, in the amount of EUR 204 million, will have its repayment period extended.

The financing of support programmes includes received funding intended for future transactions where capital rebate may be applied, which would reduce the amount of public funding. Since the potential size of the capital rebate depends on loan issuance rates, the probability of rebate application, and the uncertainty surrounding the timing of its occurrence, the related public funding is reported in the term structure on a precautionary basis. As a result, EUR 41 million is reflected under the *Up to 1 year* term, EUR 101 million under the *1–5-year* term, EUR 22 million under the *5–10-year* term.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of assets and liabilities by maturity profile as at 31 December 2024 based on the time remaining from the reporting date to their contractual maturity, in thousands of euros:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury ¹	505 411	55 912	46 235	20 211	-	-	627 769
Investment securities	23 388	765	295	64 027	95 097	-	183 572
Loans ²	19 761	11 615	15 545	46 652	181 608	162 039	437 220
Grants	827	480	192	238	1 391	-	3 128
Deferred expense and accrued income	522	-	-	723	-	-	1 245
Other investments	-	-	-	-	-	29 043	29 043
Investments in associates	6 386	-	-	-	65 841	-	72 227
Investment property	-	-	-	-	-	92 976	92 976
Property, plant and equipment	-	-	-	-	-	4 287	4 287
Intangible assets	-	-	-	-	-	946	946
Other assets	667	37	82	533	1 602	16	2 937
Total assets	556 962	68 809	62 349	132 384	345 539	289 307	1 455 350
Liabilities							
Due to credit institutions	-	1 199	5 625	5 764	27 778	-	40 366
Due to general governments	3 607	354	1 773	7 896	72 702	121 302	207 634
Issued debt securities	-	45 508	-	-	19 983	-	65 491
Deferred income and accrued expense	857	622	688	874	3 860	(677)	6 224
Provisions	27 771	257	324	477	5 087	15 955	49 871
Support programme funding ³	1 699	-	-	27 915	108 521	526 121	664 256
Other liabilities	4 461	534	-	28	430	-	5 453
Total liabilities	38 395	48 474	8 410	42 954	238 361	662 701	1 039 295
Net liquidity	518 567	20 335	53 939	89 430	107 178	(373 394)	416 055

¹ Includes term deposits with credit institutions, split by the remaining maturity according to the contracts, but for the purpose of liquidity management, they are available within 1 month in accordance with the signed contracts, therefore, they are included in the calculation of the liquidity ratio in the maturity group up to 1 month.

² With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. Investments in securities reflect their contractual coupon amortisations.

³ Includes state support financing received to finance the loans with capital rebate and where respective loans with capital rebate are not yet issued at the end of reporting period

3 Risk Management (cont'd)

(3) Interest Rate Risk

The interest rate risk is related to the possible influence of the fluctuations of the market rates onto the interest income and expenses of the Company.

Interest rate management principles are determined in the Risk Management Policy. Interest rate risk governance is performed by the Risk and Asset-Liability Management Committee, while daily interest rate analysis and management is performed by Planning and Financial Analysis Department.

The Company's interest rate sensitive assets (99.7%) and all interest rate sensitive liabilities are linked and priced at euro interest rate indices. To assess the interest rate risk the Company analyses the maturity structure of interest rate sensitive assets, liabilities and off-balance sheet items, net position of interest rate risk and its sensitivity to changes in interest rates. The sensitivity is measured calculating the impact of probable interest rate changes by 100 bps on the Company's interest income and expenses, assuming that all other variables held constant. Scenarios floor the lowest possible interest rate at zero if at the rate fixing date it is with negative value and if such a condition arises from the actual agreements.

The following table represents the impact of change in interest rates by 100 bps on the Company's interest income and expenses over 12-month period, with all other variables held constant:

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Change in interest rates by +100 bps	20	77
Change in interest rates by -100 bps	(20)	(110)

(4) Foreign Currency Risk

Foreign currency risk is the risk of potential losses arising from fluctuations in foreign exchange rates. The Company's exposure to foreign currency risk is insignificant as the transactions are denominated in Euro. The Company controls foreign currency risk by raising financing and issuing financial instruments in euro.

The Company's exposure to foreign currency risk, in thousands of euros:

	31.12.2025.	31.12.2024.
USD		
Financial assets	57	63
Net position	57	63

Based on the net current position of the Company as at 31.12.2025 and 31.12.2024, if the exchange rate for the US dollar changes according to the scenario presented, the possible changes in the Company's total capital (excluding tax effects) would be as follows:

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Change in USD/EUR exchange rates by +5%	(3)	(3)
Change in USD/EUR exchange rates by -5%	3	3

3 Risk Management (cont'd)

(5) Operational Risk

The operational risk results from intentional or unintentional deviations from the standards adopted in daily operation of the Company, for example human mistake, malfunction of information systems, insufficient control procedures or their ignorance altogether, etc.

The goal of the operational risk management is timely identification of the potential operational risks and implementation of countermeasures to minimize the effect of operational risk on the Company's financials as much as possible and maintain the Company's operational continuity. The Company achieves the established goal via identification of operational risk causes and taking preventive and corrective measures to eliminate them.

(6) AML / CTF / sanctions risk

Altum is subject to the Law on the Prevention of Money Laundering and Terrorist Financing and Proliferation (AML/CTF), the International and National Sanctions Law of the Republic of Latvia and other binding regulatory documents of compliance with AML/CTF and sanctions. The Company regularly reviews and updates its AML/CFT prevention and Sanctions compliance policies and procedures, considering changes in binding legislation. Altum observes zero tolerance for intentional violations of legislation of AML/CFT and national and international sanctions.

In 2025, AML/CFT processes transitioned to a risk-based approach, whereby risk-management measures are planned and implemented according to the identified and assessed level of risk. This allows the intensity of controls, the use of resources, and the frequency and scope of investigations to remain proportionate to the customer, product, transaction, or geographical risk.

3 Risk Management (cont'd)

(7) Capital Management

Capital management is forward-looking and aligned with long-term business plans and the macroeconomic environment.

Capital management ensures that the Company uses capital to implement the state support programmes approved by the Cabinet of Ministers. Equity planning includes assessing the impact of risks on capital and fully implementing all approved development programmes as planned. In accordance with the Development Finance Institution Law, before each programme is approved by the Cabinet of Ministers, the Company assesses the programme's impact, risks and expected losses, financial outcomes, and programme implementation costs.

To assess whether the level of equity is appropriate for the volume of operations within the framework of capital management, the Company calculates a capital ratio indicator - Capital without Revaluation Reserve (KBPR) to Total Managed Assets (KPA). This indicator is presented in the subsection "Key Financial and Operational Indicators" of the Management Report and amounts to 19.4% at the end of 2025 (end of 2024: 21.6%). Total assets under management, including issued guarantees, amount to EUR 2.282 billion as at the end of 2025 (end of 2024: EUR 1.917 billion). An explanation of the indicator and the changes over time is provided in the section "Other Appendices to the Annual Report – Key Financial and Operational Indicators

At the same time, an alternative capital adequacy calculation methodology has been developed based on the Basel III principles, which are mandatory for credit institutions. ALTUM applies these principles voluntarily, although such regulation is not binding on the Company. This approach ensures the assessment of capital adequacy in accordance with internationally recognised banking best practice. The Basel III methodology provides an evaluation of whether capital is sufficient to cover existing and potential risks, as well as to absorb losses in unforeseen circumstances.

(8) Impact of geopolitical risks

The ongoing war in Ukraine and related sanctions against the Russian Federation and the Republic of Belarus have not had significant impact on the book value of the Company's assets and liabilities. The Company has already assessed and mitigated the direct and indirect impact of these events.

The Company does not issue loans to companies in Ukraine, the Russian Federation and the Republic of Belarus. Contracts with business partners for the execution of client settlements, as well as for concluding financial transactions to ensure the Company's liquidity and asset and liability management, are concluded only with financial institutions registered in the Republic of Latvia.

The Company may be directly affected by the military invasion of Ukraine only in relation to export credit guarantees issued within the guarantee portfolio, covering political and buyer risk losses in trade transactions where the counterparties of the company's customers are residents of Ukraine. As of 31 December 2025, the Company's exposure related to these customers' counterparties located in Ukraine amounted to EUR 258 thousand, for which a provision of EUR 23 thousand was recognised. The Company ceased issuing new export guarantees to the Russian Federation and the Republic of Belarus as of 25 February 2022.

3 Risk Management (cont'd)

(8) Impact of geopolitical risks (cont'd)

To account for persistently elevated uncertainty, primarily related to the geopolitical situation and the resulting weaker economic growth outlook, the Company continues to monitor developments in these risks. On a quarterly basis, the Company analyses and, in the event of significant changes, revises the forward-looking macroeconomic forecasts of indicators used in the calculation of expected losses. Three economic scenarios are applied, including adverse and optimistic scenarios:

- The base case scenario reflects the most likely path of future economic development, assuming no significant deterioration in the geopolitical situation and no sharp escalation of hostilities, and no substantial economic impact on the growth of the Latvian economy beyond what has already been observed.
- The adverse scenario reflects a less likely but plausible deterioration, incorporating elevated geopolitical and economic uncertainty, including uncertainty arising from the deterioration of the global trade environment and possible changes in US trade policy, which are expected to slow the growth of the Latvian economy.
- The optimistic scenario reflects a less likely but potentially more favourable outcome compared to the base case scenario.

Macroeconomic forecasts to December 31, 2025, and to December 31, 2024, as well as the impact of changes in macroeconomic scenarios on provisions for ECL, see this note (1) Credit risk.

The indirect cumulative impact of the forward-looking macroeconomic forecasts used to calculate expected credit losses on loans, credit commitments and guarantees as at 31 December 2025 was EUR 1,008 thousand (31 December 2024: EUR 919 thousand).

Taking into account the persistently high geopolitical uncertainty and its potential impact on economic activity and the solvency of the companies, the Company continued to recognise the general provision reserve for expected credit losses during the reporting period, amounting EUR 1,254 thousand (31 December 2024: EUR 2,344 thousand).

In 2025, the general provision reserve for loans was reduced by EUR 691 thousand to offset provisioning expenses for loans reclassified to Stage 2 or Stage 3, and for loans fully written off in the amount of EUR 398 thousand (see Note 3 (1)).

The venture capital funds co-financed by Altum operate in accordance with the current sanctions framework and actively monitor changes in the applicable legislation. Each quarter, Altum organises discussions with fund managers and carries out an individual assessment of all venture capital fund (VCF) investments, taking into account the specific circumstances of each case. Altum's assessment of the VCF investments is based on Altum's conservative approach. When valuing investments, Altum considers future prospects, and the fair value of portfolio companies is adjusted in a timely manner.

During the 4th quarter of 2025, following discussions with fund managers and the revaluation of investments in Altum's portfolio companies, no additional companies newly exposed to the impact of the war were identified.

As of 31 December 2025, the cumulative impact of the Russian Federation's war in Ukraine amounted EUR 2.3 million (31 December 2024: EUR 4.7 million).

3 Risk Management (cont'd)

(9) ESG risk management

The term of environment, social and governance (ESG) comprises approach that drives adequate business pattern of the organisation. In recent years the importance of ESG has increased significantly since the policy makers, finance sector and the society draw more and more attention towards companies impact upon society and their contribution towards climate change mitigation. Upon realisation of any ESG risk, negative impact upon credit risk, assets, financial and profit indicators or reputation of Altum might incur.

Analyses of materiality of ESG risks upon Altum. In 2023 the methodology for analyses of materiality of ESG risks upon Altum was developed and the materiality assessment of ESG risks upon Altum was carried out. The materiality assessment of ESG risks primary represents the risks that might impact the Altum's credit exposure portfolio (loan portfolio, collateral portfolio and guarantee portfolio) triggered by its customers' business operations industry, financed project's industry and geographical location of the client or the financed project. Within materiality analyses of ESG risks Altum credit exposure portfolio per loan, collateral and guarantee portfolios of the SME / Midcaps and Agriculture segments towards climate risks - transition risks and various physical climate was assessed. In light of the amortisation structure of Altum loan portfolio the climate risks are assessed in the following time scale – (i) the next three years, (ii) 2029 – 2040, (iii) behind the year 2040.

The Transition risks substantially impact the economic activities of the companies with further direct effect upon Altum by the companies' debt service capacity or maintenance the market value of the collateral. Transition risks might be directly or indirectly invented by transition process of the customers towards low carbon emission and more sustainable economy. The transition risk might increase, for example, if it arises from new climate and environment regulatory requirements, such as a reduction in emissions of GHG or competitors' technology progress or change of behaviour of the market and customers and is significantly depending on the customer's capacity to bear the necessary investment costs of transition project and its timely realisation.

The methodology for analyses of ESG risks' materiality for assessment of Transition risks is based on ECB guidance, ECB climate risk stress test reports and UNEP FI methodology strongly rooted in the Recommendations of the Task force on Climate-related Financial Disclosures (TCFD). Following the said methodology the transition risk level of each project is assessed at segment/sector bases (NACE code, 4 digit) in scale of five risk levels Low – Very High.

	31.12.2025.		31.12.2024.	
	'000 EUR	% from Total credit exposure	'000 EUR	% from Total credit exposure
Agriculture	30 895	3%	29 248	4%
Wood and paper production	85 026	9%	74 307	11%
Food and beverage production	97 868	11%	34 674	5%
Metals and mining	23 210	3%	16 871	2%
Chemicals	23 411	3%	10 483	2%
Construction materials	10 876	1%	14 961	2%
Consumer goods	242	0.03%	715	0.1%
Logistics	3 760	0.4%	2 173	0.3%
Other	706	0.1%	1 976	0.3%
Transition risk @ High / Very high label:	275 994	30%	185 408	27%
Total credit exposure¹:	910 384	100%	687 950	100%

¹ Total credit exposure: Gross loan portfolio (incl. issued loans with capital rebate) and Loan commitments.

3 Risk Management (cont'd)

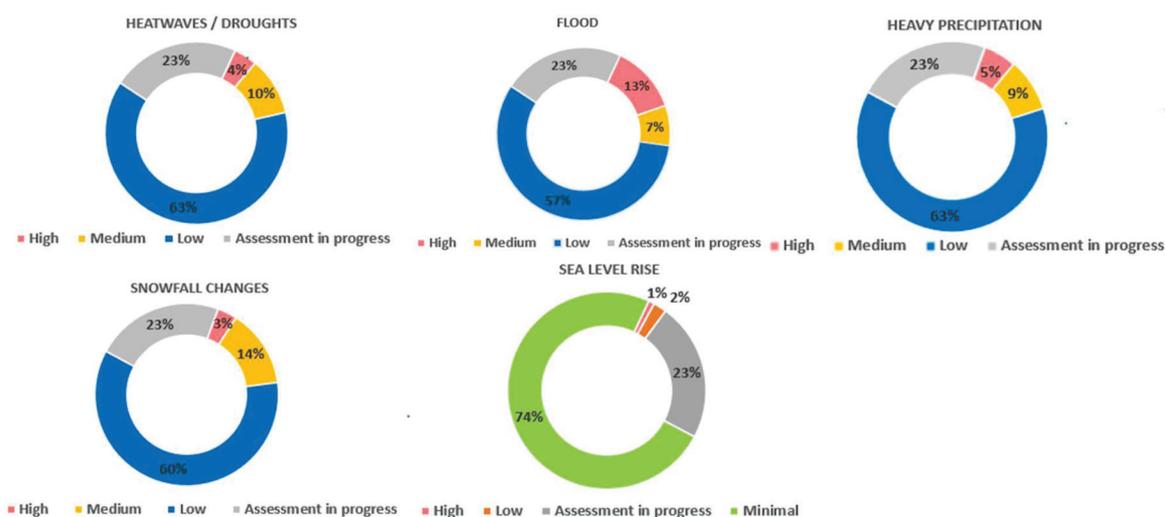
(9) ESG risk management (cont'd)

Following types of climate physical risks are distinguished - Heatwaves/ Droughts, Floods, Heavy Precipitation, Sea level rise and Snowfall changes. The methodology for assessment of climate physical risks is based on ECB guidance and Recommendations of TCFD.

Flood and sea level rise risks impact any projects and as such are assessed for all loan portfolio projects. However risks of Heatwaves / Droughts, Heavy Precipitation and Snowfall changes impact only those financed projects interrelated with particular affected industries. In order to assess the risk level of particular climate Physical risk (Heatwaves / Droughts, Heavy Precipitation and Snowfall changes), each project is assessed in light of project industry as well as geographical location of the project. Within the analyses of ESG risks materiality there are defined industries labelled as High risk level for climate Physical risk. In assessment of climate Physical risks data on client's project address (geographical location) and project industry (NACE code) are used. The impact of climate Physical risks upon project industry is assessed taking into consideration the impact of each type of climate Physical risks upon particular industry and followed by SASB Climate Risk Technical Bulletin. The impact of climate Physical risks upon geographical location is assessed by applying the LVQMC Climate Change Analyses Tool and the Flood maps (in GIS format) developed by LVQMC based upon RCP 4.5 scenario described by IPCC (Intergovernmental Panel on Climate Change) as an interim scenario for expected temperature change between 2 – 3 degrees Celsius by 2100. Following the said methodology the impact of each climate Physical risk type is assessed upon each and particular project based on its geographical location and project industry within scale of 3 risk levels Low – High.

A climate physical risk assessment tool has been developed during 2024 to enable large-scale portfolio monitoring at the individual asset level. As at end of the year 2025 the climate physical risk assessment at individual project level has been carried out for loan portfolio of SME/Midcaps and Agriculture segments applying the newly developed tool. The individual assessment of Residential segment loan portfolio as well as Investment properties is yet in process.

Climate physical risks assessment upon Loan portfolio as at 31 December 2025:



Climate physical risks assessment upon Total credit exposure – Gross loan portfolio (incl. issued loans with capital rebate) and Loan commitments, which amounted to EUR 910 million at the end of 2025.

3 Risk Management (cont'd)

(9) ESG risk management (cont'd)

For collateral similar approach is applied for assessment of climate Physical risk type impact upon particular collateral type.

ESG scoring model. During 2025 the integration of developed ESG scoring model within loan origination processes was continued. It will be applied in loan origination process above particular materiality threshold, as well as in monitoring of existing portfolio and collateral valuation in SME/Midcap and Agriculture segments. ESG scoring model will enable to assess the level of Transition risk at individual deal level. The implementation of ESG scoring model is step-by-step process taking into consideration the customers' ability to fulfil the unified banking sector ESG questionnaire published in April 2024 to obtain information for the assessment of ESG risks and regarding the planned/actual customer sustainability KPI's data. Currently the integration of ESG scoring model within loan origination processes has been completed and will be launched in the assessment of loan application in SME / Midcap's segment as of spring 2026.

Portfolio tagging methodology. During 2024 the assessment of ready made portfolio tagging tools used within European finance sector has commenced so that with selected tool the portfolio tagging could be efficient as much as possible both during loan origination as well as portfolio monitoring processes. As of November 2025 the identification of sustainable projects is launched in all ALTUM loan programmes within SME/Midcaps and Agriculture segments applying the European Investment Bank "Green checker".

4 Segment Information

The Company's management considers that the Company's operations are performed in 7 operational segments:

- Loan,
- Guarantee,
- Venture capital fund,
- Grants,
- Latvian Land Fund,
- Management of AIF "Altum capital fund"
- Other services.

Other services include transactions with repossessed collaterals taken over in the debt collection process and development of new support programmes as well as transactions, which cannot be attributed to support programmes.

Segment information is prepared in a manner consistent with the internal management information provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Management board of the Company is the chief operating decision maker.

4 Segment Information (cont'd)

Analysis of the operating segments for the period from 1 January 2025 till 31 December 2025, in thousands of euros:

	Loans ¹	Guarantees ¹	Venture capital funds	Grants	Latvian Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate	26 343	229	28	-	3 640	-	641	30 881
of which from loans:	23 821	-	-	-	3 640	-	-	27 461
of which pass-through arrangement from loans	5 563	-	-	-	-	-	-	5 563
of which from deposits	2 522	229	28	-	-	-	641	3 420
Other interest and similar income:	4 360	5 577	374	-	39	-	-	10 350
of which from loans:	2 776	-	-	-	30	-	-	2 806
of which pass-through arrangement from loans	1 837	-	-	-	-	-	-	1 837
of which from guarantees:	-	2 918	-	-	-	-	-	2 918
of which pass-through arrangement from guarantees	-	629	-	-	-	-	-	629
of which from investment securities:	1 583	2 659	374	-	10	-	-	4 626
of which pass-through arrangement from investment securities	-	1 601	374	-	-	-	-	1 975
Interest expense:	(15 525)	(2 236)	(373)	-	(2 429)	-	(642)	(21 205)
of which pass-through arrangement	(7 400)	(2 230)	(374)	-	-	-	-	(10 004)
Income for implementation of state aid programmes	5 918	1 800	1 942	479	-	-	357	10 496
Expenses to be compensated for implementation of state aid programmes	(5 828)	(1 471)	(1 895)	(479)	-	-	(357)	(10 030)
Gains from debt securities and foreign exchange translation	(7)	-	-	-	-	-	-	(7)
Share of profit/(losses) of investment in associates and other investment funds	-	-	6 570	-	-	-	-	6 570
Gains less losses from liabilities at fair value through profit or loss	-	-	(2 686)	-	-	-	-	(2 686)
Net gain on loans at fair value through profit or loss:	7 465	-	-	-	-	-	-	7 465
Other income	59	-	-	42	7 806	161	271	8 339
Other expense	(479)	(94)	(12)	(24)	(503)	(171)	(5)	(1 288)
Staff costs	(2 833)	(520)	(403)	(530)	(436)	-	(800)	(5 522)
Administrative expense	(588)	(74)	(133)	(205)	(122)	-	109	(1 013)
Amortisation of intangible assets and depreciation of property, plant and equipment	(511)	(115)	(33)	(69)	(29)	-	(2)	(759)
Allowance for expected credit-losses, net	1 195	(1 117)	3	(64)	(1)	-	-	16
Profit or (loss) from assets held for sale revaluation	475	-	-	-	-	-	-	475
Total segment profit/(loss)	20 044	1 979	3 382	(850)	7 965	(10)	(428)	32 082
Financial assets at fair value through profit or loss	-	-	63 867	-	-	-	-	63 867
Other investments	-	-	33 845	-	-	-	-	33 845
Additions of property and equipment, intangible assets and investment property	1 525	343	120	202	19 032	-	7	21 229
Total segment assets	1 085 716	151 789	207 537	8 794	165 654	-	110 556	1 730 046
Total segment liabilities	864 851	164 463	30 843	7 879	112 807	-	103 466	1 284 309
Total off-balance	252 017	627 944	156 015	3 461	-	-	-	1 039 437
Assets under management (AUM)	-	-	-	-	-	15 786	-	15 786

¹ The financial result of the segment also includes the financial result of the combined financial instruments, which are not disclosed separately in the segment analysis, but which include the component of financial instrument (such as a loan or guarantee) and the component of the capital rebate.

4 Segment Information (cont'd)

Analysis of the operating segments for the period from 1 January 2024 till 31 December 2024, in thousands of euros:

	Loans	Guarantees	Venture capital funds	Grants	Latvian Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate:	26 203	2 581	110	-	3 051	-	91	32 036
of which from loans:	23 639	-	-	-	3 051	-	-	26 690
of which pass-through arrangement from loans	4 767	-	-	-	-	-	-	4 767
of which from deposits	2 563	2 581	110	-	-	-	91	5 345
Other interest and similar income:	2 635	5 293	102	-	101	-	3	8 134
of which from loans:	2 170	-	-	-	49	-	-	2 219
of which pass-through arrangement from loans	614	-	-	-	-	-	-	614
of which from guarantees:	-	3 723	-	-	-	-	-	3 723
of which pass-through arrangement from guarantees	-	837	-	-	-	-	-	837
of which from investment securities:	464	1 570	102	-	52	-	3	2 191
of which from investment securities	-	1 019	99	-	-	-	-	1 118
Interest expense:	(14 093)	(1 920)	(125)	-	(985)	-	(21)	(17 144)
of which pass-through arrangement	(5 381)	(1 856)	(99)	-	-	-	-	(7 336)
Income for implementation of state aid programmes	3 972	1 526	1 307	995	-	-	126	7 926
Expenses to be compensated for implementation of state aid programmes	(4 271)	(1 164)	(1 237)	-	(681)	-	(125)	(7 478)
Gains from debt securities and foreign exchange translation	4	1	-	-	-	-	1	6
Share of profit/(losses) of investment in associates and other investment funds	-	-	9 028	-	-	-	-	9 028
Gains less losses from liabilities at fair value through profit or loss	-	-	(1 230)	-	-	-	-	(1 230)
Net gain from loans at fair value through profit or loss	(7 465)	-	-	-	-	-	-	(7 465)
of which pass-through arrangement from loans at fair value	893	-	-	-	-	-	-	893
Other income	-	-	-	4	7 954	179	51	8 188
Other expense	767	(689)	(584)	(24)	(487)	(179)	(7)	(1 203)
Staff costs	(2 662)	(833)	(269)	(635)	(343)	-	(603)	(5 345)
Administrative expense	(524)	(200)	(44)	(194)	(99)	-	(46)	(1 107)
Amortisation of intangible assets and depreciation of property, plant and equipment	(395)	(135)	(54)	(89)	(34)	-	(24)	(731)
Allowance for expected credit-losses, net	2 044	943	36	879	(3)	-	53	3 952
Profit or (loss) from assets held for sale revaluation	1 096	-	-	-	-	-	-	1 096
Total segment profit/(loss)	7 311	5 403	7 040	936	8 474	-	(501)	28 663
Financial assets at fair value through profit or loss	-	-	72 227	-	-	-	-	72 227
Other investments	-	-	29 043	-	-	-	-	29 043
Additions of property and equipment, intangible assets and investment property	361	105	33	67	21 733	-	24	22 323
Total segment assets	557 289	162 114	200 777	9 583	507 826	-	17 761	1 455 350
Total segment liabilities	724 886	152 272	10 900	8 984	76 312	-	65 941	1 039 295
Total off-balance	170 015	523 538	68 655	1 992	30	-	-	764 230
Assets under management (AUM)	-	-	-	-	-	33 514	-	33 514

5 Interest income at effective interest rate

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Interest income on loans ¹	27 461	26 690
Interest income on deposits	3 420	5 346
Total interest income	30 881	32 036

¹ Includes interest income on loans compensated by the Ministry of Agriculture, in accordance with Paragraph 22 of the Regulation of the Cabinet of Ministers of the Republic of Latvia No.295 of 22 May 2018 "Procedures for Granting State Aid for Purchase of Agricultural Land for Production of Agricultural Products", interest rate difference compensated by the Ministry of Agriculture in 2025 amounted to EUR 88 thousand (EUR 200 thousand in 2024).

6 Other interest and similar income

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Income of loans	2 806	2 219
Income of guarantees	2 918	3 723 ¹
Income from investment securities revalued in other comprehensive income	4 616	2 140
Income from securities issued	10	52
Total interest income	10 350	8 134

¹ Based on the amendments to the Cabinet Regulation No 95 of 22 December 2023, which provide that the guarantee fee is established in the price list approved by the guarantor's Management Board and decision of the Management Board dated 22 November 2023, the annual amount of the fee is set at 2.4% of the remaining guarantee amount (until 31 December 2023 - 4.8%) as of 1 January 2024. In 2023 the provision reserve was created to cover the reduction of guarantee premiums, the aforementioned reduction is compensated from the created provision reserve, which in 12 months of 2024 amounted to EUR 547 thousand.

7 Interest expense

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Interest expense on liabilities to Latvian Government entities	8 035	7 907
Interest on balances due to credit institutions	897	526
Interest on issued debt securities	1 688	879
Allocation of state support programmes profit to support programme funding ¹	573	489
Pass-through arrangement - agent interest (Note 5, 6)	10 004	7 336
Other commission expense	8	7
Total interest expense	21 205	17 144

¹ For particular state support programmes according to respective agreements concluded with the Ministries the net profit of the programme should be split between the Company and the Ministries by increasing public funding given by the Ministries (recognised as Support programme funding in the Balance sheet).

8 Income from implementation of state aid programmes

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Compensation of expenses for management of state support programmes	8 357	6 626 ¹
Compensated venture capital fund management fees	1 674	799
Compensated administrative expense	407	448
Income on compensated placement expenses of unrestricted funds	58	53
Total income from implementation of state support programmes	10 496	7 926

¹ Item *Compensation of expenses for management of state support programmes* includes revenues calculated on the volumes of support programmes (portfolio, new transactions, funding), applying the management fee rate in accordance with the relevant regulations of the Cabinet of Ministers and concluded agreements on support programmes with funding providers. Part of the revenues were generated in previous periods, but were not recognized, because of changes in the calculation approach of revenues, approval for them was received from the support programmes funding providers in the reporting period, therefore the revenues in amount of EUR 314 thousand were recognized in 2024.

9 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Compensated staff costs	6 109	5 169
Compensated administrative expense	2 247	1 510
Compensated venture capital fund management fees	1 674	799
Total compensated expense for implementation of state support programmes	10 030	7 478

10 Gains/(losses) from trading securities and foreign exchange transactions

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Gains from debt securities revaluation	-	2
Gains/(losses) from revaluation of foreign currencies	(7)	4
Total gains/(losses) from debt securities and foreign exchange transactions	(7)	6

11 Share of gain of investment in associate and other investments

All amounts in thousands of euros

	Net gain / loss	Incl. realised gains	Net gain / loss	Incl. realised gains
	01.01.2025.-31.12.2025.		01.01.2024.-31.12.2024.	
RKF 2 nd , 3 rd , un 4 th generation	2 643	910	1 230	3 167
Baltic Innovation Fund	(111)	437	4 277	1 014
AIF Altum Capital Fund ¹	1 317	587	1 285	1 061
Total investment in associates	3 849	1 934	6 792	5 242
Baltic Innovation Fund-2	245	-	637	-
Three Seas Initiative Investment Fund	2 476	-	1 599	-
Total other investments	2 721	-	2 236	-
Share of net gain of investment in associate and other investments	6 570	1 934	9 028	5 242

¹ Incl. AIF Altum Capital Fund interest income in 2025: EUR 727 thousand (2024: EUR 1,148 thousand).

12 Gain less losses from liabilities at fair value through profit or loss

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Revaluation gain / (loss) on investments in 2nd and 3rd generation venture capital funds, net	861	(1 414)
Realised gain on investments in 2nd and 3rd generation venture capital funds, net	373	1 333
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	39	798
Revaluation (loss) on investments in 4th generation venture capital funds, net	(860)	(523)
Revaluation gains on investments in 4th generation venture capital funds	537	9
Mezzanine interest received from investments in 4th generation venture capital funds	1 692	1 027
Baltic Innovation Fund revaluation gains, net	44	-
Total gain less losses from liabilities at fair value through profit or loss	2 686	1 230
(Losses) of investment in associate less losses from liabilities at fair value through profit or loss at December 31	(2 686)	(1 230)

For more information on the allocation of profits from investments in 2nd, 3rd and 4th generation venture capital funds to public funding, see Note 39 (2).

13 Net gains / losses from loans at fair value through profit or loss

All amounts in thousands of euros

	Change in fair value of capital rebate component	Change in fair value of loan component	Change in fair value of public funding	Changes in fair value compensated from public funding ¹	Net profit/ (loss)
	01.01.2025.-31.12.2025.	01.01.2025.-31.12.2025.	01.01.2025.-31.12.2025.	01.01.2025.-31.12.2025.	01.01.2025.-31.12.2025.
Net increase/(decrease) in fair value of capital rebate component	(89 682)	-	93 078	-	3 396
Net increase/ (decrease) in fair value of loan component	-	964	-	-	964
Write-off of previously recognised fair value change upon appliance of capital rebate	25 948	-	(23 551)	-	2 397
Total net increase / (decrease) in fair value	(63 734)	964	69 527	-	6 757
Net increase in fair value compensated from public funding (allocated to public funding)	-	-	-	(6 757)	(6 757)
Changes in fair value for 2024 offset by 2025 amendments to public funding agreements	-	-	-	7 465	7 465
Total					7 465

For details on valuation of the loans at fair value, see Note 46 Loans with capital rebate.

¹ According to the 2025 amendments to the public funding agreements, the public financing is permitted to cover expenses arising from accounting for loans with capital rebate under IFRS.

When determining the fair value of loans with capital rebate to be recognised through profit or loss, the fair value measurement of the loan component for which no capital rebate will be applied is based on discounted expected future cash flows of the loan until maturity. By this measurement the difference between the fair value of financial asset and the transaction price at initial recognition was deferred and recognised within Deferred income since the fair value can't be measured using a quoted price in an active market for identical asset (i.e., a Level 1 in the Fair value hierarchy). The deferred difference was amortised over the life of respective individual loan on a linear basis. From 2025, the approach has been revised, and changes in the fair value of the loan component are no longer deferred or recognised in Deferred income.

13 Net gains / losses from loans at fair value through profit or loss (cont'd)

All amounts in thousands of euros

	Change in fair value of capital rebate component	Change in fair value of public funding	Changes in fair value compensated from public funding	Total (loses)
	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.
Net increase/(decrease) in fair value of capital rebate component	(61 559)	54 064	-	(7 465)
Total net increase / (decrease) in fair value	(61 529)	54 064	-	(7 465)

As at 31 December 2025 the Company's portfolio of loans with capital rebate amounts EUR 198 million, including new volume issued of EUR 145 million. For part of these loans, a capital rebate of 100% may be applied if the performance of the financed project is deemed eligible. The initial loan assessment indicates a high probability that the capital rebate will be applied in the future. Accordingly, fair value losses have been recognized in 2025, resulting from the initial measurement of loans with a capital rebate.

Received public funding, issued for loans with capital rebate is interest-free or at interest rate below market rate. At initial recognition the difference between received funding and its fair value is classified as a grant. Based on the probability level for appliance of capital rebate in the future the said grant is recognised in the statement of comprehensive income upon issue of the loan (high level of certainty) or later when high certainty on appliance of capital rebate in the future is identified.

14 Other income

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Income from lease payments for land operating leases	3 463	2 605
Income from payments for financial leases	10	-
Net unrealised gain from investment property revaluation	3 651	5 139
Net profit from sale of investment property	694	206
Profit from sale of repossessed collateral	49	-
Other commission income	39	4
Income from management of the AIF "Altum capital fund"	161	179
Revaluation in fair value of support programme funding	229	-
Other operating income	43	55
Total other income	8 339	8 188

15 Other expense

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Maintenance and service costs of Latvian Land Fund	445	417
Debt collection costs	99	79
Maintenance costs of repossessed collateral	158	163
Commission expense on investments in securities	159	184
AIF "Altum capital fund" management costs	171	179
Other commission expense	6	12
State fee for CRPC licence and supervision	250	-
Revaluation in fair value of support programme funding	-	169
Total other expense	1 288	1 203

16 Allowances for expected credit losses

Analysis of expected credit loss movements for the period from 1 January 2025 till 31 December 2025, in thousands of euros:

	Loss/(income) on expected credit losses and recoveries of written-off credit risk assets	incl. impairment losses covered by Portfolio Loss Reserve	impairment losses covered by Risk Coverage Reserve	a reduction in the provision for revenue recognised over 90 days	Total
Impairment losses on:	33 452	2 091	(27 574)	-	5 878
Loans	8 879	141	(5 465)	-	3 414
Grants	31	-	-	-	31
Other assets	25	-	-	-	25
Financial assets related to loan agreements	256	-	-	-	256
Guarantees	22 393	1 950	(20 376)	-	2 017
Loan commitments	1 775	-	(1 733)	-	42
Grants commitments	93	-	-	-	93
Reversal of impairment on:	(26 707)	(1 548)	20 813	-	(5 894)
Loans	(8 106)	(817)	3 399	-	(4 707)
Disbursed guarantee compensations	(18)	-	18	-	-
Investment securities	(220)	-	-	-	(220)
Grants	(16)	-	-	-	(16)
Financial assets related to loan agreements	(37)	-	-	-	(37)
Guarantees	(17 908)	(731)	17 052	-	(856)
Loan commitments	(355)	-	344	-	(11)
Grants commitments	(45)	-	-	-	(45)
Total impairment losses / (reversal), net	6 745	543	(6 761)	-	(16)
(Income) from the recovery of written-down assets	(759)	(13)	284	-	(475)
Total ECL reduction (income) and (income) from recoveries of written-off assets.	5 986	530	(6 477)	-	(491)

16 Allowances for expected credit losses (cont'd)

Analysis of expected credit loss movements for the period from 1 January 2024 till 31 December 2024, in thousands of euros:

	Loss/(income) on expected credit losses and recoveries of written-off credit risk assets	incl. impairment losses covered by Portfolio Loss Reserve	impairment losses covered by Risk Coverage Reserve	a reduction in the provision for revenue recognised over 90 days	Total
Impairment losses on:	28 436	2 963	(21 153)	(269)	7 014
Loans	7 958	885	(3 697)	(269)	3 992
Grants	16	-	-	-	16
Investment securities	402	-	-	-	402
Other assets	151	-	(27)	-	124
Due from credit institutions and the Treasury	2	-	-	-	2
Financial assets related to loan agreements	71	-	-	-	71
Guarantees	18 734	2 078	(16 436)	-	2 298
Loan commitments	1 048	-	(993)	-	55
Grants commitments	54	-	-	-	54
Reversal of impairment on:	(26 913)	(3 888)	15 947	-	(10 966)
Loans	(9 701)	(1 611)	3 075	-	(6 626)
Disbursed guarantee compensations	(338)	(181)	44	-	(294)
Grants	(925)	-	-	-	(925)
Due from credit institutions and the Treasury	(72)	-	-	-	(72)
Financial assets related to loan agreements	(41)	-	-	-	(41)
Guarantees	(15 380)	(2 088)	12 463	-	(2 917)
Loan commitments	(435)	(8)	365	-	(70)
Grants commitments	(21)	-	-	-	(21)
Total impairment losses / (reversal), net	1 523	(925)	(5 206)	(269)	(3 952)
(Income) from the recovery of written-down assets	(1 222)	(635)	126	-	(1 096)
Total ECL reduction (income) and (income) from recoveries of written-off assets.	301	(1 560)	(5 080)	(269)	(5 048)

17 Staff Costs

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Remuneration to the Supervisory Council and the Management Board	567	626
to the Supervisory Council	85	53
to the Management Board	482	573
Remuneration to staff	8 840	7 869
Social insurance tax	2 224	2 019
Total staff costs	11 631	10 514
Compensated staff costs (Note 9)	(6 109)	(5 169)
Net staff costs	5 522	5 345

In 2025, the Company employed 263 persons on average, including 5 members of the Supervisory Council and the Audit Committee (in 2024: 259 persons on average, including 5 members of the Supervisory Board and the Audit Committee).

18 Administrative expenses

All amounts in thousands of euros

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Information system and communication expense	889	635
Premises and equipment maintenance expense	631	653
Advertising and public relations	213	223
Training and other staff expense	441	398
Professional services ¹	420	426
Real estate tax	70	69
Other expense	596	213
Total administrative expenses	3 260	2 617
Compensated administrative expense (Note 9)	(2 247)	(1 510)
Net administrative expenses	1 013	1 107

¹ The item *Professional services* includes audit services in respect of 2025 received from PricewaterhouseCoopers SIA amounting to EUR 126 thousand and other services EUR 1 thousand (in 2024: audit services EUR 126 thousand and other services EUR 13 thousand).

19 Due from credit institutions and the State Treasury

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Due from credit institutions and State Treasury	839 734	627 797
<i>cash and cash equivalents</i>	668 860	455 715
<i>term deposits over 3 months</i>	160 000	170 000
<i>term deposits under 3 months</i>	10 000	-
Allowances for expected credit losses	(26)	(28)
Net due from credit institutions and State Treasury	839 708	627 769

Breakdown of due from credit institutions and the Treasury by credit rating categories based on Moody's ratings or their equivalent, in thousands of euros:

Ratings	Aaa	Aa1- Aa3	A1-A3	Baa1- Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	39 249	553 927	34 593	-	-	-	-	627 769
Total gross as at 31 December 2024	-	39 249	553 927	34 593	-	-	-	-	627 769
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	134 017	659 149	46 542	-	-	-	-	839 708
Total gross as at 31 December 2025	-	134 017	659 149	(46 542)	-	-	-	-	839 708

As at 31 December 2025, the Company held accounts with 5 banks and the Treasury of the Republic of Latvia. The average interest rate on balances of position *Due from credit institutions and the Treasury* as at 31 December 2025 was 2.01% (31 December 2024: 3.21%).

20 Investment securities

All amounts in thousands of euros:

	31.12.2025.	31.12.2024.
<i>Investment securities valued at amortised cost</i>		
OECD corporate bonds	3 552	4 023
Total investment securities valued at amortised cost	3 552	4 023
Impairment allowances	(3 552)	(4 023)
Net investment securities valued at amortised cost	-	-
<i>Investment securities valued at fair value through other comprehensive income</i>		
German Treasury bills and government bonds	9 964	-
Latvian Treasury bills and government bonds	121 051	183 943
Total investment securities valued at fair value through other comprehensive income	131 015	183 943
Impairment allowances	(156)	(371)
Total net investment securities valued at fair value through other comprehensive income	130 859	183 572
Total gross investment securities	134 567	187 966
Total net investment securities	130 859	183 572

When investing in securities, the Company performs an analysis and regular monitoring of external credit ratings assigned to credit institutions and issuers, as well as a financial and operational assessment and compliance of the assigned credit risk limits. To assess impairment allowance for ECL, all Latvian Treasury bills and government bonds are classified in stage 1, while all OECD corporate bonds are classified in stage 3, as they are defaulted securities. There were no movements between the stages during the year.

The Company has performed an expected credit loss (ECL) sensitivity analysis for investments in securities with revaluation in other comprehensive income. Assuming an increase/decrease in LGD by +/-5 percentage points, while all other variables were constant, the provisions for ECL would increase/(decrease) by EUR 13/(13) thousand, respectively. Assuming an increase/decrease in PD rates by +/- 0.1 percentage points, while all other variables were constant, the provisions for ECL would increase/(decrease) by EUR 64/(64) thousand, respectively.

Breakdown of investment securities by credit rating categories based on Moody's ratings or their equivalent, in thousands of euros:

Ratings	Aaa	Aa1- Aa3	A1-A3	Baa1- Baa3	Ba1- Ba3	B1-B3	Caa- C	Withdrawn rating (WR)	Total
Investment securities valued at fair value through other comprehensive income	-	-	183 943	-	-	-	-	-	183 943
Investment securities valued at amortised cost	-	-	-	-	-	-	-	4 023	4 023
Total gross as at 31 December 2024	-	-	183 943	-	-	-	-	4 023	187 966
Investment securities valued at fair value through other comprehensive income	9 964	-	121 051	-	-	-	-	-	131 015
Investment securities valued at amortised cost	-	-	-	-	-	-	-	3 552	3 552
Total gross as at 31 December 2025	9 964	-	121 051	-	-	-	-	3 552	134 567

The information about classification of investment securities is available in Note 2 (4) item (iv). All securities are quoted.

21 Loans

The loans granted constitute the Company's balances due from residents of Latvia.

(1) Analysis of loan portfolio by client segments as at 31 December 2025, in thousands of euros:

	Stage 1		Stage 2		Stage 3		POCI		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	9	-	-	-	-	-	-	-	9	-
Agriculture	120 334	(539)	33 749	(800)	13 546	(3 146)	-	-	167 629	(4 485)
SME and Midcaps	145 035	(2 251)	29 459	(1 705)	20 190	(7 580)	-	-	194 684	(11 536)
Private individuals	57 378	(456)	2 524	(52)	834	(490)	-	-	60 736	(998)
Latvian Land Fund	35 583	(4)	742	-	680	(3)	-	-	37 005	(7)
Total segments without impairment overlay	358 339	(3 250)	66 474	(2 557)	35 250	(11 219)	-	-	460 063	(17 026)
Impairment overlay	-	(825)	-	(1 453)	-	-	-	-	-	(2 278)
Impairment overlay for interest rate discounts	-	(1 895)	-	-	-	-	-	-	-	(1 895)
Total segments	358 339	(5 970)	66 474	(4 010)	35 250	(11 219)	-	-	460 063	(21 199)

Analysis of loan portfolio by client segments as at 31 December 2024, in thousands of euro:

	Stage 1		Stage 2		Stage 3		POCI		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	20	-	-	-	-	-	-	-	20	-
Agriculture	120 865	(408)	38 810	(760)	7 991	(1 737)	-	-	167 666	(2 905)
SME and Midcaps	120 046	(2 009)	31 808	(1 980)	25 189	(9 451)	-	-	177 043	(13 440)
Private individuals	44 180	(168)	3 649	(183)	550	(108)	-	-	48 379	(459)
Latvian Land Fund	41 412	(5)	418	-	307	(2)	-	-	42 137	(7)
Total segments, gross	326 523	(2 590)	74 685	(2 923)	34 037	(11 298)	-	-	435 245	(16 811)
Impairment overlay	-	(746)	-	(1 598)	-	-	-	-	-	(2 344)
Impairment overlay for interest rate discounts	-	(3 841)	-	-	-	-	-	-	-	(3 841)
Total segments, net	326 523	(7 177)	74 685	(4 521)	34 037	(11 298)	-	-	435 245	(22 996)

(2) Analysis of the loan amount, equalling to or exceeding EUR 1,000 thousand, issued to one customer:

	31.12.2025.	31.12.2024.
Number of customers	58	53
Total credit exposure of customers (EUR '000)	97 419	87 426
Percentage of total gross portfolio of loans	21.2%	19.9%

21 Loans (cont'd)

(3) Breakdown of loans by industries, in thousands of euros:

	31.12.2025.	31.12.2024.
Agriculture and forestry	218 705	231 199
Manufacturing	51 064	49 404
Electricity, gas and water utilities	37 073	30 286
Retail and wholesale	16 074	17 336
Real estate	8 976	8 765
Construction	10 520	7 414
Health and social care	8 458	8 071
Professional, science and technical services	6 418	6 634
Hotels and restaurants	7 043	5 034
Municipal authorities	6 330	5 081
Transport, warehousing and communications	8 033	5 527
Arts, sports and recreation	4 106	2 324
Education	2 402	918
Fishing	460	1 937
Telecommunication, computer programming, consulting, computing infrastructure and other information service activities	939	863
Other industries	12 726	6 073
Private individuals	60 736	48 379
Total gross loans	460 063	435 245
Impairment allowances	(21 199)	(22 996)
Total net loans	438 864	412 249

(4) Movement in impairment allowances, in thousands of euros:

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Impairment allowances at the beginning of the period	22 996	25 490
Increase in impairment allowances	8 879	7 689
Decrease in impairment allowances	(8 106)	(9 701)
Write-off of loans covered by Portfolio Loss Reserve	(463)	(876)
Write-off of loans covered by Risk Coverage Reserve	(250)	(47)
Write-off of loans Company's share of impairment allowances	(358)	(170)
Decrease in the allowance for mortgage interest refunds	(1 941)	(36)
Loan interest overdue for more than 90 days	-	269
Increase of impairment allowances due to changes in off-balance sheet and balance sheet	442	378
Impairment allowances at the end of the period ended 31 December	21 199	22 996
<i>Company's share of impairment allowances</i>	<i>11 001</i>	<i>13 900</i>
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>861</i>	<i>2 000</i>
<i>Impairment allowances covered by Risk Coverage Reserve</i>	<i>9 337</i>	<i>7 096</i>

¹ Includes impairment provision of EUR 1,895 thousand (31 December 2024: EUR 3,841 thousand) for interest rate discounts and as such not to be treated as allowance for ECL.

As at 31 December 2025 the average annual interest rate for the loan portfolio of the Company was 4.80% (31 December 2024: 5.46%).

22 Loans with capital rebate

Loans with capital rebate fair value 31 December 2025, in thousands of euros:

	Nominal value of issued loans with capital rebate	Potential future capital rebate component	Fair value of future capital rebate component	Loan component of fair value	Total
Investment loans with capital rebate	82 094	74 067	(74 067)	-	19 110
RRF energy efficiency loans	24 109	10 047	(10 047)	-	13 748
RRF digitization loans	29 225	11 683	(11 683)	-	17 737
RRF Energy Efficiency Loans for Multi- apartment Buildings	26 032	11 593	(11 593)	-	13 199
RRF Loans for construction of affordable housing	28 022	10 141	(10 141)	-	14 400
RRF Energy Efficiency Loans for Multi- apartment Buildings 3	8 678	7 732	(7 732)	-	1 083
Total	198 160	125 263	(125 263)	-	79 277

As at 31 December 2025 the Company's portfolio of loans with capital rebate amounts to EUR 198 million. Since the loans with capital rebate are measured at fair value (see Note 46), then the fair value is determined separately for (a) a potential future capital rebate and (b) the component of the loan for which no capital rebate will be applied.

The maximum amount of the capital rebate is determined at the time the loan is issued (at the end of reporting period for issued loans with capital rebate amount EUR 135 million), however the actual amount of the capital rebate will depend on the performance of the financed project in the post-monitoring phase, taking into account the degree of achievement of the project's set goals, so the fair value calculation estimates the expected amount of the capital rebate based on assumptions about the timing and probability of the capital rebate being applied, allowing for the possibility that not all borrowers will achieve the set project goals to qualify for the capital rebate. The probability of the capital allowance to be applied is determined by assessing the likelihood of each major project financed achieving its set goals or by using historical data on the amount of capital rebate applied.

The column "Potential future capital rebate component" represents the estimated amount of capital rebate expected to apply, based on eligible assumptions at the end of the reporting period. At that point, the initial valuation of loans indicated a high probability of a capital rebate totalling EUR 125 million accumulated as at 31 December 2025. As a result, additional fair value losses of EUR 90 million were recognized in 2025, reflecting the fair value of this component as at the end of the reporting period (see Note 13).

22 Loans with capital rebate (cont'd)

Considering the received public funding classified within State support funding in liabilities, to finance the issued loans with capital rebate, after measurement of the fair value of the said public funding, the difference between the received financing nominal value and its the fair value is classified as grant following IAS 20 requirements. The said grant is recognised in profit and loss statement at full amount to cover the loss on change in fair value of respective asset – loan with capital rebate (see Note 13).

Loans with capital rebate fair value 31 December 2024, in thousands of euros:

	Nominal value of issued loans with capital rebate	Potential future capital rebate component	Fair value (decrease) of potential future capital rebate component	Fair value of potential future capital rebate component	Loan component of fair value
Investment loans with capital rebate	38 503	34 731	(34 731)	-	8 832
RRF energy efficiency loans	15 759	9 425	(9 425)	-	6 401
RRF digitization loans	16 101	9 600	(9 600)	-	6 871
RRF Energy Efficiency Loans for Multi-apartment Buildings	5 716	3 575	(3 575)	-	2 364
RRF Loans for construction of affordable housing	5 006	4 198	(4 198)	-	503
Total	81 085	61 529	(61 529)	-	24 971

Movement of Loans with capital rebate in 2025, in thousands of euros:

	Potential future capital rebate component ¹	Loan component ¹	Total
Fair value at the beginning of the period	-	24 971	24 971
Net increase at nominal value	91 600	53 342	144 942
Applied capital rebate in the reporting period ²	(27 866)	-	(27 866)
Changes in fair value, net	-	964	964
(Decrease) of fair value of potential future capital rebate component	(63 734)	-	(63 734)
Total fair value at the end of the period	-	79 277	79 277

¹ For details on valuation of the loans at fair value see Note 46 Loans with capital rebate.

² See Note 39 (2) Movement in the Company's support programme funding in 2025.

22 Loans with capital rebate (cont'd)

Fair value changes of loans with capital rebate in 2025, in thousands of euros:

	Change in fair value of capital rebate component	Change in fair value of loan component	Changes in fair value of public funding	Net change in fair value compensated from public funding
Changes in fair value offset by public funding by amendments as at 31.12.2024 to public funding agreements	-	-	-	7 465
Fair value change of the loan component as at 31.12.2024, allocated to public funding based on amendments to the agreement	-	-	-	(5 416)
Net increase/(decrease) in fair value of capital rebate component	(89 682)	-	93 078	(3 396)
Net increase/(decrease) in fair value of loan component	-	964	-	(964)
Write-off of previously recognised fair value changes upon appliance of capital rebate	25 948	-	(23 551)	(2 397)
Total net increase / (decrease) in fair value	(63 734)	964	69 527	(4 708)

Movement of Loans with capital rebate in 2024, in thousands of euros:

	Potential future capital rebate component ¹	Loan component ¹	Total
Fair value at the beginning of the period	9 883	3 205	13 088
Net increase at nominal value	62 068	17 902	79 970
Applied capital rebate in the reporting period	(10 422)	-	(10 422)
Increase in fair value	-	3 864	3 864
(Decrease) of fair value of potential future capital rebate component	(61 529)	-	(61 529)
Total fair value at the end of the period	-	24 971	24 971

¹ For details on valuation of the loans at fair value see Note 46 Loans with capital rebate.

Breakdown of loans with capital rebate by industries, in thousands of euros:

	31.12.2025.	31.12.2024.
Manufacturing	113 077	58 613
Real estate	5 624	1 162
Transport, warehousing and communications	3 574	2 048
Health and social care	2 455	1 755
Retail and wholesale	2 433	1 025
Construction	2 326	986
Electricity, gas and water utilities	2 143	3 318
Agriculture and forestry	1 719	783
Arts, sports and recreation	1 185	-
Municipal authorities	274	116
Other industries	617	557
Private individuals	62 733	10 721
Total gross loans	198 160	81 084
Fair value (decrease) of potential future capital rebate component	(125 263)	(61 529)
Impairment allowances	6 380	5 416
Total net loans	79 277	24 971

23 Grants

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Energy Efficiency Programme for Multi-apartment Buildings	65	80
Housing grant programme "Balsts"	2 214	1 822
Grants for development of energy efficiency projects	269	264
Social Entrepreneurship Programme	1 075	94
Grants for energy efficiency improvement of family buildings	547	547
PFI Multi-apartment buildings grants with consecutive grant payments	124	352
Total grants, gross	4 294	3 159
Impairment allowances	(53)	(31)
Total grants, net	4 241	3 128

Movement in net book value of grants in 2024, in thousands of euros:

	31.12.2025.	31.12.2024.
Carrying amount		
Carrying amount at the beginning of period	3 159	68 132
Grants paid to clients	9 128	5 722
Reclassification to Other assets	(104)	(663)
Repayment of approved grants from the funding	(7 889)	(70 032)
Carrying amount at the end of period	4 294	3 159
Impairment allowances		
At the beginning of period	(31)	(936)
(Increase) / decrease of provisions	(15)	909
(Increase) of impairment allowances due to changes in off-balance sheet and balance sheet	(7)	(4)
Carrying amount at the end of period	(53)	(31)
Grants net book value at the beginning of the period	3 128	67 196
Grants net book value at the end of the period	4 241	3 128

24 Investments in Associates

(1) Investments in associates based on information provided by venture capital fund managers, in thousands of euros:

Company or venture capital fund generation	Country of incorporation	Net asset value, VCF		Net asset value, Altum	
		31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
The 2nd generation VCFs	LV	8 471	7 503	5 947	5 187
The 3rd generation VCFs	LV	2 268	2 431	1 044	1 199
The 4th generation VCFs	LV	39 493	44 048	27 054	30 099
The 5th generation VCFs	LV	5 879	-	5 072	-
Baltic SME Initial Public Offering Fund	LT	371	-	150	-
AIF "Altum capital fund" ¹	LV	16 630	33 515	7 721	16 392
Baltic Innovation Fund ¹	LU	84 395	96 750	16 879	19 350
Total investments in associates		157 507	184 247	63 867	72 227

¹ Investments in associates are carried at fair value through profit or loss.

(2) Movement in investments in associates, in thousands of euros:

As at 31 December 2025 the total venture capital fund's portfolio value at cost value was EUR 62,501 thousand (31 December 2024: EUR 73,690 thousand).

	Carrying amount at the beginning of period	Invested	Refunded	Revaluation	Net carrying amount at the end of the period
The 2., 3., 4. generation VCFs	36 485	1 200	(3 641)	1	34 045
The 5th generation VCFs	-	5 072	-	-	5 072
Baltic SME Initial Public Offering Fund	-	150	-	-	150
Investments in AIF "Altum capital fund" (Note 11)	16 392	63	(10 051)	1 317	7 721
Investments in Baltic Innovation Fund (Note 11)	19 350	720	(3 080)	(111)	16 879
Total	72 227	7 205	(16 772)	1 207	63 867

Venture capital funds management fees in 2025, expenses included:

- Management fees for the 4th generation venture capital funds amounted to EUR 749 thousand (2024: EUR 798 thousand) which were 100% compensated by public funding (see Note 39 (2)).
- Management fees for the 5th generation venture capital funds amounted to EUR 925 thousand (2024: EUR 0 thousand) which were 100% compensated by public funding (see Note 39 (2)).
- Management fees for the AIF "Altum capital fund" amounted to EUR 63 thousand (2024: EUR 112 thousand).
- Baltic SME Initial Public Offering Fund management cost EUR 150 thousand (2024: EUR 0 thousand).

25 Other Investments

Total cost of *Other investments* on 31 December 2025 was EUR 27,638 thousand (31 December 2024: EUR 23,766 thousand). The total cost of the investment includes the management fees paid to the funds' managers.

All amounts in thousands of euros

	Investments in Baltic Innovation Fund 2		Three Seas Initiatives Investment Fund		Total	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Carrying amount at the beginning of period	11 543	7 739	17 500	17 659	29 043	25 398
Invested	3 500	3 294	-	1 832	3 500	5 126
Refunded	(1 036)	(127)	-	(3 590)	(1 036)	(3 717)
Revaluation	245	637	2 476	1 599	2 721	2 236
Net carrying amount at the end of period ended 31 December	14 252	11 543	19 976	17 500	34 228	29 043

Baltic Innovation Fund 2 (BIF 2) is a EUR 156 million Fund-of-Funds initiative launched by the European Investment Fund (EIF) in co-operation with the Baltic national promotional institutions – KredEx (Estonia), Altum (Latvia) and Invega (Lithuania). BIF 2 continues to sustain investments into private equity and venture capital funds focused on the Baltic States to boost equity investments into SMEs with high growth potential. The Company signed agreement on BIF 2 on 16 August 2019. The total capital committed by the Company to the BIF2 is EUR 26.5 million thus arriving at the ownership rate 16.99% of the total committed capital of the BIF 2 (EUR 156 million).

The Three Seas Initiative Investment Fund is a new financial instrument for financing and developing infrastructure projects in 12 countries, including Latvia, aimed at reducing infrastructure development gaps between different European regions. The Three Seas Initiative Investment Fund supports transport, energy and digitalization infrastructure projects in Central and Eastern Europe. The Company signed the subscription agreement on 16 September 2020. The total capital committed by the Company to the Three Seas Initiative Investment Fund is EUR 20 million thus arriving at the ownership rate of 2.15% on 31 December 2025 (31 December 2024: 2.15%) of the total committed capital the Three Seas Initiative Investment Fund 31 December 2025: EUR 928.1 million, (31 December 2024: EUR 928.1 million). The amount of capital investment paid by the Company to the Three Seas Initiative Investment Fund on 31 December 2025 was EUR 14.3 million (31 December 2024: EUR 14.3 million).

The accounting policy applied to other investments is described in Note 2 (5) item (v).

26 Investment Properties

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Carrying amount at the beginning of period	92 976	68 246
Acquired during the reporting period ¹	18 944	21 711
New Exposures after Expiry of Reverse Leases	7 753	188
Sold during the reporting period	(2 505)	(2 308)
Revaluation gains	3 914	5 161
Revaluation losses	(263)	(22)
Carrying amount at the end of the period	120 819	92 976

¹ All acquisitions of investment properties made were related to the activities of Latvian Land Fund programme.

Latvian Land Fund was established on 1 July 2015. According to the Cabinet of Ministers decree dated March 11, 2015, the Company is the manager of Latvian Land Fund. The Law "On Land Privatisation in Rural Areas" stipulated establishment of Latvian Land Fund. Latvian Land Fund is one of the tools used to ensure that agricultural land is preserved and used for agricultural purposes.

Real estate (including investment property) owned by Altum is revalued annually in accordance with accounting requirements and on disposal. Leaseback properties are subject to annual revaluation, with the most recent valuation applied upon transferring discontinued leaseback transactions to investment properties.

The revaluation of Altum's real estate in 2025 was carried out by certified real estate appraisers on the basis of an outsourcing contract resulting from procurement.

The accounting policy for investment properties is described in Note 2 (8) item (iv).

27 Intangible Assets

The balance sheet value of intangible assets includes the following intangible assets, in thousands of euros:

	31.12.2025.	31.12.2024.
Computer software	2 398	946
Total intangible assets	2 398	946

Movement in net book value of intangible assets, in thousands of euros:

	31.12.2025.	31.12.2024.
Original cost		
At the beginning of period	3 833	3 679
Additions	1 824	192
Disposals	-	(38)
At the end of period ended at 31 December	5 657	3 833
Accumulated amortization		
At the beginning of period	(2 887)	(2 662)
Amortization charge	(372)	(263)
Disposals	-	38
At the end of period ended at 31 December	(3 259)	(2 887)
Net book value at the beginning of period	946	1 017
Net book value as at 31 December	2 398	946

28 Property, Plant and Equipment

Breakdown of property, plant and equipment, in thousands of euros:

	31.12.2025.	31.12.2024.
Property, plant and equipment	3 924	3 861
Right-of-use assets	327	426
Total property, plant and equipment	4 251	4 287

Movement in carrying amount of property, plant and equipment, in thousands of euros:

	Land and buildings	Vehicles	Office equipment ¹	Total
Cost at 1 January 2024	5 685	4	4 563	10 252
Accumulated depreciation	(2 246)	(3)	(4 074)	(6 323)
Carrying amount at 1 January 2024	3 439	1	489	3 929
Additions	216	-	203	419
Disposals	(9)	(4)	(1 979)	(1 992)
Depreciation charge	(221)	-	(256)	(477)
Change in depreciation from disposals	-	3	1 979	1 982
Carrying amount at 31 December 2024	3 425	-	436	3 861
Cost at 1 January 2025	5 892	-	2 787	8 679
Accumulated depreciation	(2 467)	-	(2 351)	(4 818)
Carrying amount at 1 January 2025	3 425	-	436	3 861
Additions	288	-	173	461
Disposals	-	-	(286)	(286)
Depreciation charge	(182)	-	(216)	(398)
Change in depreciation from disposals	-	-	286	286
Carrying amount at 31 December 2025	3 531	-	393	3 924
Cost at 31 December 2025	6 180	-	2 674	8 854
Accumulated depreciation	(2 649)	-	(2 281)	(4 930)

¹ Office equipment includes such fixed assets categories as furniture and fittings and computers and equipment, Note 2 (8) item (ii).

Movement in carrying amount of right-of-use assets, in thousands of euros:

	Land and buildings	Vehicles	Total
Cost at 1 January 2024	332	389	721
Accumulated depreciation	(74)	(199)	(273)
Carrying amount at 1 January 2024	258	190	448
Additions	-	122	122
Disposals	(38)	(135)	(173)
Depreciation charge	(67)	(77)	(144)
Change in depreciation from disposals	38	135	173
Cost at 31 December 2024	294	376	670
Accumulated depreciation	(103)	(141)	(244)
Carrying amount at 31 December 2024	191	235	426
Additions	44	-	44
Disposals	-	(25)	(25)
Depreciation charge	(70)	(73)	(143)
Change in depreciation from disposals	-	25	25
Cost at 31 December 2025	338	351	689
Accumulated depreciation	(173)	(189)	(362)
Carrying amount at 31 December 2025	165	162	327

29 Other Assets

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Other financial assets	3 553	3 859
Total other assets, gross	3 553	3 859
Impairment allowances for financial assets	(845)	(922)
<i>Company's share of provisions</i>	<i>(477)</i>	<i>(323)</i>
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>-</i>	<i>(10)</i>
<i>Provisions covered by risk coverage</i>	<i>(368)</i>	<i>(589)</i>
Total other financial assets, net	2 708	2 937

Movement in the net book value of other financial assets in 2025, in thousands of euros:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	676	486	2 697	3 859
Increase (decrease)	(230)	198	(274)	(306)
At the end of period	446	684	2 423	3 553
Impairment provision				
At the beginning of period	(676)	(110)	(136)	(922)
Increase (decrease)	230	(129)	(24)	77
At the end of period	(446)	(239)	(160)	(845)
Net book value at the beginning of period	-	376	2 561	2 937
Net book value as the end of period	-	445	2 263	2 708

Movement in the net book value of other financial assets in 2024, in thousands of euros:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 023	190	3 872	5 085
Increase (decrease)	(347)	296	(1 175)	(1 226)
At the end of period	676	486	2 697	3 859
Impairment provision				
At the beginning of period	(1 023)	(116)	(24)	(1 163)
Increase (decrease)	347	6	(112)	241
At the end of period	(676)	(110)	(136)	(922)
Net book value at the beginning of period	-	74	3 848	3 922
Net book value as the end of period	-	376	2 561	2 937

30 Deferred Expense

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Management fees paid in advance to venture capital funds' managers	77	64
Other deferred expense	402	458
Total deferred expense	479	522

31 Accrued Income

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Compensation for management expenses of state support programs ¹	7 940	723
Other accrued income	407	-
Total accrued income	8 347	723

¹ As of 31 December 2024, the item Compensation of State Support Programme Management Expenses in the amount of EUR 723 thousand includes: EUR 4,290 thousand Compensation for state support programme management expenses and EUR (3,567) thousand State Support Programme Management Fees. Both amounts are reduced and recognized within Deferred Income. The comparatives as at 31 December 2024 were not restarted. As of 31 December 2025, the item Compensation for State Support Programme Management Expenses and State Support Programme Management are reflected in expended form. The Compensation for State Support Programme Management Expenses of EUR 7,940 thousand is presented on the Accrued Income, while the State Support Programme Management Fees EUR 7,233 thousand are presented under Deferred Income (see Note 37).

32 Due to Credit Institutions

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Due to credit institutions registered in OECD countries	23 225	40 366
Total due to credit institutions	23 225	40 366

Balances due to credit institutions registered in the OECD countries represent a loan received by the Company from the European Investment Bank (EIB) of EUR 23,225 thousand (31 December 2024: EUR 40,366 thousand), of which EUR 43 thousand (31 December 2024: EUR 88 thousand) constitutes accrued interest expenses.

On July 8, 2020, the Company signed an agreement with the EIB for a loan of EUR 80,000 thousand to finance working capital and investment loans to small and medium-sized enterprises, including those affected by the Covid-19 pandemic. As at 31 December 2025 the principal amount of the loan was EUR 23,181 thousand (31 December 2024: EUR 40,278 thousand. In accordance with the agreements the Company ensures, that assets in amount of EUR 69,674 thousand (31 December 2024: EUR 121,097 thousand) are free from any security. The loan was received in several tranches, with each tranche having its own final repayment date:

Principal amount, in thousands of euros	Final repayment date
5,555	3 April 2028
17,626	20 December 2029

On 10 December 2021, the Company signed an agreement with the EIB for an additional loan of EUR 40,000 thousand to finance working capital and investment loans to small and medium-sized enterprises, the final availability date of which is 9 December 2025 and which was not drawn.

The average interest rate for the balances *Due to credit institutions* as of 31 December 2025 was 2.51% (31 December 2024: 2.51%).

33 Due to General Government entities

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Loans received from the State Treasury	258 848	205 656
Loans received from Rural Support Service	1 942	1 978
Total due to general governments	260 790	207 634

Item *Loans from Rural Support Service* includes the financing to the Loan Fund, which was established in 2010 for the purpose to issue the loans to the agricultural and fisheries beneficiaries via financial intermediaries. As of 31 December 2025, the Company liabilities to Rural Support Service consist of the principal amount of EUR 1,726 thousand (31 December 2024: EUR 1,748 thousand) and accrued interest – EUR 216 thousand (31 December 2024: EUR 230 thousand). The final repayment date is 31 December 2025. The loan due to Rural Support Service is unsecured.

The amount of funding available from the State Treasury, includes the corresponding collateral, for the implementation of the following loan programmes:

	Repayment date	Principal outstanding 31.12.2025.	Principal outstanding 31.12.2024.	Available financing 31.12.2025.	Disbursement deadline	Secured claim amount 31.12.2025.	Secured claim amount 31.12.2024.
Loan programme for acquisition of agricultural land	20.01.2058.	102 310	93 291	47 690	26.01.2028	122 771	111 962
SME growth loans	20.12.2043.	69 116	59 047	40 884	31.01.2028	82 939	70 862
Fund of Funds programme – Parallel loans	20.01.2039.	4 600	4 600	15 400	31.01.2028	5 520	5 524
Loans for enterprises in rural territories	31.01.2039.	5 958	1 386	42	31.01.2028	7 150	1 664
Latvian Land Fund (the financing for the Fund's transactions)	29.12.2028.	4 251	5 668	7	01.06.2028	10 999	10 451
Multi-apartment building improvement loans	20.01.2044.	21 527	11 770	8 473	31.01.2028	25 833	14 125
Working capital loans to Agriculture	30.06.2031.	10 827	9 477	14 784	30.06.2029	12 993	11 374
Latvian Land Fund	22.07.2041.	38 194	20 417	46 806	20.07.2031	45 832	24 502
RRF digitization loans ²	30.12.2049.	2 065	-	66 935	30.12.2039	2 478	-
Start-up and Micro loans ¹	20.01.2039.	-	-	23 000	31.01.2028	-	-
Investment Loans with capital rebate ^{1,3}	02.01.2046.	-	-	200 000	27.12.2030	-	-
DME 3 loans ¹	30.08.2047.	-	-	10 000	31.08.2027	-	-
RRF housing construction loans ⁴	30.12.2058.	-	-	10 000	30.06.2028	-	-
Total		258 848	205 656	484 022		316 515	250 464

¹ the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As security, a commercial pledge will be registered, providing a collateral coverage ratio of 1.2 against the issued financing.

² plan to acquire approximately 10%

³ plan to acquire approximately 20%

⁴ no withdrawal planned

33 Due to General Government entities (cont'd)

As of 31 December 2025, part of the Company's assets in the amount of EUR 316,515 thousand (31 December 2024: EUR 250,464 thousand) were pledged, including a mortgage related to land fund transactions amounting to EUR 10,999 thousand and a commercial pledge amounting to EUR 305,516 thousand. In accordance with the agreements the Company ensures, that assets in amount of EUR 69,678 thousand (31 December 2024: EUR 121,097 thousand) are free from any security.

As of 31 December 2025, the accrued interest on the loans received from the Treasury amounts to EUR 2,104 thousand (31 December 2024: EUR 22 thousand). The weighted average interest rate for the Loans received from the Treasury as of 31 December 2025 was 3.45% (31 December 2024: 3.76%

34 Liabilities from financial guarantees

Movement of Liabilities from financial guarantees, in thousands of euros:

	31.12.2025.	31.12.2024.
Provisions at the beginning of the period	49 262	47 319
Increase in provisions	2 017	2 298
Impairment losses covered by Risk Coverage Reserve	20 376	16 436
Decrease in provisions	(856)	(2 917)
Reversal of impairment covered by Risk Coverage Reserve	(17 052)	(12 463)
Reclassification (Disbursed guarantee)	(287)	(655)
Compensation for guarantee premium	-	(735)
Fair value component - guarantee premiums	160	(21)
Provisions at the end of the period	53 620	49 262
<i>Fair value component - guarantee premiums</i>	<i>3 898</i>	<i>3 738</i>
<i>Company's share of provisions</i>	<i>247</i>	<i>305</i>
<i>Provisions covered by Portfolio Loss Reserve</i>	<i>8 031</i>	<i>6 862</i>
<i>Provisions covered by Risk Coverage Reserve</i>	<i>41 444</i>	<i>38 357</i>

35 Other Liabilities

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Due to customers	2 423	1 751
Other liabilities	1 372	3 702
Total other liabilities	3 795	5 453

Due to customers include funds received from clients of the Company to be used for repayment of the loans at a later stage.

36 Accrued Expense

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Accrued expenses for unused vacation	503	345
Accrued tax	339	262
Accrued expenses for services received	45	46
Audit services	126	132
Total accrued expense	1 013	785

37 Deferred income

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Deferred changes in fair value of the loan portion of loans with a capital rebate ¹	-	5 416
State aid programme management fee ²	7 233	-
Other accrued income	27	23
Total accrued income	7 260	5 439

¹ For details regarding Deferred changes in the fair value of the loan portion of Loans with a capital rebate, that are deferred, see Note 13.

² As of 31 December 2025, the item States support programme management fee reflects management fees received in the amount of EUR 7,233 thousand. The comparative figure as of 31 December 2024, EUR 3,615 thousand, was presented in the financial statements by reducing the item Accrued Income (see Note 31).

38 Provisions for off-balance sheet liabilities

Provisions for impairment of off-balance sheet liabilities, in thousands of euros:

	31.12.2025.	31.12.2024.
Provisions for loan commitments	1 532	554
<i>Company's share of provisions</i>	24	11
<i>Provisions covered by Portfolio Loss Reserve</i>	-	-
<i>Provisions covered by Risk Coverage Reserve</i>	1 508	543
Provisions for grant commitments	97	55
<i>Company's share of provisions</i>	97	55
Total provisions	1 629	609
<i>Company's share of provisions</i>	121	66
<i>Provisions covered by Portfolio Loss Reserve</i>	-	-
<i>Provisions covered by Risk Coverage Reserve</i>	1 508	543

39 Support programme funding

(1) The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2025, in thousands of euros:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Loans						
ERDF II	3 095	-	-	-	-	3 095
ESF II	915	-	-	-	-	915
Microcredits of Swiss programme	368	-	-	-	-	368
ERDF I	53	-	-	-	-	53
ESF I	163	-	-	-	-	163
ERDF II (second round)	1 214	4	-	-	(1)	1 213
Fund of Funds programme – Start-up loans	2 641	325	-	(3)	(32)	2 606
Fund of Funds programme – Microcredits	293	1	-	-	-	293
Fund of Funds programme – Parallel loans	4 012	215	-	(44)	(83)	3 885
Energy Efficiency Loans for Multi-apartment Buildings (I)	17 734	15 263	-	(29)	(306)	17 399
Start-up State Aid Cumulation Lending Programme	1 871	1 871	-	(598)	(248)	1 025
Other loans to start-ups	322	-	-	-	-	322
Mezzanine Programme – Loans	3 259	3 193	-	-	(460)	2 799
Guarantees and interest grants programme	4 287	4 287	-	(1 198)	-	3 089
SME energy efficiency loans	1 723	1 723	-	(68)	(918)	737
SME growth loans	5 000	5 000	-	(942)	(1 063)	2 995
ERAF SME growth loans	20 090	1 205	-	-	(687)	19 403
ERAF loans for business sustainability	19 128	4 160	-	-	(1 197)	17 931
Parallel loans	2 000	2 000	-	(42)	(101)	1 857
Parallel loans 2	3 553	1 315	-	-	(338)	3 215
Loans for enterprises in rural territories	9 259	9 259	-	(810)	(198)	8 251
Start-up loans to innovative entrepreneurs	7 730	1 546	-	-	(175)	7 555
Multi-apartment building improvement loans	4 500	4 500	-	(120)	(135)	4 245
Energy Efficiency Loans for Multi-apartment Buildings (II)	9 340	560	-	-	(194)	9 146
Cultural industry support programme ²	244	-	-	-	-	244
ELFLA Agricultural and rural development loans	22 148	1 358	-	-	(254)	21 894
Working capital loans to Agriculture	14 836	13 257	-	(263)	(1 530)	13 043
Co-funding loans for the construction of affordable housing	6 026	615	-	-	(615)	5 411
RRF energy efficiency loans ¹	50 762	7 827	-	-	-	50 762
RRF digitization loans ¹	23 603	3 583	-	-	-	23 603
RRF Energy Efficiency Loans for Multi-apartment Buildings ¹	14 182	1 490	-	-	-	14 182
RRF housing construction loans ¹	29 257	4 299	-	-	-	29 257
RRF the affordable housing construction loans/parallel loans	29 021	2 914	-	-	-	29 021
Investment Loans with capital rebate ¹	128 070	14 400	-	(190)	-	127 880
Investment Loans with capital rebate – co-funding loans	38 511	13 499	-	-	(834)	37 677
Loans for sustainability	6 000	6 000	-	(63)	(171)	5 766
Loans for biomethane projects ¹	6 482	2 057	-	-	-	6 482
Energy efficiency loans across regions ¹	12 458	1 188	-	-	-	12 458
Mortgage loans for residential property purchase in the regions	3 500	772	-	(137)	(1)	3 362
PF1 Start-up and Micro ERDF loans	24 818	3 629	-	-	(933)	23 885
PF1 Productivity growth loans	9 865	1 465	-	-	(157)	9 708
PF1 Business sustainability loans	16 402	2 436	-	-	(368)	16 034
PF1 Innovation loans	8 435	1 401	-	-	-	8 435
PF2 Energy Efficiency Loans for Multi-apartment Buildings (III) ¹	42 082	2 103	-	-	-	42 082
Total loans	609 252	140 720	-	(4 507)	(10 999)	593 746

39 Support programme funding (cont'd)

(1) The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2025, in thousands of euros (cont'd):

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Guarantees						
Fund of Funds programme – Guarantees	46 155	46 155	-	-	(5 172)	40 983
Energy Efficiency Guarantees for Multi-apartment Buildings	12 498	12 498	-	-	(1 538)	10 960
Housing Guarantee Programme	27 173	27 172	-	(2 536)	(19 254)	5 383
Housing Guarantee Programme for NAF soldiers	1 447	1 446	-	(666)	(657)	124
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	-	(1 610)	(2 398)	4 745
Mezzanine Programme – Guarantees	1 746	1 712	-	-	137	1 883
Portfolio Guarantee Fund	8 812	8 812	-	(735)	(3 170)	4 907
Export credit guarantees	5 085	5 086	-	(1 016)	(79)	3 990
Study and student portfolio guarantees ³	877	-	-	-	-	877
Agricultural Guarantees	1 388	1 388	-	(637)	(641)	110
ELFLA Agricultural and rural development guarantees	830	830	-	-	(208)	622
RRM energy car guarantees	2 193	188	435	-	(12)	2 181
RRM Energy efficiency guarantees for multi-apartment buildings ¹	14 334	717	11 254	-	(466)	13 868
PF1 Guarantees for full-cycle business	14 913	13 300	-	-	(7 567)	7 346
PF1 Portfolio guarantees for full-cycle business	2 874	1 300	-	-	-	2 874
LF2 DME 3 guarantees ¹	8 000	855	6 347	-	(632)	7 368
Total guarantees	157 078	130 212	18 036	(7 200)	(41 657)	108 221
Grants						
Energy Efficiency Grants for Multi-apartment Buildings	6	-	-	-	-	6
Housing grant programme "Balsts"	2 304	-	-	-	-	2 304
Grants for energy efficiency improvement of family buildings	624	-	-	-	-	624
Social Entrepreneurship Programme II	1 302	-	-	-	-	1 302
Energy efficiency project grant	224	-	-	-	-	224
Grants for improving energy efficiency of family buildings	440	-	-	-	-	440
Energoefektivitātes granti DME	1 657	-	-	-	-	1 657
PF1 Multi-apartment buildings grants with consecutive grant payments	158	-	-	-	-	158
Total grants	6 715	-	-	-	-	6 715
Venture Capital Funds						
Fund of Funds and venture capital funds	42 532	42 035	-	-	-	42 532
Investment Fund Activity	8 256	7 431	-	-	-	8 256
Baltic Innovation Fund	1 984	595	-	(182)	-	1 802
Baltic Innovation Fund II	2 514	754	-	(147)	-	2 367
PF1 Contingent equity investments (5G)	17 743	6 815	-	-	-	17 743
Total venture capital funds	73 029	57 630	-	(329)	-	72 700
Other Activities						
Energy Efficiency Fund	4	-	-	-	-	4
Total other activities	4	-	-	-	-	4
2021-2027 Participation fund 1	32 678	11 728	-	-	-	32 678
2021-2027 Participation fund 2	25 405	2 267	-	-	-	25 405
Total support programme funding	904 161 ⁴	342 557	18 036	(12 036)	(52 656)	839 469

¹ Combined financial instrument.

² Risk coverage (Portfolio Loss Reserve) of EUR 798 thousand has been included in the reserve for mitigation of the consequences of Covid-19, which is part of the specific reserves attributable to support programs.

³ Risk coverage (Portfolio Loss Reserve) of EUR 6,856 thousand has been included in the reserve, which is part of the specific reserves attributable to support programs (see Note 42 (2))

⁴ Support programme funding contains EUR 31,944 thousand allocated for management costs of the Company to be compensated from support programme funding.

39 Support programme funding (cont'd)

(1) The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2024, in thousands of euros:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Loans						
ERDF II	6 275	-	-	-	-	6 275
ESF II	897	-	-	-	-	897
Microcredits of Swiss programme (closed programme)	335	-	-	-	-	335
ERDF I	33	-	-	-	-	33
ESF I	154	-	-	-	-	154
ERDF II (second round)	1 199	5	-	-	-	1 199
ERDF II 2 Public fund	226	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 635	411	-	(38)	(37)	2 566
Fund of Funds programme – Microcredits	292	3	-	(1)	-	291
Fund of Funds programme – Parallel loans	4 012	1 877	-	(259)	(431)	3 322
Energy Efficiency Loans for Multi-apartment Buildings (I)	17 351	15 842	-	(327)	(178)	16 846
Start-up State Aid Cumulation Lending Programme	1 886	1 886	-	(615)	(230)	1 041
Other loans to start-ups	320	2	-	-	-	320
Mezzanine Programme – Loans	3 609	3 536	-	-	(621)	2 988
Guarantees and interest grants programme	4 287	4 287	-	(1 201)	-	3 086
SME energy efficiency loans	3 723	3 723	-	(74)	(1 005)	2 644
SME growth loans	3 000	3 000	-	(346)	(349)	2 305
ERAF SME growth loans	23 045	1 383	-	-	(995)	22 050
ERAF loans for business sustainability	23 732	5 162	-	-	(963)	22 769
Parallel loans	2 000	2 000	-	(159)	(117)	1 724
Parallel loans 2	3 548	1 313	-	-	(513)	3 035
Loans for enterprises in rural territories	9 298	9 298	-	(270)	(146)	8 882
Start-up loans to innovative entrepreneurs	7 781	1 556	-	-	(224)	7 557
Multi-apartment building improvement loans	4 500	4 500	-	(44)	(73)	4 383
Energy Efficiency Loans for Multi-apartment Buildings (II)	9 125	510	-	-	(47)	9 078
Cultural industry support programme ²	245	-	-	-	-	245
ELFLA Agricultural and rural development loans	18 432	4 424	-	-	(154)	18 278
Working capital loans to Agriculture	12 535	11 051	-	(239)	(682)	11 614
Co-funding loans for the construction of affordable housing	2 611	338	-	-	(278)	2 333
RRF energy efficiency loans ¹	32 257	5 257	-	-	-	32 257
RRF digitization loans ¹	31 817	6 123	-	-	-	31 817
RRF Energy Efficiency Loans for Multi-apartment Buildings ¹	17 611	1 148	-	-	-	17 611
RRF housing construction loans ¹	40 022	4 615	-	-	-	40 022
Investment Loans with capital rebate ¹	129 455	10 667	-	(88)	-	129 367
Investment Loans with capital rebate – co-funding loans	33 511	2 334	-	-	-	33 511
Loans for sustainability	1 000	1 000	-	(222)	(42)	736
PF1 Start-up and Micro ERDF loans	9 299	1 128	-	-	(330)	8 969
PF1 Productivity growth loans	14 200	2 080	-	-	(103)	14 097
PF1 Business sustainability loans	8 725	1 288	-	-	(122)	8 603
PF1 Innovation loans	8 474	1 258	-	-	-	8 474
Total loans	493 457	113 005	-	(3 883)	(7 640)	481 934

39 Support programme funding (cont'd)

(1) The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2024, in thousands of euros:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Guarantees						
Fund of Funds programme – Guarantees	45 870	45 870	-	-	(7 610)	38 260
Energy Efficiency Guarantees for Multi-apartment Buildings	12 083	10 492	-	-	(1 289)	10 794
Housing Guarantee Programme	29 672	29 672	-	(2 545)	(18 360)	8 767
Housing Guarantee Programme for NAF soldiers	1 061	1 061	-	(571)	(490)	-
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	-	(1 424)	(1 471)	5 858
Mezzanine Programme – Guarantees	1 158	1 135	-	-	(186)	972
Portfolio Guarantee Fund	9 394	8 594	-	(1 252)	(3 408)	4 734
Export credit guarantees	5 199	5 199	-	(1 305)	(391)	3 503
Study and student portfolio guarantees ³	794	-	-	-	-	794
Agricultural Guarantees	1 388	1 388	-	(495)	(893)	-
ELFLA Agricultural and rural development guarantees	984	984	-	-	(228)	756
RRM energy car guarantees	1 504	128	319	-	(14)	1 490
RRM Energy efficiency guarantees for multi-apartment buildings ¹	11 092	555	9 898	-	(297)	10 795
PF1 Individual guarantees for digitalisation and automation	1 460	649	-	-	(11)	1 449
PF1 Guarantees for full-cycle business	11 374	5 065	-	-	(4 297)	7 077
PF1 Portfolio guarantees for full-cycle business	2 838	1 262	-	-	-	2 838
Total guarantees	144 624	120 807	10 217	(7 592)	(38 945)	98 087
Grants						
Energy Efficiency Grants for Multi-apartment Buildings	6	-	-	-	-	6
Housing grant programme "Balsts"	4 704	-	-	-	-	4 704
Grants for energy efficiency improvement of family buildings	809	-	-	-	-	809
Social Entrepreneurship Programme II	586	-	-	-	-	586
Energy efficiency project grant	846	-	-	-	-	846
Grants for improving energy efficiency of family buildings	543	-	-	-	-	543
PF1 Multi-apartment buildings grants with consecutive grant payments	294	-	-	-	-	294
Total grants	7 788	-	-	-	-	7 788
Venture Capital Funds						
Fund of Funds and venture capital funds	36 251	18 011	-	-	-	36 251
Investment Fund Activity	7 036	6 333	-	-	-	7 036
Baltic Innovation Fund	1 956	587	-	(182)	-	1 774
Baltic Innovation Fund II	2 531	759	-	(148)	-	2 383
PF1 Contingent equity investments (5G)	25 656	9 819	-	-	-	25 656
Total venture capital funds	73 430	35 509	-	(330)	-	73 100
Other Activities						
Energy Efficiency Fund	6	-	-	-	-	6
Total other activities	6	-	-	-	-	6
2021-2027 Participation fund No 1	3 341	-	-	-	-	3 341
Total support programme funding	722 646	269 321	10 217	(11 805)	(46 585)	664 256

¹ Combined financial instrument.

² Risk coverage (Portfolio Loss Reserve) of EUR 810 thousand has been included in the reserve for mitigation of the consequences of Covid-19, which is part of the specific reserves attributable to support programs.

³ Risk coverage (Portfolio Loss Reserve) of EUR 5,610 thousand has been included in the reserve, which is part of the specific reserves attributable to support programs (see Note 42 (2))

39 Support programme funding (cont'd)

Under programme implementation agreements, the funding received may be reduced by the outstanding principal amount of loans classified as lost, by unpaid loan principal, and/or by disbursed guarantee compensations. The company is not required to repay these funding reductions to the funding provider.

(2) Movement in the Company's support programme funding in 2025, in thousands of euros:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Change in fair value of the financing component	Revaluation of liabilities / Fair value change for loans with capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2024.										31.12.2025.
Loans											
ERDF II	6 275	-	(3 180)	-	-	-	-	-	-	-	3 095
ESF II	897	-	-	-	-	-	-	18	-	-	915
Microcredits of Swiss programme	335	-	(4)	-	-	-	-	7	30	-	368
ERDF I	33	-	-	-	-	-	-	20	-	-	53
ESF I	154	-	-	-	-	-	-	9	-	-	163
ERDF II (second round)	1 199	-	-	-	-	-	-	15	-	(1)	1 213
ERDF II 2 Public fund	226	-	(226)	-	-	-	-	-	-	-	-
Fund of Funds programme – Start-up loans	2 560	-	-	-	-	-	-	-	41	5	2 606
Fund of Funds programme – Microcredits	291	-	-	-	-	-	-	-	2	-	293
Fund of Funds programme – Parallel loans	3 322	-	-	-	-	-	-	-	215	348	3 885
Energy Efficiency Loans for Multi-apartment Buildings (I)	16 846	-	-	-	(56)	-	-	493	244	(128)	17 399
Start-up State Aid Cumulation Lending Programme	1 041	-	-	-	-	-	-	-	2	(18)	1 025
Other loans to start-ups	320	-	-	-	-	-	-	2	-	-	322
Mezzanine Programme – Loans	2 988	-	(591)	-	(13)	-	-	54	200	161	2 799
Guarantees and interest grants programme	3 086	-	-	-	-	-	-	-	3	-	3 089
SME energy efficiency loans	2 644	-	(2 000)	-	-	-	-	-	6	87	737
SME growth loans	2 305	2 000	-	-	-	-	-	-	(596)	(714)	2 995
ERDF SME growth loans	22 050	-	(3 000)	-	-	-	-	45	-	308	19 403
ERDF loans for business sustainability	22 769	-	(5 500)	-	-	-	-	896	-	(234)	17 931
Parallel loans	1 724	-	-	-	-	-	-	-	117	16	1 857
Parallel loans 2	3 035	-	-	-	-	-	-	5	-	175	3 215
Loans for enterprises in rural territories	8 882	-	-	-	-	-	-	-	(579)	(52)	8 251
Start-up loans to innovative entrepreneurs	7 557	-	-	-	-	-	-	4	(55)	49	7 555

39 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 2025, in thousands of euros:
(cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Change in fair value of the financing component	Revaluation of liabilities / Fair value change for loans with capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2024.										31.12.2025.
Multi-apartment building improvement loans	4 383	-	-	-	-	-	-	-	(76)	(62)	4 245
Energy Efficiency Loans for Multi-apartment Buildings (II)	9 078	-	-	-	-	-	-	314	(99)	(147)	9 146
Cultural industry support programme	245	-	-	-	(1)	-	-	-	-	-	244
ELFLA Agricultural and rural development loans	18 278	3 662	158	-	(696)	-	-	592	-	(100)	21 894
Working capital loans to agriculture	11 614	2 800	-	-	(499)	-	-	-	(24)	(848)	13 043
Co-funding loans for the construction of affordable housing	2 333	-	3 406	-	(7)	-	-	16	-	(337)	5 411
RRF energy efficiency loans ¹	32 257	32 234	(1 000)	(11 301)	(162)	(1 219)	(607)	560	-	-	50 762
RRF digitization loans ¹	31 817	3 515	2 000	(11 018)	(157)	(2 816)	(181)	443	-	-	23 603
RRF Energy Efficiency Loans for Multi-apartment Buildings ¹	17 611	22 913	(11 000)	(5 547)	(358)	(9 016)	(1 180)	759	-	-	14 182
RRF housing construction loans ¹	40 022	-	-	-	(60)	(7 917)	(2 903)	115	-	-	29 257
RRF the affordable housing construction loans/parallel loans ¹	-	29 021	-	-	-	-	-	-	-	-	29 021
Investment Loans with capital rebate ¹	129 367	30 000	-	-	-	(41 069)	9 582	-	-	-	127 880
Investment Loans with capital rebate – co-funding loans	33 511	5 000 [*]	-	-	-	-	-	-	-	(834)	37 677
Loans for sustainability	736	-	5 000	-	-	-	-	-	159	(129)	5 766
Loans for biomethane projects ¹	-	6 440	-	-	-	-	-	42	-	-	6 482
Energy efficiency loans across regions ¹	-	12 458	-	-	-	-	-	-	-	-	12 458
Mortgage loans for residential property purchase in the regions	-	3 500	-	-	-	-	-	-	(137)	(1)	3 362
PF1 Start-up and Micro ERDF loans	8 969	-	16 142	-	(1 220)	-	-	661	(64)	(603)	23 885
PF1 Productivity growth loans	14 097	-	(4 340)	-	(269)	-	-	274	-	(54)	9 708
PF1 Business sustainability loans	8 603	-	7 990	-	(663)	-	-	350	-	(246)	16 034
PF1 Innovation loans	8 474	-	-	-	(39)	-	-	-	-	-	8 435
PF2 Energy Efficiency Loans for Multi-apartment Buildings (III) ¹	-	1 500	48 000	-	-	(7 592)	(3)	177	-	-	42 082
Total loans	481 934	155 043	51 855	(27 866)⁶	(4 200)	(69 629)⁵	4 708⁹	5 871	(611)	(3 359)	593 746

39 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 2025, in thousands of euros:
(cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Change in fair value of the financing component	Revaluation of liabilities / Fair value change for loans with capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2024.										31.12.2025.
Guarantees											
Fund of Funds programme - Guarantees	38 260	-	-	-	-	-	-	285	-	2 438	40 983
Energy Efficiency Guarantees for Multi-apartment Buildings	10 794	-	-	-	(8)	-	-	423	-	(249)	10 960
Housing Guarantee Programme	8 767	-	(2 500)	-	-	-	-	-	10	(894)	5 383
Housing Guarantee Programme for NAF soldiers	-	385	-	-	-	-	-	-	(94)	(167)	124
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	5 858	-	-	-	-	-	-	-	(186)	(927)	4 745
Mezzanine Programme - Guarantees	972	-	591	-	(7)	-	-	4	-	323	1 883
Portfolio Guarantee Fund	4 734	-	-	-	(256)	-	-	-	191	238	4 907
Export credit guarantees	3 503	-	-	-	-	-	-	-	175	312	3 990
Study and student portfolio guarantees	794	120	-	-	(37)	-	-	-	-	-	877
Agricultural Guarantees	-	-	-	-	-	-	-	-	(142)	252	110
ELFLA Agricultural and rural development guarantees	756	-	(158)	-	(6)	-	-	10	-	20	622
RRM energy car guarantees ¹	1 490	-	1 000	(326)	-	-	-	15	-	2	2 181
RRM Multi-apartment building energy efficiency guarantees ¹	10 795	-	11 000	(7 428)	(329)	-	-	-	(1)	(169)	13 868
PF1 Individual guarantees for digitalisation and automation	1 449	-	(1 432)	-	(5)	-	-	(23)	-	11	-
PF1 Guarantees for full-cycle business	7 077	-	3 942	-	(804)	-	-	401	-	(3 270)	7 346
PF1 Portfolio guarantees for full-cycle business	2 838	-	-	-	(39)	-	-	75	-	-	2 874
LF2 DME 3 guarantees ¹	-	-	8 000	-	-	-	-	-	-	(632)	7 368
Total guarantees	98 087	505	20 443	(7 754)	(1 491)	-	-	1 190	(47)	(2 712)	108 221

39 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 2025, in thousands of euros:
(cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Change in fair value of the financing component	Revaluation of liabilities / Fair value change for loans with capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2024.										31.12.2025.
Grants											
Energy Efficiency Grants for Multi-apartment Buildings	6	-	-	-	-	-	-	-	-	-	6
Housing grant programme "Balsts"	4 704	-	2 500	(4 900)	-	-	-	-	-	-	2 304
Grants for energy efficiency improvement of family buildings ¹	809	-	4	(185)	(4)	-	-	-	-	-	624
Social Entrepreneurship Programme II	586	2 659	-	(1 726)	(217)	-	-	-	-	-	1 302
Energy efficiency project grant	846	-	-	(506)	(116)	-	-	-	-	-	224
Grants for improving energy efficiency of family buildings	543	-	-	(90)	(13)	-	-	-	-	-	440
Energoefektivitātes granti DME	-	1 701	-	(44)	-	-	-	-	-	-	1 657
PF1 Multi-apartment Buildings grants with consecutive grant payments	294	375	-	(438)	(73)	-	-	-	-	-	158
Total grants	7 788	4 735	2 504	(7 889)	(423)	-	-	-	-	-	6 715
Venture Capital Funds											
Fund of Funds and venture capital funds	36 251	-	3 500	-	(1 082) ²		(860)	4 686 ³	37	-	42 532
Investment Fund Activity	7 036	-	-	-	(53)		861	412 ⁴	-	-	8 256
Baltic Innovation Fund	1 774	-	-	-	(16)		44	-	-	-	1 802
Baltic Innovation Fund II	2 383	-	-	-	(16)		-	-	-	-	2 367
PF1 Contingent equity investments (5G)	25 656	-	(7 314)	-	(965) ⁷		-	366	-	-	17 743
Total venture capital funds	73 100	-	(3 814)	-	(2 132)	-	45	5 464	37	-	72 700

39 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 2025, in thousands of euros:
(cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallo-cated funding between programmes	Compen-sated grants/ capital rebate	Compen-sated income and expense	Change in fair value of the financing component	Revaluation of liabilities / Fair value change for loans with capital rebate	Program mes' income / profit distri-bution	Other changes	Changes in provi-sions covered by Risk Coverage Reserve	Financing, net
	31.12.2024.										31.12.2025.
Other Activities											
Energy Efficiency Fund	6	-	-	-	(2)	-	-	-	-	-	4
Total other activities	6	-	-	-	(2)	-	-	-	-	-	4
2021-2027 Participation fund 1	3 341	46 124	(14 988)	-	(1 799)	-	-	-	-	-	32 678
2021-2027 Participation fund 2	-	80 763	(56 000)	-	-	-	-	642	-	-	25 405
Total support programme funding	664 256	287 170	-	(43 509)	(10 047)	(69 529)	4 753	13 167	(621)	(6 071)	839 469

¹ Combined financial instrument.

² include EUR 749 thousand management fees for the 4th generation venture capital funds.

³ include EUR 1,598 thousand mezzanine interest received in 2025 and realized gain of EUR 373 thousand.

⁴ include EUR 363 thousand mezzanine interest received in 2025 and realized gain of EUR 537 thousand.

⁵ The received public funding to finance the issued loans with capital rebate are measured at fair value. After measurement of the fair value of the said public funding, the difference between the received financing nominal value and its the fair value is classified as grant following IAS 20 requirements, see more in Note 22 *Loans with capital rebate*. The said grant is recognised in profit and loss statement at full amount to cover the loss on change in fair value of respective asset – loan with capital rebate. As a consequence the said grant amounting EUR 69,527 thousand has been recognised as income in the financial statements (see Note 13).

⁶ See Note 22 *Loans with capital rebate*

⁷ include EUR 925 thousand management fees for the 5th generation venture capital funds.

⁸ Includes an increase of EUR 5,000 thousand, reducing the Special Reserve Capital. See Note 42 (2).

⁹ Includes: changes in fair value of loans with a capital rebate in the reporting year EUR 4,360 thousand; changes in fair value previously recognized upon granting the capital rebate EUR 2,397 thousand; changes in fair value of the loan component recognized in future income in 2024 EUR 5,416 thousand; and a decrease in the fair value of the future possible capital rebate component in 2024 EUR (7,465) thousand.

40 Issued Debt Securities

All bonds are listed on the Baltic bond list by Nasdaq Riga.

All amounts in thousands of euros

ISIN	Currency	Number of initially issued securities	Par Value	Date of issuance	Maturity Date	Discount / Coupon Rate	31.12.2025.	31.12.2024.
LV0000880037	EUR	10 000	1 000	07.03.2018	07.03.2025	1.30%	-	10 106
LV0000880037	EUR	15 000	1 000	05.06.2019	07.03.2025	1.30%	-	15 172
LV0000880037	EUR	20 000	1 000	15.04.2020	07.03.2025	1.30%	-	20 213
LV0000870095	EUR	20 000	1 000	08.10.2021	18.10.2026	1.443%	20 013	20 000
LV0000104669	EUR	70 000	1 000	30.05.2025	30.05.2030	3.576%	71 391	-
Total issued debt securities at the end of period ended 31 December							91 404	65 491

To date, the company has issued 6 bonds with a total value of EUR 155 million (31 December 2024: EUR 85 million). It entered the regulated capital markets in October 2017 through the issuance of green bonds. In May of this year, the company issued bonds amounting to EUR 70 million, representing its largest bond issuance to date.

Movements in issued debt securities, in thousands of euros:

	31.12.2025.	31.12.2024.
At the beginning of period	65 491	85 533
Issued debt securities	70 000	-
Redemption of bonds	(45 000)	(20 000)
Accrued interest	1 688	879
Coupon pay-out	(674)	(933)
Commission amortisation	(101)	12
Total issued debt securities at the end of period	91 404	65 491

Information about bondholders structure according to holders groups and total number of bondholders at the end of period:

Bondholders group	31.12.2025.		31.12.2024.	
	Number	%	Number	%
Pension plans and investment funds	57	72%	45	42%
Financial institutions	6	8%	9	8%
Other legal entities	5	6%	7	7%
Insurance companies	4	5%	8	8%
Private individuals	7	9%	37	35%
Total	79	100%	106	100%

41 Share capital

All amounts in thousands of euros

	Quantity		Carrying amount	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Fully paid share capital				
Ordinary shares	211 033	211 033	211 033	211 033
Total fully paid share capital	211 033	211 033	211 033	211 033

The decision about establishment of the Company was made by the Latvian Cabinet of Ministers decision on 17 December 2013. The Company was registered in the Commercial Register on 27 December 2013, having share capital of LVL 400,130, which corresponds to EUR 569,334.

A capital increase was made on 11 September 2014 by merging the equity shares of Latvian Guarantee Agency Ltd, the SJSC Latvian Development Finance Institution Altum and the SJSC Rural Development Fund. The amount of share capital after its increase was EUR 204,862,333. The face value of each share is 1 euro.

In accordance with the decision of the Shareholders' Meeting of 30 October 2023, and in compliance with the Cabinet of Ministers' Order of 12 December 2023, an increase in Altum's share capital was registered in the Register of Companies on 3 January 2024. The share capital was increased by EUR 6,171,062, setting the amount of the share capital after the increase at EUR 211,033,395, consisting of 211 033 395 shares.

All shares of the JSC Development Finance Institution Altum are owned by the Government of Latvia. The Ministry of Finance was appointed to be the shareholder until 28 February 2015. According to the Development Finance Institution Law that came to effect on 1 March 2015, as of its effective day, the holder of 40% of the financial institution's shares is the Ministry of Finance, the holder of 30% of shares – the Ministry of Economics, and the holder of 30% of shares – the Ministry of Agriculture.

For more information see Note 1 (1).

In accordance with Paragraph 2 of Article 15 of the Development Finance Institution Law, the Company's profit for the period is transferred to reserves in order to ensure financial stability and sustainable operation of the Company as well as to mitigate the risks of approved support programmes.

42 Reserves

(1) Analysis of the Company's reserves movements, in thousands of euros:

	Specific reserves for support programmes	Other specific reserves-difference recognised in reorganisation reserve	General reserve capital	Total reserves
Reserves as of 1 January 2024	125 629	(15 935)	57 265	166 959
Increase of reserve capital	7 384	-	-	7 384
Reduction of reserve capital due to increased funding of Support Programmes	(18 288)	-	-	(18 288)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	2 821	-	(2 821)	-
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	(2 768)	-	2 768	-
2023 profit of the Company	-	-	17 810	17 810
Reserves as of 31 December 2024	114 778	(15 935)	75 022	173 865
Increase of reserve capital	3 000	-	-	3 000
Reduction of reserve capital due to increased funding of Support Programmes	(5 000)	-	-	(5 000)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2024	3 118	-	(3 118)	-
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2024	(1 737)	-	1 737	-
2024 profit of the Company	-	-	28 663	28 663
Reserves as of 31 December 2025	114 159	(15 935)	102 304	200 528

42 Reserves (cont'd)

(2) Breakdown of the Company's "Specific reserves for support programmes", in thousands of euros:

	Reserve capital for non-Covid-19 guarantees programmes						Reserve capital for mitigating of impact of Covid-19		Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes	
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Baltic SME Initial Public Offering Fund	Working capital loans			Loan holiday guarantees
Specific reserves as of 1 January 2024	21 977	1 402	5 788	4 018	21 500	12 500	13 829	15 551	5 157	23 907	125 629
of which:											
Portfolio Loss Reserve (Specific Reserves)	21 977	1 402	5 788	4 018	21 234	12 500	1 018	15 551	5 157	7 942	96 587
Increase of reserve capital	1 774	5 610	-	-	-	-	-	-	-	-	7 384
Reduction of reserve capital due to increased funding of Support Programmes	-	-	(5 788)	-	-	(12 500)	-	-	-	-	(18 288)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	-	-	-	-	-	-	717	2 030	73	2 820
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	(1 402)	-	(718)	(647)	-	-	-	-	-	(2 767)
Specific reserves as of 31 December 2024	23 751	5 610	-	3 300	20 853	-	13 829	16 268	7 187	23 980	114 778
of which:											
Portfolio Loss Reserve (Specific Reserves)	23 751	5 610	-	3 300	20 587	-	1 018	16 268	7 187	8 015	85 736

42 Reserves (cont'd)

(2) Breakdown of the Company's "Specific reserves for support programmes", in thousands of euros (cont'd):

	Reserve capital for non-Covid-19 guarantees programmes						Reserve capital for mitigating of impact of Covid-19		Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes	
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Baltic SME Initial Public Offering Fund	Working capital loans			Loan holiday guarantees
Increase of reserve capital	195	2 805	-	-	-	-	-	-	-	-	3 000
Reduction of reserve capital due to increased funding of Support Programmes	-	-	-	-	(5 000)	-	-	-	-	-	(5 000)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2024	-	-	-	75	63	-	-	1 305	1 675	-	3 118
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2024	-	(1 558)	-	-	-	-	-	-	-	(179)	(1 737)
Specific reserves as of 31 December 2025	23 946	6 857	-	3 375	15 916	-	13 829	17 573	8 862	23 801	114 159
of which:											
Portfolio Loss Reserve (Specific Reserves)	23 946	6 857	-	3 375	15 650	-	1 018	17 573	8 862	7 836	85 117

42 Reserves (cont'd)

(2) Breakdown of the Company's "Specific reserves for support programmes", in thousands of euros (cont'd):

The item *Reserve capital for non-Covid-19 programs* includes:

- an increase in the special reserve capital for Portfolio Guarantees for Studies and Students for the total amount of EUR 2,805 thousand in accordance with the decision of the Extraordinary Shareholders' Meeting of 20 March 2025, which has been taken on the basis of the Cabinet Regulation No.231 of 21 April 2020 Regulations regarding Loans for Studies and Students for Studying in Latvia from the Resources of Credit Institutions Guaranteed by the State Budget's Resources, and the Agreement of 10 August 2020 (with amendments of 14 December 2023) concluded with the Ministry of Education and Science regarding funding, implementation, co-operation, monitoring and information exchange of the Guarantee Programme for Studies and Student Loans.
- Increase in special reserve capital for the housing guarantee programme for soldiers of the National Armed Forces for the purchase or construction of residential premises, in the total amount of EUR 195 thousand. The increase was made in accordance with the decision of the Extraordinary Shareholders' Meeting of 18 December 2025, adopted on the basis of Cabinet of Ministers Regulation No.95 (20 February 2018), "Regulations Regarding the State Assistance for the Purchase or Construction of Residential Premises," and the agreement concluded on 19 December 2022 (as amended on 30 September 2025) between the Company and the Ministry of Defence on State assistance for soldiers of the National Armed Forces for the purchase or construction of residential premises.
- includes a reduction in the Special Reserve allocated to the programme Loans for mitigating the consequences of the war in Ukraine, in the amount of EUR 5,000 thousand. The reallocated funds increase the financing of support programmes under the Investment Loans with Capital Rebate additional loan, in accordance with the resolution of the Shareholders' Meeting held on 30 April 2025. The decision is based on Cabinet of Ministers Regulation, No.628 of October 31, 2023 "Amendments to the Cabinet of Ministers Regulation No.503 of July 6, 2021, "Regulations Regarding Loans with a capital rebate for Investment Projects for Promoting Projects of Merchants for Facilitating Competitiveness"" clause 7, Cabinet of Ministers Regulation No.627 of 31 October 2023 "Amendment to Cabinet of Ministers Regulation No.349 of 14 June 2022, "Regulations on the Loan Programme to Mitigate the Economic Consequences of Russia's Military Aggression Against Ukraine", and Agreement No.2 of 3 March 2025 to the agreement of 19 October 2022, concluded between Altum and the Ministry of Economics, regarding the redistribution of funding to reserve capital to ensure financing for the Ukraine Loan Programme No.2022-0163."

The reallocation of the funds resulting from the reduction in the specific capital reserve will be redirected to the financing of the (Investment) Loans with a capital rebate program. Thus, the reduction of the specific capital reserve by reducing the funding for certain support programs and the corresponding transfer of funding to liabilities of EUR 5,000 thousand for the financing of the Loans with a capital rebate programme will ensure that the same nature of funding is maintained- funding for the implementation of a new support programme and for the coverage of expected losses.

The funding included in the Specific Reserves will be used to cover the expected credit losses of the programs at full extent as well as such are disclosed separately as Portfolio Loss Reserve within respective reserve capital.

42 Reserves (cont'd)

(3) Analysis of portfolio loss reserve movements, in thousands of euros:

	Portfolio loss reserve for non-Covid-19 guarantees programmes						Portfolio loss reserve for mitigating of impact of Covid-19		Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve	
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Baltic SME Initial Public Offering Fund	Working capital loans			Loan holiday guarantees
Portfolio Loss Reserve as of 1 January 2024	21 977	1 402	5 788	4 018	21 234	12 500	1 018	15 551	5 157	7 942	96 587
of which:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2023 annual report</i>	-	(1 402)	-	(718)	(647)	-	-	717	2 030	73	53
Increase of specific reserves	1 774	5 610	-	-	-	-	-	-	-	-	7 384
Reduction of reserve capital due to increased funding of Support Programmes	-	-	(5 788)	-	-	(12 500)	-	-	-	-	(18 288)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	-	-	-	-	-	-	717	2 030	73	2 820
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	(1 402)	-	(718)	(647)	-	-	-	-	-	(2 767)
Portfolio Loss Reserve as of 31 December 2024	23 751	5 610	-	3 300	20 587	-	1 018	16 268	7 187	8 015	85 736
of which:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2024 annual report</i>	-	(1 558)	-	75	63	-	-	1 305	1 675	(179)	1 381

42 Reserves (cont'd)

(3) Analysis of portfolio loss reserve movements, in thousands of euros (cont'd):

	Portfolio loss reserve for non-Covid-19 guarantees programmes						Portfolio loss reserve for mitigating of impact of Covid-19		Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve	
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Baltic SME Initial Public Offering Fund	Working capital loans			Loan holiday guarantees
Increase of specific reserves	195	2 805	-	-	-	-	-	-	-	3 000	
Reduction of reserve capital due to increased funding of Support Programmes	-	-	-	-	(5 000)	-	-	-	-	(5 000)	
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2024	-	-	-	75	63	-	-	1 305	1 675	3 118	
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2024	-	(1 558)	-	-	-	-	-	-	-	(1 737)	
Portfolio Loss Reserves as of 31 December 2025	23 946	6 857	-	3 375	15 650	-	1 018	17 573	8 862	7 836	85 117
of which:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2025 annual report</i>	-	(1 227)	-	(40)	201	-	-	609	48	(161)	(570)

43 Off-balance sheet items and contingent liabilities

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
Contingent liabilities:		
Outstanding guarantees	627 944	523 538
Financial commitments:		
Loan commitments	252 017	170 045
Commitments to investments in associates:	138 983	48 123
of which Commitments to AIF "Altum capital fund" ¹	29 034	29 096
of which Commitments to Baltic SME Initial Public Offering Fund	19 850	-
of which Commitments to 4.,5. generation VCFs	90 099	19 027
Commitments to other investments	17 032	20 532
Grant commitments	3 461	1 992
Total contingent liabilities and financial commitments	1 039 437	764 230

¹ Includes commitments based on the limited partnership agreement concluded between the Company, as a limited partner, and the participants of the AIF Altum Capital Fund, which obligates the Company to invest in the Fund for a total amount of EUR 48.9 million. As the fund's investment period has ended and no additional investments in existing portfolio companies are expected, the indicated amount could decrease by at least EUR 26 million.

Impairment allowances for loan commitments, in thousands of euros:

	31.12.2025.	31.12.2024.
Unutilised loan facilities	252 017	170 045
Impairment allowances	(1 532)	(554)
Total unutilized loan facilities, net	250 485	169 491

Impairment allowances for grant commitments, in thousands of euros:

	31.12.2025.	31.12.2024.
Grant commitments	3 461	1 992
Impairment allowances	(97)	(55)
Total grant commitments, net	3 364	1 937

Analysis of the guarantee portfolio by client segments as at 31 December 2025, in thousands of euros:

	Stage 1		Stage 2		Stage 3		Total outstanding guarantees	Total impairment allowance
	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance		
Agriculture	8 248	(708)	1 714	(141)	-	-	9 962	(849)
SME and Midcaps	219 016	(14 275)	9 515	(1 288)	8 244	(3 061)	236 775	(18 624)
Private individuals	376 253	(28 650)	3 726	(487)	1 228	(1 112)	381 207	(30 249)
Total segments, gross	603 517	(43 633)	14 955	(1 916)	9 472	(4 173)	627 944	(49 722)
Impairment overlay for interest rate decrease	-	-	-	-	-	-	-	-
Total segments, net	603 517	(43 633)	14 955	(1 916)	9 472	(4 173)	627 944	(49 722)

43 Off-balance sheet items and contingent liabilities (cont'd)

Breakdown of off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2025, in thousands of euros:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	389 497 ¹	501	1 774	4 529	56 791	174 852	627 944
Financial commitments							
Loan commitments	252 017	-	-	-	-	-	252 017
Commitments to investments in associates:	639	6 465	7 070	14 140	106 395	4 274	138 983
of which commitments to AIF "Altum capital fund" ²	8	15	27	54	28 930	-	29 034
of which commitments to Baltic SME Initial Public Offering Fund	77	1 328	1 405	2 810	13 580	650	19 850
Commitments to other investments	2 250	350	700	4 100	8 832	800	17 032
Total financial commitments	254 906	6 815	7 770	18 240	115 227	5 074	408 032
Grant commitments	3 461	-	-	-	-	-	3 461
Total contingent liabilities and financial commitments	647 864	7 316	9 544	22 769	172 018	179 926	1 039 437

¹ Outstanding financial guarantees are presented "Up to 1 month" as these guarantees can be claimed on demand and the Company has to make a decision on payment of guarantee claim within one month.

² Includes commitments based on the limited partnership agreement concluded between the Company, as a limited partner, and the participants of the AIF Altum Capital Fund, which obligates the Company to invest in the Fund for a total amount of EUR 48.9 million. As the fund's investment period has ended and no additional investments in existing portfolio companies are expected, the indicated amount with term 1-5 years could decrease by at least EUR 28.8 million.

Breakdown of off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2024, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	316 338 ¹	-	305	1 991	55 040	149 864	523 538
Financial commitments							
Loan commitments	170 045	-	-	-	-	-	170 045
Commitments to investments in associates ³ :	239	214	320	2 397	44 953	-	48 123
of which commitments to AIF "Altum capital fund" ²	8	17	25	50	28 996	-	29 096
Commitments to other investments	289	578	867	1 734	9 972	7 092	20 532
Total financial commitments	170 573	792	1 187	4 131	54 925	7 092	238 700
Grant commitments	1 992	-	-	-	-	-	1 992
Total contingent liabilities and financial commitments	488 903	792	1 492	6 122	109 965	156 956	764 230

¹ Outstanding financial guarantees are presented "Up to 1 month" as these guarantees can be claimed on demand and the Company has to make a decision on payment of guarantee claim within one month.

² Considering the investments made by AIF Altum capital fund as of 31 December 2024 EUR 19.8 million, as well as scheduled contributions to cover management fee EUR 0.3 million, the position "Commitments to AIF Altum capital fund" could decrease by EUR 28.8 million.

³ Considering the investments are realized in the 2nd and 3rd generation venture capital funds and the subsequent liquidation of the funds, the position "Commitments to investments in associates" could decrease by EUR 0.9 million.

43 Off-balance sheet items and contingent liabilities (cont'd)

Committed funding for investments in subsidiaries, associates and other investments, in thousands of euros:

	Contract period	Committed funding		Uncalled committed funding	
		31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Investments in Associates					
KS Overkill Ventures Fund I	09.05.2026	3 200	3 200	665	575
KS Buildit Latvia Pre-Seed Fund	31.05.2026	4 160	4 160	552	585
KS Commercialization Reactor Pre-seed Fund	24.07.2026	4 160	4 160	460	466
KS INEC 1	29.11.2028	13 650	13 650	4 112	4 265
KS INEC 2	29.11.2028	5 850	5 850	2 165	2 211
KS Overkill Ventures Fund II	09.08.2026	1 800	1 800	204	234
KS Buildit Latvia Seed Fund	20.06.2026	2 200	2 200	442	485
KS Commercialization Reactor Seed Fund	22.08.2026	1 800	1 800	76	111
KS ZGI-4	14.08.2028	19 500	19 500	6 058	6 977
KS Baltcap Latvia Venture Capital Fund (fund is in the process of liquidation)	13.09.2024	20 000	20 000	19 850	-
KS Imprimatur Capital Technology Venture Fund (fund is in the process of liquidation)	10.06.2024	4 966	4 966	-	-
KS Imprimatur Capital Seed Fund (fund is in the process of liquidation)	11.06.2022	10 000	10 000	-	-
KS ZGI-3 (fund is in the process of liquidation)	31.12.2024	11 800	11 800	-	-
KS FlyCap investment Fund	31.12.2025	15 000	15 000	-	757
FlyCap Mezzanine Fund II	28.08.2029	12 790	12 790	677	1 422
KS Expansion Capital fund (fund is in the process of liquidation)	31.12.2024	15 000	15 000	-	132
AIF "Altum capital fund"	02.09.2027	48 910	48 910	29 033	29 096
Baltic Innovation Fund I	01.01.2029	26 000	26 000	87	807
BIFI AIF KS	23.03.2035	18 600	-	14 881	-
Outlast Fund I AIF KS	18.06.2035	18 600	-	16 539	-
FlyCap Private Debt Fund III AIF KS	22.09.2035	24 800	-	24 691	-
Buildit 5G fund AIF KS	06.10.2035	18 600	-	18 491	-
Other investments					
Baltic Innovation Fund II	12.07.2036	26 000	26 000	11 300	14 800
Three Seas Initiatives Investment Fund	27.02.2035	20 000	20 000	5 732	5 732
Total funding		266 786	266 786	156 015	68 655

44 Revaluation reserve of financial assets measured at fair value through other comprehensive income

All amounts in thousands of euros

	31.12.2025.	31.12.2024.
At the beginning of period	2 494	(278)
Gain from changes in fair value	956	2 772
Revaluation reserve for cancelled securities written off	(1 356)	-
At the end of the period	2 094	2 494

45 Related party transactions

Related parties include members of the Supervisory Council and the Management Board of the Company, their close family members, as well as companies under their control.

In accordance with [International Accounting Standard \(IAS\) 24](#) "Related Party Disclosures", the key management personnel, directly or indirectly authorised and responsible for planning, management and control of the Company's operations are treated as related parties to the Company. The powers granted to the heads of the structural units of the Company do not entitle them to manage the operations of the Company and decide on material transactions that could affect the Company's operations and/or result in legal consequences.

The Company has entered into a number of transactions with other public authorities. The most significant were obtaining financing from the Investment and Development Agency of Latvia, Ministry of Finance, Ministry of Economics, Ministry of Agriculture, Rural Support Service and Central Finance and Contracting Agency, which co-finance the development programmes of the Company.

Balances from transactions with related parties, including off-balance sheet financial liabilities, in thousands of euros:

	Transactions with shareholders		Associates		Other companies owned by the shareholders	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Investments in venture capital funds	-	-	56 146	55 835	-	-
Investments in AIF "Altum capital fund"	-	-	7 721	16 392	-	-
Due to general governments	-	-	-	-	1 942	1 978
Support programme funding	573 572	543 225	-	-	264 015	126 422
Off-balance sheet financial liabilities for venture capital funds	-	-	90 099	19 227	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	29 034	29 096	-	-

Transactions with related parties, in thousands of euros:

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	65 960	44 794	(20 684)	(16 735)
Ministry of Agriculture of the Republic of Latvia	88	18	(3)	-
Ministry of Economics of the Republic of Latvia	124 683	166 871	-	-
Associates				
Venture capital funds	10 705	9 665	(17 808)	(7 653)
Other companies owned by the shareholders				
Rural Support Service	6 800	11 902	(338)	-
Central Finance and Contracting Agency of the Republic of Latvia	146 161	36 475	-	(2 008)
Ministry of Education and Science of the Republic of Latvia	2 925	2 925	-	-
Ministry of Culture of the Republic of Latvia	-	-	-	(132)
Ministry of Defence of the Republic of Latvia	581	581	-	-
Ministry of Wealth Fair of the Republic of Latvia	2 301	846	(350)	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in 2025 amounted to EUR 762 thousand (2024: EUR 889 thousand), including social insurance tax.

	01.01.2025.- 31.12.2025.	01.01.2024.- 31.12.2024.
Remuneration to the Supervisory Council and the Management Board	617	720
<i>to the Supervisory Council</i>	90	92
<i>to the Management Board</i>	485	580
<i>to the Audit Committee</i>	42	48
Social insurance tax	145	169
Total	762	889

46 Fair values of assets and liabilities

The fair values of financial assets and financial liabilities and their differences to their carrying amount are presented below, in thousands of euros:

	Total carrying amount		Total fair value incl.		Level 2		Level 3	
	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	130 859	183 572	130 859	183 572	130 859	183 572	-	-
Other investments	63 867	72 227	63 867	72 227	-	-	63 867	72 227
Investments in associates	34 228	29 043	34 228	29 043	-	-	34 228	29 043
Investment properties	120 819	92 976	120 819	92 976	-	-	120 819	92 976
Loans with capital rebate	79 277	24 971	79 277	24 971	-	-	79 277	24 971
Assets with fair values disclosed								
Due from credit institutions and the Treasury	839 708	627 769	839 084	627 168	839 084	627 168	-	-
Financial assets at amortised cost:								
Loans	438 864	412 249	402 489	377 187	-	-	402 489	377 187
Other financial assets	2 708	2 937	2 708	2 937	-	-	2 708	2 937
Total assets	1 710 330	1 445 744	1 673 331	1 410 081	969 943	810 740	703 388	599 341
Liabilities measured at fair value								
Support programme funding	839 469	664 256	839 469	664 256	-	-	839 469	664 256
Liabilities with fair value disclosed								
Due to credit institutions	23 225	40 366	23 225	40 366	-	-	23 225	40 366
Due to general governments	262 894	207 634	245 111	196 654	-	-	245 111	196 654
Liabilities from financial guarantees	53 620	49 262	53 620	49 262	-	-	53 620	49 262
Financial liabilities at amortised cost - Issued debt securities	91 404	65 491	89 718	63 139	-	-	89 718	63 139
Total liabilities	1 270 612	1 027 009	1 251 143	1 013 677	-	-	1 251 143	1 013 677
Off-balance-sheet commitments for which the fair value is disclosed:								
Outstanding guarantees	627 944	523 538	627 944	523 538	-	-	627 944	523 538
Total off-balance sheet liabilities	627 944	523 538	627 944	523 538	-	-	627 944	523 538

Loans with capital rebate

The fair value of loans with capital rebate is determined separately for (a) for a potential future capital rebate and (b) the component of the loan for which no capital rebate will be applied. The fair value is determined based on a discounted cash flow method using inputs that are primarily unobservable in an active market, which are based on the Company's assumptions and estimates and are regularly reviewed and adjusted based on the most recent information available.

The maximum amount of the capital rebate is determined at the time the loan is granted, but the actual amount of the capital rebate will depend on the performance of the financed project in the post-monitoring phase, taking into account the degree of achievement of the project's stated objectives, so the fair value calculation estimates the expected amount of the capital rebate based on assumptions about the timing and probability of the capital rebate being applied, allowing for the possibility that not all borrowers will achieve the stated project objectives to qualify for the capital rebate. The probability of the capital allowance being applied is determined by assessing the likelihood of each major project financed achieving its stated objectives or by using historical data on the amount of capital rebate applied.

46 Fair values of assets and liabilities (cont'd)

Loans with capital rebate (cont'd)

The fair value measurement of the component of the loan to which the capital rebate will not be applied is based on assumptions about the expected future cash flows of the loan until maturity. The cash flows include the expected repayments of principal, reduced by the expected capital rebate at the date of application of the capital rebate, as well as interest payments and related costs (e.g. applicable administrative costs). To determine the fair value of future cash flows, the cash flows are reduced by the expected loss given default of the borrower's probability of default (PD) and loss given default (LGD) measures and discounted at respective loans interest rate.

The fair value of loans with capital rebate using discounted cash flow method is EUR 79,277 thousand as at 31 December 2025 (December 31, 2024: EUR 24,971 thousand).

As of 31 December 2025, the Company has performed a sensitivity analysis of the fair value of loans with capital rebate to changes in the most influential inputs, in thousands of euros:

	Fair value		EURIBOR interest rate				Probability of capital rebate			
	31.12.2025.	31.12.2024.	1 pp increase		1 pp decrease		1 pp increase		1 pp decrease	
			31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.	31.12.2025.	31.12.2024.
The loan component	79 277	24 971	692	318	(692)	(318)	(1 012)	(439)	1 141	521
Total	79 277	24 971	692	318	(692)	(318)	(1 012)	(439)	1 141	521

The sensitivity of managements expected credit loss estimates to fluctuations in macroeconomic assumptions (GDP and real estate price changes) does not have a significant impact on the fair value of loan component.

Assets

Where possible, the fair value of securities is estimated on the basis of quoted market prices. For determining the fair value of other securities, the Management has applied the discounted cash flow method where the cash flow forecasts are based on assumptions and up-to-date market information available at the time of measurement. The fair value of loans with interest payable at fixed rates by specified dates was determined by applying the discounted cash flow method, whilst in regard to the fair value of loans with their basic interest rate tied to variable market rates, the Company have assumed that the carrying amount of such loans corresponds to their fair value.

46 Fair values of assets and liabilities (cont'd)

Liabilities

The fair value of financial liabilities stated at amortised cost, for example, the fair value of balances due to credit institutions, is estimated using the discounted cash flow method and the interest rates applied to similar products at the end of the year. The fair value of financial liabilities (for example, balances due to credit institutions) repayable on demand or subject to a variable interest rate, approximately corresponds to their carrying amount.

Fair value hierarchy of financial assets and liabilities

The Company classify the fair value measurements based on the fair value hierarchy, reflecting the significance of the input data. The fair value hierarchy of the Company has 3 levels:

- Level 1 includes listed financial instruments for which an active market exists, if in determining their fair value the Company use unadjusted quoted market prices, obtained from a stock-exchange or reliable information systems;
- Level 2 includes balances due from other credit institutions and the Treasury as well as financial instruments traded over the counter (OTC) and financial instruments having no active market or a declining active market whose fair value measurement are based to a significant extent on observable market inputs (e.g., rates applied to similar instruments, benchmark financial instruments, credit risk insurance transactions, etc.);
- Level 3 includes financial instruments whose fair value measurements rely on observable market inputs requiring significant adjustment and have to be supported by unobservable market inputs, and financial instruments whose fair value measurements are based to a significant extent on data that cannot be observed on the active market and assumptions and estimates of the Company that enable a credible measurement of the financial instrument's value.

Investment securities

Investment securities are valued by adjusting the nominal value of the relevant securities to their market price, excluding the accrued coupon. The market price is determined based on the average offer price quotations from 3 banks with which the Company has a settlement services agreement.

Investment securities are measured applying quoted prices or valuation techniques using observable or unobservable market inputs or combination of both. The majority of investment securities recognised at fair value are the Latvian treasury bills with a quoted price, but not traded on the active market. The Management has estimated that it is reasonable to presume the fair value of these securities to be equal to their quoted price.

46 Fair values of assets and liabilities (cont'd)

Investments in venture capital funds

The Company have a number of investments in venture capital funds.

Investments in venture capital funds, except for investment in Baltic Innovation Fund, Baltic Innovation Fund 2, the Three Seas Fund, and the Altum Capital Fund, are measured using the equity method at the Company level. Investments in Baltic Innovation Fund, Baltic Innovation Fund 2, the Three Seas Fund, and the Altum Capital Fund are measured at fair value through profit or loss.

Investment properties

The fair value of the Company's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification, and who have had recent experience of the valuation of property in similar locations and of similar category. Investment properties are measured at fair value applying one or complex of the following three methods: (a) market approach, (b) income approach and (c) cost approach. The valuation method is selected based on the nature of the asset and the purpose of the acquisition.

Support programme funding

Support programme funding are liabilities used to ensure the liquidity of the support programme and to cover expected credit losses, as well as to compensate the costs of managing the support programme. Expected credit losses of the support programme throughout the life of the programme are covered by the Risk Coverage Reserve, which is part of the support programme funding. The Company determines the fair value of the support programme funding once a year using the discounted cash flow method. The discounted cash flow method is used to determine the present value of the estimated expected credit losses in the next three years after the end of the reporting period in those support programme in which the Company is a principal and new volumes are issued. The Company uses internal information to estimate the expected credit losses, which are included in the cash flows in an amount that does not exceed the amount of the Risk Coverage Reserve at the end of the reporting period. On the other hand, the discount rate used in the calculations reflects the Company's current financial market borrowing rate at the end of the reporting period. The discount rate is an unobservable input; therefore, the Company performed its sensitivity analysis. As the discount rate is an unobservable input, the Company performed a sensitivity analysis. If the discount rate were 1.0% higher/lower, while all other variables remained unchanged, the carrying amount of the support programme funding would accordingly (decrease)/increase by EUR (246) / 254 thousand.

47 Events after the reporting date

There are no events outside the normal course of business since the last day of the reporting year, which would have a significant effect on the financial position of the Company.



Independent Auditor's Report

To the Shareholder of JSC Development Finance Institution ALTUM

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of JSC Development Finance Institution Altum (the "Company") as at 31 December 2025, and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union (EU).

Our opinion is consistent with our additional report to the Audit Committee dated 25 March 2026.

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ended 31 December 2025;
- the statement of financial position as at 31 December 2025;
- the statement of changes in equity for the year ended 31 December 2025;
- the statement of cash flows for the year ended 31 December 2025; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independence

We are independent of the Company in accordance with the ethical requirements of Regulation (EU) No 537/2014 that are relevant to audits of financial statements of public interest entities, the ethical requirements of the Law on Audit Services that are relevant to audits of financial statements in the Republic of Latvia and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the ethical requirements of the Regulation (EU) No 537/2014, the ethical requirements of the Law on Audit Services and the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in the Republic of Latvia and that we have not provided non-audit services that are prohibited under Article 37.⁶ of the Law on Audit Services of the Republic of Latvia.

The non-audit services that we have provided to the Company in the period from 1 January 2025 to the date of issuing this report, are disclosed in Note 18 to the financial statements.

Our audit approach

Overview

Materiality	EUR 15 million which represents approximately 0.9% of Company's total assets.
Key audit matters	Allowances for expected credit losses on loans and financial guarantees. Valuation of investments in Venture Capital Funds and Other Investments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

Overall materiality	Overall materiality applied was EUR 15 million.
How we determined it	Approximately 0.9% of the Company's total assets as at 31 December 2025.
Rationale for the materiality benchmark applied	<p>We chose total assets as the benchmark because, in our view, it is the appropriate benchmark for the Company, whose main financial objective is to implement state support programmes and secure availability of finances in order to contribute to the national economic development, and against which the performance of the Company is most commonly measured by stakeholders.</p> <p>We chose 0.9% of total assets which is within the range of accepted quantitative materiality thresholds for a public interest entity.</p>

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above EUR 778 thousand, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter**Allowances for expected credit losses on loans and financial guarantees**

Refer to Notes 2 (15), 16, 21, and 34 to the financial statements.

We focused on this area because the application of IFRS 9 “Financial instruments” expected credit loss (ECL) model for loans and financial guarantees requires complex and subjective judgements over both timing of recognition of impairment and their extent. The key features of the ECL model include classification of loans and financial guarantees into 3 stages, assessment of credit risk parameters and application of forward looking information. The amount of impairment provision for the Company’s loans and financial guarantees is based on the model calculations that take into consideration the exposure at default, probability of default, and other known risk factors impacting the stage of each exposure.

It also takes into account estimated future cash flows from the loan repayments or sale of collateral (loss given default), and ECL adjustments by expected impact of future macroeconomic scenarios.

For all individually insignificant loans in Stage 1, 2 and 3, the expected credit losses are calculated on a portfolio basis using the ECL model. For individually significant loans in Stage 1 and 2 ECL is calculated on an individual basis and expert judgement is applied to determine probability of default (PD) and loss given default (LGD). For loans in Stage 3 or for defaulted loans expected credit losses are calculated based on discounted cash flow method (DCF).

The carrying value of financial guarantees is determined as higher of expected credit losses, that are calculated on a portfolio basis, applying ECL model, or fair value, calculated based on future cash flow method.

As at 31 December 2025 expected credit losses on loans amounted to EUR 21 199 thousand (refer to note 21) and carrying value of financial guarantees amounted to EUR 53 620 thousand (refer to note 34).

How our audit addressed the key audit matter

We have assessed whether the Company’s accounting policies in relation to the ECL of loans and financial guarantees are in compliance with the IFRS Accounting Standards as adopted by the European Union by assessing each of the following significant model components: probability of default and loss given default, definition of significant increase in credit risk, and the use of macroeconomic scenarios.

We have assessed the design and operating effectiveness of the controls over relevant loan and financial guarantee data and ECL calculations.

These controls included controls over accuracy of ECL model input data, monitoring of loan quality and approval of loans issued. Furthermore, we have performed detailed testing over the reliability of loan and financial guarantee data such as contract dates, interest and commission rates, collateral values and types, allocation to stages, including overdue days and performing/nonperforming status and other inputs used in ECL calculation tools as at 31 December 2025.

We have involved a PwC expert to assess the ECL model and recalculate the allowances for credit losses for loans and financial guarantees assessed on a collective basis. We have tested the accuracy of input information used in the ECL model.

For a sample of individually assessed loans we have evaluated reasonableness of assumptions made by the Company regarding PD and LGD for Stage 1 and 2 exposures, and future cash flow scenarios, as well as existence and valuation of collaterals for Stage 3 exposures.

On a sample basis, we have recalculated the fair value of the financial guarantees, and verified that the carrying value of the financial liabilities is the higher of ECL and fair value.

We reviewed the credit risk disclosures.

Valuation of investments in Venture Capital

Funds and Other Investments

Refer to Notes 2 (15), 24 and 25 to the financial statements.

The Company has significant investments in Venture Capital Funds (VCFs) and Other investments. Investments in VCF are classified in the financial statements as associates and valued at fair value through profit or loss. Other investments are investments in funds where the Company has a share of less than 25% (Funds) and are valued at fair value through profit or loss.

The fair value of the investments in VCFs and Funds are primarily determined using information about fair values of the underlying investments held by the VCFs and Funds. The underlying investments represent a combination of debt and equity instruments that are rarely traded in an active and liquid market. The Company uses discounted cash flow models in determining the fair values of the underlying investments.

Consequently, significant judgement and assumptions need to be applied when determining the fair value of VCFs and Funds, most significant assumptions are applied with respect to discount rates and future cash flows.

As at 31 December 2025, the total fair value of investments in VCFs and Funds reported by the Company amounts to EUR 63 867 thousand (refer to note 24) and EUR 34 228 thousand (refer to Note 25).

We have assessed whether the Company's accounting policies in relation to the valuation of investments in VCFs and Funds comply with the requirements of IFRS Accounting Standards as adopted by the European Union.

We have obtained the audited financial statements of VCFs and Funds, where available, and verified that the underlying investments are valued at fair values in the financial statements. We obtained Investors' reports, prepared by the relevant fund managers, for the fourth quarter 2025 for all VCFs and Funds where fair values of all underlying investments are indicated. We verified our understanding of the business performance of the underlying investments held by VCFs and Funds with the representatives of the Company responsible for monitoring of the performance of the underlying investments made by the VCFs and Funds. For a sample of underlying investments, we have obtained the calculations of fair value of the underlying investments held by VCFs prepared by VCF managers and verified by the Company's valuation expert.

We further involved our valuation experts to review the methodology used for fair valuation of underlying investments and significant assumptions used in valuations: discount rates and future cash flows. We verified spreadsheet formulas and mathematical accuracy.

We have reviewed the contracts register and inspected a sample of new investments made by VCFs..

We reviewed the disclosures relating to VCFs and Funds.

Reporting on other information including Report of the Management Board

Management is responsible for the other information. The other information comprises:

- information about Altum, as set out on page 2 of the Annual Report;
- the Management Report, as set out on pages 3 to 11 of the Annual Report;
- information on the Supervisory Council and Management Board, as set out on page 12 of the Annual Report,

- the Statement of the Management’s Responsibility, as set out on page 13 of the Annual Report;
- Other supplementary information to the Annual Report:
 - Key financial and performance indicators, as set out on pages 136 to 139 of the Annual Report,
 - Definitions of ratios, as set out on pages 140 to 141 of the Annual Report,
 - Corporate Governance Report for the year ended 31 December 2025, as set out on pages 142 to 184 in the Notes section of the Annual Report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Report of the Management Board, we also performed the procedures required by the Law on Audit Services of the Republic of Latvia. Those procedures include considering whether the Management Report includes the disclosures required by the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.

In addition, in accordance with the Law on Audit Services of the Republic of Latvia with respect to the Statement of Corporate Governance for the year ended 31 December 2025, our responsibility is to consider whether the Statement of Corporate Governance includes the information required by section (3) of Article 56.2 of the Financial Instruments Market Law.

Based on the work undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the other information identified above for the financial year for which the financial statements are prepared is consistent with the financial statements,
- the Management Report has been prepared in accordance with the requirements of the Law on Annual Reports and Consolidated Annual Reports of the Republic of Latvia.
- the Statement of Corporate Governance for the year ended 31 December 2025 includes the information required by section (3) of Article 56.2 of the Financial Instruments Market Law.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the



other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

Report on the compliance of the presentation of the financial statements with the requirements of the European Single Electronic Format (“ESEF”)

The electronic reporting format of the financial statements has been applied by the management of the Company to comply with the requirements of art. 3 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the “ESEF Regulation”). Based on these requirements the financial statements have to be presented in XHTML format. We confirm that the electronic reporting format of the financial statements for the year ended 31 December 2025 complies with the ESEF Regulation in this respect.

Appointment

We were first appointed as auditors of the Company by shareholder’s resolution on 14 December 2023. We have been auditing the Company’s financial statements without interruption since the financial year ended 31 December 2023, i.e. for three consecutive years.

The engagement partner on the audit resulting in this independent auditor’s report is Ilandra Lejiņa.

PricewaterhouseCoopers SIA
Certified audit company
Licence No. 5

Ilandra Lejiņa
Chairperson of the Board
Certified auditor in charge
Certificate No.168

Riga, Latvia
25 March 2026

Independent Auditor's Report is signed electronically with a secure electronic signature and contains a time stamp.

OTHER NOTES TO THE ANNUAL REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2025 12M	2025 9M	2025 6M
Key financial data			
Net interest income (EUR '000)	20 026	14 937	9 787
Operating profit (EUR '000)	32 082	25 841	8 813
Profit for the period (EUR '000)	32 082	25 841	8 813
Cost to income ratio (CIR)	18.8%	21.6%	39.4%
Employees	258	257	256
Total assets (EUR '000)	1 730 046	1 722 138	1 703 185
Financial debt (EUR '000)	927 091	950 175	975 102
Tangible common equity (TCE) / Tangible managed assets (TMA) ¹	19.4%	19.4%	19.1%
Equity and reserves (EUR '000)	445 737	439 368	423 256
Return on average equity (ROE)	7.4%	4.5%	4.2%
Total risk coverage: (EUR '000)	374 448	349 366	327 361
Risk coverage reserve	342 557	317 495	287 118
Risk coverage reserve used for provisions	(52 656)	(53 061)	(49 547)
Portfolio loss reserve (specific reserve capital)	85 117	84 922	89 922
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(570)	10	(132)
Liquidity ratio for 180 days ²	321%	386%	387%
Net Cash flows from operating activities (EUR '000)	144 066	149 226	152 778
Net Cash flows from financing activities (EUR '000)	3 000	2 805	2 805
Net Cash flows from investing activities (EUR '000)	76 079	114 585	127 363
Support instruments gross value (EUR '000), of which	1 501 490	1 432 714	1 357 347
Grants	4 294	4 600	4 451
Financial instruments gross value (EUR '000) ³			
Loans (excluding sales and leaseback transactions)	621 218	580 795	535 947
Guarantees	627 944	603 656	570 559
Venture capital funds	90 210	89 789	93 894
Latvian Land Fund, of which:	157 824	153 874	152 496
- sales and leaseback transactions	37 005	44 526	44 140
- investment properties	120 819	109 348	108 356
Total	1 497 196	1 428 114	1 352 896
Number of transactions	42 414	42 046	40 841
Volumes issued (EUR '000) (by financial instrument) ³			
Loans (excluding sales and leaseback transactions)	292 079	202 612	128 237
Guarantees	199 628	153 222	94 662
Venture capital funds	13 910	11 894	6 449
Latvian Land Fund, of which:	28 668	24 684	21 874
- sales and leaseback transactions	9 823	8 152	6 590
- investment properties	18 845	16 532	15 284
Total	534 285	392 412	251 222
Number of transactions	8 387	6 409	4 099
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	1 405 422	978 319 ⁴	978 319 ⁴
Leverage for raised private funding	158%	133%	126%
Volume of support programmes funding per employee (EUR '000)	5 803	5 557	5 047
Long-term rating assigned by Moody's Ratings	Baa1	Baa1	Baa1

¹ TMA includes the off-balance sheet item, namely, guarantees at net carrying amount.

OTHER NOTES TO THE ANNUAL REPORT (cont'd)

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

² The calculation of liquidity ratio takes into account the previous experience and management estimate of the expected amount and timing of guarantee claims.

³ Taking into account the significance of the volume, Latvian Land Fund portfolio, which consists of leaseback transactions and investment properties, is also presented in the operational volumes for the period. As in compliance with the accounting principles and IFRS the leaseback transactions are accounted for under the loans, the loan volume in this table has been reduced for the volume of the leaseback transactions as it is recorded under Latvian Land Fund portfolio.

⁴ Data as at 31 December 2024, considering that the indicator "Total contribution to the national economy, including beneficiary participation, based on issued volumes during the reporting (EUR thousands)" is assessed annually at the end of the reporting year.

OTHER NOTES TO THE ANNUAL REPORT (cont'd)

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

Based on data from audited financial statements for the respective years

	2025	2024	2023	2022	2021	2020
Key financial data						
Net interest income (EUR '000)	20 026	23 026	17 765	16 974	16 717	14 572
Operating profit (EUR '000)	32 082	28 663	17 810	11 484	13 829	5 539
Profit for the period (EUR '000)	32 082	28 663	17 810	11 484	13 829	5 539
Cost to income ratio (CIR)	18.8%	23.32%	26.34%	38.26%	39.46%	47.51%
Employees	258	254	255	234	226	211
Total assets (EUR '000)	1 730 046	1 455 350	1 316 086	1 099 588	976 204	850 704
Financial debt (EUR '000)	927 091	755 011	599 305	458 382	360 909	342 490
Tangible common equity (TCE) / Tangible managed assets (TMA) ¹	19.4%	21.6%	23.4%	27.01%	33.82%	33.56%
Equity and reserves (EUR '000)	445 737	416 055	389 353	395 983	440 736	382 594
Return on average equity (ROE)	7.4%	7.1%	4.5%	2.7%	3.4%	1.8%
Total risk coverage: (EUR '000)	374 448	309 853	281 355 ²	297 218	285 954	180 205
Risk coverage reserve	342 557	269 321	226 793 ²	230 524	159 196	112 567
Risk coverage reserve used for provisions	(52 656)	(46 585)	(42 078)	(38 039)	(29 496)	(28 197)
Portfolio loss reserve (specific reserve capital)	85 117	85 736	96 587	109 979	159 700	102 264
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(570)	1 381	53	(5 246)	(3 446)	(6 429)
Liquidity ratio for 180 days ³	321%	342%	430%	366%	518%	464%
Net Cash flows from operating activities (EUR '000)	144 066	135 234	138 724 ⁴	89 535	49 555	21 966
Net Cash flows from financing activities (EUR '000)	3 000	4 579	9 009	3 525	43 768	165 800
Net Cash flows from investing activities (EUR '000)	76 079	(249 994)	(121 467) ⁴	(8 437)	4 553	(4 016)
Support instruments gross value (EUR '000), of which	1 501 490	1 234 002⁵	1 101 797	1 064 821	979 130	872 302
Grants	4 294	3 159	68 132	58 280	45 397	31 107
Financial instruments gross value (EUR '000)						
Loans (excluding sales and leaseback transactions)	621 218	474 193 ⁵	359 246	311 844	315 674	302 481
Guarantees	627 944	523 538	480 025	481 013	414 978	359 605
Venture capital funds	90 210	97 999	97 456	90 277	85 973	73 165
Latvian Land Fund, of which: ⁷	157 824	135 113	96 938	80 542	79 163	68 258
- sales and leaseback transactions	37 005	42 137	28 692	27 089	32 999	31 500
- investment properties	120 819	92 976	68 246	53 453	46 164	36 758
Total	1 497 196	1 230 843⁶	1 033 665	963 676	895 788	803 509
Number of transactions	42 414	38 730	35 260	33 976	30 978	26 578
Volumes issued (EUR '000) (by financial instrument)						
Loans (excluding sales and leaseback transactions)	292 079	221 741	141 993	95 820	100 966	138 238
Guarantees	199 628	142 902	99 440	153 067	126 997	137 425
Venture capital funds	13 910	15 745	23 920	18 526	29 158	14 014
Latvian Land Fund, of which: ⁷	28 668	40 506	17 676	7 414	10 595	28 191
- sales and leaseback transactions	9 823	19 692	7 916	3 105	3 254	16 796
- investment properties	18 845	20 814	9 760	4 309	7 341	11 395
Total	534 285	420 894	283 029	274 827	267 716	317 868
Number of transactions	8 387	6 710	4 846	6 539	6 579	6 147
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	1 405 422	978 319	946 008	765 577	791 646	696 306
Leverage for raised private funding	158%	129%	229%	123%	177%	114%
Volume of support programmes funding per employee (EUR '000)	5 803	4 625	4 054	4 118	3 964	3 808
Long-term rating assigned by Moody's Ratings	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1

¹ TMA includes off-balance sheet item outstanding guarantees.

OTHER NOTES TO THE ANNUAL REPORT (cont'd)

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

² As of Q3 2024 Risk Coverage Reserve excludes the public funding for full coverage of potential capital rebate component. Thus 1) restated comparatives for Risk Coverage Reserve as at 31 December 2023 are EUR 226 793 thousand instead of EUR 315 649 thousand and 2) restated comparatives for Total Risk Coverage as at 31 December 2023 are EUR 281 355 thousand instead of EUR 370 211 thousand.

³ Liquidity ratio calculation takes into account the previous experience and management estimate of expected amount and timing of guarantees claims

⁴ As of Q2 2024 Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. Thus restated comparatives for Net cash flows from operating activities as at 31 December 2023 should be EUR 138 724 thousand instead of EUR 35 724 thousand and restated comparatives for Net cash flows from investing activities as at 31 December 2023 should be EUR (121 467) thousand instead of EUR (18 467) thousand.

⁵ The gross loan portfolio has consistently been presented in accordance with the definition of the gross loan portfolio. The KPI reported as at 31 December 2024 is presented taking into account the impact of fair value change on the future potential capital rebate component - loans with a capital rebate. However, this decrease should not have occurred under the gross loan portfolio definition; subsequently this indicator amounts EUR 474,193 thousand (previously: EUR 418,079 thousand).

⁶ Taking into account reference No.5, the total Financial instruments gross value as at 31 December 2024 should amount to EUR 1,230,843 thousand (previously: EUR 1,174,729 thousand), and the total Support instruments gross value as at 31 December 2024 should amount to EUR 1,234,002 thousand (previously: EUR 1,177,888 thousand).

⁷ Taking into account the significance of the volume, Latvian Land Fund portfolio, which consists of sales and leaseback transactions and investment properties, is also presented in the operational volumes for the period. As in compliance with the accounting principles and IFRS the sales and leaseback transactions are accounted for under the loans, the loan volume in this table has been reduced for the volume of the sales and leaseback transactions as it is recorded under Latvian Land Fund portfolio.

OTHER NOTES TO THE ANNUAL REPORT (cont'd)

Definitions of ratios

<i>Net interest income</i>	<p>"Net interest income" is equal to the item "Net interest income" in the Statement of Comprehensive Income. Until 2018 this ratio included the following items of the Statement of Comprehensive Income: "Net interest income" and "Net income from fees and commissions". In 2019 following the industry practise fee and commission income from lending activities is reclassified to "Net interest income" from "Net income from fees and commissions". Subsequently the fee and commission income not related to lending activities is reclassified within "Other income" and as such is not included in this ratio. The item "Net income from fees and commissions" is not applicable in the Statement of Comprehensive Income anymore. The comparatives have been reclassified accordingly. Altum uses this indicator as the key financial metric for profitability by evaluating Altum net income amount generated by the portfolio of financial instruments and recognised in the Statement of Comprehensive income. Altum management measures and monitors the actual performance of this indicator on a quarterly basis compared to the approved level in Altum budget.</p>
<i>Operating profit</i>	<p>"Operating profit" is calculated by deducting "Operating expenses" from "Operating income before operating expenses" included in the Statement of Comprehensive Income. "Operating expenses" is calculated as the sum of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" and "Allowance for expected credit losses" included in the Statement of Comprehensive Income.</p>
<i>Cost to income ratio (CIR)</i>	<p>"Cost to income ratio" (CIR) is calculated by dividing the amount of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" by "Operating income before operating expenses" included in the Statement of Comprehensive Income. Altum uses CIR to evaluate the operational efficiency. This is one of the measures of operational efficiency which Altum management assesses on a quarterly basis in the management reports to evaluate the outputs from different operational activities and efficiency improving measures.</p>
<i>Financial debt</i>	<p>"Financial debt" is calculated as the sum of "Due to credit institutions", "Due to general government entities", "Financial liabilities at amortised cost – issued debt securities" and "Support programme funding" included in the Statement of Financial Position less difference between "Risk Coverage Reserve" and "Risk Coverage Reserve Used for Provisions".</p> <p>"Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of Altum. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for allowance for expected credit losses on loan portfolio and guarantees which in its turn is disclosed in the Note on Support Programme Funding to the Financial statements of Altum.</p>
<i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of financial assets measured at fair value through Other Comprehensive Income.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of Altum taking into account provisions for these guarantees and subtracting "Deferred expense", "Accrued income", "Property, plant and equipment", "Intangible assets" and "Other assets".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from Altum Financial statements: Statement of Financial Position and Statement of Changes in Equity, notes - Off balance sheet items and contingent liabilities and Provisions. ALTUM uses the ratio "TCE/TMA" to evaluate Altum capital position adequacy and to measure Altum tangible common equity in terms of Altum tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk, Assets and Liabilities Management Committee of Altum monitors its level on a quarterly basis.</p>
<i>Return on average equity (ROE)</i>	<p>"Return on average equity" (ROE) is calculated by dividing the "Profit for the period" of the relevant period, converted into annual terms, by the average amount of "Equity and reserves" at the beginning and end of the period.</p>

OTHER NOTES TO THE ANNUAL REPORT (cont'd)

Definition of ratios (cont'd)

<i>Total risk coverage</i>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the support programmes implemented by Altum. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve (Specific Capital Reserves)" less "Risk Coverage Reserve Used for Provisions" and "Portfolio loss reserve used to compensate provisions upon approval of the annual report". The expected credit losses are estimated before implementation of the respective support programme and part of the public funding received under respective support programme for coverage of expected credit losses is transferred either to "Portfolio Loss Reserve" as Altum specific capital reserve or accounted separately as provisions for risk coverage under liabilities item "Risk Coverage Reserve". "Portfolio Loss Reserve (specific capital reserve)" is disclosed in the Note on Reserves to the Financial statements of the Altum. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of Altum. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for allowance for expected credit losses on loan portfolio and guarantees which in its turn is disclosed in the Note on Support Programme Funding to the Financial statements of Altum. "Portfolio loss reserve used to compensate provisions upon approval of the annual report" is disclosed in the Note on Reserves to the Financial statements of the Altum.</p> <p>"Total Risk Coverage" is key indicator to be used for assessment of Altum risk coverage on implemented programmes and long-term financial stability.</p>
180-day liquidity ratio	<p>"180-days-liquidity ratio" is calculated by dividing the amount of the balances "Due from other credit institutions and the Treasury" with a maturity of up to 1 month and "Financial assets at fair value through other comprehensive income - investment securities" by the amount of the total liabilities maturing within 6 months and total financial commitments maturing within 6 months (off-balance sheet items. The data required for the calculation of the "180-days liquidity ratio" is disclosed in the following Altum Financial statements: Statement of Financial Position and notes – Maturity profile of assets and liabilities under the section of Risk Management, Off-balance sheet items and contingent liabilities. Altum uses the "180-days-liquidity ratio" to assess and monitor Altum ability to fulfil Altum contractual and/or contingent liabilities during 6 months with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage Altum's liquidity risk in line with Altum funding management objectives and risk framework. Risk, Assets and Liabilities Management Committee of Altum monitors its level on a quarterly basis.</p>
<i>Gross Value of Support Instruments</i>	<p>For loans – the issued and outstanding amount; for guarantees – the issued amount of guarantees recorded off-balance sheet; for grants and investments in venture capital funds – at the original acquisition value; for investment properties – at the carrying amount.</p>
<i>Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period</i>	<p>"Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period" is calculated by adding the financing provided by the private co-financier and the project promoter to the volumes issued by Altum.</p>
<i>Leverage for raised private funding</i>	<p>"Leverage for raised private funding" indicates the amount of additional private funding invested in a project in addition to Altum financing. "Leverage for raised private funding" is determined considering the financing invested by a private co-financier and a project's implementer.</p>
<i>Employees</i>	<p>Average number of full time employees in the report period excluding members of the Supervisory Board and the Audit Committee.</p>
<i>Volume of support programmes funding per employee</i>	<p>"Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by "Employees".</p>
<i>Venture capital</i>	<p>The Venture Capital Funds presented at their gross value.</p>

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Corporate Governance Report for the year ended 31 December 2025

General information

The Corporate Governance Report 2025 of the joint-stock company Attīstības Finanšu Institūcija ALTUM (Development Finance Institution ALTUM, hereinafter – ALTUM), unified registration No.50103744891, is prepared in accordance with the requirements of Article 56.² (3) of the [Financial Instrument Market Law](#) and based on the good corporate governance recommendations for capital companies in Latvia [Corporate Governance Code](#) (updated version December 2025) (hereinafter – the Code) developed by the [Corporate Governance Advisory Council](#). The recommendations were developed taking into consideration the requirements for companies provided in the legislation of the Republic of Latvia as well as corporate governance recommendations of the Organization for Economic Co-operation and Development. Besides, the Corporate Governance Report covers environmental, social and corporate governance (hereinafter – ESG) considerations based on [the Nasdaq ESG Reporting Guide 2.0](#) (May 2019). ESG risk management principles and reflected information are based on ECB (European Central Bank) guidelines, EBA (European Banking Authority) guidelines and TCFD ([Task Force on Climate-related Financial Disclosures](#)) Recommendations.

ALTUM is a Latvia state-owned company ensuring to enterprises and households access to financing resources by means of financial support instruments – loans, guarantees, investments in venture capital funds – in areas defined as important and to be supported by the state, thus developing national economy and in such a way enhancing mobilisation of private capital and financial resources. Moody's assigned Baa1 issuer rating has been constantly high since first assigned in 2017.

In May 2020 ALTUM is registered with the Bank of Latvia (before Financial and Capital Market Commission) as the manager of the alternative investment fund "Altum Capital Fund". The Fund was created with the aim to support well-managed, perspective Mid-cap companies to overcome the effect of Covid-19 that as a result of the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. The capital investment paid into the Fund as at 31 December 2025 amounted to EUR 40.6 million (the Company's share EUR 19.9 million).

By obtaining a consumer lending license in 2025, Altum's supervision over mortgage lending is provided by the Consumer Rights Protection Centre.

In its day-to-day operations in implementing the state-delegated functions to foster the development of national economy and taking voluntary company responsibility for impact on society and environment, ALTUM acts in compliance with the organization's strategy and values. Our values define our daily activities, are reflected in our operations and conduct, and fully permeate our positive attitude and openness to changes and innovation. ALTUM's value system is designed to provide a clear perception of ALTUM to our external partners and clients as well as to our employees.



TEAM

We work professionally in a unified team together with our customers and partners, thereby creating and implementing effective state aid programmes that are relevant to our client's needs.



EXCELLENCE

Making use of our experience and creative perspective, we strive for excellence in everything we do. We constantly develop ourselves. We take on the complicated, yet finish with simplicity. We look at things and challenges creatively.



RESPONSIBILITY

We strive to reach our goals, pursue everyday work with efficiency, fairness and respect.

Strategy 2025 – 2027

In accordance with the mid-term strategy of JSC Development Finance Institution Altum for the period 2025–2027 approved by the Supervisory Board on 19 May 2025, the following strategic development directions and most significant long-term objectives have been set:



- Main financial objective when implementing the state aid programmes is to ensure a positive return on Altum's capital;
- The main non-financial objective is to facilitate access to finance for economic development, focusing on the following key areas:
 - implementation of the new programmes for EU programming period 2021-2027. The programmes focus on solutions for climate change mitigation and sustainable finance for business, including developing a range of financial instruments in the areas of innovation, R&D, productivity and digitalisation, and energy efficiency in both the residential and corporate segments;
 - promoting affordable housing in the regions;
 - increasing the role of venture capital instruments
 - in business financing through actively introducing the 5th generation venture capital funds in the scope of early-to growth-stage funds;
 - launching the Baltic Capital Markets Acceleration Fund (IPO Fund) to support capital market development;
 - further development of the Latvian Land Fund.
- Increasing Altum's role in direct lending through active lending and servicing; given the inadequate funding offer from the private sector, this would include the initiation of mortgage lending in the regions of Latvia's
- Replacement of IT systems and implementation of Customer Relationship Management (CRM) platform technologies to modernise customer service and ensure effective loan application appraisal and underwriting processes.

Strategy 2025 – 2027 financial and non-financial targets

The ALTUM Strategy established the following key financial targets related to ALTUM's financial performance and non-financial targets derived from ALTUM's overall strategic objective, the regulatory framework and policy planning documents, and related to ensuring the performance of the functions assigned to a public entity:

- The Strategy sets a target for a moderate increase in the volume of new transactions, their volume increasing by more than 10% by 2027;
- ALTUM's gross portfolio of financial instruments is planned to grow by more than 10% per year, reaching a total portfolio of EUR 1.8 billion by the end of 2027;
- The contribution to the economy generated by ALTUM volumes issued reflects the planned increase in ALTUM's impact on economic development by facilitating the mobilization of private capital and financial resources in the priority areas. During the Strategy implementation period, the expected contribution to the economy from programs financed by ALTUM amounts to at least EUR 2.8 billion;
- *Return on Equity* (ROE) is targeted to remain above 3% during the Strategy implementation period;
- *Equity* at the end of the reporting year is planned to show a positive trend;
- To ensure ALTUM's financial efficiency, the cost-to-income ratio is targeted not to exceed 40%.

Contribution to economy



Total contribution to economy by ALTUM volumes issued in 2025:

2025: EUR 1,405 million (2024: EUR 978 million)

Strategy 2025 – 2027 (cont'd)

Achievement of the non-financial targets for the year 2025 set out in the Strategy

- **New transaction volumes (incl. grants)** reached EUR 545 million in 2025, which is EUR 110 million (25%) above the EUR 435 million target set in the Strategy for 2025. Compared with 2024, the indicator increased by EUR 117 million (+27%).

The sharp increase was primarily driven by the growth in new loan transactions (+EUR 70 million) and new guarantee transactions (+EUR 57 million).

The growth in new loan transactions was largely triggered by new transactions under the Resilience and Recovery Facility (RRF) programs, totalling EUR 98 million (+EUR 49 million compared with 2024), followed by the Investment Loans with a Capital Rebate program, with new transactions of EUR 46 million (+EUR 14 million). There continued significant demand for SME loans, with new transactions reaching EUR 66 million over the 12 months of 2025 (+EUR 12 million).

In 2025 the growth in new guarantee transactions was driven by strong demand for both corporate guarantees (in the SME and large enterprise segment) – and individual guarantees. Guarantees issued to corporates totalled EUR 102 million (+EUR 31 million compared with 2024), while guarantees issued to individuals reached EUR 97 million (+EUR 28 million). The high demand for corporate guarantees was supported by ALTUM's attractive product terms and by the increased lending pace of commercial banks. For individuals, the growth in new transactions was largely driven by demand for Housing Guarantees and the Multi-apartment Building Energy Efficiency Programme guarantees.

In 2025, all fifth-generation venture capital funds commenced operations, alongside the Baltic Capital Market Acceleration Fund.

- **Gross portfolios (including grants)** totalled EUR 1,501 million at the end of 2025, which is EUR 99 million (7%) above the EUR 1,402 million target set in the Strategy for 2025. Compared with 2024, the figure increased by EUR 267 million (+22%).

The gross portfolio of financial instruments (excluding grants) amounted to EUR 1,497 million. Compared with the end of 2024, it increased by EUR 266 million (+22%). The largest growth was in the loan portfolio, which rose by EUR 147 million (+31%) in 2025, reaching EUR 621 million. Of the total portfolio growth, 46% was accounted for by loans under the Resilience and Recovery Facility (RRF) programs and 31% by Investment Loans with a Capital Rebate. The guarantee portfolio increased by EUR 104 million (+20%), reaching EUR 628 million. The largest contribution to the growth of the guarantee portfolio came from individual guarantees, which rose by EUR 60 million (+19%) in 2025. The corporate guarantee portfolio, including guarantees in the SME and large enterprise segments, as well as the agriculture segment increased by EUR 45 million (+22%) in 2025. The Land Fund transaction portfolio grew by EUR 23 million (+17%) over 12 months, reaching EUR 158 million.

The gross portfolio of support instruments increased by 3,731 transactions (+10%) in 2025.

By segment, the largest portfolio was held in the Small, Medium, and Large Enterprises (SMEs and Midcaps) segment – 38% (31 December 2024: 35%), followed by Individuals – 34% (31 December 2024: 31%), Agriculture – 22% (31 December 2024: 26%), and Financial Intermediaries, which comprise the venture capital programs – 6% (31 December 2024: 8%).

- **The Moody's credit** rating is intended to be maintained as high as possible, but not lower than one notch below the sovereign rating assigned to Latvia by Moody's. On 28 January 2025, the international credit rating agency Moody's Ratings ("Moody's") reaffirmed ALTUM's long-term credit rating at **Baa1** with a stable outlook. The rating is the same as affirmed on 2 February 2024. The short-term issuer rating was also confirmed at the same P-2. ALTUM's credit rating is based on Moody's July 2024 Finance Companies Methodology. ALTUM's long-term credit rating of Baa1 is among the highest assigned to Latvian corporates.

ALTUM's long-term credit rating of Baa1, confirmed by Moody's, is one notch below the sovereign rating assigned to Latvia, which stood at A3 at the end of 2025, and is in line with the target set out in the Strategy.

The high credit rating enables ALTUM to more effectively implement its long-term strategy for raising financing, by being a regular participant in the capital markets and issuing bonds.

- **Total contribution to the economy by ALTUM volumes issued** reached **EUR 1,405 million** in 2025, meeting the target set in the Strategy for 2025 (≥EUR 950 million). Compared with 2024, the figure increased by 44%, largely driven by the growth in new transaction volumes. The indicator reflects the total contribution to the economy, including the participation of financing recipients, i.e., the funds invested by private co-financiers and project implementers.

Strategy 2025 – 2027 (cont'd)

Achievement of the non-financial targets for the year 2025 set out in the Strategy (cont'd)

- **The volume of State Support programs (including grants) per employee** amounted to **EUR 5.8 million**, which is EUR 0.3 million (6%) above the target set in the Strategy for 2025 (EUR 5.5 million). Compared with 2024, the figure increased by 25% (EUR 1.2 million).
- **Voluntary employee turnover** stood at **8.5%**, which is below the target set in the Strategy (<10%), representing an increase of 1.5 percentage points compared with 2024. Turnover below the target supports ALTUM in achieving its established objectives.
- **The share of employees trained** during the year reached **98%**, exceeding the target set in the Strategy (>70%). Compared with 2024, the figure increased by 2%, driven by the extensive organization of remote training sessions.
- In a customer satisfaction survey assessing how simple, convenient, and understandable the remote service process at mans.altum.lv is, **85% of respondents rated the digital transaction process as "good" and/or "very good"** exceeding the target of ≥80%. 11% of customers rated it as "satisfactory," 2% as "partially satisfactory," and ratings of "more unsatisfactory" and "unsatisfactory" accounted for less than 2%.
- In 2025, ALTUM employees submitted **nine proposals to the responsible ministry officials for improving programs and introducing new financial instruments**, exceeding the target set in the Strategy (≥5). The proposals covered all programs launched in 2025, including two new programs under the Ministry of Climate and Energy (KEM) (district heating, biomethane), four new programs under the Ministry of Economics (EM) (mortgage lending, energy efficiency of multi-apartment buildings, innovation loans, 4th round of large investment loans), as well as improvements to the terms of guarantee, portfolio guarantee, and SME loan programs.



In 2025, ALTUM achieved the main non-financial target set out in the Strategy: **to support and promote access to finance for businesses and foster economic development, by improving the delivery of services in the digital environment and streamlining internal processes.**

Strategy 2025 – 2027 (cont'd)

Achievement of financial targets for the year 2025 set out in the Strategy

- **Return on Equity (ROE) reached 7.4%** in 2025, exceeding the target set in the Strategy ($\geq 3\%$) and increasing by 0.3 percentage points compared with 2024;
- **Profit amounted to EUR 32,082 thousand**, exceeding the target set in the Strategy for 2025 (EUR 20,177 thousand) and increasing by EUR 3,419 thousand (12%) compared with 2024);
- **Equity amounted to EUR 446 million at the end of the year** (the target set in the Strategy for 2025: EUR 431 million), representing an increase of EUR 29.7 million compared with 2024. The level of equity is in line with the target set in the Strategy. The growth in equity in 2025 was driven by:
 - profit for the reporting year of EUR 32.08 million;
 - increase in the specific capital reserve of EUR 3 million, including EUR 2.805 million for the Study and Student Portfolio Guarantee Program, in accordance with the decision of the extraordinary shareholders' meeting on 20 March 2025, adopted on the basis of Cabinet Regulation No. 231 of 21 April 2020; and EUR 0.195 million for the Housing Guarantee Programme for the purchase or construction of residential premises for soldiers of the Latvian National Armed Forces (LNAF).
 - decrease in the specific capital reserve of EUR 5 million, in accordance with the decision of the extraordinary shareholders' meeting on 18 December 2025, adopted on the basis of Cabinet Regulation No. 95 of 20 February 2018. The decrease in the specific capital reserve for the Loans for Mitigating the Consequences of the War in Ukraine Programme was carried out by increasing funding for the Investment Loans with Capital Rebate Programme (additional loan) in accordance with the decision of the shareholders' meeting on 30 April 2025, adopted on the basis of Cabinet Regulations No. 628 and No. 627 of 31 October 2023. As a result of the decrease in the specific capital reserve, the reallocated funding will be directed to finance the Investment Loans with Capital Rebate (co-funding loans) Program. Thus, the decrease in the specific capital reserve, by reducing funding for certain support programs and reallocating the corresponding EUR 5 million to the Investment Loans with Capital Rebate (additional loan) Program, will be implemented while maintaining the same funding purpose — to finance the implementation of a new support programme and cover expected losses.
- **The cost-to-income ratio stood at 19%**, which is below the target set in the Strategy ($< 40\%$), representing a decrease of 4 percentage points compared with 2024;
- **The 6-month liquidity ratio of 321%** is above the planned target ($\geq 100\%$), although it decreased by 21 percentage points compared with 2024. ALTUM maintains a high level of liquidity;
- The **Capital without Revaluation Reserve (CWR)/Total Managed Assets (TMA)** ratio stood at **19.4%**, which is 0.6 percentage points below the target set in the Strategy ($\geq 20\%$). Compared with 2024, this ratio decreased by 2.2 percentage points, driven by a significant increase in total managed assets in 2025 of EUR 364 million (+19%). ALTUM has sufficient equity to cover the risks associated with its operations.



In 2025, ALTUM achieved the main financial target set out in the Strategy: **to ensure a positive return on equity ($\geq 3\%$) through the implementation of state support programs.**

Deviations of individual indicators from the targets set out in the Strategy have not adversely affected ALTUM's achievement of its main objectives or the implementation of the Strategy.

Additional information on the implementation of non-financial and financial targets is available in the 2025 Annual Report (hereinafter – the Annual Report), in the Management Report and in Other Notes to Annual Report.

ESG - Governance

Ensuring ALTUM's effective operation in the long term is only possible by adhering to the principles of sustainable business, which consist of three interconnected and equally important ESG aspects – Environmental, Social, and Governance.

Corporate governance is a fundamental basis for ALTUM's operations, ensuring transparency, accountability, and sustainable development. The year 2025 was marked by significant achievements and high recognition in various areas, demonstrating ALTUM's practices in sustainability, investor relations and promoting diversity. The achieved results reflect the company's strategic approach to responsible business practices and continuous improvements in corporate governance processes.

In 2025, Altum's compliance assessment (**Pillar Assessment**) under the **European Commission regulation on the financial rules applicable to the general budget of the European Union** was essentially completed, enabling Altum to apply for the role of an InvestEU implementing partner and, in the future, also for the role of a cooperation partner in the implementation of EU funds, thereby increasing the availability of new, specialised and suitable financial instruments for Latvian enterprises. This is a highly complex, three-year project in which an independent auditor assessed Altum's processes across nine blocks covering the internal control system, accounting records, external audit activities, the management of grants and financial instruments, procurement procedures, lending processes including credit risk and ratings, tax-evasion controls, AML requirements, aid-allocation procedures, information accessibility and personal data processing. In total, the assessment provided an in-depth review of 67 areas. The audit scope covered obtaining assurance both regarding the existence of the processes and the effectiveness of the processes established. Recommendations for the necessary improvements were provided, and subsequent final report was issued to the European Commission confirming whether all recommendations had been implemented. Based on the information submitted by Altum and the auditor's opinion the European Commission has now obtained sufficient assurance regarding the implementation of the recommendations, and the closure of the assessment is currently underway.

Application of the Corporate Governance Code in ALTUM's Operations

Since 2021, ALTUM has been applying the corporate governance recommendations set out in the Code. ALTUM's corporate governance model is continuously improved and provides the basis for achieving ALTUM's strategic objectives by ensuring transparency, accountability, and sustainable development.

An assessment of ALTUM's corporate governance system against the corporate governance principles set out in the updated version of the Code at the end of 2025 (2nd edition), and their implementation in ALTUM's operations, confirms that ALTUM fully complies with all corporate governance principles established in the Code.

Code's Principle	Implementation in ALTUM's Operations
Principle 1 The company maintains an up-to-date strategy that clearly defines its objectives and tracks progress toward long-term value creation.	ALTUM's Mid-term Operational Strategy 2025–2027 was approved by the ALTUM Supervisory Board on 19 May 2025. A summary of the Strategy is publicly available on ALTUM's website: https://www.altum.lv/wp-content/uploads/2025/07/ALTUM-Strategija_2025-2027_saisinata-versija.pdf .
Principle 2 The company fosters an internal culture and maintains an ethics code that serves as a standard of conduct for management and employees.	In the Medium-term Operational Strategy, the Supervisory Board has defined the company's core values: excellence, teamwork, and responsibility. The key principles of ALTUM's Code of Ethics are set out in the Code and serve as a standard of conduct for ALTUM's management and all employees. The Code provides guidance to employees for their daily interactions with colleagues, clients, and partners, and helps create a responsible, safe, and user-friendly work environment. This, in turn, fosters employee trust and ethical behavior, thereby supporting the achievement of the company's long-term objectives.
Principle 3 The company maintains an internal control system whose effectiveness is overseen by the Supervisory Board.	ALTUM's internal control system is described in the "Internal Control" section of the Corporate Governance Report. ALTUM has established a comprehensive internal control system; its design and effective operation is the responsibility of ALTUM's management. The monitoring of ALTUM's internal control system, including the assessment of its adequacy and effectiveness, is carried out by the Internal Audit Division, which is an independent structural unit functionally reporting to the ALTUM Supervisory Board, with its head appointed by a decision of the ALTUM Shareholders' Meeting. The Supervisory Board supervises how the Management Board ensures the establishment of the internal control system and its effective operation.

<p>Principle 4</p> <p>The company identifies, evaluates, and monitors the risks associated with its operations.</p>	<p>To ensure ALTUM's effective and sustainable operations, a comprehensive Risk Management System has been established, providing for proactive identification, assessment, and mitigation of risks, as well as timely implementation of corrective measures. When assuming risks, ALTUM follows the principle of prudence and ensures its capability to fulfil the objectives and functions assigned to the company in the long term. In risk management, ALTUM uses various qualitative and quantitative methods and tools, and establishes risk limits and control mechanisms that cover all significant identified risks. The selection of risk management methods is based on the potential material impact of the respective risk on ALTUM's operations and financial stability. ALTUM has developed the Risk Management Strategy and the Risk Management Policy, which are approved by the ALTUM Supervisory Board and define the key principles of risk management, as well as the acceptable level of risk and respective limits. At least once a year, the Supervisory Board reviews the Management Board's reports on risk management measures and the implementation of the risk management policy. Information on the elements of the risk management system is available in ALTUM's Annual Report 2025.</p>
<p>Principle 5</p> <p>The company has established an internal audit function that independently and objectively evaluates its operations.</p>	<p>ALTUM has established the Internal Audit Division, an independent structural unit functionally reporting to the ALTUM Supervisory Board, with its head appointed by a decision of the ALTUM Shareholders' Meeting. The Internal Audit Division monitors ALTUM's internal control system and evaluates its adequacy and effectiveness. Each year the Shareholders' Meeting approves the annual activity plan of the Internal Audit Division, and the Unit reports to the Shareholders' Meeting on its implementation.</p> <p>The Internal Audit Division performs its duties in accordance with the applicable laws and regulations, the International Standards for the Professional Practice of Internal Auditing, and ALTUM's internal regulations. At least once a year, the Internal Audit Department prepares and submits to the Supervisory Board for review and following its review at a meeting of the Supervisory Board, to the Shareholders' Meeting, a report on the audits performed, the main issues and deficiencies identified, assesses the effectiveness of the internal control system, and provides recommendations for improving its operation.</p>

Principle 6

The company has an independent external auditor.

ALTUM's annual financial statements are subject to an independent audit; within its framework independent auditors provide their opinion whether they consider ALTUM's financial statements to present a true and fair view of ALTUM's financial position, results of operations, and cash flows in accordance with the International Financial Reporting Standards as adopted by the European Union. PricewaterhouseCoopers SIA has been appointed as the auditor of ALTUM's financial statements for the period 2023–2025. In accordance with the requirements of EU Regulation No.537/2014 regarding the appointment of statutory auditors or audit firms for public-interest entities (ALTUM qualifies as a public-interest entity because its issued bonds are listed on regulated capital markets), the ALTUM Audit Committee was involved in the auditor selection process. The auditor was selected in accordance with the procedures set out in the Public Procurement Law.

In the auditor selection process, the following qualification criteria were assessed:

- The candidate is registered in accordance with the regulatory requirements of its country of registration or permanent residence.

This requirement also applies to a partnership and all members of the partnership (if the proposal is submitted by a partnership), or all members of a consortium of suppliers (if the proposal is submitted by a consortium), as well as to subcontractors (if the candidate intends to engage subcontractors);

- In the previous three (3) years (2020, 2021, 2022), and 2023 up to the submission date, the candidate must have had experience in at least three (3) audits of IFRS financial statements of EU credit institutions, where the credit institution's loan portfolio balance amounted to no less than EUR 200 million;
- The candidate holds a license as a certified auditor;
- The responsible auditor holds a certified auditor license;
- The candidate is free from any conflicts of interest related to the provision of audit services;
- The candidate, as well as any network firm or cooperation partner of the candidate (if the candidate is a partner in a network firm), has not provided ALTUM with prohibited non-audit services referred to in Article 5(1), second subparagraph, of Regulation (EU) No.537/2014 during the period specified in the first subparagraph of Article 5(1), and complies with the requirements set out in Articles 4 and 5 of Regulation (EU) No.537/2014.

The following criteria were applied in selecting the auditor:

- The most economically advantageous offer with the lowest price;
- The engagement involves a technical IFRS expert from the candidate's associated office's Technical Competence Center, based outside the Baltic states.

The ALTUM Audit Committee monitors the effectiveness of the internal control and risk management systems to the extent they relate to the financial statements and assurance of objectivity. In accordance with the requirements of the Financial Instruments Market Law, the Audit Committee supervises the preparation of ALTUM's financial statements and performs other duties assigned to it by applicable legislation.

<p>Principle 7</p> <p>The company ensures transparent procedures for the election and removal of Supervisory Board members.</p>	<p>ALTUM's governance model is designed in accordance with corporate governance best practices set out in the Code, with a clear separation between strategic and operational management. The company operates a three-tier governance structure, comprising the Shareholders' Meeting, the Supervisory Board, and the Management Board. In cases prescribed by the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the Cabinet of Ministers also takes decisions as the highest decision-making authority. In accordance with the Commercial Law, both the Management Board and the Supervisory Board bear joint responsibility.</p> <p>In assessing ALTUM's corporate governance system against the corporate governance principles set out in the Code and their application in ALTUM's operations, ALTUM fully complies with all corporate governance principles established in the Code. The composition and term of office of the Supervisory Board and the Management Board are determined by the Law on Development Finance Institution (hereinafter, the DFI Law).</p> <p>In accordance with Article 7 of the DFI Law, the requirements applicable to members of ALTUM's Supervisory Board and Management Board correspond to those established for the Supervisory and Management Boards of credit institutions under the Credit Institutions Law.</p> <p>ALTUM's Supervisory Board consists of three members. Each shareholder is entitled to nominate one candidate for the Supervisory Board. The Chair of the Supervisory Board is a member appointed by the Ministry of Finance. The Management Board may consist of no more than five members. The Supervisory Board elects the Chair of the Management Board from among the Management Board members. The term of office for members of both the Supervisory Board and the Management Board is three years.</p> <p>The procedure for nominating members of the Management Board and Supervisory Board is determined by the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet Regulation "Procedure for Nominating Members of Management and Supervisory Boards in Companies Whose Capital Shares are Owned by the State or a Derived Public Person". For the evaluation of candidates for the Management Board or Supervisory Board, the shareholder of the state capital or the company's Supervisory Board establishes a Nomination Committee. The Nomination Committee includes representatives appointed by the state capital shareholder or the Supervisory Board, as well as representatives from the Cross-Sectoral Coordination Department (CSCD) of the State Chancellery, independent experts, and, if necessary, observers with advisory rights.</p> <p>Potential candidates for the Management Board and Supervisory Board are selected through an application procedure. Exceptions are permitted only in cases prescribed by law, such as when a current member is reappointed for a new term or when it is not possible to nominate a candidate within a timeframe to ensure effective operation of the Supervisory or Management Board.</p> <p>If it is not possible to nominate a candidate for the Supervisory or Management Board within the prescribed timeframe to ensure the institution's operational capacity, a candidate meeting the required professional and competence criteria shall be appointed as a member of the Supervisory or Management Board. A person appointed in this manner shall perform the duties of the office until a member is elected according to the statutory nomination procedure, but for no longer than one year.</p> <p>The nomination procedure for ALTUM's Supervisory and Management Board members ensures the achievement of the corporate governance objectives set out in the Code and promotes good corporate governance within the company.</p>
<p>Principle 8</p> <p>Supervisory Board members collectively possess the relevant experience and competence.</p>	<p>ALTUM's Supervisory Board members have relevant experience and competence, with a combined set of skills and knowledge covering the financial sector, business development management, as well as corporate strategy and financial management. The Management Board provides induction training for new members of the Supervisory Board. Both genders are represented on the Board, and diversity principles are observed. Information about the Supervisory Board is available on ALTUM's website: https://www.altum.lv/par-altum/ilgatspeja-parvaldiba?tab=3.</p>

<p>Principle 9</p> <p>The company's Supervisory Board includes independent members.</p>	<p>ALTUM's Supervisory Board includes an independent member. Information is available at https://www.altum.lv/par-altum/ilgtspeja-parvaldiba?tab=3. Candidates for the positions of independent members of the Supervisory Board submit a confirmation of their compliance with the independence criteria, and members of the Supervisory Board are required, during their term of office, to notify any changes in their independence status. Prior to the election of the Supervisory Board, an assessment of the independence of its members is carried out on the basis of the information available.</p>
<p>Principle 10</p> <p>The company has established a remuneration policy for the Management Board and the Supervisory Board.</p>	<p>The remuneration of the Supervisory Board and the Management Board is determined by Latvian legislation — the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet regulations issued on its basis. These legal acts provide a uniform framework for the remuneration of Supervisory and Management Board members in state-owned companies. The regulations developed by the CSCD, titled <i>Guidelines for Determining the Remuneration of Management and Supervisory Board Members of State-Owned and Public-Private Companies</i>, define the procedure for the payment of bonuses, i.e., the variable part of remuneration, to the Management Board. Bonuses are paid after the approval of the annual financial statements and the evaluation of the Management and Supervisory Boards' performance during the reporting year. The remuneration policy has been developed and is currently under review. The Supervisory Board's remuneration policy is publicly available on ALTUM's website: https://www.altum.lv/wp-content/uploads/2025/10/Padome_atalgojuma-politika_2025_gads_oktobris.pdf, and information on the Supervisory Board's remuneration is available at https://www.altum.lv/wp-content/uploads/2026/01/Atlidzibas_ALTUM-padome.docx.</p> <p>The Management Board's remuneration policy is available at https://www.altum.lv/wp-content/uploads/2025/09/Valde_atalgojuma-politika_2025.pdf, and information on the Management Board's remuneration is available at https://www.altum.lv/wp-content/uploads/2026/03/Atlidzibas_ALTUM-valde-1.pdf.</p>
<p>Principle 11</p> <p>The company has a defined and transparent organization of the work of the Supervisory Board</p>	<p>The principles of activities and the main duties of the Supervisory Board are determined by the Articles of Association and the Rules of Procedure for the Supervisory Board, published at https://www.altum.lv/wp-content/uploads/2022/05/padomes_darba_organizesanas_kartiba_v2.pdf. The Board's tasks and responsibilities are governed by applicable laws and regulation.</p> <p>In 2025, 17 Supervisory Board meetings (10 Supervisory Board meetings in 2024) were held, during which issues related to ALTUM's operational oversight and governance were reviewed. The Board evaluated the work of the Audit Committee, the activities and independence of the Internal Audit Division, and matters concerning the functioning of the internal control system. In addition, the meetings addressed ALTUM's strategy, the implementation and monitoring of state support programs, and their overall execution. The Supervisory Board actively participated in the Strategy development process through regular Supervisory Board and Management Board sessions, which included discussions on corporate governance, risk management, and development programs. In addition, the Supervisory Board sets and evaluates the individually achievable key performance indicators (KPIs) of Management Board members and regularly monitors operational results and the implementation of the Strategy. The Supervisory Board is also represented on the Audit Committee and in the selection committee for the Head of the Internal Audit Division.</p> <p>The Supervisory Board carries out an annual self-assessment of its performance and reviews the results at a Board meeting. Each year, it also assesses whether its composition provides the appropriate experience and competence, including whether it has sufficient capacity and complies with the principles of diversity</p>
<p>Principle 12</p> <p>The Supervisory Board makes informed and well-considered decisions.</p>	<p>Representing the interests of the shareholder, ALTUM's Supervisory Board oversees the Management Board's activities and is involved in ALTUM's strategic development, as well as financial and risk management oversight. A defined organization of the Board's work ensures timely, high-quality, and relevant information, promotes effective execution of the Board's duties, and enables full engagement of its members in decision-making. The Supervisory Board sets and evaluates individually achievable key performance indicators (KPIs) for Management Board members and regularly monitors operational results and the implementation of the Strategy.</p>

<p>Principle 12.1</p> <p>A committee prepares proposals for the Supervisory Board's decision-making</p>	<p>Since 1 December 2017, ALTUM has established an Audit Committee, which, among other responsibilities, oversees the effectiveness of the internal control and risk management systems to the extent they relate to financial reporting and the assurance of objectivity. In accordance with the requirements of the Financial Instruments Market Law, the Audit Committee monitors ALTUM's financial reporting process and performs other duties assigned to it under applicable legislation. The Audit Committee works closely with the Internal Audit Division. In 2025, three Audit Committee meetings were held, during which five issues were reviewed (in 2024, six meetings were held, covering six issues). For more information, see ALTUM's website at www.altum.lv in the "About ALTUM" section under "Audit Committee".</p>
<p>Principle 13</p> <p>Members of the Management and Supervisory Boards are fully aware of potential conflicts of interest and are informed of the required actions to take in the event of a conflict.</p>	<p>Members of the Management and Supervisory Boards are fully aware of potential conflicts of interest and are informed of the required actions to take in the event of a conflict. The Management Board's Rules of Procedure stipulate: "A Management Board member shall not participate in the decision-making on any matter in which the member has a conflict of interest, or where there are reasons that independently and objectively prevent the member from fulfilling their duties. This includes matters related to family, emotional ties, political or national affiliation, economic interests, or any other direct or indirect personal interests. The restriction also applies to matters directly or indirectly affecting the member's spouse, siblings, parents, or children, as well as the spouse's parents, siblings, or any companies in which the member or the aforementioned persons have a significant direct or indirect interest, hold executive or supervisory positions, or otherwise exert significant influence. In such cases, the Management Board member shall leave the meeting while the matter is discussed."</p> <p>The Supervisory Board's Rules of Procedure specify: "Following their election, a Supervisory Board member is required to familiarize themselves with ALTUM's binding regulations, which set out the identification of related parties and the conduct required in such situations. A Supervisory Board member is obliged to promptly notify the Board of any conflict of interest by submitting a written statement prior to the discussion of the relevant matter at a Board meeting."</p>
<p>Principle 14</p> <p>The company provides shareholders with timely information on the conduct of shareholders' meetings, including all information necessary for decision-making.</p>	<p>Effective shareholder engagement in decision-making contributes to achieving ALTUM's financial and non-financial objectives and supports the company's sustainable operations. ALTUM's governance is determined by the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, and in certain cases decisions are taken by the Cabinet of Ministers as the highest decision-making authority.</p> <p>The Company provides shareholders, in a timely manner, with information on the agenda of the shareholders' meeting, the options for participation, the voting procedures, and any related changes.</p> <p>The Company ensures that shareholders have timely access to draft resolutions and the accompanying documentation, including through the use of digital tools.</p> <p>The Company ensures that shareholders are able to submit, prior to the shareholders' meeting, questions regarding the items included on the agenda and the draft resolutions.</p> <p>The draft resolutions and the accompanying documentation provide detailed, clear and comprehensive information on the matters under consideration.</p>

<p>Principle 15</p> <p>The company promotes effective shareholder involvement in decision-making and encourages the broadest possible participation of shareholders in shareholders' meetings.</p>	<p>ALTUM's shareholders are ministries of the Republic of Latvia, with the following distribution of shareholdings: the Ministry of Finance – 40%, the Ministry of Economics – 30%, and the Ministry of Agriculture – 30%. Information on the representatives of the state shareholder is available on ALTUM's website: https://www.altum.lv/par-altum/ilgtspeja-parvaldiba?tab=3.</p> <p>As at 31 December 2025, the representatives of the state shareholder were: Baiba Bāne, State Secretary of the Ministry of Finance; Raivis Bremšmits, State Secretary of the Ministry of Economics; and Ģirts Krūmiņš, State Secretary of the Ministry of Agriculture. The Company ensures that shareholders have the opportunity to participate in the shareholders' meeting either in person or remotely, subject to the necessary security and technical arrangements.</p> <p>The Company determines an appropriate duration for the shareholders' meeting and provides shareholders with the opportunity, during the meeting, to express their views and obtain the information necessary for decision-making. The Company invites members of the Management Board and the Supervisory Board, candidates for positions on the Supervisory Board, the auditor and the internal auditor, as well as other persons, to participate in the shareholders' meeting in accordance with the matters to be considered at the meeting.</p> <p>The shareholders' meeting adopts resolutions in accordance with the draft resolutions announced in advance.</p>
<p>Principle 16</p> <p>The company develops and discusses its dividend policy with shareholders</p>	<p>According to Article 16 of the Law on Development Finance Institution, "the profit of the financial institution shall be used in accordance with Article 15, Paragraph two of this Law" (the profit is allocated to the reserve capital). "The financial institution shall not make payments for the use of state capital."</p>
<p>Principle 17</p> <p>The company regularly and in a timely manner informs shareholders and other stakeholders about the company's business operations, financial results, governance, and other relevant matters.</p>	<p>Transparency in the company's operations forms the basis for effective investor relations and successful communication with shareholders and other stakeholders. ALTUM regularly and in a timely manner informs shareholders and other stakeholders about the company's business operations, financial results, governance, and other relevant matters, disclosing accurate, complete, objective, up-to-date, and reliable information. The company's website publishes information on governance, strategy and areas of activity, the annual report, as well as the Articles of Association, the Code of Ethics guidelines, company key policies, and the Corporate Governance Report.</p> <p>Information is disclosed within the time limits prescribed by law or immediately after the occurrence of an event that requires disclosure. The information is published in both Latvian and English.</p> <p>ALTUM has established and regulated procedures for information management, as well as procedures for internal and external communication. Specific persons have been designated to respond on behalf of the company to questions from investors and other stakeholders, and to liaise with the media. Since ALTUM commenced the listing of its bonds on Nasdaq Riga in October 2017, it has regularly disclosed information in accordance with the "Procedure for the Disclosure of Information by Issuers of Nasdaq Riga, AS" and ALTUM's internal regulations.</p>
<p>Principle 18</p> <p>Groups of companies have a transparent governance system that ensures the implementation of corporate governance principles in their subsidiaries.</p>	<p>ALTUM is the manager of AIF ALTUM Capital Fund (hereinafter – the Fund), registered with the Bank of Latvia (until 31 December 2022 – with the Financial and Capital Market Commission). The Fund was established in spring 2020 to support overcoming the impact of Covid-19. Its objective is to support well-managed, promising large companies (MidCaps and large SMEs) that, as a result of the virus's impact, are ready to adapt their existing operations by changing their business model, adjusting product development, introducing new technologies, entering new export markets, and fostering the growth of these companies. In managing the Fund, ALTUM applies best practices from the private equity and venture capital sectors. The Investment Committee, which evaluates potential investments and makes investment decisions, also includes independent industry experts. Reporting to the Fund's investors is carried out in accordance with Invest Europe guidelines, while investment valuation is conducted according to an internal procedure developed on the bases of the Valuation Guidelines approved by the IPEV (International Private Equity and Venture Capital Valuation) Board.</p>

Highlights and achievements 2025

Below are the most significant events and recognitions awarded to ALTUM for the year 2025.

MOODY'S RATINGS

On January 28, 2025, Moody's reaffirmed **ALTUM's long-term credit rating at Baa1 with a stable outlook**, that has been constantly high since first assigned in 2017. Altum's credit rating is based on Moody's Finance Companies Methodology of July 2024. Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia. The high credit rating strengthens ALTUM's ability to implement its long-term strategy for raising funding both via regular bond issues in the regulated capital markets as well as from international financial institutions. Raising funding in capital markets ensures diversification of ALTUM funding sources, promotes sustainability and self-sufficiency in financing mobilization, while also fostering the development of the Baltic capital markets.



3rd place "Best Investor Relations on Bond List" in the Baltics. In spring 2025, for the second time ALTUM was awarded the 3rd place in the [Nasdaq Baltic Awards 2025](#) category "Best Investor Relations on Bond List". For the awards, the Nasdaq Baltic-listed companies were evaluated based on their achievements in transparency, investor relations and good corporate governance practices. Moreover, the companies' trading activity was considered, taking into account market analysts' and investors' assessments.



During 2025 ALTUM gross portfolio of support instruments reached the historic milestone of **EUR 1.5 billion**, where guarantee portfolio amounts EUR 628 million, loan portfolio (excl. Sales and leaseback) amounts EUR 621 million and Land Fund portfolio amounts EUR 158 million. Based on portfolio volume ALTUM currently is one of the top five finance institutions in Latvia.

Governance structure

ALTUM's governance model is designed to follow good corporate governance practices, contained in the Code, separating strategic and operational management. The company has a three-tier governance structure. ALTUM is governed by a shareholders' meeting, the Supervisory Board and the Management Board. In the cases set out in the [Law on Governance of Capital Shares of a Public Person and Capital Companies](#), decisions are also taken by [the Cabinet of Ministers](#) as the supreme decision-making body.

Shareholders

Effective involvement of shareholders in decision-making helps to achieve the Company's financial and non-financial objectives and ensures its sustainability.



Finanšu ministrija

Baiba Bāne

State Secretary of the Ministry of Finance

continues as a representative of ALTUM shareholders



Ekonomikas ministrija

Raivis Bremšmits

State Secretary of the Ministry of Economics

a representative of ALTUM shareholders



Zemkopības ministrija

Ģirts Krūmiņš

State Secretary of the Ministry of Agriculture

continues as a representative of ALTUM shareholders

Governance structure (cont'd)

Supervisory Board

The members of ALTUM Supervisory Board have relevant experience and expertise, and possess a range of skills and knowledge, including in the financial sector, business development management as well as corporate strategy and financial management. The Supervisory Board is gender-balanced and respects the principles of diversity.



Ieva Jansone – Buka

Chairperson of the Supervisory Board

Member of the Management Board of the financial advisory and investment company SIA IJ Birojs, Member of the Supervisory Board of SIA Tet, and Member of the Management Board of the Latvian Private Equity and Venture Capital Association. More than 20 years of experience in finance and corporate management, as well as significant experience in the venture capital industry. The previous professional experience includes the implementation of strategic initiatives while serving as a Member of the Management Board of JSC Development Finance Institution ALTUM from March 2021 to June 2025. Prior to that, held senior positions at IPAS INDEXO, SIA IJ Birojs, Nordea Bank Finland Plc Latvian Branch, SIA Clean R, and SIA Vides pakalpojumu grupa.

Holds a Professional Master's degree in Business from the Stockholm School of Economics in Riga and a Bachelor of Social Sciences degree in Management Science and Political Science from the University of Latvia.

Term of office: until a candidate is selected in accordance with the procedure set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.



Krišjānis Znotiņš

Member of the Supervisory Board (independent)

15+ years experience in the management and corporate governance working in executive positions in financial sector companies (DNB leasing, Eleving Group Latvia, Wandoo finance, Luminor bank).

Holds Bachelor's degree from the Banku Augstskola and Master's degree in business management in international finance and banking from SBS Swiss Business School (Switzerland).

Term of office: 30 April 2027



Ilze Lore

Member of the Supervisory Board

Director of the Business Support Department at the Ministry of Economics of the Republic of Latvia. Extensive experience in the field of business competitiveness and support, gained while holding several senior positions at the Ministry of Economics. Ministry-appointed representative on the Management Board of the Three Seas Initiative Investment Fund S.A. SICAV-RAIF from March 2021 to May 2025.

Holds a Master's degree in International Economics and Business and a Bachelor's degree in International Business from the University of Latvia.

Term of office: until a candidate is selected in accordance with the procedure set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

Līga Kļaviņa ceased to perform the duties of Chairperson of the ALTUM Supervisory Board as of 31 August 2025. Accordingly, as of 1 September 2025, Ieva Jansone–Buka was appointed Acting Chairperson of the ALTUM Supervisory Board.

Ansis Grasmanis ceased to perform the duties of Member of the ALTUM Supervisory Board on 1 September 2025, and as of 2 September 2025 Ilze Lore was appointed Acting Member of the ALTUM Supervisory Board.

Governance structure (cont'd)

Management Board



Reinis Bērziņš

Chairperson of the Management Board

Biznesa Business management and finance professional with extensive experience in managing companies and institutions.

Holder of a Master's degree in International Finance and Banking from BA School of Business and Finance, a Master's degree in Business Administration from the Swiss Business School and a Master's degree in Law from the University of Latvia.

Main areas of responsibility: finance and resource management and sustainability management.

Paula Stradiņa Clinical University Hospital, Chairman of the Supervisory Board. Three Seas Initiative Investment Fund S.A. SICAV-RAIF, Member of the Supervisory Board.

Managing ALTUM since 12 October 2015.

Terms of office: 6 November 2028



Jēkabs Krieviņš

Member of the Management Board

Financial expert with more than 25 years of experience in the organisation and management of corporate lending, gained working in both the commercial banking and public financial institutions sectors.

Holder of a Master's degree in Business and Institutional Management from Riga Business School, a Certificate in Banking from BA School of Business and Finance and a Bachelor's degree in Economics from the Latvian University of Agriculture (now the Latvian University of Life Sciences and Technologies).

Main areas of responsibility: IT and technology development, ALTUM's customer and regional service centres, private housing guarantees, oversight of the Latvian Land Fund.

Member of the Board of the European Association of Guarantee Institutions (AECM). Three Seas Initiative Investment Fund S.A. SICAV-RAIF, Member of the Management Board.

Terms of office: 26 May 2027



Inese Zīle

Member of the Management Board

20 years' experience in the financial sector, including more than 15 years managing various departments, as well as experience in the public sector.

Holder of a Master's degree in International Economics and Business from the University of Latvia.

Main areas of responsibility: development and implementation of ALTUM's state support programmes, energy efficiency in residential buildings, corporate client services, marketing and public relations.

ALTUM's representative on the Supervisory Board of the Finance Latvia Association. Member of the Supervisory Board of VAS Sadales fīkls.

Terms of office: 26 May 2027



Juris Jansons

Member of the Management Board

More than 20 years of experience in operational compliance, financial crime prevention and risk management, gained in senior positions in the commercial banking sector.

A Master's degree in Law from the University of Latvia. In addition to many years of experience in the field of anti-money laundering, holding CAMS certificate.

Main areas of responsibility: risk management, anti-money laundering and countering the financing of terrorism and proliferation, legal and administrative management, monitoring of client liabilities and human resources.

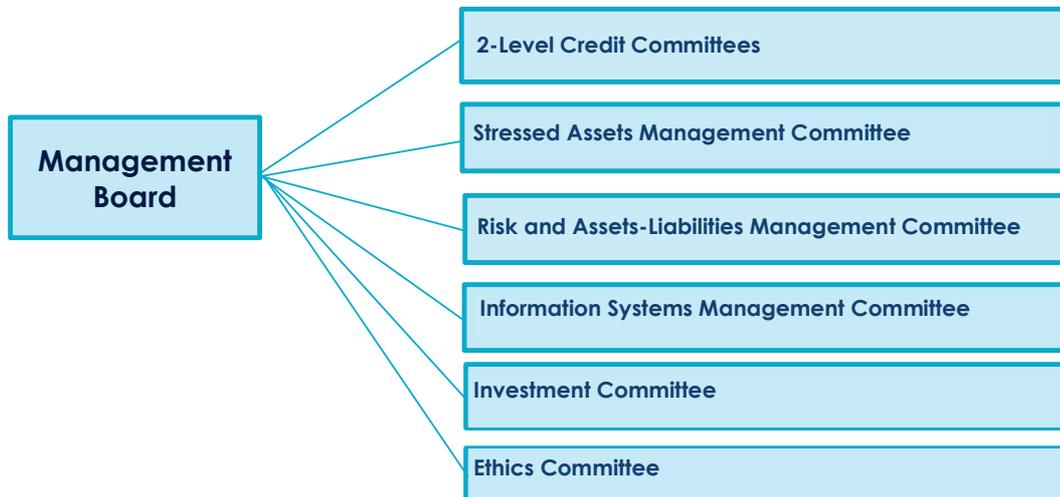
Terms of office: 8 January 2026

On 5 June 2025, Ieva Jansone-Buka resigned from her position as a member of the Management Board of JSC Development Financial Institution Altum. As of 7 November 2025, Reinis Bērziņš was reappointed as Chair of the Management Board for the term ending 6 November 2028. On 8 January 2026, Juris Jansons ceased performing the duties of a Management Board member upon the expiry of his term of office. Accordingly areas of responsibility are split between the current Management Board members.

Governance structure (cont'd)

Management Board (cont'd)

Committees were established by a decision of the ALTUM Management Board. Their main tasks, rights and responsibilities, principles of operation as well as the rights and obligations of the members of the Committees are set out in the Committee Regulations.



Information on ALTUM management, ALTUM shareholder representatives, ALTUM Audit Committee and ALTUM governance is available on ALTUM's website www.altum.lv, in the "ABOUT ALTUM" section under "[Corporate Governance](#)".

Audit Committee

More about Audit Committee can be found in the section "Internal control and risk management system".

Internal control and risk management system

Internal control

The internal control system of ALTUM has been designed to ensure efficient, sustainable and effective operation of the company, accuracy of information provided, and compliance with the relevant laws and regulations to provide a reasonable assurance that the assets of ALTUM are secured against loss and unauthorised management and use, operational risks are identified and managed on an ongoing basis, the amount of capital is adequate to cover the identified risks inherent in the operation of ALTUM, the transactions are performed in line with the procedures established by ALTUM, the company operates reasonably, prudently and efficiently in compliance with the legal requirements, and the drawbacks identified in the ALTUM management are timely eliminated.

The ALTUM management bears responsibility for establishing a comprehensive internal control system (ICS) and its effective functioning. Regarding the preparation of financial statements and veracity, impartiality, clarity and completeness of the information presented, this responsibility manifests as selecting adequate accounting methods, accordingly described in internal regulatory documents.

The **Internal Audit Division**, an independent body subordinated to ALTUM Supervisory Board, monitors ALTUM's internal control system and assesses its adequacy and efficiency. The Head of the Internal Audit Division is appointed by a decision of ALTUM's shareholders' meeting. The objective of the Internal Audit Division is to strengthen ALTUM's values and to help the Supervisory Board, Management Board and heads of business units to achieve their strategic and business objectives more effectively through independent and impartial assessment. Every year the shareholders' meeting approves the annual action plan of the Internal Audit Division, about the implementation of which the Internal Audit Division reports to the shareholders' meeting. The Supervisory Board supervises the Management Board in ensuring that the internal control system is established and operates effectively.



In 2025, the Internal Audit Division prepared 11 (2024: 14) audit reports in accordance with the agreed action plan, providing an assessment of the functioning of the process management and control system; they were presented to the ALTUM Supervisory Board. As a result of the internal audits carried out during the reporting period, it was concluded that the internal control system is generally effective, although certain improvements are required. During the reporting year, 60 (2024: 108) audit recommendations with respective implementation deadlines and 12 advisory recommendations were issued. As at the date of preparing the report, 35 out of the 60 recommendations had been implemented, while the implementation deadline for the remaining 25 recommendations had not yet occurred. The audit reports provided assurance to the ALTUM management on business processes, e.g., the credit rating calculation; provision of internal training; calculation and analysis of the cost of State aid programmes and other products/services; State aid for working capital for farmers; use of repayments for programme implementation; compliance of loans funded by green bonds financing with the Green Bond Framework; the internal control system for preventing conflicts of interest, fraud and corruption; the justification for requesting data from the Bank of Latvia's Credit Register and other sources and the accuracy of the information/data submitted; accounting of transactions under the Latvian Land Fund; portfolio guarantees; and the implementation of remote client identification.

The Internal Audit Division performs its functions in accordance with the applicable laws and regulations, international standards for the professional practice of internal auditing, and ALTUM's internal regulations. The Internal Audit Division prepares and submits to the shareholders' meeting, at least once a year, a report on the audits performed, the main problems and drawbacks identified, assessing the effectiveness of the internal control system and giving an opinion on the measures to be taken to improve the functioning of the internal control system.

Since 1 December 2017, ALTUM has an **Audit Committee**; among other things, it monitors the effectiveness of the internal control and risk management to the extent it relates to financial reporting and impartiality. The Audit Committee monitors ALTUM's financial reporting process and performs other duties as required by [the Financial Instrument Market Law](#). In 2025, 3 meetings of the Audit Committee were held, during which 5 issues were reviewed (in 2024, there were 6 committee meetings, during which 6 issues were reviewed). For more detailed information, please visit the ALTUM website at www.ALTUM.lv under the "ABOUT ALTUM" section, in the subsection "[Audit Committee](#)".

ALTUM has an Accounting Policy and a Provisions for Impairment Policy, the purpose of which is to set out the principles, methods and terms for accounting, valuation and disclosing of transactions, facts, events and financial statements' items. ALTUM management has established financial accounting principles that ensure that the financial statements provide information that is reliable and useful for decision-making of users of the financial statements. The Accounting and Provisions for Impairment Policies applied ensure that the information disclosed in ALTUM's financial statements is true, comparable, timely, significant, understandable, relevant and complete. ALTUM has internal regulatory documents governing financial reporting.

Internal control and risk management system (cont'd)

Internal control (cont'd)

ALTUM's principles on the processing of personal data, recruitment processes including, provide information on the way ALTUM handles personal data through its internal resources, including information systems. Personal data is any information relating to an identified or identifiable natural person. In order to provide information on the processing of personal data, ALTUM gives the above information on its website under the section "[Privacy Policy](#)" in accordance with [Regulation \(EU\) 2016/679](#) of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

Risk management

Risk management aims to identify, assess, manage and control potential events and situations to provide assurance that the strategic objectives of the business are achieved.

ALTUM has a risk management framework, taking into account the Company size, structure and operational specificities as well as the limited capacity to manage individual risks. The Risk Management Strategy contains the core principles of risk management and is approved by the ALTUM Supervisory Board. The strategy defines the acceptable ranges of risk exposures and risk-award ratios for the main risk types based on the risk classification. The ALTUM Board implements risk management policy complying in its strategic activities with the risk limits set by the Supervisory Board.

ALTUM manages risks affecting its operations in accordance with the Company approved internal regulations for risk management, which describe and define the measures used to manage risks inherent in its operations.

Risk management regulations and internal rules aim to take preventive risk management measures to build a pre-emptive and balanced risk management framework, ensuring that transactions and other operations are assessed prior to their start. At the same time, the internal risk management system is continuously monitored and improved in line with ALTUM's growing business volumes and corporate governance structure.

Risk management adheres to the principle of sound management, based on the following key elements:

- ALTUM ensures continuity of risk management as part of its functions;
- ALTUM identifies and assesses potential risks before introducing new products or services;
- while assuming risks, ALTUM maintains its long-term capacity to meet its objectives and targets;
- ALTUM does not engage in transactions, activities, etc., which create risks that might threaten the stability of ALTUM's business or significantly harm ALTUM's reputation.

ALTUM uses various risk analysis methods and tools to manage its risks and sets risk limits and restrictions. Risk management is integrated into all ALTUM management processes and is carried out on the basis of established and approved policies, strategies, procedures, methodologies and other internal regulations. The risk management process includes the identification and management of risks, including measurement, evaluation, the procedure for monitoring compliance with the set restrictions and limits, identification of risk mitigating measures and risk reporting.

In line with macroeconomic changes and trends, adjustment of risk management takes place as well, including not only specific support to particular business sectors within the framework of the support programmes, but also the management and monitoring of the risks of the beneficiaries under these programmes through portfolio risk management tools such as credit risk management and other elements related to portfolio quality monitoring.

As geopolitical tensions and related economic uncertainty persist, Altum continues to adhere to the restrictions set out in its risk management policies regarding cooperation with the Russian Federation and Belarus. Since November 2022, loans to legal entities have been declined if their beneficial owners or officials are Russian or Belarusian citizens, except where their shareholding did not exceed 10%. From early 2026, this approach has been strengthened to a zero-tolerance regime, prohibiting Russian residents from receiving support. The Company ensures ongoing monitoring of international and national sanctions regimes and timely implementation of required control measures.

Internal control and risk management system (cont'd)

Risk management (cont'd)

In 2025, Altum introduced **enhancement to its core general risk assessment methodology** by implementing electronic questionnaires while retaining the existing framework. This update optimizes the overall risk evaluation process, making it faster, more efficient, and suitable for more frequent execution compared to the current 18-month cycle. Key changes in this approach include: conducting remote interviews via electronic questionnaires, consolidating risk indicators by reducing their number threefold and ranking them by materiality, performing validation interviews within risk segments where substantial deviations from 2024 results were observed.

Other key activities to foster ALTUM risks management system implemented in 2025 are as follows:

The capital adequacy calculation (CAR) methodology has been finalized in line with Basel III principles and regulatory requirements, obligatory for banks, which are mandatory for banks but applied by Altum voluntarily.

The Expected Credit Loss (ECL) model for state aid programmes has been enhanced **to incorporate concentration risk arising from increased ticket size** in particular programmes. This ensures that risk coverage remains sufficient to absorb potential defaults of significant exposures.

Several digitalization initiatives are initiated or implemented to improve efficiency and data accuracy in several risk management processes.

In 2025, ALTUM implemented **the risk-based approach on customer due diligence**, where risk management measures - including the frequency and scope of customer due diligence are determined proportionally to the inherent risks, considering the customer, product, geographic and transaction risk levels.

Altum applies the risk-based approach to AML/CFT and sanctions risk management in line with the Three Lines of Defence model:

- 1) 1st Line of Defence – Business Units - Responsible for managing AML/CFT and sanctions risks during customer interactions;
- 2) 2nd Line of Defence – Compliance Department - Ensures implementation of AML/CFT and sanctions risk management, performing control functions, including oversight of the First Line of Defence;
- 3) 3rd - Line of Defence – Internal Audit- Independently monitors the actions of the First and Second Lines of Defence, Evaluates the effectiveness of the internal control system for AML/CFT and sanctions risk management.

To enhance the quality, speed, and accessibility of customer service, the implementation of a **remote identification process** has been initiated in 2025.

For ESG risk management of ALTUM's credit portfolio and guarantee portfolio, see the section "**ESG Risk Management for ALTUM's Loan Portfolio and Guarantee Portfolio**".

Information on the elements of the risk management framework is available in ALTUM's Annual Report 2025. The Annual Report is publicly available in Latvian and English at ALTUM's office at Doma laukums 4, Riga, and in an electronic form on the website <https://www.ALTUM.lv/en/>, under "**FINANCIAL INFORMATION**" in the section "FOR INVESTORS" and under "ABOUT ALTUM" in the section "**FINANCIAL INFORMATION**".

Organisational culture and ethical conduct

ALTUM has zero tolerance for bribery and corruption and prohibits it in any form, directly or indirectly. ALTUM does not engage in corrupt practices and fully condemns them. To ensure adequate management of corruption, bribery and conflict of interest risks, ALTUM has established an organizational control system that ensures preventive risk management and a control environment that aims to prevent corruption risks by preventing conflict of interest and corrupt practices and bribery in decision-making and in the working environment in general.

ALTUM's ethical principles are laid down in the Ethical Code and serve as the standard of conduct for ALTUM management and all employees. The Ethical Code comprises guidelines for employees' day-to-day communication with colleagues, customers, business partners; it helps create a responsible, safe and comfortable working environment, which in turn promotes loyalty and ethical conduct among employees, thus ensuring the attainment of the Company's long-term goals.

ALTUM provides a number of secure and protected channels, among them for [whistleblowing](#), in order to detect any possible bribery or corruption activity, or any violation of anti-corruption laws and regulations. No complaints about corruption or whistleblowing reports were received in 2025.

Internal control and risk management system (cont'd)

Transparency of the company's operations

Transparency is the foundation for effective investor relations and successful communication with shareholders and other stakeholders. ALTUM regularly and timely informs shareholders and other stakeholders about the company business activities, financial performance, governance and other relevant issues, disclosing accurate, complete, objective, up-to-date and reliable information. The Company's website publishes information on governance, the strategy and the lines of business, the annual report as well as the articles of association, the Code of Conduct guidelines, company key policies and the corporate governance report.

Disclosure is made within the time limits prescribed by law or immediately after the occurrence of an event requiring disclosure. The information is disclosed in Latvian and English.

ALTUM has its regulated information as well as internal and external communication procedures. On behalf of the company, authorized persons answer inquiries made by investors and stakeholders as well as communicate with the media. In October 2017, ALTUM started listing on [Nasdaq Riga](#), and regularly ALTUM discloses information in accordance with the "Procedure on disclosure of information by Nasdaq Riga AS issuers" and ALTUM's internal rules.

Sustainability Governance

ALTUM's sustainability governance structure is comprehensive and involves employees from several ALTUM units. By engaging management at various levels and forming specialized working groups, ALTUM ensures the strategic setting and implementation of ESG goals, effective ESG risk management, the development of sustainable financing, and compliance with external ESG requirements.

The Supervisory Board defines the strategic direction, while the Management Board ensures the implementation of the ESG strategy and approves the ESG risk assessment. Specialized working groups and departments integrate ESG into daily operations. Sustainability and risk management experts coordinate ESG initiatives, conduct risk assessments and monitoring, while the Sustainable Financial Products Working Group develops new solutions. More on sustainability management at ALTUM can be found [here](#).

Stakeholder management

Regular and meaningful communication with stakeholders is an important tool in identifying and addressing issues relevant for each stakeholder group. ALTUM stakeholders have been identified while recognising ALTUM's specific role in the national economy. As a development finance institution, ALTUM ensures access to finance for defined groups of entrepreneurs and private individuals. This support provides a positive and meaningful long-term impact on the society. To ensure effective cooperation ALTUM communication practices are tailored for the needs of each stakeholder group.

- **Clients**

In 2025, ALTUM continued to broaden its engagement with new client segments, focusing particularly on companies operating in the military and security technology sectors, as well as other innovative businesses. These companies represent rapidly expanding market segments that have a significant impact on the country's economic resilience and technological capacity, making their support strategically crucial.

In the fourth quarter 2025, ALTUM launched a new mortgage loan programme for residents in regional areas. To implement the program, a new customer service workflow was developed in the Salesforce system, serving as a modernized customer relationship management platform. The development of the new workflow prioritized faster and more accurate processing of applications while reducing the amount of documentation and data required from clients.

ALTUM also provides a remote customer service workflow, enabling clients to submit loan applications and all necessary documents independently, thus ensuring convenience and flexibility. Analysis shows, however, that clients who use the fully remote process are more likely to have their first application rejected. Guidance from a relationship manager helps clients understand the programme requirements more clearly and prepare an appropriate application, substantially improving the quality of resubmissions and increasing the likelihood of approval.

Based on this experience, ALTUM actively encourages clients - both businesses and individuals - to schedule a consultation before submitting an application. A high-quality consultation helps clients save time and resources while optimizing the workload of ALTUM staff and improving the overall efficiency of application processing.

Stakeholder management (cont'd)

- **Employees**

Employee involvement is essential for the improvement of ALTUM's working environment, safety, training processes, etc., as well as for the development of new ALTUM business lines, the creation, implementation and improvement of support programmes. Employees' views are sought periodically through employee surveys, in cooperation with their authorised representatives, working groups, hackathons, etc.

Shareholders and Supervisory Board

Shareholders

Transparency is the foundation for effective investor relations and successful communication with shareholders and other stakeholders. ALTUM regularly and timely informs shareholders and other stakeholders about the company business activities, financial performance, governance and other relevant issues, disclosing accurate, complete, objective, up-to-date and reliable information.

Shareholder involvement in decision-making contributes to achieving company's financial and non-financial objectives and ensures its sustainability.

Supervisory Board

Supervisory board represents interests of the shareholders, oversees work of the management board, participates in strategic development of JSC ALTUM and supervises its financial and risk management. ALTUM has defined procedure for organisation of work of the supervisory board and the availability of high-quality information. This allows for an effective performance of supervisory board members and their inclusion into decision-making process.

The principles of the Supervisory Board's operations, as well as its main duties, are defined by the statutes and the rules of procedure for organizing the Board's work. The Board's tasks and responsibilities are regulated by legal acts.

In May 2025 the Supervisory Board approved the ALTUM mid-term strategy for 2025 – 2027, see more in "Strategy 2025 – 2027".

More information on JSC ALTUM's shareholders and supervisory board can be found in "Governance structure".

- **Investors**

Sound financial, risk and corporate governance is a prerequisite for well-organised and successful investor relations. Regular bond emissions on NASDAQ Riga since 2017 have strengthened ALTUM's position as an active member of the capital markets. Investor road show and consistent communication is an integral part of preparation for bond emission. Provision of high-quality quarterly financial and operational information and stock market notifications on significant operational events at ALTUM are an inherent part of investor relations. ALTUM carries out these activities with highest responsibility and diligence.

On May 23, 2025, ALTUM successfully issued 5-year bond placement, totalling EUR 70 million, marking the Company's largest bond issuance to date. Overall, 18 institutional investors participated in the bond offering, including Nordic Investment Bank. The allocation of the issued volume was as follows: 69% to asset management funds, 14% to Nordic Investment Bank, 13% to banks, and 4% to insurance companies. Geographically 43% of the bond was allocated to Latvian investors, 32% to – Lithuanian, 11% to – Estonian and 14% to an investor based in Finland. Bond yield on issuance was level 3.576%.

- **Financial sector**

Banks are essential partners in ALTUM's operations, both by using ALTUM guarantee products and by attracting ALTUM co-financing for the financing of bank clients' projects. ALTUM guarantees provide a multiplier effect, as each guaranteed euro allows banks to issue a larger amount of financing. The guarantees provided by ALTUM in 2025 amount to EUR 200 million, an increase of EUR 57 million compared to the 2024 issuance volumes, while ALTUM's guarantee portfolio reaches 628 million euros by the end of 2025."

For the assessment of collaboration partners, specifically banks, ALTUM conducts an annual survey where bank employees provide feedback on the services provided by ALTUM, employee competence, and evaluate past collaborations.

Stakeholder management (cont'd)

Shareholders and Supervisory Board (cont'd)

- **Policy makers, governmental or regulatory institutions**

ALTUM collaborates with ministries of Republic of Latvia to identify priorities and needs of policy-makers as well as problems facing their industries. This allows for an efficient cooperation between institutions in development of support instruments for respective industries.

- **Suppliers**

To ensure successful cooperation with stakeholders, ALTUM introduced a Supplier Code of Conduct in the summer of 2024. This code sets out the requirements for business partners from whom ALTUM purchases goods or services, ensuring principles of fair collaboration. It includes respect for human rights, prevention of discrimination, provision of a safe and healthy work environment, environmental protection, climate change mitigation, and the prohibition of bribery and corruption. Suppliers whose contract value, excluding VAT, is equal to or greater than 100,000 euros are required to confirm their compliance with this code. More information can be found [here](#).

- **Educational Institutions**

To promote collaboration between science and entrepreneurship, encourage youth engagement in research, enhance research quality, and support the commercialization of innovative ideas, ALTUM cooperated in 2025 with Latvia University of Life Sciences and Technologies and the Latvian Academy of Agricultural and Forestry Sciences.

By providing financial support to the authors of the best scientific research projects of the [Latvian Academy of Agricultural and Forestry Sciences](#), ALTUM fosters the development of innovative agricultural solutions and their practical implementation. Cooperation with the [BA School of Business and Finance](#) and the University of Latvia provides future finance professionals with hands-on involvement in the implementation of state support instruments, offering internship opportunities to students and thereby strengthening the link between academic studies and the development of the financial sector.

- **Non-Governmental organisations, experts and professional associations**

ALTUM cooperates with industry experts and organisations to align financial product development with interests of entrepreneurs and other parties involved. ALTUM is open to advice of experts and professional organisation in creating new and improving current financial products. ALTUM is actively involved in international professional associations of national promotional banks and financial institutions, both by discussing the European Commission's new legislative initiatives, by sharing best practices with peers, and by strengthening cooperation with EU-level promotional banks.

Membership in professional associations and partnerships

Public sector



Associations and Non-Governmental Organisations



Financial Institutions



Membership in professional associations and partnerships (cont'd)

International professional associations and Financial Institutions



ALTUM is an investor in the [Three Seas Initiative Investment Fund](#). The fund was established with the goal of supporting transportation, energy, and digital infrastructure projects in the Central and Eastern European region, promoting economic development and ensuring that the region's infrastructure meets high standards. The Chairman of the Board, Reinis Bērziņš, holds the position of a Supervisory Board member and member of the Management Board, Jēkabs Krieviņš, holds the position of the Management Board.

Expert organisations



ESG – Environment

Contribution to sustainability

The financial sector has a crucial role to play in achieving the European Green Deal objectives, including the transition to a climate-neutral, climate-resilient, resource-efficient and fair economy. Sustainability is a key part of ALTUM's business and strategy and has become an important strategic driver for the banking sector as well as for development finance institutions in Europe. ALTUM takes responsibility for the long-term economic, environmental and social impact of its day-to-day activities and continuously works to ensure that the investment decisions it makes in building its portfolio contribute to sustainable development, do not adversely impact sustainability factors and facilitates its clients' transition towards a sustainable economy and encourage responsible business practices.

In support of the Global Shared Agenda to halt climate change, eradicate poverty and fight inequality by 2030, ALTUM follows those companies committed to contributing to sustainable development and has prioritised the [UN Sustainable Development Goals](#) (UN SDGs). ALTUM in its operations has defined four areas of sustainability, through which the achievement of the UN Sustainable Development Goals is promoted.

Sustainability Areas	UN Sustainable Development Goals
Development Finance Institution business model <ul style="list-style-type: none"> - Management of financial instrument portfolio and investments impact, sustainable financing - Capital markets - Credit risk management 	
Development Finance Institution operations <ul style="list-style-type: none"> - Corporate governance - Procurement - In-house environmental protection 	
Employee relations and Workplace <ul style="list-style-type: none"> - Employee well-being - Promotion and exchange of expertise and experience 	
Sustainability Management and Reporting <ul style="list-style-type: none"> - Sustainability governance - Sustainability reporting of ALTUM and AIF ALTUM Capital Fund 	

Since the beginning of 2021, ALTUM's management has prioritized sustainable financing and the integration of ESG aspects into credit risk management and business processes. This was also one of the goals set by ALTUM's 2022-2024 Strategy.

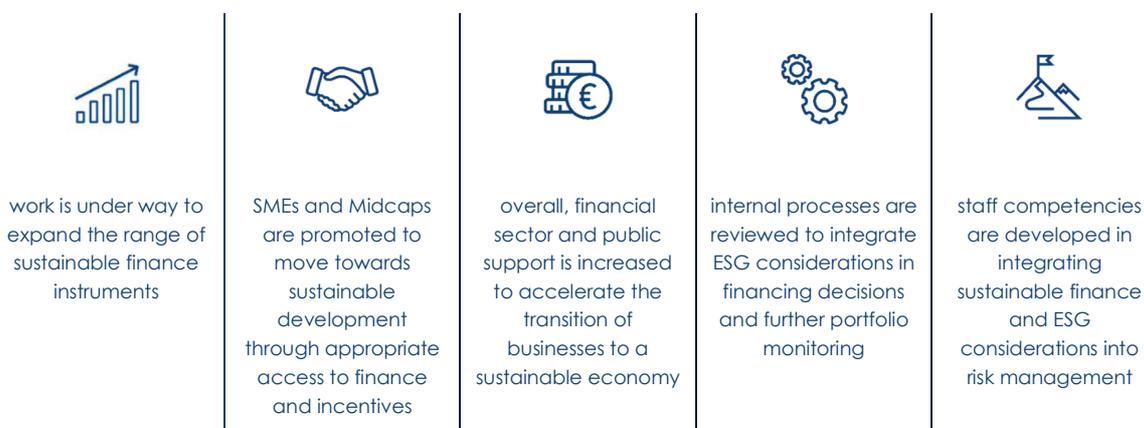
During the development of **ALTUM's medium term strategy for 2025-2027**, the sustainability aspects were integrated into the **strategy** covering both the loan origination - with an emphasis on transition financing and tailored products across various segments to support companies' transition - and the risk management framework. In line with the hierarchy of strategic documents, the Company will expand on the principles nailed already in Altum Strategy for 2025 – 2027: transition financing to support the transition to low-carbon economy and moving towards carbon neutrality. Altum has set a goal to reduce the CO₂ emissions of its financed portfolio by funding particular segments engaged in sustainability projects. The Company will focus on financing projects contributing to improvement of energy efficiency in corporates segment and residential buildings, promote use of renewable energy resources and related infrastructure, support 'green buildings', sustainable transport, circular economy project and the transition to low carbon economy. Altum plans to expand support and financing to supply chain partners in these sectors to promote the overall decarbonisation of companies' products and services footprint throughout the supply chain. In addition, Altum will support projects that contribute to social wellbeing and productivity, such as the construction of affordable housing, improving the energy efficiency of multi apartment buildings and supporting social entrepreneurship.

Contribution to sustainability (cont'd)

ALTUM upholds responsible business practices based on internationally recognized regulations and guidelines, ensuring transparency, ethical conduct, and sustainable development. The company's activities are focused not only on compliance but also on proactive actions to create sustainable value for all stakeholders, including employees, investors, clients, and society as a whole.

ALTUM continuously improves and develops processes to monitor adherence to the [UN Global Compact principles](#) and ensure alignment with the [OECD Guidelines for Multinational Enterprises](#). ALTUM upholds human rights across all business functions in daily operations and works to comply with the [UN Guiding Principles on Business and Human Rights](#).

We work towards sustainable finance and the integration of sustainability into all ALTUM processes and disclosures related to sustainability in the financial services sector:



Double materiality matrix

ALTUM works closely with its stakeholders, and recognising ALTUM's specific role in the national economy identified the needs of stakeholders and address them. ALTUM is aware of and assesses the social, environmental and economic impacts of its activities and involves stakeholders in solving issues of mutual concern. In building relationships with stakeholders, ALTUM organises and engages them in consultations, partnerships, informative and educational events.

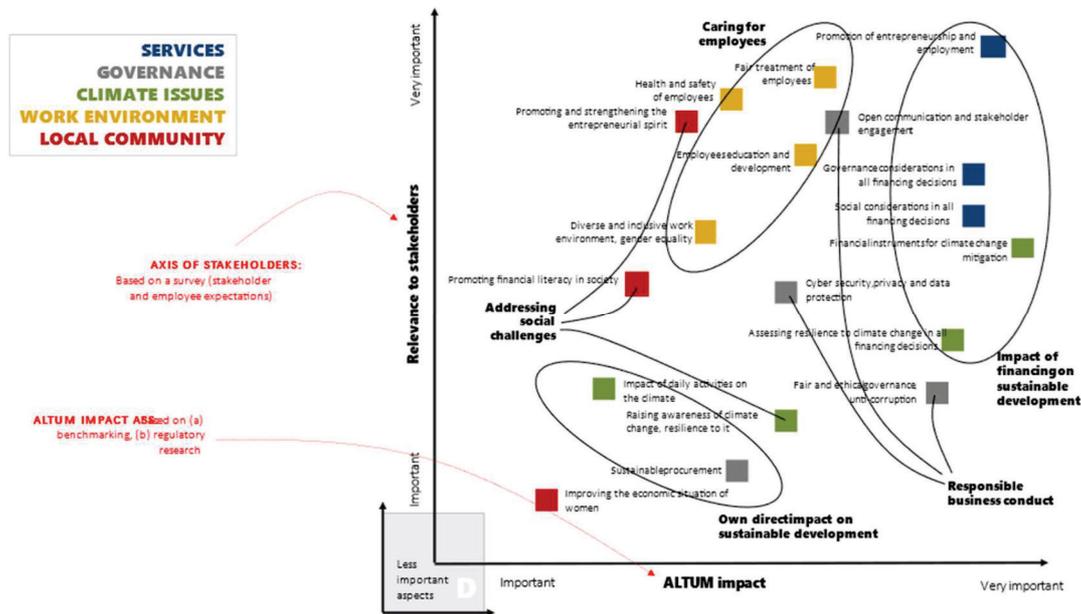
To establish ALTUM's materiality matrix for sustainability and define the ambition level for sustainable finance in the loan portfolio, stakeholder identification, mapping and a survey were carried out at the end of 2021 to identify the material aspects to be included in the sustainability content.

This process resulted in the identification of the most significant areas of impact and materiality aspects, reflected in the materiality matrix.

More information on ALTUM's double materiality matrix can be found in ALTUM web "Sustainability and corporate governance" sub-section "[Materiality matrix](#)".

Contribution to sustainability (cont'd)

Double materiality matrix (cont'd)



In 2026, the Materiality Matrix will be updated to monitor changes in stakeholder expectations and to comply with the new European Sustainability Reporting Standards (ESRS) requirements, which will be binding for ALTUM from 2027 onwards.

Sustainable financing

ALTUM's level of ambition regarding sustainable financing is implemented voluntarily and is determined by (i) the expectations of stakeholders such as investors, credit rating agencies, international lenders, and Nasdaq Baltic towards ALTUM as Latvia's development financial institution, which has a significant impact on the Latvian economy, and (ii) compliance requirements for public financing available from the EU Cohesion Policy and/or the Recovery and Resilience Facility (RRF), which contribute to the Sustainable Europe Investment Plan/Green Deal Investment Plan, where ALTUM plays a critically important role in implementing financial instruments for the SME sector in Latvia.

ALTUM's level of ambition is also influenced by sustainable finance regulations that already apply to a portion of ALTUM's portfolio (for example, the portfolio financed under [ALTUM's Green Bond Framework 2021](#), previously the [Green Bond Framework 2017](#)), in accordance with the Green and Social Bond Principles published by the [International Capital Market Association \(ICMA\)](#). To ensure investors' confidence that ALTUM will invest green bond funding in environmentally friendly projects and achieve certain environmental goals, [CICERO](#) (the Center for International Climate and Environmental Research, Oslo, part of the credit rating agency S&P Global since 2022) provided an independent opinion on ALTUM's Green Bond Framework in September 2017 and received a [Medium Green assessment](#).



In the second half of 2021, [ALTUM's Green Bond Framework 2021](#) was updated, taking into account the Green and Social Bond Principles published by the [International Capital Market Association \(ICMA\)](#) in June 2021. In December 2021, ALTUM received a renewed [Medium Green assessment](#) from CICERO.

Issuance of green bonds ensured ALTUM to become the first company from Latvia to join the [Nasdaq Sustainable Bond Network](#) globally in September 2021.

Contribution to sustainability (cont'd)

Sustainable financing (cont'd)

Although not binding for ALTUM, ALTUM follows the practices of the international financial institution sector in its daily operations. As such, requirements of guidelines from the European Banking Authority (EBA) and the European Central Bank (ECB) on the integration of ESG aspects into credit risk management, including loan origination and portfolio monitoring as well as on climate risk management (Transition Risks and Climate Physical Risks), are currently further integrated into ALTUM's internal processes.

In 2022, the [Bank of Latvia](#) (until 31 December 2022 Financial and Capital Market Commission) developed a [roadmap for a sustainable financial sector](#) in Latvia with a view to clarifying the financial sector watchdog's expectations on the position and actions of financial and capital market participants in identifying and managing sustainability risks. The purpose of the roadmap is to promote a common understanding among financial and capital market participants regarding the necessary steps to identify and manage sustainability risks.

ALTUM's ESG commitment is based on the roadmap developed in 2022, the implementation of which over several years has promoted the development of sustainable finance. The measures implemented and the goals achieved under this roadmap align with the guidelines of the roadmap developed by the Bank of Latvia.



Within scope of sustainable financing **the transition financing** plays significant role. Already in 2023, transition financing product was introduced in the SME / Midcap segment **to support businesses in their transition to a low-carbon economy** - reducing the CO₂ footprint of their product or service lifecycle, adapting to supply chain ESG requirements, and strengthening resilience to the impacts of climate physical risks. In 2024, work has begun on a **transition financing offer for the agricultural sector**. This transition financing product for the agricultural sector, for example, to enhance the energy efficiency of agricultural machinery and product manufacturing, as well as improve farm climate resilience, became available in November 2025, marking the conclusion of an active launching phase during 2025 covering both - product development for farmers and the launch of a unified methodology, applied within the European financial sector for tagging sustainability projects, across all loan programmes of SME / Midcap and Agriculture segments. ¹

ALTUM is committed to following the best industry practices in Europe, where strong positions have been taken by defining clear sustainability targets and excluding specific industries and projects from financing, regardless of funding sources. Many institutions have already ceased financing energy production projects that use fossil fuels. ALTUM will review its current client portfolio, encouraging their transition to sustainable development and gradually phasing out financing for projects that do not meet ALTUM's ESG criteria in credit risk management.

Contribution to sustainability (cont'd)

Portfolio contribution in sustainable development

Financed projects supporting Environmental goals

In addition to the transition financing product, which is now available not only in the SME/Midcap segment but also in the Agriculture segment (see previous subsection), a significant share of projects that contribute to achieving environmental goals is formed by the RRF climate programmes. There should be highlighted that all the new programmes available within the framework of RRF funding have a sustainability focus in terms of the activities to be supported, but they are of different types and fall into the following groups: (i) climate programmes that ensure compliance with DNSH for the specific environmental objective of the Taxonomy (ii) a digitisation programme aimed at increasing productivity, and (iii) affordable housing programme with the social goal of reducing inequalities.

Meanwhile, from the loan programme historically developed for "green bond" financing in the SME segment for energy efficiency, renewable energy, sustainable transport, and passive building sectors, several sustainable project loan programmes have further evolved, where the funding sources consist of both public financing and borrowed resources.

The increase in the volume of new transactions for sustainable loans has been positively impacted by the additional incentive granted since the fall of 2023 – a discount on the financing cost of sustainable projects, which is initially applied for 18 months from the moment the loan is issued. Along with launch of unified methodology, applied within the European financial sector for tagging sustainability projects across all loan programmes of SME / Midcap and Agriculture segments, **all sustainable loan projects** (loans without capital rebate) **in both the SME / Midcap and Agricultural segments** that comply with European Investment Banks 'green project' tagging tool (EIB Green Checker) will benefit from **financing price discount for the entire duration of the loan**.

The launch of sustainable projects identification process ensures the identification of sustainable projects also within SME/Midcap and Agriculture segments general loan programmes, that are not dedicated sustainable projects financing programmes.

At the end of 2025, ALTUM introduced two new support programmes – for centralized heating supply and for biomethane production. The total available funding for both programmes amounts to EUR 77 million. Support is provided in the form of a combined financial instrument – ALTUM loan with a capital rebate or a bank loan with an ALTUM guarantee with capital rebate.

You can read more about programmes for corporate sustainability and energy efficiency [here](#), while more information on multi apartment building energy efficiency can be found [here](#).

The [ALTUM Energy Efficiency Technical Competence Center](#) team provides consulting services to businesses on energy efficiency assessments, energy audits, and the preparation of technical documentation for investment projects. The team has built its expertise since 2017 when ALTUM issued Green Bonds to raise funds for financing sustainable projects.

Our team's knowledge of energy efficiency solutions and market trends extends beyond standard solutions, offering added value to clients. Over the past three years, the projects consulted by our team - if all energy audit recommendations were implemented - would result in an annual savings of more than **14,000 t CO₂e**.

In 2025, the total CO₂ savings from the consulted projects will reach **9,050 t CO₂e** (2024: 1,093 t CO₂e) per annum. A significant increase in 2025 was driven by the consultation project launched already in 2024 – **more than 300 energy audits of public buildings in Riga**.

Financed projects supporting Social goals

As a development financial institution, ALTUM ensures diversity and equal opportunities not only within its organization but also on a much broader scale, with a positive and meaningful long-term impact on a significantly wider range of individuals and society as a whole.

By making a direct contribution to the development of Latvian society, ALTUM ensures equal access to financing for:

- (i) socially significant projects,
- (ii) socially vulnerable groups,
- (iii) business startups and development in rural areas regardless of profession or age, and
- (iv) social enterprises, fostering social entrepreneurship and integrating individuals into the workforce who might otherwise struggle to fully integrate into society.

Contribution to sustainability (cont'd)

Portfolio contribution in sustainable development (cont'd)

By financing socially significant projects, ALTUM's positive impact on promoting diversity and equality extends far beyond the organization's boundaries. Social objectives are achieved through financial instruments such as loans, guarantees, and investments in venture capital funds, which provide financial resources to businesses and households. Funding is allocated to areas identified by the state as supportable and significant, thereby promoting economic development and facilitating the mobilization of private capital and financial resources.

It should be noted that the affordable housing programme with issued loans nearly EUR 27 million is rapidly developing in 2025, **contributing to the achievement of social goals in regions of Latvia**. The programme provides support for the construction of three or more apartment affordable and energy-efficient residential buildings in regions, aiming to promote housing affordability for households that cannot afford housing under market conditions.

Redzot lielo pieprasījumu, programmas finansējuma apjoms ir palielināts sasniedzot 100 milj. eiro. Līdz 2025.gada beigām piešķirti aizdevumi par 56 milj. EUR, jau šobrīd 10 dažādās Latvijas pilsētās notiek projektu īstenošana, kas ļaus izveidot 676 jaunus dzīvokļus zemas īres namu programmā.

RRF affordable housing programme financed project location in 2025:



To reduce geographical barriers to purchasing housing in regions where mortgage lending has so far been limited, in October 2025 ALTUM launched a housing loan programme in the regions for the first time. The loans are available only for purchasing a housing outside the territories of Riga and the Pierīga area, and the maximum loan amount is up to EUR 74 thousand. The programme will operate until the end of 2029, with a total volume of up to EUR 105 million. The aim of the programme is to expand the geographic scope of lending in regions where commercial banks have so far been less active due to smaller market size and higher risks. Within this program, ALTUM takes on a higher level of risk, creating precedents for future transactions and establishing market practices that will allow commercial banks to become more actively involved in the future. In the first month of the program, public interest was high - more than 100 loan applications were received.

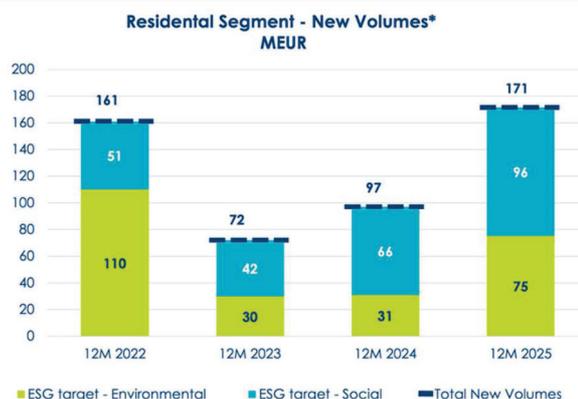
There is also growing demand for ALTUM's created product in the regions, which allows **loans of up to EUR 100 thousand to be issued with reduced collateral requirements**. Data show that this offer is particularly relevant for entrepreneurs in the regions – approximately 70% of the transactions are outside Riga, and the average loan amount is EUR 34 thousand. In total, loan applications exceeding EUR 75 million have been received, indicating a steadily increasing demand since the introduction of collateral relief as of early 2024.

Contribution to sustainability (cont'd)

Portfolio contribution in sustainable development (cont'd)

Summary on ALTUM new volumes contributing to the achievement of Environmental and Social targets

In achieving Social goals, the most significant contribution in the Individuals segment in 2024 came from housing guarantees, with the total amount of guarantees issued reaching EUR 58 million (2024: EUR 39 million). Due to high demand in RRF affordable housing building programme, the issued loans in 2025 amounts nearly EUR 27 million (2024: EUR 5.6 million).



* New volumes in loan, guarantee and grant portfolios

The total volume of loans issued to support **Environmental goals in the Individuals segment** amounted to EUR 48 million (2024: EUR 14 million), consisting of loans for improving the energy efficiency in multi-apartment buildings (MAB EE). The significant increase in the volume of loans issued compared to 2024 (+EUR 34 million) was driven both by the RRF MAB EE programme, which has reached its full disbursement capacity, and by the strong demand for the MAB EE 3 programme opened in spring 2025, resulting in loan disbursements already by the end of 2025.



* New volumes in loan, guarantee and grant portfolios

Sustainability loans issued to the **SME segment to support Environmental goals** amounted EUR 39 million (2024: EUR 36 million), primarily concentrated in the energy-efficiency and renewable energy sectors. In 2025, projects related to battery energy storage systems were particularly prominent, while activity in green buildings and sustainable transport was comparatively lower. The volume of loans issued for sustainability projects in 2025 is similar when comparing the RRF financing programmes with the other financing programmes. From issued guarantees nearly EUR 10 million are for implementation of renewable energy projects (solar parks, battery energy storage systems).

Meanwhile, the volume of loans issued for projects that **support Social goals** has been boosted by the startup and micro loans programmes, with a strong focus on financing in regional areas.

Contribution to sustainability (cont'd)

Portfolio contribution in sustainable development (cont'd)

Environmental goals expected to deliver **total sustainable contribution by estimated annual reduction in CO₂ emissions of 21.4 thousand tonnes** (2024: 15.3 thousand tonnes CO₂e). Almost half of this impact, (47%), comes from battery energy storage system projects. As a result, the renewable energy sector accounts for 73% of the total positive CO₂ reduction impact of new projects, while the energy efficiency sector accounts for 27%.

Analysing by segment, the new financed projects in SME segment will reach annual reduction of 649 tonnes CO₂e per one million euros invested (2024: 422 tonnes) on total project impact basis.

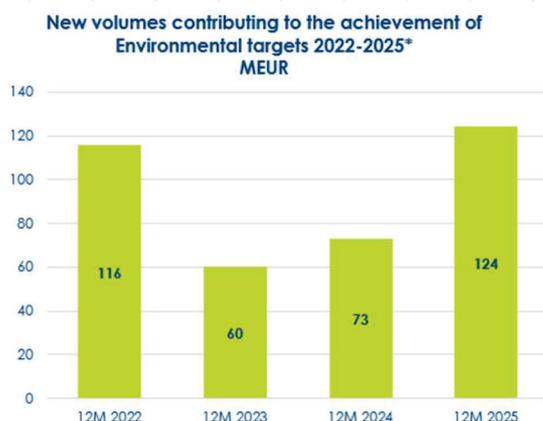
Since CO₂ reductions for SME green building projects is not applicable for calculations; therefore, the positive contribution in sustainability of such projects comes with additional value.

In contrast, in the Individuals segment, the total impact of ALTUM financed new projects supporting Environmental goals are expected to result in estimated annual reduction of only 21 CO₂e per one million euros invested (2024: 25 tonnes), even though the expected reduction in primary energy consumption in the projects will reach 30%. However, this is explained by the higher investment amount per project along with significantly lower CO₂e footprint of heat-energy suppliers included in respective calculation - obvious improvement resulting from the recent years transition to more environmentally friendly heat-generation solutions.

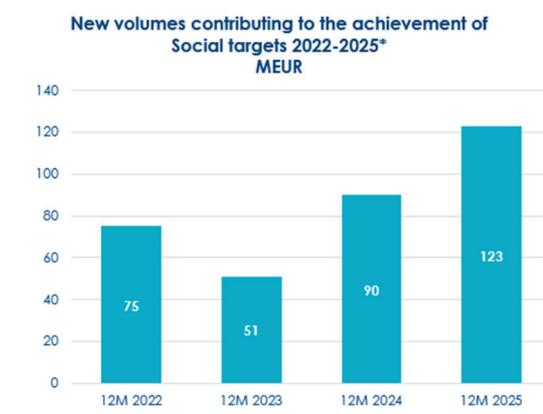
The above activities providing loans, guarantees and grants under the programmes for improving energy efficiency in multi-apartment buildings and private houses in the Individuals segment and loans for sustainable projects in the SME segment resulted in the following volumes of new volumes transactions contributing to achievement the Environmental targets:



Providing guarantees for housing purchase and loans under affordable housing building programme (Individuals segment) and a full range of state support financial instruments to companies in the regions resulted in the following volumes of new transactions contributing to achievement the Social targets:



* New volumes in loan, guarantee and grant portfolios



* New volumes in loan, guarantee and grant portfolios

ESG risk management

The term of environment, social and governance (ESG) comprises approach that drives adequate business pattern of the organisation. In recent years the importance of ESG has increased significantly since the policy makers, finance sector and the society draw more and more attention towards companies impact upon society and their contribution towards climate change mitigation. Upon realisation of any ESG risk, negative impact on credit risk, assets, financial and profit indicators or reputation of ALTUM might occur.

In 2023 the methodology for analyses of materiality of ESG risks upon ALTUM was developed and the materiality assessment of ESG risks was carried out. The materiality assessment of ESG risks primary represents the risks that might impact the ALTUM's credit exposure portfolio (loan portfolio, collateral portfolio and guarantee portfolio) triggered by its customers' business operations industry, financed project's industry and geographical location of the client or the financed project. Within materiality analyses of ESG risks ALTUM credit exposure portfolio per loan, collateral and guarantee portfolios of the SME / Midcaps and Agriculture segments towards climate risks - transition risks and various physical climate was assessed. In light of the amortisation structure of ALTUM loan portfolio the climate risks are assessed in the following time scale – (i) the next three years, (ii) 2029 – 2040, (iii) after the year 2040.

The Transition risks substantially impact the economic activities of the companies with further direct effect upon ALTUM by the companies' debt service capacity or maintenance the market value of the collateral. Transition risks might be directly or indirectly developed by transition process of the customers towards low carbon emission and more sustainable economy. The transition risk might increase, for example, if it arises from new climate and environment regulatory requirements, such as a reduction in emissions of GHG or competitors' technology progress or change of behaviour of the market and customers and is significantly depending on the customer's capacity to bear the necessary investment costs of transition project and its timely realisation.

The methodology for analyses of ESG risks' materiality for assessment of Transition risks is based on ECB guidance, ECB climate risk stress test reports and UNEP FI methodology strongly rooted in the Recommendations of the Task force on Climate-related Financial Disclosures (TCFD). Following the said methodology the transition risk level of each project is assessed at segment/sector bases (NACE code, 4 digit) on a scale of five risk levels Low – Very High. The table represents Transition risk heatmap with High and Very high transition risk exposure within Total credit exposure as at year end of 2025 and 2024 based on assessment done at segment/industry level.

Table 1: Transition risk heatmap – High and Very high transition risk exposure in individual economic sectors as at period-end

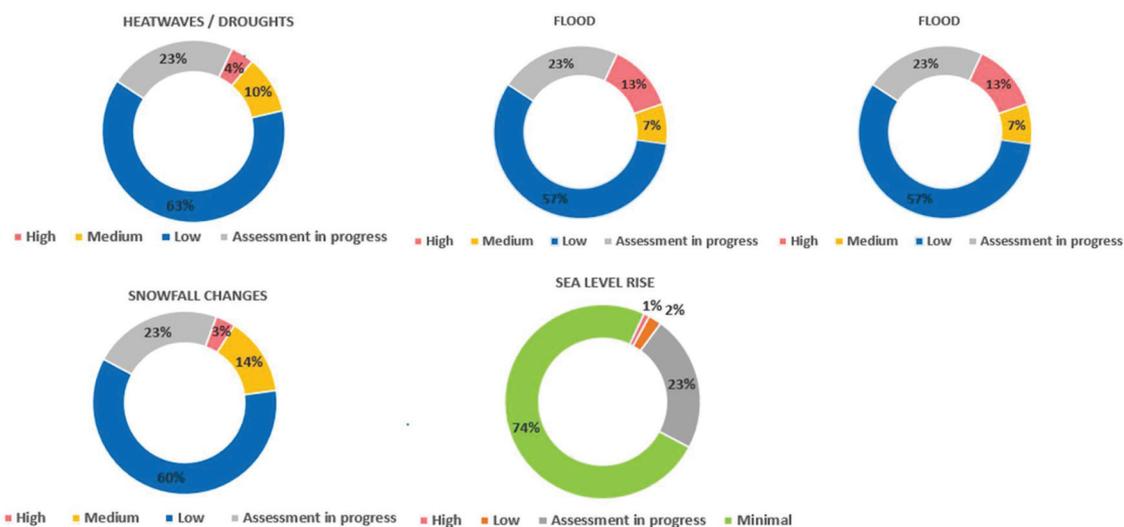
	31.12.2025.		31.12.2024.	
	'000 EUR	% from Total credit exposure	'000 EUR	% from Total credit exposure
Agriculture	30 895	3%	29 248	4%
Wood and paper production	85 026	9%	74 307	11%
Food and beverage production	97 868	11%	34 674	5%
Metals and mining	23 210	3%	16 871	2%
Chemicals	23 411	3%	10 483	2%
Construction materials	10 876	1%	14 961	2%
Consumer goods	242	0.03%	715	0.1%
Logistics	3 760	0.4%	2 173	0.3%
Other	706	0.1%	1 976	0.3%
Transition risk @ High / Very high label:	275 994	30%	185 408	27%
Total credit exposure¹:	910 384	100%	687 950	100%

¹ Total credit exposure: Gross loan portfolio (incl. issued loans with capital rebate) and Loan commitments

ESG risk management (cont'd)

A climate physical risk assessment tool has been developed during 2024 to enable large-scale portfolio monitoring at the individual asset level. As at end of the year 2025 the climate physical risk assessment at individual project level has been carried out for loan portfolio of SME/Midcaps and Agriculture segments applying the newly developed tool. The individual assessment of Residential segment loan portfolio as well as Investment properties is yet in process.

Tab. 2 Climate physical risks assessment upon Loan portfolio as at 31 December 2025:



* Climate physical risks assessment upon Total credit exposure – Gross loan portfolio (incl. issued loans with capital rebate) and Loan commitments, which amounted to EUR 910 million at the end of 2025.

In respect of the integration of ESG aspects in credit risk management, during 2025 active work on integration of developed ESG scoring model within loan origination processes was continued. It will be applied in loan origination process above particular materiality threshold, as well as in monitoring of existing portfolio and collateral valuation in SME/Midcap and Agriculture segments. ESG scoring model will enable to assess the level of Transition risk at individual deal level. The implementation of ESG scoring model is step-by-step process taking into consideration the customers' ability to fulfil the unified banking sector ESG questionnaire published in April 2024 to obtain information for the assessment of ESG risks and regarding the planned/actual customer sustainability KPI's data. Thus the originally planned launch date spring 2025 is postponed to spring 2026.

Since 2024, an employee training programme has been underway to successfully integrate individual ESG assessments into loan origination and loan portfolio monitoring processes.

Mitigation of direct impact

Being a development finance institution, ALTUM has a relatively small direct impact on environment. Still the Company aims to further reduce its own environmental footprint.

One of the most widely used calculation frameworks worldwide for measuring CO₂ or GHG emissions is the [Greenhouse Gas Protocol](#) (GHGP), a voluntary accounting and reporting mechanism for GHG emissions. ALTUM uses it as a basis for voluntarily calculating, accounting for and later comparing the company CO₂ footprint and publicly reporting about the results. To make the data collection structured and comparable, the GHG Protocol is based on three Scopes:

- Scope 1 direct emissions or GHG emissions from company-owned and controlled resources. The scope covers GHGs emitted in the course of carrying out its business activities or in the production of its products;
- Scope 2 indirect GHG emissions from the consumption of purchased electricity, steam, heat and cooling;
- Scope 3 all other indirect emissions in the value chain, starting with logistics, suppliers, product use, etc. generated outside the company.

ESG risk management (cont'd)

Mitigation of direct impact (cont'd)

Corporate Governance Report 2025 provides data on Scope 1 and Scope 2 emissions.

The CO₂ footprint is a measure of the total carbon dioxide emissions directly and indirectly caused by ALTUM activities. ALTUM measures its CO₂ footprint since 2018 and the calculations are made in accordance with Cabinet Regulation No 42 of 23 January 2018 "[Methodology for Calculating Greenhouse Gas Emissions](#)". The calculation is based on the CO₂ emission factors set by the aforementioned Cabinet Regulation (for transport fuels and district heating) and on the information published by the Ministry of Climate and Energy (for centralized heat supply and electricity). For calculating emissions from centralized heat supply and electricity, emission factors with a one-year lag are used, meaning that the 2024 emission factors are applied.

In 2025, the total emissions (Scope 1 and Scope 2) **amounted to 78 tCO₂e (2024: 69 tCO₂e)**, representing a decrease of 64% compared to 2018 (216 tCO₂e). Compared to 2024, there has been a 12% increase in the emissions generated by Scope 1 and Scope 2 due to change of methodology scope – consumption in real estate objects where Altum rents the premises has been included in the calculation of the total CO₂ footprint.

	Fuel	23.0 tCO ₂ e		electricity	14.3 tCO ₂ e
				Heat	40.3 tCO ₂ e
Total:		23.0 tCO₂e	Total:		54.6 tCO₂e

In order to achieve its intention for reduction of GHG emissions, an energy audit of the Company was also carried out in 2018, covering the analyses of natural gas, car fleet and electricity consumption and possible activities to improve energy efficiency. Based on the conclusions and recommendations of the energy audit, ALTUM annually implements targeted activities to increase the Company's energy efficiency: work is underway to improve the energy efficiency of operations and buildings, reduce business travel through remote meetings, teleworking and the transition to an energy-efficient car fleet for the company needs. Special emphasis is placed on educating employees, encouraging a change in their attitudes and increasing their commitment to reducing their individual environmental impact as well.



Assessment of the intensity of CO₂ emissions:

In 2025, **emission generated per employee amounted to 0.30 tCO₂** (2024: 0.27), which is 69% less than in 2018 (2018: 0.97 tCO₂e).

In 2025, ALTUM generated 0.052 tCO₂ per EUR 1 million of gross financial instrument portfolio, which is by 7% less than in 2024 (2024: 0.056 tCO₂ emissions per EUR 1 million of financial instrument portfolio). **Since 2018, there has been an 87% reduction** in emissions (2018: 0.41 tCO₂ emissions per EUR 1 million of financial instrument portfolio). Since 2018, ALTUM has not only reduced emissions but also significantly increased the size of its gross credit portfolio.

The opinion on the greenhouse gas emission volumes was prepared by ALTUM and approved by the technical expert company SIA [energi](#) in March 2026.

ESG risk management (cont'd)

Mitigation of direct impact (cont'd)

ALTUM strives to minimise the amount of waste it produces, segregates waste, provides separate waste bins for batteries (hazardous waste) in offices, promotes recycling and reduces greenhouse gas emissions that are directly linked to ALTUM activities.

Key activities:



Replacement and upgrading of the heating system in the central office



Replacement of the car fleet, significantly reducing fuel consumption and CO2 emissions



LED lighting installed in offices, as well as motion sensors in certain areas



Waste sorting ensured



Digital document management system established



Reduced office paper consumption and continuous recycling of waste paper



Drinking water filters installed, PET bottles phased out



Cleaning service ensured, including the use of environmentally friendly products



Roof insulation works, significantly reducing heat loss



Bike parking and shower facilities installed

Mitigation of indirect impacts

For more information on ALTUM's indirect impact mitigation, please refer to the section "**Portfolio contribution in sustainable development**"

ESG – Social

Human Resources management

ALTUM's Human Resources Policy establishes the fundamental principles of sustainable human resource management in order to ensure consistent and effective personnel management within the company. ALTUM aims to attract, retain, and develop qualified, professional, and motivated employees to achieve high operational efficiency, as well as to ensure compliance with labour laws and regulations, improve work organization, and promote employee development and loyalty to ALTUM.

Diversity, inclusive work environment, and human rights

ALTUM's Human Resources Policy is based on the principles of sustainable human resource management, which strengthens equality and a respectful work environment. Equal opportunities are ensured at all stages of employment - recruitment, development, career growth, and compensation.

ALTUM's practices are fully aligned with the EU Equal Treatment Directive, the EU Employment Strategy in the areas of diversity and inclusion, and the UN Guiding Principles on Business and Human Rights. ALTUM respects human rights in all human resource management processes. ALTUM has established a Code of Ethics and operates a whistleblowing mechanism.

Key highlights in 2025:

- A relatively **low employee turnover rate** was maintained at **8.5%** (2024: 7%), demonstrating stable and sustainable employment relationships;
- **The average length of service was 11 years** (2024: 10 years), with the longest tenure reaching 32 years (2024: 31 years); long-term employment reduces the risk of knowledge loss;
- **No reports of violations** were received through the whistleblowing mechanism or by the Ethics Committee (2024: none) regarding discrimination, human rights violations, or breaches of labour rights;
- The Diversity, Equality, and Inclusion Policy of Altum was further improved, expanding its focus on the inclusion of different groups;
- ALTUM continues to participate in the **Latvian Diversity Charter** and the movement "**Strength in Diversity**", intensifying its commitment to an inclusive culture.

Employee structure, recruitment, and work environment

ALTUM provides a modern, safe, and inclusive work environment that supports different life situations and ways of working. In all human resources management processes, ALTUM respects and upholds human rights. ALTUM has established a Code of Ethics and operates a whistleblowing mechanism.

Employment contracts are concluded with all employees, and full-time employment is ensured for **99.2%** of the staff, while also offering flexible working arrangements and remote work opportunities. These practices help reduce social risks and support work-life balance. ALTUM maintains a zero-tolerance policy toward discrimination on any grounds.

Employee profile in 2025:

- average number of employees – **258** (2024: 253), of which **70% are women** and **30% are men**;
- Management Board gender diversity – **31.3% are woman / 68.7% are men** of all Management board members;
- average age – **46 years**; the age structure is balanced;
- **64%** of management positions are held by **women**, exceeding the EU average and aligning with the **EU targets for gender balance in leadership**;
- ALTUM monitors diversity indicators including gender, age, pay structure, and balance across management levels;
- all 40 announced vacancies were filled in due time, while **5 positions** out of 12 internal recruitment processes **were taken by ALTUM employees**, promoting internal career development;
- **8%** of employees received a promotion.

ALTUM offers internship programs for students in cooperation with leading universities, and in 2025 a total of **7 internship placements** were provided (2024: 8).

ESG – Social (cont'd)

Human Resources management (cont'd)

Working conditions, well-being, and safety

ALTUM's remuneration system ensures **equal pay for work of equal value**, in line with the **EU Pay Transparency Directive** and **EU gender equality** requirements. Independent market data are used in determining remuneration, including salary surveys conducted by *Figure Baltic Advisory*.

To comply with the requirements of the EU Pay Transparency Directive, ALTUM regularly monitors gender pay differences, the gender balance among managers and specialists, and the age structure of employees, enabling timely identification of potential risk trends.

Salaries are determined based on market data and job evaluation, ensuring equal remuneration for work of equal value. **In 2025, the unadjusted gender pay gap among the company's employees was 8.4%**, while the unadjusted gender pay gap among senior and middle management was **4.9%**.

In 2025, a new **Collective Agreement** entered into force at ALTUM, providing a range of benefits and support measures for employees and addressing the **needs of different employee groups**.

Benefits available to employees:

- health insurance with a broad range of outpatient and inpatient services, including support for mental health;
- accident insurance from the first day of employment;
- additional leave days that can be used for various life situations (e.g., family care, religious holidays, rest, health);
- allowances for certain life events and health improvement.

In 2025, parental leave was taken by 5 employees (2024: 6).

Well-being and safety

ALTUM provides modern, ergonomic, and safe working conditions and organizes various well-being activities for employees.

Key results in 2025:

- health insurance for all permanent employees, including access to mental health services;
- accident insurance for all employees;
- training on healthy lifestyles, productivity, and mental health as part of the annual "Health Month" initiative;
- sports activities, such as a walking challenge, where employees together achieved 26.3 million steps and a positive CO₂ impact (5,956 kg CO₂);
- corporate events and team-building activities;
- occupational safety onboarding, regular safety briefings, health checks, and first aid training for all employees;
- epidemiological safety measures, including vaccinations, personal protective equipment, testing, and hygiene resources.

These activities made a **significant contribution in 2025 to promoting employee well-being and ensuring a healthy work environment**.

ESG – Social (cont'd)

Human Resources management (cont'd)

Education, professional development, and public engagement

ALTUM fosters a learning culture based on the long-term development of skills and competencies and promotes continuous professional growth for employees.

Knowledge and skills were developed through public training groups, internal company training groups, and specially tailored programs. The most appropriate solutions were used in organizing the learning process to support professional development and enhance competencies.

In 2025, employees participated in 141 (2024: 140) training activities, dedicating an average of **24** (2024: 29) **hours per year** to training

Strategic training priorities:

- digital skills and security;
- leadership and inclusive management competencies;
- prevention of corruption and conflicts of interest;
- knowledge of energy efficiency and data analytics;
- mandatory training on fire safety, IT security, and data protection.

ALTUM offers internship programs for students in cooperation with the leading universities, and in 2025 a total of **7 internship placements** were provided (2024: 8), contributing to the development of a future talent pipeline. One of the interns continued employment with ALTUM after completing the internship.

In 2025, the onboarding programme for new employees was improved, and the development of a unified mentor training programme started.

Stakeholder evaluation

Bank satisfaction

In 2025, ALTUM updated its evaluation methodology for cooperation partners - banks and non-bank lenders - shifting from engagement-based measurements grounded in factor analysis to operational, real-time service satisfaction measurements collected after each transaction. The previous factor analysis approach significantly contributed to product development, particularly during the initial stages when the service model, service delivery speed, data exchange formats, day-to-day communication with external partners, and other key factors were tested. The research model served as a structured tool to enhance processes, implement IT improvements for secure data exchange, and align service standards. In recent studies, consistently high scores were observed across the most critical factors, leading to the adoption of a revised approach—transaction-based measurements enabling immediate feedback following each transaction.

The new approach enables real-time measurement of: (1) transaction processing efficiency, (2) documentation requirements, (3) expert involvement, and (4) transaction execution speed.

The aggregated survey responses reveal several key insights:

- The most frequent ratings across the main questions are "4 – good" and "5 – excellent," indicating a strong and consistently positive cooperation, with 88% positively assessing process organization, 92% noting clarity of documentation requirements, and 87% confirming adequate support from ALTUM staff;
- A portion of respondents indicated that decision-making timelines range between 6–10 days that complies with current term of 10 business days;
- Respondents highlight the importance of clear communication and efficient processes in driving satisfaction, which are also reflected in the 2026 communication plan.

ESG – Social (cont'd)

Stakeholder evaluation (cont'd)

Client experience and satisfaction

In 2025, ALTUM continued to systematically measure customer satisfaction by sending surveys to all clients who received either a positive or negative decision regarding financing. The survey results indicate stable and consistently high customer ratings of ALTUM's service quality. The professional competence of ALTUM employees and the level of customer service also remained highly rated in 2025, with 95% of respondents evaluating these criteria as "good" or "very good".

Lower ratings were received for criteria such as the complexity of required documentation and the speed of application processing. However, the overall result in these areas remained positive, with 79% of clients giving a rating of "good" or "very good." These indicators provide valuable feedback for further simplification of processes and improvements in efficiency. A particularly important indicator is the level of customer trust. In response to the question, "Would you recommend ALTUM to your family, friends, or acquaintances?", 96% of clients answered "definitely yes" or "probably yes," confirming ALTUM's reputation as a reliable and high-quality financial partner.

Complaints

Client complaints or dissatisfaction about issues within ALTUM's remit or the actions of its employees open an opportunity to improve the services provided, enhance cooperation with clients and develop the Company's internal processes.

In 2025, there were no complaints related to breaches of client privacy and the processing of personal data, nor were there any cases related to the loss, leakage or theft of client data.

ESG – Social (cont'd)

Accessibility

Client service and service accessibility

In 2025, ALTUM implemented several initiatives to improve client service accessibility and simplify communication. A unified call handling system was introduced as a step toward a single phone number approach, enabling clients to reach ALTUM more easily through a centralized call channel. At the same time, work continues on the implementation of specific technical solutions to gradually integrate regional center contacts into the unified ALTUM phone number.

In parallel, in 2025, a process was initiated to centralize the handling of consultation requests and incoming emails from interested parties within a single organizational unit. This approach enables more efficient management of incoming request flows and ensures that clients receive a consistent, coordinated response, avoiding the fragmentation of information across multiple organizational units.

In 2025, ALTUM introduced remote authentication during calls when contacting the ALTUM information line, as well as in a targeted manner within the Private Individuals Loan Service Unit.

This enables clients to use Smart-ID and eParaksts mobile authentication tools to make necessary clarifications within transactions during the call, simplifying communication with the responsible staff member and reducing the need for additional communication channels.

In 2026, ALTUM continues work on the development of a new client portal. In light of this strategic direction, no additional functional or accessibility improvements were implemented in 2025 for the existing client portal, mans.altum.lv, while ensuring its stable operation and continuous availability to clients.

Digital accessibility

ALTUM considers accessibility a continuous standard of digital quality and good governance rather than a separate initiative. Therefore, the website has been designed from the outset in accordance with usability (UX) and accessibility best practices, including compliance with WCAG guidelines - ensuring sufficient colour contrast, scalable text size, a semantically correct structure, functional navigation, and content accessibility for various assistive technologies. In parallel, we have implemented employee training on plain language principles, clear visual hierarchy, and information architecture to improve content accessibility for people with different functional needs. We have also ensured that contact details for assistants providing direct support are easy to find.

Each year, on our own initiative, we conduct a website accessibility audit, assessing both technical and editorial compliance. In addition, in 2025 we participated in the overarching audit organized by the Ministry of Smart Administration and Regional Development for state-owned companies. The recommendations from this audit serve as concrete tasks for the website administrators—for example, the recommendations from the third-quarter audit were fully implemented already in the fourth quarter. We consider digital accessibility to be a fundamental element of digital hygiene and an inclusive society in a democratic state—one that respects its citizens and ensures equal access to information and services for everyone.

ESG – Social (cont'd)

Accessibility (cont'd)

Accessibility of Premises

Altum's regional centres in Liepāja, Rezekne, Jekabpils, Jelgava and Riga operate in premises that ensure environmental accessibility and high energy efficiency. Individual metering of utility services is available in the Rezekne, Liepāja and Riga offices. The regional centres provide consultations to persons with mobility impairments, and in cases where access to office premises is limited, Altum cooperates with municipalities to provide alternative premises.

The Central Region office in Riga is located in the ZEISS Office complex, which is certified BREEAM "Excellent" and meets the highest sustainability standards. The complex hosts the largest rooftop solar power plant in Riga, providing green energy and reducing heating costs. The office premises feature individually adjustable underfloor ventilation and cooling systems, CO₂ - responsive ventilation, sound-absorbing glass partitions, and water taps designed for reduced consumption.

Altum's central office at Dome Square operates as an open-plan workspace. The project to improve accessibility of work and public areas is nearing completion, including the installation of a lift for persons with special needs and automatic opening and closing of the main entrance doors. Roof insulation works and insulation of the exterior walls of the upper-floor offices have been completed, which will improve energy efficiency in the long term and enhance the working environment for employees and clients. Work is also underway on the construction and improvement of shelter infrastructure, and an additional emergency exit has been built in the conference hall. Altum continues to further develop its office infrastructure by implementing new sustainable solutions.

Support to society and contribution to local community development

ALTUM employees are also actively engaged in volunteer activities aimed at enhancing public understanding of state support instruments, promoting their smart and efficient use, and strengthening financial literacy in relation to these instruments. In total, employees dedicated 1,078 hours to these activities in 2025.

This voluntary contribution to societal sustainability is delivered through informational and educational activities targeting both professional audiences and the broader community of entrepreneurs and private individuals. These activities cover a wide range of topics—from business development, capital market development, and export promotion to climate change mitigation, business digitalization, and the implementation of green projects. The expertise provided by ALTUM employees in these areas represents a significant contribution to societal sustainability, including the ability to adapt effectively to changing economic conditions, foster growth, and support the overall sustainable development of the economy and society.

In 2025, the primary focus of employee volunteer work was on **promoting financial literacy and understanding of financial instruments**, to which **570 hours** were dedicated. Employees actively contributed in this area by participating in the evaluation of projects not directly related to ALTUM, serving on competition juries, and engaging in other initiatives where their knowledge and expertise supported the development of financial literacy, awareness, and sustainable growth in the fields of finance and entrepreneurship.

Sharing expertise and knowledge represents the second most significant focus area of ALTUM employee volunteer work. In 2025, **260 hours** were dedicated to this area, including participation in and expert support for events organized by cooperation partners, as well as involvement in seminars, discussions, and other activities that contribute to long-term improvements in understanding of state support instruments and their development.

A substantial share of volunteer work was also dedicated to **supporting education**. In 2025, **160 hours** were invested in this area, including participation in and expert support for projects organized by universities and municipalities, as well as involvement in the evaluation of student research papers and examination boards.

Employees also participated in various charitable initiatives organized by ALTUM - donating blood, supporting the Children's Hospital project "Courage Box," and taking part in the nationwide Great Cleanup (Lielā Talka), among other activities - thereby contributing to a positive social impact beyond the company.

For the most notable events in 2025 involving ALTUM representatives, please refer to the website ([here](#)).

Corporate Governance Report 2025 is publicly available in Latvian and English at ALTUM's premises at Doma laukums 4, Riga and in electronic form – on the website www.ALTUM.lv, in the section ABOUT ALTUM/SUSTAINABILITY AND GOVERNANCE under [Corporate Governance](#) sub-section.

Reinis Bērziņš
Chairman of the Management Board

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