Akciju sabiedrība "Attīstības finanšu institūcija Altum"

(incorporated in the Republic of Latvia as a public limited company with registration number 50103744891)

Fourth Programme for the Issuance of Notes in the Amount of up to EUR 120,000,000

Under this Fourth Programme for the Issuance of Notes in the Amount of up to EUR 120,000,000 (the "**Programme**") described in this base prospectus (the "**Base Prospectus**") Akciju sabiedrība "Attīstības finanšu institūcija Altum", a public limited company (in Latvian – *akciju sabiedrība*) incorporated in and operating under the laws of the Republic of Latvia, registered with the Commercial Register of the Republic of Latvia under registration number: 50103744891, legal entity identifier (LEI code): 5493007HPQSSX8BJ4315, legal address: Doma laukums 4, Riga, LV-1050, Latvia (the "**Issuer**" or "**ALTUM**"), may issue and offer from time to time in one or several series (the "**Series**") non-convertible unsecured and unguaranteed notes denominated in EUR, having maturity up to 10 years and with fixed or floating interest rate (the "**Notes**") as specified in the relevant final terms (the "**Final Terms**") (a form of which is contained herein). Each Series may comprise one or more tranches of Notes (the "**Tranches**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not at any time exceed EUR 120,000,000.

Any Notes issued under the Programme on or after the date of this Base Prospectus are issued in accordance with the provisions described herein.

To the extent not set forth in this Base Prospectus, the specific terms of any Notes will be included in the relevant Final Terms. This Base Prospectus should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein, and, in relation to any Tranche of Notes, with the Final Terms of the relevant Tranche of Notes.

This Base Prospectus has been prepared in connection with the offering and listing of the Notes pursuant to the requirements of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the Financial Instruments Market Law (in Latvian - *Finanšu instrumentu tirgus likums*) and the Commission Delegated Regulation No 2019/980/EU (the "**Delegated Regulation**"), in particular the Annexes 6 and 14 thereof. The Bank of Latvia (in Latvian - *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian - *Lietuvos Bankas*)) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspektsioon*))**.** The Bank of Latvia only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid for a period of twelve months from the date of approval. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Application will be made to Akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Vaļņu 1, Riga, LV-1050, Latvia ("**Nasdaq Riga**") for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche. Nasdaq Riga is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("**MiFID II**").

The Notes shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879, legal address: Vaļņu 1, Riga, LV-1050, Latvia (the "**Depository**"), in book-entry form. Investors may hold the Notes through participants of the Depository, including credit institutions and investment brokerage firms.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Notes to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before making a decision to invest in the Notes. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Notes are discussed in Section "*Risk Factors*" below.

Arranger and Dealer

Luminor Bank AS,
represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch

The date of this Base Prospectus is 14 May 2025

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RESPONSIBILITY STATEMENT

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.

The Issuer, represented by the members of its Management Board, accepts responsibility for the information contained in this Base Prospectus and in any Final Terms which complete this Base Prospectus for each Tranche of Notes issued hereunder and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and that the Base Prospectus does not omit anything likely to affect the import of such information.

Management Board of Akciju sabiedrība "Attīstības finanšu institūcija Altum":

Signature not validated

Digitally signed by REINIS BĒRZIŅŠ
Date: 2025.05.14 13:01:46 EEST

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Chairman of the Management Board
Reinis Bērziņš

Signature not validated

Digitally signed by JURIS JANSONS
Date: 2025.05.14 12:02:11 EEST

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Member of the Management Board
Juris Jansons

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Member of the Management Board
Ieva Jansone-Buka

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Member of the Management Board
Jēkabs Krieviņš

Signature not validated

Digitally signed by JĒKABS KRIEVIŅŠ
Date: 2025.05.14 15:51:35 EEST

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Member of the Management Board
Inese Zīle

This document is electronically signed with secure electronic signatures containing the time stamps.

Signature not validated

Digitally signed by INESE ZĪLE
Date: 2025.05.14 11:54:48 EEST

IMPORTANT INFORMATION

To the fullest extent permitted by law, the Arranger and Dealer accepts no responsibility whatsoever for the contents of this Base Prospectus. The Arranger and Dealer accordingly disclaims all and any liability which it might otherwise have in respect of this Base Prospectus.

Neither the Arranger and Dealer nor any of its respective affiliates have authorised the whole or any part of this Base Prospectus and none of them make any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of the Issuer or any other person in connection with issue and offering of the Notes.

No person is authorised to give any information or to make any representation not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or the Dealer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Arranger or Dealer that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Arranger or Dealer, to any person to subscribe for or to purchase any Notes.

Each potential investor in the Notes must make their own assessment as to the suitability of investing in the Notes. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Base Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

The Notes are governed by Latvian law and any disputes arising in relation to the Notes shall be settled exclusively by the courts of the Republic of Latvia in accordance with Latvian law.

DISTRIBUTION OF THE BASE PROSPECTUS AND SELLING RESTRICTIONS

The distribution of this Base Prospectus and any Final Terms may in certain jurisdictions be restricted by law, and this Base Prospectus and any Final Terms may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction other that the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia. The Issuer, the Arranger and the Dealer expect persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Arranger or Dealer accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Notes is aware of such restrictions. In particular, this Base Prospectus and any Final Terms may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, South Africa, Singapore, Russia, Belarus, or any other jurisdiction in which it would not be permissible to deliver the Notes, and the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

In accordance with Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), this Base Prospectus and any Final Terms may not be addressed to any Russian national or natural person residing in Russia, or any legal person, entity or body established in Russia. The latter shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.

In accordance with Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), this Base Prospectus and any Final Terms may not be addressed to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. The latter shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Notes may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Bank of Latvia (in Latvian – *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*)) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspektsioon*)). However, in relation to each member state of the European Economic Area (the "**EEA**") (except the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia), the Dealer has represented and agreed that it has not made and will not make any public offer of Notes prior to that EEA member state's authority receiving a certificate of approval of the Bank of Latvia attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus.

Accordingly, any person making or intending to make an offer within the EEA of Notes which are the subject of an offering contemplated by this Base Prospectus and the relevant Final Terms (other than the offer of Notes in the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia) may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET: The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), the Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Statements

With the exception of certain alternative performance measures ("**APMs**"), the financial information included in this Base Prospectus has been derived from:

- ALTUM's annual report, representing audited standalone financial statements for the financial year ending 31 December 2024 prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("**IFRS**") (the "**2024 Financial Statements**");
- ALTUM's annual report, representing audited standalone financial statements for the financial year ending 31 December 2023 prepared in accordance with IFRS (the "**2023 Financial Statements**", and together with the 2024 Financial Statements, the "**Financial Statements**").

Auditors

PricewaterhouseCoopers SIA have audited the Financial Statements and issued unqualified auditor's reports on the Financial Statements.

Alternative performance measures

This Base Prospectus includes certain references to APMs derived from the Financial Statements such as Net interest income, Operating profit, Cost to income ratio, Tangible common equity (TCE) / Tangible managed assets (TMA), Total Risk Coverage and 180-days-liquidity ratio. The Issuer uses these APMs to evaluate its performance, and this additional financial information is presented in this Base Prospectus. This information should be viewed as supplemental to the Financial Statements. Investors are cautioned not to place undue reliance on this information and should note that the APMs, as calculated by the Issuer, may differ materially from similarly titled measures reported by other companies, including the Issuer's competitors.

The APMs presented in the Base Prospectus are not IFRS measures. An APM should not be considered in isolation from, or as substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the Financial Statements contained in this Base Prospectus. None of the APMs is subject to any audit or review by independent auditors.

The APMs should not be used instead of, or considered as alternatives to, the Issuer's historical financial results based on IFRS. The APMs relate to the reporting periods and are not meant to be predictive of future results.

These measures are presented for purposes of providing investors with a better understanding of the Issuer's financial performance, cash flows or financial position as they are used by the Issuer when managing its business.

Rounding

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currencies

In this Base Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of information

This Base Prospectus is drawn up based on information which was valid as of the date of the Base Prospectus. Where not expressly indicated otherwise, all information presented in this Base Prospectus (including the financial information of the Issuer, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Base Prospectus, this is identified by specifying the relevant date.

Certain publicly available information

Certain statistical data and other information appearing in this Base Prospectus have been extracted from public sources identified in this Base Prospectus. None of the Arranger, the Dealer or the Issuer accepts responsibility for the factual correctness of any such statistics or information, but the Issuer accepts responsibility for accurately extracting and transcribing such statistics and information and believes, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. The Issuer confirms that all such third-party information has been accurately reproduced and, so far as the Issuer is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Websites

Information contained in any website referred to herein does not form part of this Base Prospectus.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Issuer or the Issuer's intentions, beliefs or current expectations concerning, among other things, the Issuer's results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Issuer operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Issuer, and the development of the markets and the industries in which members of the Issuer operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus. In addition, even if the Issuer's results of operations and financial position, and the development of the markets and the industries in which the Issuer operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See Section "*Risk Factors*" below.

These forward-looking statements are made only as of the date of this Base Prospectus. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer's behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Base Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the General Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of the Base Prospectus (including any documents incorporated therein). Any decision to invest in the Notes should be based on a consideration by the investor of the Base Prospectus as a whole.

Words and expressions defined in the General Terms and Conditions of the Notes below or elsewhere in this Base Prospectus have the same meanings in this overview.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of the Delegated Regulation.

Issuer:	Akciju sabiedrība "Attīstības finanšu institūcija Altum"
Legal Entity Identifier (LEI):	5493007HPQSSX8BJ4315
Programme Limit:	Up to EUR 120,000,000 aggregate nominal amount of Notes outstanding at any one time.
Risk Factors:	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed in Section "*Risk Factors*" below.
Arranger of the Programme:	Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch.
Dealer:	Luminor Bank AS, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch.
Method of Issue:	The Notes shall be issued in Series. Each Series may comprise one or more Tranches of Notes. The Notes of each Tranche will all be subject to identical terms, except that the Issue Dates and the Issue Prices thereof may be different in respect of different Tranches.
Form of the Notes:	The Notes will be issued in dematerialized form and book-entered with Nasdaq CSD SE.
Status and Security:	The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Currency:	EUR
Denomination:	The nominal amount of each Note shall be specified in the Final Terms.
Issue Price:	The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount.
Minimum Investment Amount:	The Notes will be offered for subscription for a minimum investment amount EUR 100,000 (one hundred thousand euro).

Interest:	The Notes will bear interest at a fixed or floating interest rate that will be specified in the Final Terms.
Maturity:	The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms. Each Series of Notes may have a maturity up to 10 years.
Early Redemption:	The Issuer is entitled to redeem each Series of Notes, in whole but not in part, (i) at any time during the period between 12 (twelve) months and 3 (three) months prior to their maturity at a price equal to 101 (one hundred and one) per-cent of the nominal amount of the Notes together with the accrued interest, or (ii) at any time during the period of 3 (three) months prior to their maturity at a price equal to the nominal amount of the Notes together with the accrued interest, as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Notes.
Redemption for tax reasons:	The Issuer is entitled to redeem the Notes, in whole but not in part, at a price equal to the nominal amount of the Notes together with the accrued interest for tax reasons as described in Clause 11 of the General Terms and Conditions of the Notes.
Change of Control:	Following the occurrence of a Change of Control the Noteholders will be entitled to request the Issuer to redeem or, at the Issuer's option, procure the purchase of their Notes, as more fully set out in Clause 14 of the General Terms and Conditions of the Notes.
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Clause 15 of the General Terms and Conditions of the Notes.
Cross Default:	The Notes will have the benefit of a cross default provision as described in Clause 16 of the General Terms and Conditions of the Notes.
Listing:	Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche.
Taxation:	All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note held by or on behalf of a Noteholder which is liable to such Taxes in respect of such Note by reason of its having some connection with the Republic of Latvia other than the mere holding of the Note.
Rating:	As of the date of this Base Prospectus, the Issuer has a credit rating Baa1 by Moody's Ratings. The outlook is stable. A Series of Notes to be issued under the Programme may be rated or unrated.

	A rating is not a recommendation to buy or sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.
Governing Law:	Latvian law.
Dispute Resolution:	Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of the Base Prospectus in the United States of America, the EEA (with respect to retail investors), the Republic of Latvia, the Republic of Lithuania, the Republic of Estonia and other jurisdictions, see Section "*Distribution of the Base Prospectus and Selling Restrictions*".

RISK FACTORS

Prospective investors are advised to carefully consider the risk factors and other information provided in this Base Prospectus. Investing in the Notes involves certain risks including but not limited to the risks described herein.

The Issuer believes that if one or more of the risk factors described herein emerges, it could have a negative effect on the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. If these risks were to lead to a decline in the market price of the Notes, prospective investors could lose all or part of their investment.

The risks and uncertainties described herein are the risks which the Issuer has deemed material; however, they are not the only factors affecting the Issuer's activities. Therefore, the Issuer does not claim that the statements below regarding the risks of acquiring and/or holding any Notes are exhaustive. Also, other factors and uncertainties than those mentioned herein, which are currently unknown or deemed immaterial, could negatively affect the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes.

Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to assess or express a view on the likelihood of any such contingency occurring.

The most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Base Prospectus is not intended as an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Notes.

All investors should make their own evaluations of the risks associated with an investment in the Notes and should consult with their own professional advisers if they consider it necessary.

Macroeconomic and Political Risks

Risks related to macroeconomic conditions

The results of the business operations of ALTUM are dependent on Latvia's macroeconomic situation. Severe deterioration of either global, regional or national economic situation and/or financial position of the Latvian government may impede the capacity of ALTUM to honour its financial obligations.

The macroeconomic environment significantly influences ALTUM's results of operations and financial condition. Adverse economic and financial market conditions may affect ALTUM in several ways, including, among others, potential decreases in net interest income, net interest margins, and net fee and commission income, as well as potential increases in loan provisioning levels and deterioration in credit quality. These factors could, under certain circumstances, adversely impact ALTUM's profitability.

However, ALTUM's business model is designed to support the economy during periods of economic slowdown, consistent with its purpose to provide financing to higher-risk clients who may face limited access to financing in the private financial sector. ALTUM is well-equipped to manage the increased demand for loans during such periods while maintaining reasonable income levels. This counter-cyclical role enables ALTUM to actively support economic recovery and generate strong financial performance, as evidenced, for instance, during the COVID-19 pandemic. The financial results of

ALTUM's COVID-related products, now fully matured, demonstrated robust profitability, underscoring ALTUM's ability to perform strongly during economic downturns.

Therefore, while ALTUM remains exposed to certain risks associated with adverse macroeconomic conditions, its operational resilience and counter-cyclical business approach mitigate these risks and represent a core strength in its mission to support economic stability.

Notwithstanding the foregoing, the financial stability of ALTUM could potentially be impaired by materialisation of the following risks:

- Large-scale downturn in the Latvian economy or one of its main sectors;
- The ongoing war between Russia and Ukraine has caused disruption in the Latvian economy and may continue to cause disruption going forward. Whilst sanctions against Russia and other retaliatory measures have already reduced trade and other economic links between Latvia and Russia, Latvia remains vulnerable to spillover effects from the ongoing war between Russia and Ukraine;
- Steep economic slowdown in Latvia's main export markets – weakening of economic conditions in the EU, reflecting the fact that many EU Member States are major trading partners of Latvia. According to the Latvian Central Statistical Bureau, in 2024, the EU Member States accounted for 47.2 per-cent of goods exports of Latvian origin and 69.2 per-cent of overall goods exports;
- An unexpected or significant reduction of EU funds that could have an adverse impact on Latvia's economic growth;
- Material deterioration of Latvia's fiscal stance (given ALTUM's high level of dependence on state funding);
- Emergence of macroeconomic imbalances that could adversely affect Latvia's economic stability (e.g., in the real estate market);
- A significant amount of the total banking sector assets are held by foreign banks, mostly of Nordic origin. Accordingly, a significant downturn in the Nordic real estate market and the impact that this would have on the Nordic economies may increase the cost of the parent banks' wholesale funding and, consequently, have an adverse impact on the economic growth and lending volumes in Latvia.

Other factors that could potentially affect the financial performance of the Issuer include the level of unemployment in Latvia, migration trends, consumer purchasing power and price level dynamics, changes in the Eurozone's monetary environment and overall political stability in the EU.

The Issuer's estimate for the macroeconomic conditions risk profile is medium.

Political risk

The ability of ALTUM to achieve its business goals, *inter alia*, depends on the legislative environment and on political and social decisions made by the Latvian government. Although, ALTUM's shares are solely held by the Ministry of Finance of the Republic of Latvia, the Ministry of Economics of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia, and its operations are governed by a special law, the Development Finance Institution Law (in Latvian - *Attīstības finanšu institūcijas likums*), it cannot be excluded that political decisions may have an adverse effect on business operations and financial position of ALTUM.

The Issuer's estimate for the political risk profile is low.

Risks Related to Business Operations

Risks related to access and absorption of financing from the EU 2021-2027 programming period funds and Recovery and Resilience Facility ("RRF")

The total EU-originated public contribution to financial instruments implemented through ALTUM is projected to be at least EUR 400 million by 2029. ALTUM's investment capacity is supported by the EU 2021-2027 programming period funds, as well as the RRF, which is expected to remain active until 2026.

Due to delays in programme design and slow political decision-making process that may compress the timeline for programme implementation, the actual absorption of the EU 2021-2027 programming period funds is anticipated to begin only in 2025. This leaves a shortened four-year period to meet the targeted absorption volumes by 2029, and could result in a reputational damage for ALTUM, as well as may have a negative impact on the future EU fund allocations for Latvia.

Although, as per the current policy framework, the EU 2021-2027 programming period funds involve fewer co-funding requirements than earlier programmes, ALTUM's ability to access public funding under the EU funds, including EU 2021-2027 programming period funds and the RRF, continues to depend on its co-funding capacity, sourced from programme reflows, capital market funding, and loans from entities such as the Treasury of the Republic of Latvia, the European Investment Bank, the European Bank for Reconstruction and Development, and the Nordic Investment Bank. While there is a strong intention to increase ALTUM's equity, if needed, to maintain adequate leverage levels, there remains a potential risk that co-funding might not be secured at the required levels. Should this occur, ALTUM's access to EU funds may be reduced.

Furthermore, the programmes financed by the RRF and the 2021-2027 programming period funds stipulate that ALTUM must achieve progress as measured by monitoring indicators, including sustainability metrics such as energy savings and reductions in greenhouse gas emissions (e.g., CO2e) and specific financial volumes. Non-compliance with these prescribed monitoring indicators could impair ALTUM's access to EU funds under both frameworks. Consequently, the scope of ALTUM's programmes may be reduced, with a larger share of reflows consumed by administrative costs, and certain new programmes under both these frameworks potentially discarded. While ALTUM has successfully met interim monitoring indicators for RRF facility to date, the risk of insufficient data quality or accuracy in customer-reported sustainability metrics persists. Such issues may affect ALTUM's ability to meet the required monitoring indicators, potentially resulting in certain customer applications being ineligible. This could slow the pace of investments under the RRF and the EU 2021-2027 programming period funds.

The Issuer estimates the risk profile for the absorption of funding under the EU 2021-2027 programming period and the RRF as medium.

Risk related to financing of agricultural sector

ALTUM's significant involvement in financing of the Latvian agricultural sector exposes ALTUM to a range of risks that are unique to this industry. Agriculture is inherently cyclical and heavily influenced by external and often unpredictable factors. The following risks could materially impact ALTUM's financial performance and credit quality if no adequate risk coverage is approved and provided to ALTUM:

- **Regulatory and Policy Changes:** The agricultural sector in Latvia and across the European Union operates within a framework of subsidies, trade regulations, and environmental policies, including support from the EU Common Agricultural Policy (CAP). Changes in these policies—such as reductions in CAP funding, stricter environmental compliance requirements, or restrictions on agricultural practices—could negatively affect the financial health of Latvian farmers. Uncertainty surrounding such policies may also discourage investment in the sector, further constraining growth and profitability;

- **Weather Conditions and Climate Change:** The agricultural sector is particularly vulnerable to adverse weather events such as droughts, floods, storms, and unseasonable frosts. Such events can cause substantial reductions in crop yields or livestock productivity, leading to income disruptions for agricultural enterprises. These challenges may impair borrowers' ability to meet their financial obligations, potentially increasing ALTUM's portfolio of non-performing loans (NPLs);

- **Commodity Price Fluctuations:** Prices for agricultural products, such as grains, dairy, and meat, are subject to significant volatility due to global supply and demand dynamics, geopolitical developments, and market speculation. A sharp decline in commodity prices may reduce the profitability of Latvian agricultural producers, especially those heavily dependent on exports. Conversely, an increase in input costs (e.g., fuel, fertilizers, or animal feed) without a corresponding rise in product prices could further erode profit margins, increasing the risk of loan defaults;

- **Macroeconomic Factors:** Broader economic conditions, including inflationary pressures, interest rate increases, or currency fluctuations, can have a disproportionate impact on the agricultural sector. For example, rising input costs or higher financing costs could strain agricultural enterprises' cash flows, particularly for small and medium-sized farms with limited financial buffers. In addition, economic downturns that reduce consumer purchasing power can weaken demand for certain agricultural products, especially higher-value or export-oriented goods, exacerbating financial pressures on ALTUM's clients;

- **Value of Agricultural Land:** A significant portion of ALTUM's loan portfolio comprises loans for the purchase of agricultural land, where the financed asset serves as the primary basis for loan security. ALTUM has exposure through its Land Fund, which operates two key products: (i) investment properties and (ii) sale and leaseback agreements. The value of agricultural land is influenced by various factors, including agricultural commodity prices, land productivity, demand for arable land, and broader economic trends. In the case of investment properties, ALTUM holds agricultural land for capital appreciation while generating rental income in the interim. Tenant credit risk is minimal, as non-paying tenants can typically be replaced without difficulty given the high demand for quality land plots. However, ALTUM faces a more significant risk from fluctuations in land values, as any decrease in the fair value of the land would directly impact ALTUM's financial position. Under the sale and leaseback product, ALTUM purchases land from farmers under financial stress and leases it back to them. Rent under these agreements is relatively low, making tenant credit risk for rental payments negligible. Upon expiry of the agreement, the tenant has the option to repurchase the land at a fixed price, a scenario that occurs in the majority of cases. However, if the land value decreases during the lease period, the tenant may choose not to repurchase the plot, leaving ALTUM with a potentially less attractive asset and a potential loss between the original purchase price and the current market value.

While ALTUM employs rigorous credit assessment processes, tailored financial products, and risk mitigation strategies, these measures cannot fully eliminate the risks inherent in agricultural financing. Any significant adverse developments in the agricultural sector, including sustained declines in land values, may result in higher credit losses, reduced profitability, and potential impairments, adversely affecting ALTUM's overall financial performance and operational sustainability.

The Issuer's estimate for the risk related to financing of agricultural sector is medium.

Risk related to public funding reflows

The public funding reflows are all repayments, revenues, gains and other earnings received from loans, loan guarantees and equity and quasi-equity investments that are financed from the public funds and which are paid back within respective programme's implementation period.

The public funding available for the implementation of state support programmes constitutes ALTUM's obligations towards the respective ministries and the Central Finance and Contracting Agency of the Republic of Latvia, providing that ALTUM has to repay respective portion of the funding reflows at the end of the implementation period of the respective programme. At the same time, the Cabinet of the Ministers of the Republic of Latvia may decide on channelling of the repayable funding reflows towards continuation of the financial instruments' programmes and implementation of new programmes.

Thus far, the Cabinet of Ministers of the Republic of Latvia has channelled all the reflows into the implementation of ALTUM's financial instruments. This reflects ALTUM's strategic role as a key economic driver at the national level. ALTUM has demonstrated its capacity to rapidly deploy resources where they are most needed, effectively absorbing funding and ensuring efficient implementation of financial instruments. This proven track record has established ALTUM as a preferred conduit for public funding, positioning it as an engine for economic development. The prevailing practice has been to supplement ALTUM's resources with additional funding rather than redirecting reflows away from its programmes. Nevertheless, there is a risk that in the future the Cabinet of Ministers of the Republic of Latvia may decide to halt the reinvestment of reflows into new operations, as a result of which ALTUM may receive less funding. This would increase funding costs leading to adverse effect on the liquidity, business operations and financial position of the Issuer.

The Issuer's estimate for the public funding reflows risk profile is low.

Risk related to reduction of the amount of guarantees backed by the State

According to the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*) and Agriculture and Rural Development Law (in Latvian - *Lauksaimniecības un lauku attīstības likums*), in case ALTUM fails to fulfil its obligations relating to the issued guarantees, the Latvian government is accountable for such guarantees in the amount specified each year by the respective law on the State Budget. As of 31 December 2024, up to EUR 260 million of ALTUM issued guarantees were backed by the State, while the actual amount of guarantees issued by ALTUM as of 31 December 2024 was EUR 202 million for SME and Agricultural segment, and EUR 322 million for Individual segment.

For issued guarantees that are backed by the State budget, the underlying loans with ALTUM guarantees are aligned as loans with State guarantees, and the commercial banks for such loans may apply lower risk weight in capital adequacy calculation. ALTUM may issue guarantees above the limits stipulated by the annual State budget, however, in such event the Latvian government would not be accountable for guarantees exceeding the permitted limit. Since the issued guarantee portfolio exceeds the amount backed by the State, there is appropriate coverage of expected losses to be taken by Risk coverage reserve/Portfolio loss reserve originated by public funding.

Although ALTUM is taking all the appropriate measures to meet its short-to long-term guarantee obligations, there is a risk that the maximum total guarantee exposure having the status of state-backed guarantees could possibly be reduced or even revoked, as a result of which ALTUM's respective guarantees not backed by the State would lose some advantage from the perspective of the commercial banks, particularly in relation to capital adequacy requirements of the commercial banks where such guarantees are considered lower risk. This may have an adverse effect on business operations and financial position of the Issuer.

The Issuer estimates that the risk of an adverse effect on business operations and financial position of the Issuer due to a reduction of the guarantees backed by the State is low.

Business environment and competitive risks

There is a risk that in the long-term ALTUM's operational niches could shrink as a result of improved capacity of ALTUM's customers to gain access to financial instruments offered by private funding providers and/or the products offered by ALTUM becoming outdated due to changing business environment in the particular market gap niche operated by ALTUM.

Companies that set up their businesses successfully and stay in business for a longer period become attractive customers for private market participants, such as commercial banks, leading to their ability to refinance loans with credit institutions. Hence, there is a risk of loss of existing customers in case they decide to switch to the services provided by commercial banks.

ALTUM follows the market situation persistently by adjusting the terms of the programmes and the list of offered products to current market needs, including through pro-active co-operation with credit institutions. ALTUM implements state support programmes based on ex-ante assessment of market or implements specific assignments delegated by the Latvian government to promote the development of the national economy. It supplements the private market supply by implementing state support programmes in the spheres where there are market gaps or sub-optimal circumstances for investments.

In case other market participants fill the market gap in which ALTUM is operating, ALTUM would be forced to terminate or reduce the scope of certain business operations within the said market gap and look for current market needs where private funding is not available.

Therefore, deterioration of ALTUM's competitive position and/or loss of a considerable share of the customer base, may have an adverse effect on the business operations and financial position of the Issuer.

The Issuer's estimate for the business environment and competitive risk profile is low.

Limitation of the scope of ALTUM's business operations by the European Commission

In its decision of 9 June 2015, the European Commission concluded that the proposal of Latvia to establish ALTUM as a Latvian single development institution is compatible with the EU State aid rules.

Although the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*) does not determine a specific duration for ALTUM, pursuant to the EU State aid rules the Latvian authorities have previously sought the European Commission's authorisation for ALTUM's activities, initially until 31 December 2022 and most recently until 31 December 2029. According to the decision of the European Commission granting approval for ALTUM's business operations until 31 December 2029, any prolongation of ALTUM's remit will be notified to the European Commission sufficiently in time before that date.

As a result of authorisation measures for ALTUM's activities and further prolongation of ALTUM's remit, as of 1 January 2030 the scope of ALTUM's business operations may need to be changed.

The Issuer's estimate for the limitation of the scope of ALTUM's business operations by the European Commission risk profile is low.

Legal and Regulatory Risks

Compliance risk

Compliance risk is a probability for the Issuer to incur losses, be subjected to legal sanctions imposed on the Issuer, or a probability for its reputation to deteriorate in case the Issuer fails to adhere to or breaches any applicable compliance laws, regulations and standards (i.e., laws and other legal enactments, as well as standards, codes of professional conduct and ethics established by self-governing institutions related to the Issuer's business).

Since the implementation of state support programmes requires compliance with a broad regulatory framework, including the EU regulatory framework and national laws and regulations, the compliance risk for the implementation of ALTUM's programmes is of particular importance. Namely, there is a risk that ALTUM and its cooperation partners (financial intermediaries) may interpret and apply the EU law differently than the supervisory authorities during their inspections. This risk stems from the fact that EU legislative acts in respect to the implementation of state support programmes may be interpreted differently and that no detailed guidelines or methodologies have been developed by the supervising authorities.

ALTUM has established a risk management system to ensure pro-active risk management, as well as timely introduction of corrective measures for mitigation or elimination of compliance risks. In order to manage the risks, ALTUM uses various risk management methods and instruments, as well as risk limits and restrictions. Risk management methods are chosen depending on materiality of the particular risk and its impact on ALTUM's operations.

In addition, ALTUM consults with the responsible ministries on implementation of most suitable solutions.

Once the compliance risk that is classified as an operational risk materialises, the non-compliant transaction is excluded from the respective portfolio and financial intermediaries are requested to cover the losses incurred or pay back in advance the non-eligible expenditures to cover the loss on financial corrections to the attribution of the EU funding; however, such cases are exceptional. ALTUM keeps improving its operations and internal control system so that non-compliant transactions are not concluded.

Notwithstanding ALTUM's efforts, non-compliance with regulations in respect of implementation of programmes may have an adverse effect on the financial position and reputation of the Issuer.

The Issuer's estimate for the compliance risk profile is low.

Litigation and dispute risk

In the course of its business, ALTUM is exposed to a significant risk of claims, disputes and legal proceedings. In many cases, ALTUM will be the plaintiff, typically seeking to recover money provided to its customers, for example for receiving unlawful and incompatible State aid or failure to fulfil obligations on time, and it may not always be successful in this endeavour and, even where it is successful, the costs involved in the litigation will reduce its recoveries. In cases where ALTUM is a defendant, in addition to the cost of defending the claim, ALTUM may be required to pay significant damages and the dispute could also negatively affect ALTUM's reputation. Any such damages or reputational harm, or any associated fines or other penalties, could have a material adverse effect on ALTUM's business and financial position.

The Issuer's estimate for litigation and dispute risk profile is low.

Money laundering, terrorism and proliferation financing and national and international sanctions risk

Money laundering, terrorism and proliferation financing and national and international sanctions risk is a probability for ALTUM to incur losses or a probability for its reputation to deteriorate in case ALTUM engages in business with customers conducting or being involved in money laundering, terrorism or proliferation financing and/or are subject to Latvian national sanctions or sanctions of international organizations.

ALTUM is an obliged entity within the meaning of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (in Latvian – *Noziedzīgi iegūtu līdzekļu legalizācijas un terorisma un proliferācijas finansēšanas novēršanas likums*) and the Law on International Sanctions and National Sanctions of the Republic of Latvia (in Latvian - *Starptautisko un Latvijas Republikas nacionālo sankciju likums*), and takes all the measures necessary to reduce the probability of conducting business with customers involved in or allegedly involved in money laundering, terrorism and proliferation financing by adhering to the requirements of the applicable laws and regulations, and by implementing the "know your customer" principles in its business operations.

Notwithstanding the foregoing, there is a risk that the measures adopted by ALTUM may be insufficient for prevention of money laundering, terrorism and proliferation financing, and with compliance with national and international sanctions. This may have an adverse effect on the financial position and reputation of ALTUM.

The Issuer's estimate for the money laundering, terrorism and proliferation financing and national and international sanctions risk profile is low.

General Data Protection Regulation compliance risk

There is a risk that ALTUM has not taken the necessary measures to ensure compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation). This may have an adverse effect on the financial position and reputation of ALTUM.

ALTUM ensures that personal data of customers is always safe and that the processing of personal data is consistent with existing data protection legislation, internal policies, guidelines, and procedures. ALTUM has developed and implemented the necessary internal standards and personal data protection system. ALTUM has also appointed a data protection officer. The primary role of the data protection officer is to ensure that ALTUM complies with the requirements, guidelines, and procedures of personal data protection regulation.

ALTUM constantly reviews and improves protection measures to protect personal data from unauthorised access, accidental loss, disclosure or destruction. To do this, ALTUM applies modern technology, technical and organisational requirements.

The Issuer's estimate for the General Data Protection Regulation compliance risk profile is low.

Financial Risks

Portfolio and counterparty credit risk

ALTUM has established a risk management system that is relevant to its operations and which is regulated by ALTUM's internal regulatory documents. The risk management system provides a comprehensive credit risk assessment of ALTUM's customers or business partners prior to initiating cooperation, as well as enables continuous monitoring of credit risk transactions, credit risk assessment and management of credit risk transactions in ALTUM's portfolio. The exposure to credit risk is mitigated by obtaining pledges relevant to the risk transaction or other types of collateral, as well as by securing a coverage of expected losses arising from higher level of credit risk while implementing state support programmes from public funding injected in ALTUM via Specific Reserve capital and disclosed within "Portfolio Loss Reserve" or recognised as liabilities Support Programme Funding and disclosed within "Risk Coverage Reserve".

The quality of the assets in ALTUM's portfolio of loans, loan guarantees and equity and quasi-equity investments is affected by changes in the creditworthiness of its customers, their ability to repay loans on time and ALTUM's ability to enforce its security interests on customers' collateral. Should the customers fail to repay their loans and the value of the relevant collateral proves to be insufficient for covering the full amount of the outstanding liabilities, ALTUM's financial position, ALTUM's ability to fulfil its obligations under the Notes and the value of the Notes may be adversely affected.

ALTUM's level of credit risk is sensitive to any general deterioration in economic conditions in Latvia, unemployment, real estate price developments and other factors, such as geopolitical tensions due to the Russian invasion to Ukraine, that have an influence on customers' financing needs or consumer confidence. The worsened macroeconomic outlook for Baltic countries may lead to lower success of problem customer recovery and the risk that future credit losses will be higher, triggering the need for additional impairments. Any future write-downs in ALTUM's loan portfolio attributed to loan losses may ultimately be due to many factors, such as the general economic situation, geopolitical risks, inflation, increased interest rates, negative changes in the credit rating of customers or counterparties, customers' servicing of loans and ability to pay, a reduction in property values, structural and technological changes in different sectors.

The assessment and pricing of credit risks, the real value and realisation times for collateral, the granting of lending powers and the following up of loan decisions are associated with uncertainty, which means that any value impairments realised in the loan portfolio could weaken the profitability of ALTUM's business operations and its financial position. There are no guarantees that any provisions made will be sufficient to cover the amount of loan losses as they occur. A significant increase in the size of ALTUM's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Issuer's results of operations, business, financial condition and results of operations.

There is a risk to incur losses in the event ALTUM's customers or business partners are not able or refuse to comply with their liabilities towards ALTUM pursuant to the terms and conditions of the concluded agreements and respective risk coverage funded by public funding is not sufficient.

The Issuer's estimate for the credit risk profile is medium.

Decrease of specific reserve capital

The public funding received by ALTUM for the purposes of implementation of its programmes, including both funding component and portion to cover expected credit risk, may be injected in the specific reserve capital of ALTUM.

If a particular programme is not in demand or is implemented at a lower scale due to minimal demand by the market, including by commercial banks, the respective public funding originally earmarked for a specific programme either partly or in full may be (i) shifted to other state support programmes within the specific reserve capital of ALTUM, or (ii) excluded from the specific reserve capital of ALTUM and transferred to liabilities of ALTUM for funding of another state support programme (e.g., in respect to financial instruments, combined financial instruments or grants), or (iii) excluded from the specific reserve capital of ALTUM and transferred to the shareholders of ALTUM if there are no State support programmes to be implemented by ALTUM where respective funding would be needed.

Although ALTUM generally practises allocation of the respective public funding for its most appropriate use, there is a risk that such allocation in form of specific reserve capital decrease and transfer to liabilities for funding of another state support programme may be interpreted by the counterparties of ALTUM as negative trend on performance and/or corporate governance of ALTUM. This may have an adverse effect on the business operations, financial position and reputation of ALTUM.

The Issuer's estimate for decrease of specific reserve capital is medium.

Risks associated with the credit ratings of ALTUM

Currently, ALTUM has investment grade (Baa1) rating from Moody's Ratings that has been unchanged since first assigned to ALTUM in 2017. Any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of ALTUM has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to ALTUM may be lowered.

According to the existing credit opinion relating to ALTUM's credit rating issued by Moody's Ratings, a credit rating downgrade could result from a combination of the company significantly changing its funding structure, and a significant deterioration in its risk-coverage reserves and capitalisation. In addition, a downgrade of ALTUM's credit rating could also follow a downgrade of the Latvian government's ratings or if the probability of government support decreases.

If any of the ratings assigned to ALTUM is lowered or withdrawn, the market value of the Notes may be reduced. Furthermore, such ratings may not reflect the potential impact of all risks related to the structure, market, and other factors that may affect the financial standing of ALTUM. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

ALTUM can at any time choose to stop cooperating with the current credit rating agency, which would result in the Issuer no longer being rated, unless ALTUM chooses to be rated by one or several other credit rating agencies. A decline in the rating of ALTUM or withdrawal of the rating by a rating agency may have a material adverse effect on the business, financial condition and results of operations of ALTUM.

The Issuer's estimate for risks associated with the credit ratings of the Issuer is medium.

Interest rate risk relating to ALTUM's business operations

ALTUM identifies and assesses the interest rate risk by analysing the structure of assets, liabilities and off-balance sheet items sensitive to interest rate movements and estimates the maximum amount of potential losses from different pace of interest rate changes in assets and liabilities side, as well as the impact on ALTUM's business result.

Notwithstanding the foregoing, there is a risk to incur losses due to unmatching changes in interest rates applicable to ALTUM's income and/or expense and its economic value.

The Issuer's estimate for the interest rate risk profile is medium.

Eligibility of public funds expenditure risk

The EU and national legislation have an established procedure for determining eligibility for funding under the state support programmes financed from the EU's structural funds and national budget. ALTUM implements a number of such programmes in the capacity of an intermediary, including grant programmes and venture capital initiatives. As an intermediary, ALTUM neither exercises full control over the expenditure of these funds (i.e., financing of the ultimate project), which are disbursed in advance, nor has it full influence over the allocation and management of investments in venture capital programmes as these programmes are managed by additional intermediary counterparties.

This entails a risk that the Central Finance and Contracting Agency of the Republic of Latvia or any public funding audit institutions may regard part of the ultimate project expenditure as not eligible for funding. In such case ALTUM would have to cover the costs from the reflows under the programmes and seek recovery of funds from the debtor or the responsible fund manager by enforced collection. As a consequence, these expenses may result in decrease of the amount of available reflows that may be used to fund ALTUM's product on more attractive terms. To preclude adverse effect of such situations, ALTUM, when reasonably necessary, negotiates with relevant ministries of the Republic of Latvia on a compensatory mechanism from the national funds.

The Issuer's estimate for the eligibility of public funds expenditure risk profile is low.

Liquidity risk

For liquidity risk assessment purposes ALTUM analyses and assesses the coverage of outbound cash flows by inbound cash flows and liquid assets.

Notwithstanding the foregoing, there is a risk to incur losses in case ALTUM is unable to satisfy the legally valid claims of its creditors in a timely manner, or, in the case of contingency, such as, for instance, unexpected reduction in the volume of cash flows from the loan portfolio and other assets, resulting in a material shortage of liquid assets at ALTUM's disposal.

The Issuer's estimate for the liquidity risk profile is low.

Misinterpretation of risk coverage component – portfolio loss reserve within the specific reserve capital of ALTUM

The public funding for implementation of the specific products to cover expected credit risk has been injected in the specific reserve capital of ALTUM and recognised within the portfolio loss reserve, being one of the two components for risk coverage. The portfolio loss reserve would be used to cover credit losses of the respective programme and as such would decrease over time. However, there is a risk that such recognition might be incorrectly treated as a negative performance of ALTUM, thus creating a material adverse effect on the reputation of ALTUM.

The Issuer's estimate for misinterpretation of risk coverage component – portfolio loss reserve within the specific reserve capital of ALTUM risk profile is low.

Risks related to the Notes

The following risk factors are, among other things, material in order to assess the risks associated with the Notes.

Possibility to forfeit interest and principal amount invested

Should ALTUM become insolvent, legal protection proceedings or out-of-court legal protection proceedings of ALTUM are initiated during the term of the Notes, an investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part. An investor is always solely responsible for the economic consequences of its investment decisions.

No guarantee or security

The Notes will not constitute an obligation of anyone other than ALTUM and they will not be guaranteed. No one other than ALTUM will accept any liability whatsoever in respect of any failure by ALTUM to pay any amount due under the Notes.

The Notes are unsecured debt instruments, and the Noteholders would be unsecured creditors in the event of ALTUM's insolvency. The secured creditor of ALTUM is the Treasury of the Republic of Latvia (outstanding amount of debt as of 31 December 2024 was 205.7 million). In the event of insolvency, ALTUM's assets will be used for settling the Noteholders' claims only after the claims of the Treasury of the Republic of Latvia, and other preferential creditors are satisfied.

The Notes do not contain covenants governing ALTUM's operations and do not limit its ability to merge or otherwise affect significant transactions that may have a material adverse effect on the Notes and the Noteholders

The Notes do not contain provisions designed to protect the Noteholders from a reduction in the creditworthiness of ALTUM. In particular, the General Terms and Conditions of the Notes do not, except for the Change of Control and Events of Default conditions (see Clause 14 and Clause 16 of the General Terms and Conditions of the Notes), restrict ALTUM's ability to increase or decrease its share capital, to enter into a merger or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or its composition and business. In the event that ALTUM enters into such a transaction, Noteholders could be materially adversely affected. Furthermore, the Change of Control condition does not restrict the current shareholder of ALTUM, namely, the Republic of Latvia, from disposing any or all of its shareholdings, in case the law, which at the date of this Base Prospectus restricts privatisation or alienation of the shares of ALTUM, is changed.

No limitation on issuing additional debt

In accordance with the General Terms and Conditions of the Notes ALTUM is not prohibited from issuing further debt. If ALTUM incurs significant additional debt of an equivalent seniority with the Notes, it will increase the number of claims that would be equally entitled to receive the proceeds, including those related to ALTUM's possible insolvency. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is an issue of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Latvia providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Latvia through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should ALTUM breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

Adverse change in the financial condition or prospects of ALTUM

Any adverse change in the financial condition or prospects of ALTUM may have a material adverse effect on the liquidity of the Notes and may result in a material decline in their market price. Such adverse change may result in a reduced probability that the Noteholders will be fully repaid on time. This provision concerns for the principal and interest amounts and/or any other amounts and items payable to the Noteholders pursuant to the General Terms and Conditions of the Notes from time to time.

Refinancing risk

ALTUM may be required to refinance certain or all of its outstanding debt, including the Notes. ALTUM's ability to successfully refinance its debt depends on the conditions of debt capital markets and its own financial condition. ALTUM's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on ALTUM's operations, financial condition, earnings and on the Noteholders' recovery under the Notes.

Interest rate risk relating to the Notes

The Notes may bear interest on their outstanding principal amount at a fixed interest rate or a floating interest rate, as specified in the relevant Final Terms.

A holder of a security with a fixed interest rate is exposed to the risk that the value of such security could fall as a result of changes in the market interest rate. While the nominal compensation rate of the Notes with fixed interest rate, as specified in the Final Terms, will be fixed during the life of the particular Notes, the interest rate on the capital market (market interest rate) may change on a daily basis. If the market interest rate increases, the value of a security such as the Notes with fixed interest rate may fall, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the value of a security such as the Notes with fixed interest rate may increase, until the yield of such a security is approximately equal to the market interest rate. Consequently, Noteholders holding Notes with fixed interest rate should be aware that movements of the market interest rate can adversely affect the value of the Notes and can lead to losses for the Noteholders if they sell the Notes with fixed interest rate.

A holder of a security with a floating interest rate should be aware that the floating rate interest income is subject to changes to EURIBOR, and therefore cannot be anticipated. Hence, Noteholders holding Notes with floating interest rate are not able to determine a definite yield of the Notes at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments. Since the margin is fixed at the Issue Date, Noteholders are subject to the risk that the margin does not reflect the spread that investors require in addition to EURIBOR as a compensation for the risks inherent in the Notes (market spread). The market spread typically changes on a daily basis. As the market spread changes, the price of the Notes changes in the opposite direction. A decrease in the market spread has a positive impact on the price of the Notes; an increase in the market spread has a negative impact on the price of the Notes. However, the price of the Notes is subject to changes in the market spread, changes in EURIBOR or both. Noteholders should be aware that movements in the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Certain benchmark rates, including EURIBOR, may be discontinued or reformed in the future

EURIBOR and other interest rate or other types of rates and indices which are deemed to be benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds became applicable from 1 January 2018. The EU Benchmarks Regulation applies, subject to certain transitional provisions to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The EU Benchmarks Regulation could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks." On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the Benchmarks Regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions or result in adverse consequences to holders of any Notes linked to such benchmark (including in case the interest rates of the Notes are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes with floating interest rate or could have a material adverse effect on the value or liquidity of, and the amount payable under the Notes with floating interest rate. Investors should consider these matters when making their investment decision with respect to the Notes with floating interest rate and consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation, any of the international or national reforms and the possible application of the benchmarks replacement provisions the Notes with floating interest rate in making any investment decision with respect to any Notes with floating interest rate referencing a benchmark.

The market price of the Notes may be volatile

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in ALTUM's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which ALTUM operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to ALTUM's results of operations, prospects or financial condition. Factors including increased competition or ALTUM 's operating results, the regulatory environment, general market conditions, natural disasters, pandemics, terrorist attacks and war may have an adverse effect on the market price of the Notes.

An active market for the Notes may not develop

Although application(s) will be made for the Notes to be admitted to trading on Nasdaq Riga stock exchange, there is no assurance that such application(s) will be accepted and the Notes will be admitted to trading. In addition, admission of the Notes on a regulated market will not guarantee that a liquid public market for the Notes will develop or, if such market develops, that it will be maintained, and neither ALTUM, nor the Arranger or the Dealer is under any obligation to maintain such market. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material adverse effect on the market price and value of the Notes.

Exchange rate risk

ALTUM will pay principal and interest on the Notes in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify currency exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease the Investor's Currency-equivalent: (i) yield on the Notes; (ii) value of the principal payable on the Notes; and (iii) market value of the Notes.

No assurance on change of laws or practices

The Notes are governed by the laws of the Republic of Latvia. Latvian laws (including but not limited to tax laws) and regulations governing the Notes may change during the life of the Notes, and new judicial decisions can be issued and/or new administrative practices may be adopted. No assurance can be given as to the impact of any of such possible changes of laws or regulations, or new judicial decision or administrative practice taking place after the date of this Base Prospectus. Hence, such change may have a material adverse effect on ALTUM's business, financial condition, results of operations and/or future prospects and, thereby, ALTUM's ability to fulfil its obligations under the Notes, as well as taxation of the Notes, and the market price of the Notes. Such events may also result in material financial losses or damage to the Noteholders.

Redemption prior to maturity

The Notes are redeemable at the Issuer's option (i) at any time during the period between 12 (twelve) months and 3 (three) months prior to their maturity at a price equal to 101 (one hundred and one) per-cent of the nominal amount of the Notes together with the accrued interest, or (ii) at any time during the period of 3 (three) months prior to their maturity at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Notes). The Notes are also redeemable due to tax reasons at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in Clause 11 of the General Terms and Conditions of the Notes). In addition, the Notes are redeemable on the occurrence of a Change of Control at a price equal to the nominal amount of the Notes together with the accrued interest (as more fully set out in in Clause 14 of the General Terms and Conditions of the Notes). Furthermore, if 75 (seventy-five) per-cent or more in principal amount of the Notes then outstanding have been redeemed based on a Change of Control, the Issuer is entitled to redeem the remaining Notes at a price equal to the nominal amount of the Notes together with the accrued interest. It is possible that the Notes are redeemed at a time when the prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes. It is further possible that the Issuer will not have sufficient funds at the time of the occurrence of a Change of Control to make the required redemption of Notes.

No voting rights

Only the shareholder of ALTUM has voting rights in the shareholders' meetings of ALTUM. The Notes carry no such voting rights. Consequently, the Noteholders cannot influence any decisions by ALTUM's shareholder concerning, for instance, the capital structure of ALTUM.

Amendments to the Notes bind all Noteholders

The General Terms and Conditions of the Notes contain provisions for Noteholders to consider matters affecting their interests generally. The decisions of Noteholders (including amendments to the General Terms and Conditions of the Notes), subject to defined majorities requirements, will be binding to all Noteholders, including Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority**.** This may cause financial losses, among other things, to all Noteholders, including the Noteholders who did not vote and Noteholders who voted in a manner contrary to the majority.

Certain material interests

The Arranger and the Dealer has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Issuer in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Arranger's or the Dealer's current or future engagement in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Risks relating to the clearing and settlement in the Depository's book-entry system

The Notes will be affiliated to the account-based system of the Depository, and no physical notes will be issued. Clearing and settlement relating to the Notes will be carried out within the Depository's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of the Depository's account-based system.

GENERAL TERMS AND CONDITIONS OF THE NOTES

1. Principal amount and issuance of the Notes

1.1. Under this fourth programme for the issuance of notes (the "**Programme**") the Issuer may issue notes up to an aggregate principal amount of up to EUR 120,000,000 (one hundred twenty million euro) (the "**Notes**").

1.2. The Notes shall be issued in series (the "**Series**").

1.3. Each Series may comprise one or more tranches of Notes (the "**Tranches**"). The Notes of each Tranche will all be subject to identical terms, except that the Issue Dates (as defined below) and the Issue Prices (as defined below) thereof may be different in respect of different Tranches.

1.4. In order to identify each Series and Tranches, the Final Terms (as defined below) shall stipulate a serial number of the respective Series and a serial number of the respective Tranche.

1.5. The terms and conditions of each Tranche shall consist of these general terms and conditions of the Notes (the "**General Terms and Conditions**") and the final terms (the "**Final Terms**"). The General Terms and Conditions shall apply to each Tranche.

1.6. Each Final Terms will be approved by the Management Board of the Issuer, published on the Issuer's website www.altum.lv and submitted to the Bank of Latvia, which will forward them to the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*) and the Estonian Financial Supervision Authority (in Estonian – *Finantsinspektsioon*).

1.7. The aggregate principal amount of a Tranche shall be specified in the Final Terms. The Issuer may increase or decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Placement Period (as defined below) of that Tranche.

1.8. The nominal amount of each Note shall be specified in the Final Terms.

1.9. The Notes will be offered for subscription for a minimum investment amount EUR 100,000 (one hundred thousand euro) (the "**Minimum Investment Amount**").

2. Form of the Notes and ISIN

2.1. The Notes are freely transferable non-convertible debt securities, which contain payment obligations of the Issuer towards the holders of the Notes (the "**Noteholders**").

2.2. The Notes are dematerialized debt securities in bearer form which are disposable without any restrictions and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Latvian laws, including the United States, Australia, Japan, Canada, Hong Kong, South Africa, Singapore, Russia, Belarus and certain other jurisdictions. In addition, the Noteholders are prohibited to resell, transfer or deliver the Notes to any person in a manner that would constitute a public offer of securities.

2.3. The Notes shall be book-entered with Nasdaq CSD SE (registration number: 40003242879, legal address: Vaļņu 1, Riga, LV-1050, Latvia) (the "**Depository**").

2.4. A separate ISIN will be assigned to each Series, which will be different from ISIN of other Series.

2.5. Before commencement of the offering of the Notes of the first Tranche of each Series, the Depository upon request of the Issuer will assign ISIN to the respective Series. Where a further Tranche is issued, which is intended to form a single Series with an existing Tranche at any point after the Issue Date of the existing Tranche, a temporary ISIN may be assigned to the Notes of such further Tranche, which is different from ISIN assigned to the relevant Series, until such time as the Tranches are consolidated and form a single Series.

2.6. ISIN of the respective Series and a temporary ISIN of the respective Tranche, if applicable, will be specified in the Final Terms.

3. Status and security

The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

4. Currency of the Notes

The Notes will be issued in EUR.

5. Issue price and yield

5.1. The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount (the "**Issue Price**"). The Issue Price shall be determined by the Issuer and specified in the Final Terms.

5.2. The yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future yield.

6. Underwriting

None of the Tranches will be underwritten.

7. Issue date

The issue date of each Tranche (the "**Issue Date**") shall be specified in the Final Terms.

8. Interest

8.1. The Notes shall bear interest at a fixed annual interest rate or at a Floating Interest Rate, as calculated by the Calculation Agent, which shall be determined by the Issuer and specified in the Final Terms.

8.2. The interest on the Notes will be paid on the dates specified in the Final Terms ("**Interest Payment Date**") until the Maturity Date (as defined below) and will be calculated on the aggregate outstanding principal amount of the Notes of the respective Series.

8.3. Interest shall accrue for each interest period (the "**Interest Period**") from and including the first day of the Interest Period to (but excluding) the last day of the Interest Period on the principal amount of the Notes of the respective Series outstanding from time to time. The first Interest Period commences on the Issue Date and ends on a day preceding the first Interest Payment Date (the "**First Interest Period**"). Each consecutive Interest Period begins on the previous

Interest Payment Date and ends on a day preceding the following Interest Payment Date. The last Interest Period ends on the Maturity Date (as defined below).

8.4. Interest in respect of the Notes that bear interest at a fixed annual interest rate will be calculated on the basis of the actual number of days elapsed in the relevant Interest Period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used. Interest in respect of the Notes that bear interest at a Floating Interest Rate will be calculated on the basis of the actual number of days elapsed in the relevant Interest Period divided by 360, i.e. a day count convention Act/360 will be used.

8.5. When interest is required to be calculated in respect of a period of less than a full year (other than in respect of the First Interest Period) it shall be calculated on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due, divided by (ii) the actual number of days from and including the Accrual Date to, but excluding the next following Interest Payment Date.

8.6. Interest on the Notes shall be paid through the Depository in accordance with the applicable rules of the Depository. The Noteholders list eligible to receive the interest on the Notes will be fixed at the end of the 8th (eighth) Business Day immediately preceding the Interest Payment Date.

8.7. Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

"**Floating Interest Rate**" means the Screen Rate plus the Margin.

"**Screen Rate**" means the 3 month, 6 months or 12 months EURIBOR, as specified in the Final Terms. The Screen Rate will be determined by the Calculation Agent on each Interest Determination Date at approximately 12.00 am (Riga time) and notified to the Issuer. The Issuer shall notify the Noteholders about the determined Screen Rate and the applicable Floating Interest Rate for the relevant Interest Period in accordance with Clause 20 (*Notices*) promptly upon receipt of information on the determined Screen Rate from the Calculation Agent.

"**EURIBOR**" means in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (Bloomberg) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor) and in case of negative rates, interest rate shall be zero.

"**Margin**" means value of per cent rate, which shall be determined and specified in the Final Terms.

"**Calculation Agent**" means Luminor Bank AS, registration number 1315936, registered address at: Liivalaia 45, 10145, Tallin, Estonia, represented within the Republic of Lithuania by Luminor Bank AS Lithuanian Branch, registration number 304870069, registered address at: Konstitucijos ave. 21A, 03601, Vilnius, Lithuania.

"**Interest Determination Date**" means the 2nd (second) TARGET Day prior to the commencement of the Interest Period for which the Floating Interest Rate applies.

"**TARGET Day**" means any day on which T2 is open for the settlement of payments in euro.

"**T2**" means the real-time gross settlement (RTGS) system operated by the Eurosystem or any successor system.

"**Business Day**" means a day on which the Depository system is open and operational.

9. Redemption

9.1. The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms (the "**Maturity Date**"), unless the Issuer has redeemed the Notes in accordance with Clauses 9.3 and 9.4, Clause 14 (*Change of control*) or Clause 16 (*Events of Default*) below or in case the Noteholders, upon proposal of the Issuer, pursuant to Clause 22 (*Decisions of the Noteholders*) have decided that the Notes shall be redeemed prior to the Maturity Date.

9.2. Each Series of Notes may have a maturity up to 10 (ten) years.

9.3. The Issuer may redeem each Series of Notes, in whole but not in part:

(i) at any time during the period commencing on the first Business Day falling 12 (twelve) months prior to the Maturity Date (such Business Day included) and ending on the first Business Day falling 3 (three) months prior to the Maturity Date (such Business Day excluded), at an amount equal to 101 (one hundred and one) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of voluntary redemption; or

(ii) at any time during the period commencing on the first Business Day falling 3 (three) months prior to the Maturity Date (such Business Day included) and ending on the Maturity Date (the Maturity Date excluded), at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of voluntary redemption.

9.4. Any voluntary redemption in accordance with Clause 9.3 shall be made by the Issuer giving not less than 30 (thirty) but no more than 60 (sixty) calendar days' irrevocable notice specifying the voluntary redemption date, which shall be a Business Day within the relevant voluntary redemption period, as specified in Clause 9.3, paragraphs (i) and (ii), to the Noteholders in accordance with Clause 20 (*Notices*).

9.5. The principal of the Notes shall be paid through the Depository in accordance with the applicable rules of the Depository. The Noteholders list eligible to receive the principal of the Notes will be fixed at the end of the Business Day immediately preceding the payment of the principal of the Notes.

9.6. Should the payment date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

10. Taxation

All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note held by or on behalf of a Noteholder which is liable to such Taxes in respect of such Note by reason of its having some connection with the Republic of Latvia other than the mere holding of the Note.

11. Redemption for tax reasons

11.1. The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving 30 (thirty) but no more than 60 (sixty) calendar days' irrevocable notice to the Noteholders at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Clause 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Latvia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

11.2. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall obtain an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

11.3. Upon the expiry of any such notice as is referred to in this Clause 11, the Issuer shall be bound to redeem the Notes in accordance with this Clause 11.

12. Placement of the Notes

12.1. Initially the Notes of the respective Tranche will be book-entered in the distribution account of the Dealer with the Depository.

12.2. The placement period for each Tranche (the "**Placement Period**") will be specified in the Final Terms. The Issuer may decide on shortening or lengthening the Placement Period.

12.3. The investors wishing to purchase the Notes shall submit their orders to the Dealer to purchase the Notes (the "**Purchase Orders**") at any time during the Placement Period.

12.4. Total amount of the Notes to be purchased and provided in each Purchase Order shall be no less than the Minimum Investment Amount.

12.5. Purchase Orders by the same legal entity or person will be aggregated into one if all order parameters (except the purchase amount) are the same.

12.6. All Purchase Orders are binding and irrevocable commitment to acquire the allotted Notes.

12.7. On the same Business Day following the Placement Period the Issuer will decide whether to proceed with the issuance of the Notes of a respective Tranche or cancel the issuance. In case the issuance of the Notes of a respective Tranche is cancelled, the Issuer will publish an announcement on the Issuer's website www.altum.lv.

12.8. The Issuer in consultation with the Dealer will decide on allotment of the Notes to the Investors. The Issuer reserves a right to reject any Purchase Order, in whole or in part, at its sole discretion.

12.9. The Dealer shall send to each investor by way of e-mail or through Bloomberg system a confirmation which will contain information on the extent of satisfaction or rejection of the Purchase Order submitted by the investor, the number of Notes allotted to the investor and the amount (price) payable for the Notes.

12.10. The settlement for the Notes will take place on the Issue Date and will be carried out by the Dealer in accordance with the DVP (*Delivery vs Payment*) principle pursuant to the applicable rules of the Depository.

12.11. All paid up Notes shall be treated as issued. The Notes which are not paid up shall be cancelled.

12.12. Information about the placement results of the Notes will be published on the Issuer's website www.altum.lv within 1(one) Business Day following the end of the Placement Period.

13. Admission to trading

13.1. The Issuer shall submit an application regarding inclusion of each Tranche in the Baltic Bond List of Akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Vaļņu 1, Riga, LV-1050, Latvia ("**Nasdaq Riga**"). An application shall be prepared according to the requirements of Nasdaq Riga and shall be submitted to Nasdaq Riga within 3 (three) months after the Issue Date of the respective Tranche.

13.2. The Issuer shall use its best efforts to ensure that the Notes remain listed in the Baltic Bond List of Nasdaq Riga or, if such listing is not possible, to obtain or maintain, listed or traded on another regulated market. The Issuer shall, following a listing or admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Notes.

13.3. The Issuer will cover all costs which are related to the admission of the Notes to the relevant regulated market.

14. Change of control

14.1. If at any time while any Note remains outstanding: (i) there occurs a Change of Control (as defined below), and (ii) within the Change of Control Period (as defined below), a Rating Event (as defined below) in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period, together, a "**Change of Control Put Event**"), each Noteholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes according to Clauses 9.3 and 9.4) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Notes, on the Optional Redemption Date (as defined below) at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred if at any time following the Issue Date of the first Tranche of the Notes, the Republic of Latvia ceases to own, directly or indirectly, at least 50 (fifty) per-cent plus one share of the issued share capital of the Issuer or ceases to have the power, directly or indirectly, to cast, or control the casting of, at least 50 (fifty) per-cent and one vote of the maximum number of votes that might be casted at a Shareholders' Meeting of the Issuer.

"**Change of Control Period**" means the period beginning on the date of the first public announcement by or on behalf of the Issuer by any bidder or any designated advisor, of the relevant Change of Control and ending 90 (ninety) days after completion of the relevant Change of Control.

A "**Rating Event**" shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period) either:

(i) (A) the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (Baa3/BBB- or its equivalent for the time being, or better) to a non-investment grade rating (Ba1/BB+ or its equivalent for the time being, or worse) or (z) (if the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above)), lowered by at least one full rating notch (for example, from Ba1 to Ba2, or their respective equivalents) and (B) such rating is not subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) within the Change of Control Period either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency; or

(ii) the Issuer has not been previously assigned a credit rating solicited by the Issuer, and no Rating Agency assigns the Issuer an investment grade rating solicited by the Issuer within the Change of Control Period;

provided that the Rating Agency making the reduction in rating or deciding not to assign an investment grade rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer in writing that the lowering or failure to assign an investment grade rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Event).

"**Rating Agency**" means Moody's Ratings, S&P Global Ratings Europe Limited, Fitch Ratings Ireland Limited or any of their affiliates.

14.2. Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a "**Change of Control Put Event Notice**") to the Noteholders in accordance with Clause 20 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it, and the procedure for exercising the Change of Control Put Option.

14.3. To exercise the Change of Control Put Option, a Noteholder within the period (the "**Change of Control Put Period**") of 45 (forty-five) days after a Change of Control Put Event Notice is given must provide to the Issuer in writing a notice on exercise of the Change of Control Put Option (a "**Change of Control Put Option Notice**").

14.4. A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Change of Control Put Option has been validly exercised as provided above by the date which is the 5th (fifth) Business Day following the end of the Change of Control Put Period (the "**Optional Redemption Date**").

14.5. For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).

14.6. If 75 (seventy-five) per-cent or more in principal amount of the Notes then outstanding have been redeemed pursuant to this Clause 14, the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' irrevocable notice to the Noteholders in accordance with Clause 20 (*Notices*) given within 30 (thirty) days after the Optional Redemption Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Notes at 100 (one hundred) per-cent of their nominal amount, together with interest accrued to, but excluding, the date of redemption.

15. Negative pledge

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries create or permit to subsist mortgage, pledge or any other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith, or (b) providing such other security for the Notes or other arrangement (weather or not it includes the granting of a security) as may be approved by the Noteholders pursuant to Clause 22 (*Decisions of the Noteholders*).

"**Subsidiary**" means a company:

(i) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove majority members of the governing body or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.

"**Material Subsidiary**" means at any time any Subsidiary:

(i) whose total consolidated (or, if applicable, unconsolidated) assets (excluding intercompany loans, intercompany payables, intercompany receivables and intercompany unrealised gains and losses in inventories) represent not less than 10 (ten) per-cent of the total consolidated assets of the Issuer, or whose gross consolidated EBITDA (or, if applicable, unconsolidated) represents not less than 10 (ten) per-cent of the gross consolidated EBITDA of the Issuer, in each case as determined by reference to the most recent publicly available annual or interim financial statements of the Issuer prepared in accordance with IFRS and the latest financial statements of the Subsidiary prepared in accordance with IFRS; or

(ii) to which is transferred the whole or substantially all of the assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

"**EBITDA**" means (i) the consolidated adjusted operating profit of the Group or (ii) in the case of a Material Subsidiary, the consolidated or unconsolidated adjusted operating profit of such Material Subsidiary, in the case of both (i) and (ii) before taking into account:

(a) depreciation and amortisation;

(b) revaluation/change in fair value of property, plant and equipment, and investment property;

(c) impairment of property, plant and equipment;

(d) current year income tax expense and deferred income tax (expense)/benefit;

(e) any revaluation of non-current assets; and

(f) exceptional items, as defined by IFRS or separately identified as such within the most recent publicly available annual or interim financial statements of the Issuer or the relevant Material Subsidiary (as the case may be), prepared in accordance with IFRS.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**IFRS**" means the International Financial Reporting Standards as adopted by the European Union.

"**Permitted Security Interest**" means any Security Interest created over any asset of any company which becomes a Subsidiary after the Issue Date of the first Tranche of the Notes, where such Security Interest is created prior to the date on which the company becomes a Subsidiary, provided that:

(i) such Security Interest was not created in contemplation of the acquisition of such company; and

(ii) the principal amount secured was not increased in contemplation of or since the acquisition (or proposed acquisition) of that company.

"**Indebtedness**" means any indebtedness (whether principal, premium, interest or other amounts) in respect of any bonds, notes or other debt securities or borrowed money by the Issuer or any of its Subsidiaries (other than from the Issuer to any of its wholly-owned Subsidiaries and from any of the Issuer's wholly-owned Subsidiaries to the Issuer or to another wholly-owned Subsidiary).

"**Relevant Indebtedness**" means any Indebtedness which is in the form of, or represented by any bond, note or other debt security which is, or is capable of being, quoted, listed or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"**Guarantee**" means, in relation to any Indebtedness, any obligation to pay such Indebtedness including (without limitation):

(i) any obligation to purchase such Indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(iv) any other agreement to be responsible for such Indebtedness.

16. Events of Default

16.1. If an Event of Default (as defined below) occurs, any Noteholder may by written notice to the Issuer declare any Note held by it and the interest accrued on such Note to be prematurely due and payable at the earliest on the 10th (tenth) Business Day from the date such notice was received by the Issuer (the "**Early Repayment Date**"), provided that an Event of Default is continuing on the date of receipt of the notice by the Issuer and on the Early Repayment Date. Interest on such Note accrues until the Early Repayment Date (excluding the Early Repayment Date).

16.2. The Issuer shall notify the Noteholders about the occurrence of an Event of Default (and the steps, if any, taken to remedy it) in accordance with Clause 20 (*Notices*) promptly upon becoming aware of its occurrence.

16.3. Each of the following events shall constitute an event of default (an "**Event of Default**"):

(i) **Non-payment**: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and the default continues for a period of 5 (five) days in the case of principal and for a period of 14 (fourteen) days in the case of interest;

(ii) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations in respect of the Notes, and such default is not capable of remedy or remains unremedied for at least 30 (thirty) days after written notice thereof, addressed to the Issuer by any Noteholder, has been received by the Issuer;

(iii) **Cross-default:**

(a) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(b) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness;

(c) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds EUR 10,000,000 (ten million euro) (or its equivalent in any other currency or currencies);

(iv) **Security enforced**: a secured party enforces a security over the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries;

(v) **Cessation of business:** the Issuer or any of its Material Subsidiaries cease to carry on its current business in its entirety or a substantial part thereof, other than:

(a) pursuant to any sale, disposal, demerger, amalgamation, reorganization or restructuring or any cessation of business in each case on a solvent basis and within the Group; or

(b) for the purposes of, or pursuant to any terms approved by the Noteholders in accordance with Clause 22 (*Decisions of the Noteholders*);

(vi) **Liquidation**: an effective resolution is passed for the liquidation of the Issuer or any of its Material Subsidiaries other than, in case of a Material Subsidiary:

(a) pursuant to an amalgamation, reorganization or restructuring in each case within the Group; or

(b) that Material Subsidiary is a fund whose activities are limited by a certain term, and it is being liquidated upon the end of the term of its activities;

(c) for the purposes of, or pursuant to any terms approved by the Noteholders in accordance with Clause 22 (*Decisions of the Noteholders*);

(vii) **Insolvency:**

(a) the Issuer or any of its Material Subsidiaries is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts; or

(b) the Issuer or any of its Material Subsidiaries enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or

(c) an application to initiate insolvency, restructuring (including proceedings such as legal protection proceedings and out-of-court legal protection proceedings) or administration of the Issuer or any of its Material Subsidiaries or any other proceedings for the settlement of the debt of the Issuer or of any of its Material Subsidiaries is submitted to the court by the Issuer or any of its Material Subsidiaries.

16.4. In case of the Issuer's liquidation or insolvency the Noteholders shall have a right to receive payment of the outstanding principal amount of the Notes and the interest accrued on the Notes according to the relevant laws governing liquidation or insolvency of the Issuer.

17. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further Notes whether such further Notes form a single Series with already issued Notes or not. For the avoidance of doubt, this Clause 17 shall not limit the Issuer's right to issue any other notes.

18. Purchases

The Issuer or any of its Subsidiaries may at any time purchase the Notes in any manner and at any price in the secondary market. Such Notes may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Notes held by or for the account of the Issuer or any of its Subsidiaries for their own account will not carry the right to vote at the Noteholders' Meetings or within Written Procedures and will not be taken into account in determining how many Notes are outstanding for the purposes of these General Terms and Conditions.

19. Time bar

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within 10 (ten) years from the original due date thereof, the right to such payment shall be forfeited by the Noteholder and the Issuer shall be permanently released from such payment.

20. Notices

Noteholders shall be advised of matters relating to the Notes by a notice published in English and Latvian in the Central Storage of Regulated Information, on the website of Nasdaq Riga and on the Issuer's website www.altum.lv. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Clause 20.

21. Representation of the Noteholders

The rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or a part of the Noteholders are not contemplated, however, such rights are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

22. Decisions of the Noteholders

22.1. General provisions

(i) The decisions of the Noteholders (including decisions on agreement with the Issuer on amendments to these General Terms and Conditions or the Final Terms of the Tranches of the relevant Series or granting of consent or waiver) shall be passed at a meeting of the Noteholders (the "**Noteholders' Meeting**") or in writing without convening the Noteholders' Meeting (the "**Written Procedure**") at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders, if such amendments are not prejudicial to the interests of the Noteholders.

(ii) The Issuer shall have a right to convene the Noteholders' Meeting or instigate the Written Procedure at any time and shall do so following a written request from the Noteholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Notes outstanding or the principal amount of the Notes of the relevant Series outstanding (as applicable) (excluding the Issuer and its Subsidiaries).

(iii) In case convening of the Noteholders' Meeting or instigation of the Written Procedure is requested by the Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting or instigate the Written Procedure within 1 (one) month after receipt of the respective Noteholders' written request.

(iv) Only those who were registered as the Noteholders by the end of the 5th (fifth) Business Day prior to the date of the Noteholders' Meeting and only those who were registered as the Noteholders by the end of the 5th (fifth) Business Day after publishing an announcement on instigation of the Written Procedure or proxies authorised by such Noteholders, may exercise their voting rights at the Noteholders' Meeting or in the Written Procedure.

(v) Quorum at the Noteholders' Meeting or in respect of the Written Procedure only exists if one or more Noteholders holding 50 (fifty) per-cent in aggregate or more of the principal amount of the Notes outstanding or the principal amount of the Notes of relevant Series outstanding (as applicable):

(a) if at the Noteholders' Meeting, attend the meeting; or

(b) if in respect of the Written Procedure, reply to the request.

(vi) If the Issuer and/or its Subsidiaries are the Noteholders, their principal amount of the Notes will be excluded when a quorum is calculated.

(vii) If quorum does not exist at the Noteholders' Meeting or in respect of the Written Procedure, the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 22.2) or instigate a second Written Procedure (in accordance with Clause 22.3), as the case may be. The quorum requirement in paragraph (v) above shall not apply to such second Noteholders' Meeting or Written Procedure, except for exclusion of Issuer and its Subsidiaries from calculation of a quorum.

(viii) Consent of the Noteholders holding at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Notes attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for agreement with the Issuer to amend Clause 3 (*Status and security*), Clause 14 (*Change of control*), Clause 15 (*Negative pledge*), Clause 16 (*Events of Default*), Clause 22 (*Decisions of the Noteholders*) or Clause 23 (*Governing law and dispute resolution*).

(ix) Consent of at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Notes of the respective Series attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for the following decisions:

(a) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Series, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the relevant Series or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Series;

(b) agreement with the Issuer to change the currency of the relevant Series;

(c) agreement with the Issuer on any exchange or substitution of the Notes of relevant Series for, or the conversion of the Notes of relevant Series into, any other obligations or securities of the Issuer or any other person;

(d) in connection with any exchange, substitution or conversion of the type referred to in paragraph (c) agreement with the Issuer to amend any of the provisions of the relevant Series describing circumstances in which the relevant Series may be redeemed or declared due and payable prior to their scheduled maturity.

(x) Consent of simple majority of all Noteholders or the Noteholders of the respective Series (as applicable) attending the Noteholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required to the decisions not covered in paragraph (viii) or (ix) above (as applicable).

(xi) The Issuer shall have a right to increase the aggregate principal amount of the Notes to be issued under the Programme without the consent of the Noteholders.

(xii) Information about decisions taken at the Noteholders' Meeting or by way of the Written Procedure shall promptly be provided to the Noteholders in accordance with Clause 20 (*Notices*), provided that a failure to do so shall not invalidate any decision made or voting result achieved.

(xiii) Decisions passed at the Noteholders’ Meeting or in the Written Procedure shall be binding on all Noteholders irrespective of whether they participated at the Noteholders' Meeting or in the Written Procedure.

(xiv) All expenses in relation to the convening and holding the Noteholders' Meeting or a Written Procedure shall be covered by the Issuer.

22.2. Noteholders’ Meetings

(i) If a decision of the Noteholders is intended to be passed at the Noteholders’ Meeting, then a respective notice of the Noteholders’ Meeting shall be provided to the Noteholders in accordance with Clause 20 (*Notices*) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Noteholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders’ Meeting.

(ii) The Noteholders’ Meeting shall be held physically in Riga, Latvia. At the choice of the Issuer the Noteholders’ Meeting can be held also remotely by use of a videoconference platform. Requirements for the identification of the Noteholders at the Noteholders’ Meeting that is held remotely will be set by the Issuer and communicated upon convening the Noteholders’ Meeting.

(iii) The Noteholders’ Meeting shall be organised by the chairman of the Noteholders’ Meeting, who will be the Issuer’s representative appointed by the Issuer.

(iv) The Noteholders’ Meeting shall be held in English with translation into Latvian, unless the Noteholders present in the respective Noteholders’ Meeting unanimously decide that the respective Noteholders’ Meeting shall be held only in Latvian or English.

(v) Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Noteholders’ Meeting.

(vi) Minutes of the Noteholders’ Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders’ Meeting. The minutes shall be attested by the chairman of the Noteholders’ Meeting, if the chairman is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders’ Meeting to attest the minutes. The minutes from the relevant Noteholders’ Meeting shall at the request of a Noteholder be sent to it by the Issuer.

22.3. Written Procedure

(i) If a decision of the Noteholders is intended to be passed by the Written Procedure then a respective communication of the Written Procedure shall be provided to the Noteholders in accordance with Clause 20 (*Notices*).

(ii) Communication in paragraph (i) above shall include:

(a) each request for a decision by the Noteholders;

(b) a description of the reasons for each request;

(c) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;

(d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote "yes" or "no" for each request), as well as a form of a power of attorney; and

(e) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant to paragraph (i) above) and a manner of a reply.

(iii) When the requisite majority consents pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 22.1 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 22.1 even if the time period for replies in the Written Procedure has not yet expired.

23. Governing law and dispute resolution

23.1. The Notes are governed by the laws of the Republic of Latvia.

23.2. Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Base Prospectus

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II Product Governance / Eligible Counterparties and Professional Clients Only Target Market

Solely for the purposes of [the] [each] manufacturer['s][s'] product approval process, the target market assessment in respect of the Notes has led to the conclusion that (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[specify further target market criteria] [specify negative target market, if applicable]*. Any person subsequently offering, selling or recommending the Notes (a "**distributor"**) should take into consideration the manufacturer['s][s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s][s'] target market assessment) and determining appropriate distribution channels.

Final Terms dated [●]

Akciju sabiedrība "Attīstības finanšu institūcija Altum"

Legal entity identifier (LEI): 5493007HPQSSX8BJ4315

Issue of [●] Notes due [●]

under the Third programme for the Issuance of Notes in the Amount of up to EUR 120,000,000

[to be consolidated and form a single series with [●]]

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions set forth in the Base Prospectus dated [●] 2025 [and the supplement(s) to it dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation] (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**").

This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus has been published on the Issuer's website www.altum.lv.

A summary of the individual issue is annexed to these Final Terms.

1.	Issuer:	Akciju sabiedrība "Attīstības finanšu institūcija Altum"
2.	Series Number:	[●]
3.	Tranche Number:	[●]
4.	ISIN:	[[●]]/[Temporary ISIN: [●]. Upon admission of the Notes to the regulated market the Notes will be consolidated and form a single series with [●] and will have a common ISIN [●]]
5.	Aggregate principal amount:	[EUR [●] [in addition to [●]]]
6.	Nominal amount of the Note:	EUR [●]
7.	Issue Date:	[●]
8.	Interest Rate:	[●]
9.	Interest Payment Date:	[●] each year
10.	Maturity Date:	[●]
11.	Minimum Investment Amount:	[●]
12.	Issue Price:	[●]
13.	Yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield
14.	Placement Period:	[●]
15.	Rating:	the Notes to be issued [are not/have been/are expected to be] rated [by:[●]]
16.	Use of Proceeds	[General Corporate Purposes]/[Other].
17.	Information about the securities of the Issuer that are already admitted to trading:	[●]

These Final Terms have been approved by the Management Board of the Issuer at its meeting on [*date*] [*month*] [*year*].

Riga, [*date*] [*month*] [*year*]

[●]

USE OF PROCEEDS

The net proceeds from the issue of each Series of Notes will, unless otherwise specified in the applicable Final Terms, be used by the Issuer for the general corporate purposes.

INFORMATION ABOUT THE ISSUER

General information

The legal and commercial name of the Issuer is Akciju sabiedrība "Attīstības finanšu institūcija Altum". ALTUM is a joint stock company (in Latvian – *akciju sabiedrība*) incorporated pursuant to the laws of the Republic of Latvia on 27 December 2013. ALTUM is registered with the Commercial Register of the Republic of Latvia and operates according to the legislation of the Republic of Latvia. ALTUM is a 100 per-cent state-owned financial institution acting as national financial development institution and strategic venture focusing on the economic development of Latvia.

The role of ALTUM is to provide state support and implement development programmes. The mission of ALTUM is to ensure access of enterprises and households to the financing resources in areas defined by the Cabinet of Ministers of the Republic of Latvia as important and to be supported, transposing national policy into the national economy and by such way enhancing mobilisation of private capital and financial resources, as well as taking care of accomplishment of other governmental assignments defined in the regulatory enactments. The primary purpose for ALTUM's business operations is to ensure the coverage of existing market gaps by using various financial support instruments, thus contributing to the development of national economy.

ALTUM is one of the few state-owned companies operating in accordance with a special law adopted by the Parliament of the Republic of Latvia – the Development Finance Institution Law (in Latvian - *Attīstības finanšu institūcijas likums*).

Basic information

Registration number:	50103744891
Legal Entity Identifier (LEI):	5493007HPQSSX8BJ4315
Registered address:	Doma laukums 4, Riga, LV-1050, Latvia
Website:	www.altum.lv
Telephone number:	+371 67 774 010
E-mail:	altum@altum.lv

The information on ALTUM's website www.altum.lv does not form part of the Base Prospectus.

History and development of ALTUM

The current structure of ALTUM was established on 15 April 2015 after successful merger of three independently operating enterprises providing state support financial instruments. The aim of the merger was to concentrate the national resources for implementation of state support and development programmes in a format of financial instruments in one integrated development financial institution.

The merged enterprises were:

- **Valsts akciju sabiedrība "Latvijas Attīstības finanšu institūcija Altum"**, until 1 January 2014 – Valsts akciju sabiedrība "Latvijas Hipotēku un zemes banka" (the "**Mortgage and Land Bank of Latvia**"), specialised in credit activities.

  Mortgage and Land Bank of Latvia was established on 19 March 1993 and for the entire time of its existence it carried out implementation of the development programmes as mandated by the Cabinet of Ministers of the Republic of Latvia, providing support to certain target groups of entrepreneurs and population. It also provided services of a commercial bank.

As of 1 January 2014, Mortgage and Land Bank of Latvia was operating as a financial institution bearing the name of ALTUM, and proceeding with the provision of services to customers under state support programmes and also performing other tasks assigned by the Latvian government.

- **Sabiedrība ar ierobežotu atbildību "Latvijas Garantiju aģentūra"** (the "**Latvian Guarantee Agency**"), specialised in guarantees and investments in venture capital.

  Latvian Guarantee Agency was established in 1998 to provide support to entrepreneurs in raising funds in case of insufficient loan security. Latvian Guarantee Agency implemented the following state support programmes: credit guarantees, short-term export credit guarantees, mezzanine loans, venture capital and microloans, support to start-ups for creating start-up ecosystem.

- **Valsts akciju sabiedrība "Lauku attīstības fonds"** (the "**Rural Development Fund**"), specialised in credit activities for farmers.

  Rural Development Fund was established in 1994 and its primary focus of operation was to ensure provision of state support to rural entrepreneurs in cases of insufficient loan security. Rural Development Fund implemented the following state support programmes: credit guarantees, granting credit fund loans to those seeking state support for acquisition of agricultural land for producing agricultural products via Mortgage and Land Bank of Latvia.

Following the merger, ALTUM became a legal successor of all rights and liabilities of Mortgage and Land Bank of Latvia, Latvian Guarantee Agency and Rural Development Fund, including contractual liabilities under the effective agreements with customers and cooperation partners. As of 15 April 2015, ALTUM bears its current legal and commercial name.

At the date of this Base Prospectus ALTUM has 5 regional offices and 14 consulting offices that provide customer services throughout the territory of Latvia.

There have not been any recent material events that would be relevant for assessing the solvency of ALTUM.

Investments

There are no principal investments made since the date of the last published Financial Statements of ALTUM.

INFORMATION ABOUT BUSINESS OPERATIONS OF THE ISSUER

Principal Activities

ALTUM provides support to specific target groups by various means of financial instruments – loans, guarantees, investments in venture capital. The main purpose for ALTUM's business operations is to provide access to the financing in areas identified as inefficiently supplied with financial resources on the private market, thus developing the national economy, and enhancing mobilization of the private capital and financial resources. ALTUM operates only in the market of the Republic of Latvia and does not distort competition.

The operations and areas of ALTUM's business operations are governed by the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*) and in line with the European Commission's decision of 9 June 2015 (prolongation until 31 December 2029) on the creation and activity of the Latvian single development institution.

It is intended that the prior notification process with the European Commission for the extension of the decision of the European Commission allowing to operate after 31 December 2029 will be commenced in September 2028.

A comprehensive *ex-ante* assessment has to be carried out to assess the existence of a market gap and develop investment strategy in order to correct the deficiencies discovered. The assessment of market gap and design of the investment strategy in close cooperation with ALTUM is carried out by the Ministry of Finance of the Republic of Latvia, the Ministry of Economics of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia, the Ministry of Climate and Energy of the Republic of Latvia, the Ministry of Science and Education of the Republic of Latvia, and the Ministry of Welfare of the Republic of Latvia setting the policy in the particular field. Before starting to provide new support programmes or new products, they must be approved by the Cabinet of Ministers of the Republic of Latvia.

According to the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*), before the approval of a specific programme, ALTUM performs assessment of risks, expected loss, feasibility and projected financial results related to the product or the programme. In assessment of expected loss for the programme ALTUM evaluates incorporated credit risk, operational risk and other risks such as market risks. Afterwards, an assessment is provided to the Cabinet of Ministers of the Republic of Latvia together with the programme to be approved. For coverage of the programme's expected loss on credit risk, a 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. Thus, large share of loss coverage is incorporated in the funding programmes.

ALTUM operates in line with the medium-term strategy, which is elaborated in close cooperation with the relevant sectoral ministries and the State Chancellery and approved by the Supervisory Board of ALTUM.

On 30 April 2025 the Shareholders' Meeting of ALTUM approved the Letter of Expectation (in Latvian – *Gaidu vēstule*) in relation to ALTUM's draft medium-term strategy for 2025-2027 (the "**Draft Strategy 2025-2027**"). The Draft Strategy 2025-2027 is expected to be approved by the Supervisory Board of ALTUM in the next Supervisory Board meeting following to the approval of this Base Prospectus.

According to the Draft Strategy 2025-2027, in 2025-2027 the programmes financed by ALTUM in total is expected to contribute EUR 3 billion to the national economy. The Draft Strategy 2025-2027 stipulates increase in new business volume above EUR 430 million euros (including capital rebate component) annually. A gradual increase of the gross portfolio of financial instruments to EUR 1.7 billion at the end of 2027 is planned. According to the Draft Strategy 2025-2027, the most significant activities for ALTUM in 2025-2027 include:

- maintaining ALTUM's mandate as the only development financial institution in Latvia;
- engine for new EU 2021-2027 programming period financial instruments to SME and Mid-caps in Latvia – financing of more than EUR 400 million:
  - wide range of programmes for business development and competitiveness;
  - sustainable financing for business;
  - energy efficiency in multi-apartment buildings;
  - venture capital 5th generation, covering venture capital funds from pre-seed to growth-stage;
- active involvement in direct lending;
- launch of retail housing loans in rural areas;
- launch of Baltic capital market acceleration fund (IPO fund);
- rapid growth in gross portfolio reaching EUR 1.7 billion at the end of 2027;
- replacement of IT systems and implementation of Customer Relationship Management (CRM) platform technologies to modernise customer service and ensure effective loan application and appraisal processes.

The core business lines of ALTUM include lending, issuing of guarantees, investments in venture capital funds and the Land Fund activities that form ALTUM's financial instruments portfolio, as well as management of limited partnership AIF "Altum Capital Fund".

ALTUM takes pillar role for implementation of financial instruments to SMEs and Mid-caps in Latvia co-funded by the EU. Active work has already been started to ensure due implementation of the new EU 2021 – 2027 programming period. Furthermore, investments funded under EU are tapped-up by additional financing from the Recovery and Resilience Facility (the "**RRF**") plan for Latvia as of late 2022. The RRF was aimed to mitigate negative economic and social impacts caused by the COVID-19 pandemic. As part of Latvia's recovery plan the sustainable and digital transition is promoted within four financial instruments implemented by ALTUM in amount of EUR 226 million until 31 August 2026 – energy efficiency for business, digital transformation for business, energy efficiency in multi-apartment buildings and transition to renewable energy technologies and construction of affordable housing.

For the EU 2021 – 2027 programming period, public contributions to financial instruments implemented via ALTUM from early 2025 are estimated to be at least EUR 400 million through to 2029. This funding will be provided to continue the financial instrument programmes established under the RRF plan for Latvia and will also target investment areas not encompassed by the RRF. Particularly, a significant part of funding dedicated for new financial instruments will be earmarked for sustainable projects (such as renewable energy production, energy efficiency, transitioning to a climate neutral economy, ensuring energy efficiency in multi-apartment buildings and transitioning to a renewable energy technologies, research and development, promoting business development and competitiveness, as well as for venture capital funds ranging from pre-seed to growth-stage investments.

To enhance the competitiveness of Mid-caps large investment loans with capital rebate funded by public funding from national budget has been introduced since early 2023.

As of 31 December 2024, ALTUM's gross portfolio of the financial instruments issued within the state support programmes was for the total value of EUR 1.175 million consisting of 38,730 projects, including:

- guarantee portfolio of EUR 524 million (the total number of transactions – 30,240);
- loan portfolio of EUR 418 million (the total number of transactions – 6,997);
- investments into venture capital funds for the total value of EUR 98 million (the total number of projects financed by venture capital funds – 201);
- Land Fund of EUR 135 million (the total number of transactions – 1,292).

Management of "fund of funds" / "holding funds"

To introduce new financial instruments, ALTUM launched a new "fund of funds" structure in 2016, which was extended in 2023 with a similar framework using "holding funds". Under the EU structural funds context, the "fund of funds" is an investment strategy whereupon several financial instruments (i.e., loans, guarantees and equity instruments) are managed under a single financing agreement between ALTUM and the Central Finance and Contracting Agency of the Republic of Latvia, which is an intermediate body – cooperation institution of the EU structural funds in Latvia. The implementation of "holding funds" provides administrative simplification, efficiency and flexibility in redistributing financing amongst the financial instruments.

Nevertheless, in EU 2021-2027 programming period due to regulatory requirements and Cohesion policy IT system restrictions in Latvia it will be unlikely to receive full expected benefits from sole "holding fund" structure - it is expected that several separate "holding funds" and if necessary separate "specific funds" will be created, thus, adding more administrative burden.

AIF Altum Capital Fund

In spring 2020, another financial instrument – limited partnership AIF "Altum Capital Fund" (in Latvian – komandītsabiedrība *AIF "Altum kapitāla fonds"*) – was created with an aim to support well-managed, perspective Mid-cap companies to overcome the negative effects of COVID-19 outbreak that as a result of the virus impact were ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. Limited partnership AIF "Altum Capital Fund" was registered with the Register of Enterprises of the Republic of Latvia on 31 July 2020 with its operations expiry date 3 September 2027, including the possibility of extending its operations for another year, namely, until 3 September 2028. Committed capital of limited partnership AIF "Altum Capital Fund" was fully subscribed in September 2020, reaching EUR 100 million, of which the majority (EUR 51.1 million or 51.1 per-cent) were private investors - investment management companies of the state funded pension schemes and 3rd pension pillar investment plans. EUR 48.9 million of the fund's capital was subscribed by ALTUM using public funding.

The investment period agreed with the European Commission ended on 30 June 2022, after its end, new investments were no longer approved, but follow-up investments in the portfolio's companies approved until 30 June 2022 continued. Consequently, total signed investment deals are for EUR 42 million (with ALTUM share of EUR 20.5 million of public funding to be invested) with consequently proportionally lower contribution volume from investors' (including ALTUM's) side.

ALTUM is registered by the Bank of Latvia as the manager of limited partnership AIF "Altum Capital Fund".

Main Customer Segments and Services

SMEs and Mid-caps

The main target for ALTUM's business operations is the improvement of access to financing of investments and working capital by small and medium enterprises (the "**SMEs**") and Mid-cap companies, innovations, expansion and promotion of beginner entrepreneurs and start-ups in order to facilitate their growth and expansion, as well as funding for sustainable projects and transition to low carbon (climate neutral) economy.

The main challenges for ALTUM's customers and typical solutions that ALTUM may offer are:

- lack of collateral – to provide guarantee or special loan;
- lack of sufficient track record – to provide special start-up loan, micro loan or loan for enterprises in rural areas, as well as venture capital instrument;
- lack of capital – to provide venture capital or combined financial instruments (with full or partial capital rebate option);
- new economy sectors – to provide targeted loan, including combined financial instruments (with full or partial capital rebate option).

The main services provided by ALTUM to SMEs are loans – start-up loans, micro-loans, loan for enterprises in rural areas, working capital and investment loans along with loans for sustainable projects and loans supporting transition to low carbon economy, export credit guarantees, credit guarantees (in form of individual and portfolio guarantees) and venture capital investments. If beforehand the scope of financial instruments available to Mid-caps was limited to loans for sustainable projects (under the earlier Green Bond Frameworks), credit guarantees and investment products by limited partnership AIF "Altum Capital Fund", then since early 2023 the scope of products has been significantly increased, including the RRF and EU 2021-2027 programming period funds funded programmes like digital transformation loans, energy efficiency and renewable energy loans, transition to low carbon economy financing and in particular for Mid-caps designed large investment loans with capital rebate with ticket size of up to 10 million euro.

Agriculture companies

The main target of ALTUM is to support development of agriculture and rural businesses.

The main challenges for ALTUM's customers and typical solutions that ALTUM may offer are:

- lack of collateral – to provide guarantee or special loan;
- lack of sufficient track record – to provide special start-up loan or loan for enterprises in rural areas;
- need to support strengthening of farms' ability to finance acquisition of land – to provide long term agricultural land financing programme.

The main services provided by ALTUM are loans and guarantees for financing of the agricultural activities, working capital and investments needs for business development of rural areas, as well as long term financing for acquisition of agricultural land.

In addition, in accordance with the decree issued by the Cabinet of Ministers of the Republic of Latvia, ALTUM is the manager (operator) of the Land Fund of Latvia. ALTUM conducts economically effective transactions with agricultural land in accordance with the aim of the Land Fund of Latvia defined in the Law on Land Privatization in Rural Areas (in Latvian – *likums "Par zemes privatizāciju lauku apvidos"*) – to ensure protection and access to agricultural land resources at national level, their rational, effective and sustainable use, as well as preservation of agricultural land areas. The Land Fund of Latvia operates in two main directions: agricultural land as investment property leased out to farmers, and sale and lease back of agricultural land as working capital funding for farmers operating respective land plots.

Energy efficiency, renewables, sustainable transportation, green buildings and transition to low carbon economy related projects

ALTUM existing sustainable financing segments, defined by Green Bonds Framework 2021 (similar to Green Bonds Framework 2017) – implementation of energy efficient technologies, promotion of renewable energy resources, passive housing and sustainable transportation – are supplemented with a new segment as of summer 2023 - facilitating the transition of companies towards low carbon (climate-neutral) economy. This segment comprises sustainable financing that facilitates the companies' resilience towards transition risks, strengthen competition and does not allow shrinking of market share and revenue challenged by value chains' sustainability requirements. Sensitive industries are industries with high consumption of fossil resources and/or that are highly exposed towards transition risks. Sustainable financing solutions covers both the decarbonization of companies' supply chains and investments in the decarbonization of the company's product life cycle, as well as technologies ensuring lower CO_2 emissions for industrial operations requiring dedicated fossil-fired energy supply to achieve high temperatures, as well as investments to mitigate the effects of climate physical risks.

In addition to corporate customers, ALTUM loans are also available to energy service companies ("**ESCOs**") operating within the corporate segment.

ALTUM's financing is particularly relevant for companies where energy consumption is a significant position of operational costs and exceeds EUR 20 thousand annually, for example: supermarkets and sports centres, warehouses, hotels, office buildings, food producers, woodworking and metalworking companies or large companies and large energy consumers affected by the Energy Efficiency Law (in Latvian – *Energoefektivitātes likums*).

To expand its customer base, ALTUM shares its expertise in energy efficiency solutions and provides small grants to support the preparation of energy efficiency project documentation. These grants are funded by the European Local Energy Assistance – a joint initiative of the European Investment Bank and the European Commission.

ALTUM's first pipeline of sustainable projects dates back to 2017 when it raised EUR 20 million in the capital markets under the Green Bond Framework 2017.

Households

Support for households (special target groups) by ALTUM includes housing loan guarantees for families with children, housing loan guarantees for young professionals, soldiers of the national armed forces, and financial support (guarantees, loans, grants and consultations) on the energy efficiency improvement measures of multi-apartment residential buildings provided to owners of the apartments of multi-apartment buildings. Since autumn 2020, the non-refundable state subsidy "Balsts" has been available to support the purchase or construction of housing for families with three or more children or for families with a disabled child. ALTUM has pioneered the funding for energy efficiency improvement of multi-apartment residential buildings already back since 2016 originally financed by 2014 – 2020 programming period funds, followed by RRF facility as of 2023 in the form of combined financial instrument (loan or loan guarantee combined with capital rebate in amount of 49 per-cent of total eligible project costs) and coming EU 2021-2027 programming period funds also available in form of combined financial instruments (loan or loan guarantee combined with capital rebate in amount of 40-50 per-cent of total eligible project costs).

As of 2023, ALTUM provides financing for affordable housing within RRF facility. Financing promotes "affordable housing" policy, aiming to provide low-rent housing. The approved projects must meet high quality requirements: the building must be close to "zero-energy" building and appropriate quality tests (e.g., acoustic, air permeability tests) must be carried out for the building before its entry into rental service.

Students

In August 2020, ALTUM began implementing the student and study loan guarantee programme. The major advantage of this lending model is the removal of the requirement for another guarantor and simplification of several procedures. These include the digitalisation of the services and the ability to conclude the agreements remotely using e-signatures, enabling students to receive loans within the shortest time possible. The program is structured as a portfolio guarantee, which ensures low implementation and administration costs.

Main support programmes by products

Direct loans

ALTUM provides the following direct loans:

- **Loans for growth to SMEs and Mid-caps**: These loans support investments and working capital with reduced collateral requirements and lowered interest rates;
- **Loans for energy efficiency improvement, promotion of renewable energy, sustainable transportation, green buildings and transition to low carbon economy:** These loans are available to corporates, farmers and ESCO companies;

- **Start-up loans**: These loans are designed to facilitate engagement of Latvian residents in business activities;
- **Loans for the acquisition of agricultural land**: These loans provide favourable conditions for the purchase of agricultural land for agricultural production;
- **Digital transformation loans:** These loans facilitate digital transformation and the adoption of "Industry 4.0" solutions (e.g., artificial intelligence, machine learning, block chain, big data, cloud computing/high performance computing) to the core production processes of the companies. Loans are available for projects making significant changes to the overall production or service process;
- **Loans to enterprises in rural areas:** Capped at EUR 250 thousand these loans support investments and working capital. They are particularly attractive to new agricultural entrepreneurs, small-scale and bio-farmers, as well as service providers in rural territories. Fishery companies can also benefit from this product regardless of turnover or location;
- **Working capital loans to farmers**: These loans are available in various sizes to support primarily agricultural production, co-operatives and the fruit and vegetable producer groups;
- **Microloans**: Small loans provided under favourable conditions to support investments and working capital;
- **Loans for the energy efficiency improvement and transition to renewable energy technologies in multi-apartment residential buildings**: These loans are provided for energy efficiency improvement measures of multi-apartment residential buildings for apartment owners;
- **Loans for the construction of affordable housing:** These loans promote affordable housing policy by financing the construction of buildings close to "zero-energy" building standards;
- **Large investment loans with capital rebate**: These loans are designed for Mid-caps and large SMEs with ticket size of EUR 10 million and may compliment, if needed, bank loans. They are focused on funding large investment projects exceeding EUR 10 million. Capital rebate available is up to 30 per-cent of total investment project, capped at EUR 10 million. In cases where it is not possible to fully finance the investment project with company's own resources, ALTUM loan with capital rebate and bank loan, ALTUM supplementary loan is available up to EUR 30 million (there is no capital rebate option for the supplementary loan).

For RRF facility, large investment loans and specific EU 2021-2027 programming period programmes, a new concept of combined financial instruments has been introduced. These combined financial instruments are used in strategic areas such as large investment projects, energy efficiency, renewables, energy efficiency of multi apartment buildings, affordable housing construction and digitalisation. The support is provided as a combined financial instrument – a loan with full or partial capital rebate option. That is rooted in the new approach of the EU 2021-2027 programming period regulation where combination of financial instrument and grant (capital rebate) can be structured in one deal. If for particular RRF facility programmes, for instance, energy efficiency, the loan component to be converted to capital rebate upon meeting respective compliance criteria could amount at full extent of original loan, and this approach has been incorporated also in the structure of large investment loans with capital rebate, then for the EU 2021-2027 programming period programmes it is capped at 30 – 50 per-cent of the original loan or guarantee volume. The component of the loan not converted to capital rebate remains as original loan in the loan portfolio.

Guarantees

The credit institutions selected by ALTUM offer a guarantee product developed by ALTUM – portfolio guarantees. As opposed to individual guarantees, a credit institution may independently apply a portfolio guarantee instrument to its own financial services, including, to loans of up to EUR 250 000 (limit increased to EUR 500 000 for portfolio guarantee agreements signed in 2024), offering better terms to the entrepreneurs – lower interest rates and, in particular, faster disbursement of the loan.

To promote availability of funding for feasible projects, ALTUM offers individual guarantees for SMEs and Mid-caps segment. By a way of ensuring access to the funding for a broader range of clients, ALTUM constantly improves eligibility requirements and terms and conditions relating to the SMEs loans for new entrepreneurs.

The most important guarantee programmes provided by ALTUM are as follows:

- **Loan guarantees to SMEs and Mid-caps**: Guarantees to entrepreneurs for receipt of bank loans for business development, if their own collateral is not sufficient to receive funding from a bank;
- **Loan guarantees to farmers**: Guarantees to entrepreneurs operating in the field of agricultural and rural development for receipt of bank loans for business development, if their collateral is not sufficient to receive funding from a bank;
- **Housing loan guarantees for the first instalment**: Housing loan guarantees to families with children and to young professionals with steady income, soldiers of the national armed forces having insufficient savings for the first instalment;
- **Short-term export credit guarantees:** Guarantees to exporters to secure themselves against the insolvency of a foreign customer or long-term non-payment when selling goods or providing services with a deferred payment. In 2020 and 2021, as a COVID-19 product, and in 2022 and 2023 as a corrective measure to redirect export from Russia and Belarus, the range of beneficiaries was significantly expanded and restrictions on availability of guarantees for Mid-caps to EU and OECD countries have been lifted. However, that will be shifted back to ordinary product as soon as the special terms for COVID-19 product will expire. For 2024-2028 period a new short-term export credit guarantees scheme have been put in place for Latvian export. Since 2024, the scheme will continue to cover non-marketable risks and will also be covering risks related to buyers established in the countries listed in the Annex to the Short-term export-credit insurance Communication (STEC) 2021, namely (a) the risks incurred by small and medium-sized companies with a total annual export related turnover not exceeding EUR 5 million; (b) single risks with a risk period of at least 121 days and less than two years for all exporters in Latvia regardless of their size. Each exporter with a total annual export turnover between EUR 2.5 million and EUR 5 million applying for cover has to provide a statement, signed by an authorized representative of the exporting company, concerning the refusal of cover by the private sector. Export credit guarantees are still available also for export to Ukraine;

- **Guarantees for improvement of energy efficiency of multi-apartment residential buildings:** Guarantees aimed at supporting energy efficiency improvement projects in such buildings.

Combined financial instruments are also available in conjunction with bank loans. For example, ALTUM's loan guarantee may be paired with a capital rebate, allowing partial repayment of the loan principle after project completion if eligibility criteria are met.

New products and activities for loans and guarantees

The first programmes of the EU 2021-2027 programming period to be launched focus on promoting sustainable projects with an increased ticket size of up to EUR 10 million (in programmes to businesses), compared to the previous cap of EUR 5 million for ordinary SME investment loans. These programmes aim to:

- **Increasing the share of biomethane in final consumption:** This initiative promotes the use of renewable energy resources, reducing the negative impact on the environment and climate change, improving the competitiveness of companies, and promoting sustainable and environmentally friendly business development. The planned public funding is EUR 22 million. The support includes loans with ticket size up to EUR 10 million or a loan guarantee, as well as a capital rebate of up to EUR 4.2 million for partial repayment of the loan principal amount.

- **Greening businesses, using renewable energy resources and increasing energy efficiency (continuing the respective RRF programme)**: This programme supports investments in energy efficiency improvements, smart energy management and the use of renewable energy resources in manufacturing industry and businesses in general, as well as to ensure the transition to a climate-neutral economy in businesses, especially in the most affected regions of Latvia. The planned public funding is EUR 54 million (EU and state budget). The support consists of a loan of up to EUR 10 million or a loan guarantee, as well as a capital rebate of up to EUR 3 million for partial repayment of the loan principal amount.

- **Using renewable energy sources and increasing energy efficiency in district heating and cooling**: This initiative aims to improve energy efficiency, increase the use of renewable energy technologies and the use of local renewable energy sources in district heating and cooling. The planned public funding is EUR 56 million (EU and state budget). The support consists of a loan of up to EUR 10 million or a loan guarantee, as well as a capital rebate of up to EUR 30 per-cent of the loan amount to be used for partial repayment of the loan principal amount.

- **Energy efficiency in multi-apartment buildings and transition to renewable energy technologies:** Public funding for this initiative has been significantly increased to EUR 173 million from EU 2021-2027 programming period funds, compared to EUR 57 million available under the RRF plan. Energy consumed in buildings accounts for up to 40 per-cent of the final energy consumption. The measure is expected to reduce negative impact on the environment and contribute to climate change mitigation. Another aim is to reduce energy bills for residents and decrease the level of energy poverty. The support will take the form of a combined financial instrument (loan or loan guarantee) with a capital rebate.

Along with sustainable financing strong focus will be taken towards:

- **R&D and Innovation for businesses:** Support to business R&D projects and Innovation projects resulting in introduction of advanced technologies and equipment for companies for development of innovative or high-value added products or services is an important driver of national innovation capabilities. Under this programme combined financial instrument support will be provided (i.e., with a capital rebate) for production of innovative products (maximum EUR 5 million loan; capital rebate up to 30 per-cent of loan amount, capped at EUR 1.5 million), and a loan for R&D activities (product or technology development, prototyping) and technology transfer (max EUR 1 million loan).

- **Support to dual-use production & defence industry:** Support for dual-use product industry is available in most Altum programmes for business development, including ERDF instruments already now, except for limitation for trade of military and armours. According to Defense Industry and Innovation Support Strategy 2025-2036, approved in the Cabinet of Ministers on 18 March 2025, additional funding will be available for investment loans with capital rebate for development of military and dual-use products and establishment of the Defense Innovation Fund, furthermore additional funding may be redirected via ReArm Europe Plan & EU Structural Funds mid-term review.

Since 2018 ALTUM has actively launched affordable rural loans continued by launch of small loans up to EUR 100 thousand with relieved collateral requirements and increased coverage of housing guarantee up to 30-50% from mortgage loan in 2024. Now reasonable course of pathway is launch of retail housing loans in rural areas outside of Riga and Riga region. The planned program aims to facilitate access to financing for individuals for the purchase, renovation or construction of housing in the regions and will be commenced upon receipt of EC approval. Support is planned to be provided in the form of a direct loan.

Venture capital

- **VC investments in 2nd – 5th generation venture capital funds:** ALTUM's venture capital ("**VC**") investments in 2nd, 3rd, 4th and 5th generation VC funds, financed through public funding, are managed by professional external fund managers. Currently, the 2nd generation VC funds as well as two out of three 3rd generation VC funds are in the liquidation phase, with remaining 3rd generation VC fund being currently in the exit stage, expected to be completed by the end of 2025. Active investment period is closed for any 4th generation VC funds. Meanwhile the recent, 5th generation funds will start investments in 2025.

  The 5th generation fund managers – three pre-seed and seed-stage and one growth-stage fund managers have been selected during 2024 through a public procurement process, and the relevant agreements with the funds' managers have been signed to enter preparation stage for commencement of fund's activities. As of the date of this Base Prospectus, ALTUM has entered into a subscription agreement with only one pre-seed and seed-stage fund manager that has announced the first closing date. It is expected that other funds' managers will enter investment stage by late 2025.

  The total capital of growth-stage fund is EUR 41.3 million with ALTUM's share of up to 60 per-cent of the fund's capital. This fund will start investing in growth-stage companies by late 2025. The total capital of the pre-seed and seed-stage funds is EUR 20.7 million each, with ALTUM's share of up to 90 per-cent in respective fund's capital.

  The total public funding for ALTUM investments in 5th generation funds will amount to EUR 80.6 million.

The investment period for the 5th generation funds is set for five years, with an option for a one-year extension. Similarly, the exit period is also set for five years, with the possibility of extending it by up to one year.

ALTUM investments in the VC funds are effectively leveraged by private capital depending on the maturity stage of the fund. The credit risk of ALTUM's investment share is fully covered by public funding. For 4th and 5th generation funds the ticket size is up to 15 per-cent of respective fund's actual capital raised. In 5th generation the ticket size for pre-seed and seed-stage funds is capped at EUR 250 thousand and EUR 1.5 million respectively and EUR 4 million for the growth-stage fund while in 4th generation the ticket size for pre-seed and seed-stage funds was capped at EUR 50 thousand and EUR 250 thousand only. The total public funding for ALTUM investments in 4th generation funds is EUR 70 million with investment stake of 80-100 per-cent in pre-seed-stage funds, 90 per-cent in seed-stage funds, 75 per-cent in venture-stage funds and 60 per-cent in growth-stage funds.

- **Baltic Capital Markets Acceleration Fund:** ALTUM, in collaboration with the Lithuanian national promotional institution ILTE, has initiated the establishment of Baltic Capital Markets Acceleration Fund ("**IPO Fund**"). Through an open call process, the selected fund manager, along with private market participants, will invest in SME and innovative Mid-cap companies at the pre-IPO/IBO and IPO/IBO stages. The ticket size is planned in the range of EUR 0.5 – 5 million. Target companies should have enterprise values between EUR 5 million and EUR 100 million and are expected to be based mainly in Latvia and Lithuania, although companies from other EU regions are also eligible.

  The total planned fund capital is at least EUR 48.8 million, with ALTUM contribution of EUR 20 million, ILTE contribution of EUR 18.8 million and at least EUR 10 million to be raised by the fund manager from private investors. In target investments the IPO Fund's investment limit is expected to be below 50 per-cent, leveraged by private investments of other more than 50 per-cent stake, thus portfolio target size under management would reach up to EUR 100 million. The IPO Fund expect to enter investment phase by the end of 2025.

- **BIF and Three Seas Initiative Investment Fund.** ALTUM holds investments in Baltic Innovation Fund, Baltic Innovation Fund 2 and Three Seas Initiative Investment Fund. The Baltic Innovation Fund (BIF) is a "fund-of-funds" initiative of EUR 130 million launched by the European Investment Fund in close co-operation with the Baltic national promotional institutions – ALTUM, KredEx (Estonia) and ILTE (Lithuania) to improve equity investments made into Baltic SMEs with high growth potential. Launched in 2012, BIF is now fully committed, with ALTUM contributing a total of EUR 26 million in capital.

  The Baltic Innovation Fund 2 (BIF 2) is a EUR 156 million "fund-of-funds" initiative launched by the European Investment Fund in co-operation with the Baltic national promotional institutions – ALTUM, KredEx (Estonia) and ILTE (Lithuania). Building on the success of the original BIF program, BIF 2 focuses on creating a diversified portfolio of growth-stage and later-stage venture funds targeting investments in the Baltic States. ALTUM's total committed to BIF 2 capital amounts to EUR 26.5 million.

  Three Seas Initiative Investment Fund (3SIIF) is a financial instrument for financing and developing infrastructure projects in 12 countries, including Latvia, aimed at reducing infrastructure development gaps between different European regions. 3SIIF supports transport, energy and digitalization infrastructure projects in Central and Eastern Europe. ALTUM has signed the subscription agreement in September 2020. The total capital committed by ALTUM is EUR 20 million, thus arriving at the ownership rate 2.15 per-cent on 31 December 2024 of the total currently committed capital of 3SIIF of EUR 928 million.

- **Limited partnership AIF "Altum Capital Fund":** Limited partnership AIF "Altum Capital Fund" (in Latvian – *komandītsabiedrība AIF "Altum kapitāla fonds"*) managed by ALTUM (registered with the Financial and Capital Market Commission (currently – the Bank of Latvia) on 26 May 2020) was allowed to make the following investments or a combination of the latter for meeting Mid-cap's financing needs up to EUR 10 million per company – (i) equity investments, (ii) convertible loans, (iii) mezzanine loans, and (iv) acquisition of corporate bonds on Nasdaq alternative First North bond market or Baltic Regulated market. Although, limited partnership AIF "Altum Capital Fund" was formed as an instrument to mitigate the effects of COVID-19 outbreak, it operates as growth fund stage fund 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. Limited partnership AIF "Altum Capital Fund" committed capital was fully subscribed on 16 September 2020, reaching EUR 100 million, of which the majority (EUR 51.1 million or 51.1 per-cent) were largest private pension funds and EUR 48.9 million consists of public funding subscribed by ALTUM. The investment period agreed with the European Commission ended on 30 June 2022, after its end, new investments were no longer approved, but follow-up investments in the portfolio's companies approved until 30 June 2022 continued. The capital investment paid into the limited partnership AIF "Altum Capital Fund" as at 31 December 2024 amounted to EUR 40.5 million (with ALTUM's share amounting to EUR 19.8 million).

Non-financial instruments

In order to make the access to the support instruments more convenient for its clients, apart from the financial instruments, ALTUM issues grants supplementary to respective financial instruments (loans and guarantees) programmes, namely, supplementary grants issued under:

- **European Local Energy Assistance (ELENA):** in order to promote and support planning of the energy efficiency projects, ALTUM, acting in co-operation with the European Investment Bank, provides to companies a supplementary support grant earmarked for covering the costs related to expertise and drafting of energy efficiency projects;
- **Balsts:** non-refundable state subsidy for the first instalment to a bank on the purchase or construction of housing for families with three or more children or for a family with a disabled child. The amount of the subsidy depends on the number of children in the family and the level of energy efficiency of the building. Available as supplement to housing guarantee for families with children or on isolated basis.
- **Social Entrepreneurship grant programme:** ALTUM also services the Social Entrepreneurship grant programme.

ORGANISATIONAL STRUCTURE

As of the date of this Base Prospectus, ALTUM operates as a stand-alone company and does not have any subsidiaries, except for KS AIF BIFI, which upon ALTUM's preliminary assessment might be considered as a subsidiary for the financial reporting purposes as of the second quarter of 2025, and consequently, consolidated into ALTUM's group of companies.

ALTUM has a number of investments in VC funds. ALTUM's investments in VC funds are classified as associates or investments in subsidiaries depending on existence of significant influence or control indicators assessed based on annual control assessment following requirements of IFRS Accounting Standards as adopted by the European Union.

ALTUM's 5th Generation Venture Capital Investment Programme aims to invest in several new VC funds. Through a public procurement process, three pre-seed and seed-stage fund managers were selected (with ALTUM's share representing up to 90 per-cent of the fund's capital) and one growth-stage fund manager (with ALTUM's share representing up to 60 per-cent of the fund's capital). During late 2024 and early 2025 the agreements with three pre-seed and seed-stage fund managers and the growth-stage fund manager have been signed for commencement of respective fund's establishment and other activities necessary to start the fund's operations. As of the date of this Base Prospectus, out of the four funds, only one pre-seed and seed-stage fund — KS AIF BIFI (ALTUM's share representing 84.91 per-cent of the fund's capital) — has announced the first closing and as the second quarter of 2025 has entered into an investment stage. ALTUM has entered into a subscription agreement with the fund manager of KS AIF BIFI.

In accordance with ALTUM's preliminary assessment of significant influence and control indicators as required by IFRS Accounting Standards as adopted by the European Union, the entry into the subscription agreement with the fund manager of KS AIF BIFI may result in KS AIF BIFI to be assessed as a subsidiary for the financial reporting purposes as of the second quarter of 2025, and consequently, consolidated into ALTUM's group of companies.

As of the date this Base Prospectus, the below listed venture capital funds are treated as associates of ALTUM for the purposes of financial accounting only:

- KS Overkill Ventures Fund I (100 per-cent investment in capital);
- KS Buildit Latvia Pre-Seed Fund (100 per-cent investment in capital);
- KS Commercialization Reactor Pre-seed Fund (100 per-cent investment in capital);
- KS INEC 1 (75 per-cent investment in capital);
- KS INEC 2 (90 per-cent investment in capital);
- KS Overkill Ventures Fund II (80 per-cent investment in capital);
- KS Buildit Latvia Seed Fund (80 per-cent investment in capital);
- KS Commercialization Reactor Seed Fund (80 per-cent investment in capital);
- KS ZGI-4 (60 per-cent investment in capital);
- FlyCap Mezzanine Fund II (60 per-cent investment in capital);

- KS BaltCap Latvia Venture Capital Fund (fund is in the process of liquidation) (67 per-cent investment in capital);
- KS Imprimatur Capital Technology Venture Fund (fund is in the process of liquidation) (67 per-cent investment in capital);
- KS Imprimatur Capital Seed Fund (fund is in the process of liquidation) (100 per-cent investment in capital);
- KS ZGI-3** (fund is in the process of liquidation) (95 per-cent investment in capital);
- KS FlyCap investment Fund* (95 per-cent investment in capital);
- KS Expansion Capital fund** (fund is in the process of liquidation) (95 per-cent investment in capital);
- Baltic Innovation Fund (20 per-cent investment in capital);
- KS AIF "Altum capital fund" (48.9 per-cent investment in capital).

* The term of venture capital fund's operations is 31 December 2025 followed by commencement of fund's liquidation.

** During the liquidation process, the fund managers will continue the exit in remaining portfolio investments at the most favourable terms and conditions.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

In accordance with the Commercial Law (in Latvian – *Komerclikums*), the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*), the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) and the Financial Instruments Market Law (in Latvian – *Finanšu instrument tirgus likums*), ALTUM has the following corporate governance structure:

- Shareholder's Meeting;
- Supervisory Board;
- Audit Committee; and
- Management Board.

Shareholder's Meeting

Since the Ministry of Finance of the Republic of Latvia, the Ministry of Economics of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia are the holders of state capital shares, decisions of the holders of capital shares shall be taken by the state secretary of the respective ministry or another official of the ministry determined by an order of the state secretary, who has all the rights, obligations and responsibilities of the representative of the holder of capital shares provided for in laws and regulations.

As of the date of this Base Prospectus, shareholders' representatives are **Baiba Bāne**, State Secretary of the Ministry of Finance of the Republic of Latvia, **Ģirts Krūmiņš**, State Secretary of the Ministry of Agriculture of the Republic of Latvia, and **Edmunds Valantis**, State Secretary of the Ministry of Economics of the Republic of Latvia.

The Shareholders' Meeting has the power of decision if all representatives of shareholders are participating in the shareholders' meeting. One share gives one vote.

According to the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), the Shareholders' Meeting takes decisions on, *inter alia*, approval of the annual report of ALTUM, distribution of profits, election and revocation of the members of the Supervisory Board, election and revocation of auditors, bringing a claim or withdrawing a claim brought against a member of the Supervisory Board or the Management Board of ALTUM or an auditor, the amount of remuneration to be paid to auditors and members of the Supervisory Board and the Management Board of ALTUM, increasing or decreasing of ALTUM's equity capital, reorganisation of ALTUM, and election and revocation of a liquidator. The Management Board of ALTUM also needs a prior consent of the Shareholders' Meeting for taking a decision on the acquisition or alienation of an undertaking and termination of specific kinds of business operations and commencement of new kinds of business operations.

In addition to the tasks provided in the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), at the Shareholders' Meeting decisions shall be taken on:

- the amount of reserve capital and a policy for accumulation of savings;

- approval of an operational plan and budget;
- appointment and dismissal of head of internal audit service;
- determination of remuneration for auditor and head of internal audit service;
- approval of the bargain that ALTUM concludes with head of internal audit service;
- approval of the operational plan, estimate of expenditure and list of personnel of internal audit service;
- approval of an internal control system;
- cover of losses from the funds of reserve capital in cases when losses have incurred to ALTUM.

In addition to the rights and obligations provided in the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) and the Commercial Law (in Latvian – *Komerclikums*), the representative of a shareholder has a right to convene meetings of the Supervisory Board of ALTUM by indicating the necessity and purpose of convening the meeting.

The Shareholders' Meeting shall be chaired by the representative of a shareholder – the Ministry of Finance of the Republic of Latvia. Each shareholder has the right to nominate one candidate for a position of the Supervisory Board of ALTUM.

Supervisory Board

The same requirements that are prescribed in the Credit Institution Law (in Latvian – *Kredītiestāžu likums*) for the members of supervisory board of credit institution apply also to the members of the Supervisory Board of ALTUM. Therefore, all members of the Supervisory Board of ALTUM must:

- have competence in the financial management matters;
- have necessary education and at least three years of professional experience in an undertaking, organisation or institution of similar size to ALTUM;
- have an impeccable reputation;
- have not been deprived of the right of engaging in commercial activities.

According to the law, all members of the Supervisory Board of ALTUM are state officials. Supervisory Board members are selected in the selection committee in accordance with the regulation that is applied in capital companies of public entities.

Chairman of the Supervisory Board is a member of the Supervisory Board and is nominated by the Ministry of Finance of the Republic of Latvia. A term of office for members of the Supervisory Board of ALTUM is three years.

In addition to the tasks provided in the Law on the Management of Public Person's Shares and Capital Companies (in Latvian - *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), the Supervisory Board of ALTUM has the following tasks:

- to provide the development, approval of ALTUM's operational plan and to supervise its implementation;
- to constantly supervise operation of ALTUM's internal control system;
- to evaluate and reconcile or reject the acquisition, confiscation and burdening of immovable property with rights *in rem* if transactions with such property include recovery of debts;
- to carry out ALTUM`s financial resources management and risk management activities;
- approve the medium-term strategy and monitor its implementation.

If the Supervisory Board of ALTUM does not have a power of decision, the Shareholders' Meeting has a right to examine the matters to be addressed at the meeting of the Supervisory Board of ALTUM.

As of the date of this Base Prospectus, the members of the Supervisory Board of ALTUM are:

- **Līga Kļaviņa**, chairman of the Supervisory Board (deputy state secretary on Financial Policy Issues of the Ministry of Finance of the Republic of Latvia). She has significant experience in working with international financial institutions. She holds a master's degree in law. Līga Kļaviņa has been working in many positions within the Ministry of Finance of the Republic of Latvia and has represented the interests of the Latvian government and the Ministry of Finance of the Republic of Latvia in directly and indirectly state-owned enterprises;
- **Ansis Grasmanis**, an independent member of the Supervisory Board with more than 20 years of experience in company management and corporate governance and more than 10 years of experience in risk management and internal control, working in leading positions in financial sector companies (SEB bank, Swedbank), as well as being the chairman of the Board of Directors of Banka per Biznes (Kosovo) as EBRD-nominated member of the board of directors, member of the Council of First Ukrainian International Bank (Ukraine), Banking University, as well as VAS State real estate. Obtained a master's degree in mathematics from the University of Latvia, as well as FCT (Association of Corporate Treasurers) and FCCA (Chartered Association of Certified accountants) professional qualifications.
- **Krišjānis Znotiņš**, an independent member of the Supervisory Board with more than 15 years of experience in company management and corporate governance, gained by holding leading positions in financial sector companies (DnB Līzings, Eleving group in Latvia, Wandoo finance, Luminor Bank). Obtained a bachelor's degree at the Banking School and a master's degree in business management in international finance and banking at SBS Swiss Business School (Switzerland).

The business address of each member of the Supervisory Board of ALTUM is Doma laukums 4, Riga, LV-1050, Latvia.

Audit Committee

ALTUM has established the Audit Committee in accordance with the requirements set forth by the Financial Instruments Market Law (in Latvian – *Finanšu instrumentu tirgus likums*). The Audit Committee was established on 1 December 2017. On 5 July 2024, at the Shareholders' Meetings of ALTUM for a period of three years the Audit Committee members were re-elected.

As of the date of this Base Prospectus, the members of the Audit Committee of ALTUM are:

- **Gunta Darkevica**, the chairperson of the Audit Committee, sworn auditor;
- **Nils Sakss**, member of the Audit Committee, director of the division at the Fiscal Policy Department of the Ministry of Finance;
- **Ansis Grasmanis**, member of the Audit Committee, member of the Supervisory Board of ALTUM.

The Audit Committee has, *inter alia*, the following functions:

- to supervise the preparation process of annual report of ALTUM, and to provide proposals to the Supervisory Board of ALTUM for ensuring the credibility and objectivity of the annual report of ALTUM;
- to supervise the efficiency of operation of the internal control, risk management, and internal audit system of ALTUM insofar as it applies to ensuring the credibility and objectivity of annual report of ALTUM, and to provide proposals for eliminating deficiencies of the relevant system;
- to supervise the course of audit of the annual report of ALTUM;
- to verify and supervise whether ALTUM's auditor prior to commencing and during the course of audit of the annual report of ALTUM complies with the requirements of independence and objectivity laid down in the Audit Services Law (in Latvian - *Revīzijas pakalpojumu likums*), Article 6 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC ("**Regulation 537/2014**") regarding preparation for the statutory audit and assessment of threats to independence, and the prohibition of the provision of non-audit services specified in Article 5 of Regulation 537/2014;
- to inform the Supervisory Board of ALTUM about the conclusions drawn by ALTUM's auditor during the audit of the annual report of ALTUM, and to provide an opinion on how the audit has promoted the credibility and objectivity of the annual report of ALTUM, as well as to inform the Supervisory Board of ALTUM on significance of the Audit Committee during this process;
- to ensure the selection process of candidates for ALTUM's auditors in accordance with Article 16 of Regulation No 537/2014; and
- to perform other tasks specified for the Audit Committee in Regulation 537/2014.

The business address of each member of the Audit Committee of ALTUM is Doma laukums 4, Riga, LV-1050, Latvia.

Management Board

The same requirements that are prescribed in the Credit Institution Law (in Latvian – *Kredītiestāžu likums*) for the members of Management Board of credit institutions apply also to the members of Management Board of ALTUM. Therefore, all members of the Management Board of ALTUM must:

- have competence in the financial management matters;

- have necessary education and at least three years of professional experience in an undertaking, organisation or institution of similar size to ALTUM;
- have an impeccable reputation;
- have not been deprived of the right of engaging in commercial activities.

According to the law, all members of the Management Board are state officials.

As of the date of this Base Prospectus, ALTUM has five members of the Management Board elected by the Supervisory Board. The Management Board is in charge of daily operations of ALTUM. However, by 6 June 2025, Ieva Jansone – Buka, a member of the Management Board, will cease to hold office as a member of the Management Board of ALTUM. As a result, the Management Board of ALTUM will continue to operate with four members of the Management Board. The responsibilities previously held by Ieva Jansone – Buka will be redistributed among the remaining members of the Management Board of ALTUM.

Members of the Management Board of ALTUM are elected for three years. Members of the Management Board jointly represent ALTUM. The chairperson of the Management Board is elected from the members of the Management Board by the Supervisory Board of ALTUM.

The Management Board of ALTUM needs a prior consent of the Cabinet of Ministers of the Republic of Latvia for obtaining or terminating participation, as well as for obtaining or terminating decisive influence in other undertaking.

The Management Board of ALTUM shall need a prior consent of the meeting of shareholders for taking a decision on the following matters:

- acquisition or alienation of an undertaking;
- termination of specific kinds of business operations and commencement of new kinds of business operation.

The Management Board shall need a prior consent from the Supervisory Board of ALTUM on deciding the following matters:

- opening or closing of branches and representative offices;
- entering into such transactions, which exceed the sum stipulated in the Articles of Association or decisions of the Supervisory Board of ALTUM;
- issuing of such loans, which are not related to the regular commercial activity of the company;
- issuing of credits to employees of ALTUM;
- determining of the general principles of commercial activity of ALTUM.

Additionally, the Management Board needs a prior consent of the Shareholders' Meeting in order to obtain or terminate, increase or decrease a participation or decisive influence in other capital company, for acquisition or confiscation of an enterprise, as well as for making investments in funds, *inter alia*, in alternative investment funds. The activities mentioned in the previous sentence shall be implemented within programmes or the delegated public administration tasks.

As of the date of this Base Prospectus, the members of the Management Board of ALTUM are:

- **Reinis Bērziņš**, chairman of the Management Board. He is a professional in business management and finance with extensive experience in business and institution management. He has an MBA degree in International Banking and Finance, Business Management (Swiss Business School) and a degree in law. His main responsibilities include financial and accounting management and sustainability.

- **Jēkabs Krieviņš**, member of the Management Board. He is an expert in the financial industry with more than 20 years of experience in organizing and managing business credit processes. He has gained his experience working both in the private banking and public finance institution sectors. He has an executive MBA degree in business and institution management, certificate of bank's specialist and bachelor's degree in economics. Jēkabs Krieviņš is responsible for the information technology scope, ALTUM's customer service and regional centres, and overseeing the Land Fund of Latvia;

- **Inese Zīle**, member of the Management Board. She has 20 years of experience in the financial sector, including more than 15 years in the management of various departments, as well as experience of working in the public sector. Inese Zīle has an MBA degree in International Economics and Business. Her main areas of responsibilities include development and implementation ALTUM's state support programmes, energy efficiency in residential buildings, corporate client services as well as marketing and public relations. Inese Zīle is a member of the Supervisory Board of Finance Latvia Association;

- **Ieva Jansone – Buka***, member of the Management Board. She holds a professional master's degree in business from the Riga School of Economics, a bachelor's degree in social sciences in management and political science from the University of Latvia. Ieva Jansone – Buka's work experience is related to the financial sector, working in leading positions at IPAS Indexo, SIA IJ Birojs and Nordea Bank Finland Plc. Latvia branch. Ieva Jansone – Buka has worked in senior management positions in the local companies SIA Clean R and SIA Vides Pakalpojumu Grupa. Her main area of responsibilities includes the venture capital financial instruments, organisation and management of the lending and guarantees process, including export guarantees, implementation of the social entrepreneurship and energy efficiency programmes of entrepreneurs.

- **Juris Jansons,** member of the management board with more than 20 years of experience in operational compliance, financial crime prevention and risk management gained through senior positions in the commercial banking sector. Juris Jansons has obtained a master's degree in law at the University of Latvia. In addition to long-term experience in the field of anti-money laundering, Juris Jansons has obtained the CAMS certificate. His main areas of responsibility are risk management, prevention of money laundering and financing of terrorism and proliferation, legal and administrative management, compliance, monitoring and control of customer obligations, personnel management.

** By 6 June 2025, Ieva Jansone – Buka, a member of the Management Board, will cease to hold office as a member of the Management Board of ALTUM. As a result, the Management Board of ALTUM will continue to operate with four members of the Management Board. The responsibilities previously held by Ieva Jansone – Buka will be redistributed among the remaining members of the Management Board of ALTUM.*

The business address of each member of the Management Board is Doma laukums 4, Riga, LV-1050, Latvia.

Conflict of interest

In accordance with the Law on Prevention of Conflict of Interest in the Activities of Public Officials (in Latvian – *likums "Par interešu konflikta novēršanu valsts amatpersonu darbībā"*), all members of the management boards and the supervisory boards of state-owned companies have the status of state officials. As such, all Management Board and Supervisory Board members of ALTUM are state officials and subject to detailed requirements of this law. The law permits them to combine their office of public official only with activities which are indicated by the law as compatible (e.g., offices in a trade union, association or similar organisation, teaching, scientific and creative work) in order to prevent personal or material interest in their activity as a state official. In accordance with the law, all state officials are obliged to submit an annual declaration of interest. On the basis of the applicable regulatory requirements, ALTUM has established a rigorous internal control system for whistleblowing and prevention of conflict of interest in the activities of ALTUM.

ALTUM is not aware of any conflicts of interest or potential conflicts of interest between duties of the members of the Management Board and Supervisory Board and their private interests and/or their other duties.

Employees

ALTUM ensures the composition of high-quality, appropriately quantitative and highly motivated personnel, promoting the efficient use of resources and promoting the professionalism, responsibility, loyalty and initiative of employees. At the end of the third quarter of 2024, in ALTUM worked 258 employees, including members of the Management Board and the Supervisory Board, as well as members of the Audit Committee.

ALTUM's staff consists of about 70 per-cent women and about 30 per-cent men. 89 per-cent of all employees have higher education. 11 per-cent of all employees have secondary, secondary special or first-level professional education.

Despite the expansion of several areas of activity, no significant increase of employees is planned, at the same time, with the order of the Cabinet of Ministers of the Republic of Latvia of 27 August 2024, a maximum limit of 2.6 per-cent was set for the increase of the salary budget for classified capital companies (including ALTUM) in 2025 compared to the salary budget planned for 31 July 2024.

SHAREHOLDERS

All shares of ALTUM are owned by the Republic of Latvia. The Ministry of Finance of the Republic of Latvia holds 40 per-cent, while the Ministry of Economics of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia each holds 30 per-cent of share capital of and voting rights in ALTUM.

SELECTED FINANCIAL INFORMATION

The following table is a summary of the Issuer's financial performance and key performance indicators for the two financial years ending 31 December 2024 and 2023 respectively. The information set out in the table below has been extracted (without any material adjustment) from, and is qualified by reference to and should be read in conjunction with the audited annual reports of the Issuer for the years ending 31 December 2024 and 31 December 2023 respectively, each of which is incorporated by reference to this Base Prospectus and forms an integral part of this Base Prospectus. The Financial Statements are prepared according to International Financial Reporting Standards (IFRS).

	Year ended 31 December	
Key financial data	**2024**	**2023**
Net interest income (EUR '000) 1)	23 026	17 765
Operating profit (EUR '000) 2)	28 663	17 810
Profit for the period (EUR '000)	28 663	17 810
Cost to income ratio (CIR) 3)	23.32%	26.34%
Employees 4)	254	255
Total assets (EUR '000)	1 455 350	1 316 086
Financial debt (EUR '000) 5)	755 011	599 305
Tangible common equity (TCE) / Tangible managed assets (TMA) * 6)	**21.6%**	**23.4%**
Equity and reserves (EUR '000)	416 055	389 353
Return on average equity (ROE) 7)	7.1%	4.5%
Total risk coverage: (EUR '000) 8)	**309 853**	**281 355******
Risk coverage reserve	269 321	226 793**
Risk coverage reserve used for provisions	(46 585)	(42 078)
Portfolio loss reserve (specific reserve capital)	85 736	96 587
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 381	53
Liquidity ratio for 180 days *** 9)	342%	430%
Support instruments gross value (EUR '000), of which 10)	**1 177 888**	**1 101 797**
Grants	3 159	68 132
Financial instruments gross value (EUR '000) ******		
Loans (excluding sales and leaseback transactions)	418 079	359 246
Guarantees	523 538	480 025
Venture capital funds	97 999	97 456
Latvian Land Fund, of which:	135 113	96 938
- sales and leaseback transactions	42 137	28 692
- investment properties	92 976	68 246
Total	**1 174 729**	**1 033 665**
Number of transactions	38 730	35 260
Volumes issued (EUR '000) (by financial instrument)******		
Loans (excluding sales and leaseback transactions)	221 741	141 993
Guarantees	142 902	99 440
Venture capital funds 11)	15 745	23 920
Latvian Land Fund, of which:	40 506	17 676
- sales and leaseback transactions	19 692	7 916
- investment properties	20 814	9 760
Total	**420 894**	**283 029**
Number of transactions	6 710	4 846
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000) 12)	978 319	946 008
Leverage for raised private funding 13)	129%	229%
Volume of support programmes funding per employee (EUR '000) 14)	4 625	4 054
Long-term rating assigned by Moody's Ratings	Baa1	Baa1

* TMA includes off-balance sheet item, namely, guarantees at net carrying amount.
** 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 Reserve31 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 of EUR 281 355 thousand instead of EUR 370 211 thousand.
*** The calculation of liquidity ratio takes into account the previous experience and management estimate of the expected amount and timing of guarantee claims.

**** Taking into account the significance of the volume, the 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 the Latvian Land Fund portfolio.

1) "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.

2) "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.

3) "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.

4) "Employees" is the average number of full time employees in the report period excluding members of the Supervisory Board and the Audit Committee.

5) "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" (as described in footnote [7)] below) and "Risk Coverage Reserve Used for Provisions" (as described in footnote [7)] below).

6) "Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of financial assets measured at fair value through Other Comprehensive Income. 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". 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.

7) "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

8) "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 / distribution of annual profit". 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 / distribution of annual profit" is disclosed in the Note on Reserves to the Financial statements of the Altum. "Total Risk Coverage" is key indicator to be used for assessment of Altum risk coverage on implemented programmes and long-term financial stability.

9) "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.

10) "Support instruments gross value" is calculated as the sum of the gross values of the portfolios of grants, loans, guarantees, venture capital funds and Latvian Land Fund.

11) "Venture capital" The Venture Capital Funds presented at their gross value

12) "'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.

13) "Leverage for raised private funding" indicates the amount of additional private funds 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.

14) "Volume of Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by "Employees".

Maturity profile of ALTUM's borrowings liabilities as at 31 December 2024 in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years	**Total**
Due to credit institutions	12 588	27 778	-	-	-	40 366
Due to general governments	13 630	72 702	48 733	28 865	43 704	207 634
Issued debt securities	45 508	19 983	-	-	-	65 491
Total	**71 726**	**120 463**	**48 733**	**28 865**	**43 704**	**313 491**

FINANCIAL AND TREND INFORMATION

Historical Financial Information

The Issuer's Financial Statements as of and for the financial years ending 31 December 2024 and 31 December 2023 respectively, prepared according to IFRS, are incorporated by reference to this Base Prospectus and forms an integral part of it.

Legal and arbitration proceedings

The Issuer is not engaged in any governmental, legal or arbitration proceedings, and is not aware of any such proceedings pending or threatened against it during the 12 month-period prior to the date of this Base Prospectus that may have, or have had in the recent past, significant effect on the Issuer's financial position or profitability.

Significant Changes in Financial Position

There has been no significant change in the Issuer's financial position since the date of the last published Financial Statements of the Issuer.

Trend Information

There has been no other material adverse change in the prospects of the Issuer since the date of the last published Financial Statements of the Issuer.

There has been no significant change in in the financial performance of the Issuer since the date of the last published Financial Statements of the Issuer.

As of the date of this Base Prospectus there is no information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for 2025.

Future Outlook

The Issuer has not made any profit forecast or profit estimate in this Base Prospectus.

ADDITIONAL INFORMATION

Share Capital

The amount of the share capital of ALTUM is EUR 211,033,395 and it is composed of 211,033,395 shares. All shares are paid up. All shares are registered shares and they are dematerialised. The nominal value of a share is EUR 1.

According to the Development Finance Institution Law (in Latvian – *Attīstības finanšu institūcijas likums*), all the shares and voting rights in ALTUM are owned by the Republic of Latvia. The Ministry of Finance of the Republic of Latvia holds 40 per-cent, while the Ministry of Economics of the Republic of Latvia and the Ministry of Agriculture of the Republic of Latvia each holds 30 per-cent of share capital of and voting rights in ALTUM. It is prohibited to pledge or to encumber in any other way the shares of ALTUM.

Articles of Association

The most recent Articles of Association of ALTUM were approved by the decree No. 871 of the Cabinet of Ministers of the Republic of Latvia of 12 December 2023 "On Approval of Articles of Association of Development Finance Institution Altum".

The objectives and purposes of ALTUM are stated in Clause 2 of the Articles of Association of ALTUM. According to the NACE classification the economic activities of ALTUM are as follows:

- other credit granting;
- other financial service activities not identified elsewhere, except insurance and pension funding;
- activities of head offices, business and management consulting;
- management consultancy activities;
- business and other management consultancy activities;
- market research and public opinion polling.

Material Contracts

ALTUM has not entered into any material contracts outside the ordinary course of business, which could result in ALTUM coming under an obligation or entitlement that is material to ALTUM's ability to meet its obligations to the Noteholders in respect of the Notes.

The following material contracts are concluded within the ordinary course of business which provide the core funding for the support programmes implemented by ALTUM where respective assets and liabilities have been matched by volumes and term structure:

- Loan agreement (signed on 8 July 2020) with the European Investment Bank for a loan of EUR 80 million (tranche A) to finance working capital and investment loans to small and medium-sized enterprises. The outstanding amount of this loan as at 31 December 2024 was EUR 40.3million, which should be repaid in instalments with the final repayment date on 20 December 2029. An additional loan of EUR 40 million (tranche B) was signed on 10 December 2021, the final availability date of which is early December 2025;

- Financing agreements with the Ministry of Agriculture of the Republic of Latvia:
  - on the implementation of loan programme for rural SMEs. Pursuant to the agreement, ALTUM must comply with the Regulations No. 446 of the Cabinet of Ministers of the Republic of Latvia of 24 July 2018 and to use the programme's funding in amount of EUR 10.8 million to issue loans, to cover the credit risk expenses and ALTUM management expenses related to the implementation of the programme. The agreement expires on 31 December 2036;
  - on the implementation of the loan programme for working capital loans to farmers. Pursuant to the agreement, ALTUM must comply with the Regulations No. 582 of the Cabinet of Ministers of the Republic of Latvia of 3 December 2019 and use the programme's funding in amount of EUR 12.9 million to issue loans, to cover credit risk expenses and ALTUM management expenses related to the implementation if the programme. The agreement expires on 31 December 2039;
  - on the implementation of support programmes funded from reflows of public funding (European Agricultural Fund for Rural Development – EAFRD). The funding is used to issue financial instruments (loans, guarantees), to cover credit risk expenses and ALTUM management expenses related to the implementation of the programmes. The agreement expires on 31 December 2050;
- Financing agreement with the Rural Support Service of the Republic of Latvia on the implementation of financial instruments for agriculture industry. Pursuant to the agreement, ALTUM must comply with the Regulations No.769, No.446 and No.8 of the Cabinet of Ministers of the Republic of Latvia and to use the funding in amount of EUR 25 million to issue financial instruments, to cover the credit risk expenses and ALTUM's management expenses related to the implementation of the programmes. Agreement expires on 31 December 2025. After the expiry date of this agreement, all reflows received during or after the term of this agreement will be included in the reflows' agreements with the Ministry of Agriculture of the Republic of Latvia described above;
- Financing agreements with the Ministry of Economics of the Republic of Latvia:
  - General Reflows' agreement on the implementation of support programmes financed by reflows of public funding (resources returned from investments attributable to the EU structural funds and state budget contribution). The funding is used to issue financial instruments (loans, guarantees, investments in venture capital funds), cover the credit risk expenses and ALTUM's management expenses related to the implementation of the programmes. The agreement expires on 30 June 2056. This agreement covers reflows from the programmes funded under agreements with the Central Finance and Contracting Agency of the Republic of Latvia for the EU 2014-2020 programming period that expired on 31 December 2023;
  - on the implementation of the projects under the Resilience and Recovery Fund. Pursuant to the agreement, ALTUM must comply with the Regulations No. 594 of the Cabinet of Ministers of the Republic of Latvia of 20 September 2022 and to use the funding in amount of EUR 80.6 million to issue loans for energy efficiency, the Regulations No. 421 of the Cabinet of Ministers of the Republic of Latvia of 5 July 2022

and to use the funding in amount of EUR 45.1 million to issue loans for digitalisation, the Regulations No. 460 of the Cabinet of Ministers of the Republic of Latvia of 14 July 2022 and to use the funding in amount of EUR 57.3 million to issue loans and guarantees for energy efficiency of multi-apartment buildings, the Regulations No. 459 of the Cabinet of Ministers of the Republic of Latvia of 14 July 2022 and to use the funding in amount of EUR 42.9 million to issue loans for affordable housing. The funding is also used to pay a capital rebate that is part of respective combined financial instrument (loan and guarantee) as well as to cover credit risk expenses and ALTUM's management expenses related to the implementation of the programmes. Agreement expires on 31 August 2026. After the expiry date of this agreement, all reflows received during or after the term of this agreement will become part of the General Reflows' agreement described above;

- on the implementation of the guarantee programme for support on the purchase or construction of residential housing. Pursuant to the agreement, ALTUM must comply with the Regulations No. 95 of the Cabinet of Ministers of the Republic of Latvia of 20 February 2018 and to use the programme's funding in amount of EUR 52.9 million to issue financial instruments (guarantees), to cover credit risk expenses and ALTUM's management expenses related to the implementation of the programmes. Agreement expires on 31 December 2036;
- on the implementation of the loan programme for investment loans with capital rebate to SMEs and Mid-caps to promote their competitiveness. Pursuant to the agreement, ALTUM must comply with the Regulations No. 503 of the Cabinet of Ministers of the Republic of Latvia of 6 July 2021 and to use the programme's funding in amount of EUR 255 million to issue financial instruments (loans) comprising also a capital rebate facility to be paid from the programme's funding as well as to cover credit risk expenses related to the implementation of the programme. Agreement expires on 31 December 2045;
- on the implementation of the subsidies under the support programme "Balsts". Pursuant to the agreement, ALTUM must comply with the Regulations No. 95 of the Cabinet of Ministers of the Republic of Latvia of 20 February 2018 and to use the programme's funding in amount of EUR 1.,3 million to provide grants as well as to cover ALTUM's management expenses related to the implementation of the programme. Agreement expires on 31 December 2029;

- Financing agreement with the Ministry of Welfare of the Republic of Latvia on the implementation of the social entrepreneurship programme co-financed by the European Social Fund. Pursuant to the agreement, ALTUM must comply with the Regulations No. 467 of the Cabinet of Ministers of the Republic of Latvia of 11 August 2015 and to use the programme's funding in amount of EUR 12 million to provide grants to the social entrepreneurs and cover ALTUM's management expenses related to the implementation of the programme. Agreement expires on 31 December 2029;
- Financing agreements with the Central Finance and Contracting Agency of the Republic of Latvia, pursuant to which ALTUM must comply with the Regulations No. 510 of the Cabinet of Ministers of the Republic of Latvia of 5 September 2023. Agreements expire on 31 December 2029 (after the expiry date of these agreements, all reflows received during or after the term

of this agreements will become part of the General Reflows' agreement with the Ministry of Economics of the Republic of Latvia described above):

- an agreement on the implementation of the financial instruments under the Holding Fund No. 1 of the EU 2021-2027 programming period funds to use the funding in the amount of EUR 230.8 million to issue financial instruments (loans, guarantees, investments in venture capital funds), to cover credit risk expenses and ALTUM's management expenses related to the implementation of the programmes;
- an agreement on the implementation of the financial instruments under the Holding Fund No. 2(1) of the EU 2021-2027 programming period funds to use the funding in the amount of EUR 269.2 million to issue financial instruments (loans, guarantees), to cover credit risk expenses and ALTUM's management expenses related to the implementation of the programmes;
- an agreement on the implementation of the financial instruments under the Holding Fund No. 2(2) of the EU 2021-2027 programming period funds to use the funding in the amount of EUR 21.5 million to issue financial instruments (loans, guarantees), to cover credit risk expenses and ALTUM's management expenses related to the implementation of the programmes;

▪ Loan agreements with the State Treasury according to the authorization of the Ministry of Finance of the Republic of Latvia:

- for purchase, lease, selling or exchange of agricultural land on behalf of the Land Fund. Pursuant to the agreement, ALTUM must comply with the Regulations No. 748 of the Cabinet of Ministers of the Republic of Latvia of 2 December 2014 and the financing is available in the amount of EUR 85 million. The loan facility is available until 20 July 2031. Outstanding amount as of 31 December 2024 was EUR 20.4 million. The final repayment date is 20 July 2041;
- for the implementation of the loan programme for reconstruction works of multi-apartment buildings and improvement of their territories. Pursuant to the agreement, ALTUM must comply with the Regulations No. 481 of the Cabinet of Ministers of the Republic of Latvia of 3 December 2019 and the financing is available in the amount of EUR 30 million. Outstanding amount as at 31 December 2024 was EUR 11,8 million. The final repayment date is 20 January 2044;
- for implementation the loan programme for the purchase of agricultural land to produce agricultural products. Pursuant to the agreement, ALTUM must comply with the Regulations No. 295 of the Cabinet of Ministers of the Republic of Latvia of 22 May 2018 and the financing is available in the amount of EUR 100 million. Outstanding amount as at 31 December 2024 was EUR 93.3 million. The final repayment date is 20 January 2058;
- for implementation the loan programme for promoting the development of micro, SMEs and agricultural service co-operative societies. Pursuant to the agreement, ALTUM must comply with the Regulations No. 1065 of the Cabinet of Ministers of the Republic of Latvia of 15 September 2009 and the financing is available in the amount

of EUR 110 million. Outstanding amount as at 31 December 2024 was EUR 59.0 million. The final repayment date is 20 December 2043;

- for implementation the loan programme of parallel loans for improvement of competitiveness of business. Pursuant to the agreement, ALTUM must comply with the Regulations No. 469 of the Cabinet of Ministers of the Republic of Latvia of 15 July 2016 and the financing is available in the amount of EUR 20 million. Outstanding amount as at 31 December 2024 was EUR 4.6 million. The final repayment date is 20 January 2039;

- for implementation the loan programme of working capital loans to farmers. Pursuant to the agreement, ALTUM must comply with the Regulations No. 582 of the Cabinet of Ministers of the Republic of Latvia of 3 December 2019 and the financing is available in the amount of EUR 25.6 million. Outstanding amount as at 31 December 2024 was EUR 9.5 million. The final repayment date is 30 June 2031;

- for purchase, lease, selling or exchange of agricultural land on behalf of the Land Fund of Latvia. Pursuant to the agreement, ALTUM must comply with the Regulations No. 748 of the Cabinet of Ministers of the Republic of Latvia of 2 December 2014 and the financing is available in the amount of EUR 15 million. The loan amount has been used in 2020 and the outstanding amount as at 31 December 2024 was EUR 5.7 million. The final repayment date is 29 December 2028.

New loan agreements with the State Treasury according to the authorization of the Ministry of Finance of the Republic of Latvia were signed in March 2025 for the financing of the following support programmes:

- on the implementation of the loan programme with capital rebate for digitalisation under the Resilience and Recovery Fund (RRF). Pursuant to the agreement, ALTUM must comply with the Regulations No. 421 of the Cabinet of Ministers of the Republic of Latvia of 5 July 2022. The maximum loan amount available under this facility is EUR 69 million (maximum amount of EUR 69 million capped by regulations of the Cabinet of Ministers of the Republic of Latvia). The State Treasury's capacity to provide the funding to ALTUM is limited to EUR 22 million for 2025. The funding is available until 30 December 2039 with final repayment date on 31 December 2049;

- on the implementation of the loan programme with capital rebate for energy efficiency of multi-apartment buildings under the RRF. Pursuant to the agreement, ALTUM must comply with the Regulations No. 460 of the Cabinet of Ministers of the Republic of Latvia of 14 July 2022. Maximum loan amount available under this facility - EUR 10 million. The funding is available until 31 August 2027 with final repayment date on 30 August 2047;

- on the implementation of the loan programme for construction of affordable housing with capital rebate under the RRF. Pursuant to the agreement, ALTUM must comply with the Regulations No. 459 of the Cabinet of Ministers of the Republic of Latvia of 14 July 2022. Maximum loan amount available under this facility - EUR 10 million. The funding is available until 30 June 2028 with final repayment date on 31 December 2058;

- on the implementation of the large investment loans with capital rebate to SMEs and Mid-caps to promote their competitiveness according to Regulations No. 503 of the Cabinet of Ministers of the Republic of Latvia of 6 July 2021. As additional funding to the public funding available, described above, the maximum loan amount available under this facility is EUR 200 million (maximum amount of EUR 200 million capped by regulations of the Cabinet of Ministers of the Republic of Latvia). However, according to the programme's estimated volume, only EUR 90 million may be disbursed under this facility. The State Treasury's capacity to provide the funding to ALTUM is limited to EUR 5 million for 2025. The funding is available by 27 December 2030 with final repayment date on 31 December 2045.

THE ECONOMY OF THE REPUBLIC OF LATVIA

General overview

Following a rapid economic recovery from the COVID-19 pandemic in 2021, Latvia experienced a slowdown in growth, with GDP increasing by 1.8 per-cent in 2022 and 2.9 per-cent in 2023. Ongoing geopolitical tensions, high prices, and increasing bank interest rates continued to affect economic performance. In 2024, GDP growth declined to negative 0.4 per-cent, influenced by weaker-than-anticipated performance in the first half of the year and lack of investment activity. Economic sentiment remains cautious, suggesting slow growth also in 2025. A tight labour market is expected to fuel wage growth, which is expected to enhance real private consumption as inflation eases. Investment levels are anticipated to increase, bolstered by EU fund inflows and improving financial conditions. Confidence in Latvia's long-term economic prospects was evident in September 2024, when a EUR 600 million seven-year Eurobond issue was oversubscribed by more than 8.5 times, generating a final order book of EUR 5.2 billion – the highest ever recorded for a Latvian Eurobond transaction – offering a coupon rate of 3.0 per-cent and a yield of 3.138 per-cent for investors.

Real GDP growth, per-cent	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F***	**2026F***
Latvia	-3.5	6.9	1.8	2.9	-0.4	2.1	3.0
EU (27) average	-5.6	6.3	3.5	0.4	1.0		

Source: Eurostat
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

Inflation

After two years of very high inflation in 2022 and 2023, which was mainly driven by supply chain disruptions and rising energy prices, Latvia experienced a modest inflation of 1.3 per-cent in 2024. This decline is largely attributed to a significant drop in global energy prices, which has led to lower heating and fuel costs in Latvia, easing the pressure on the prices of other goods and services. The Latvian economy is projected to benefit from these developments, fostering a more favorable environment for growth and investment.

Inflation, HICP, average, per-cent	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F***	**2026F***
Latvia	0.1	3.2	17.2	9.1	1.3	1.4	1.5
EU (27) average	0.7	2.9	9.2	6.4	2.6		

Source: Eurostat
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

Unemployment

Since the conclusion of the financial crisis in 2010, Latvia has seen a steady decline in its unemployment rate, reaching 6.3 per-cent by 2019. This positive trend was interrupted in 2020, when COVID-19 restrictions forced many businesses, particularly in the services sector, to lay off non-essential workers. However, the labour market began to recover post-pandemic, with annual unemployment rates continuing to decline, reaching 6.5 per-cent in 2023. In 2024 the unemployment rate increased mainly attributable to a slowdown in economic activity. The Bank of Latvia expects unemployment rate to continue decreasing further in 2025 and 2026 as economy recovers from a negative growth year in 2024.

Unemployment rate, per-cent	2020	2021	2022	2023	2024	2025F*	2026F*
Latvia	8.1	7.6	6.9	6.5	6.9	6.8	6.5
EU (27) average	7.2	7.1	6.2	6.1	5.9		

Source: Eurostat
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

Public Finance

The central government's budget for 2025 accounts for revenues of EUR 15.1 billion and expenditures of EUR 17.1 billion, focusing primarily on internal and external security, education, and health as the nation's key priorities. This budget has been crafted in alignment with European Union fiscal regulations and the Fiscal Discipline Law, budgeting a general government deficit of 2.9 per-cent of GDP for 2025. This approach is designed to bolster the government's objective of fostering sustainable GDP growth through increased investments, enhanced productivity, and expanded exports. Government's continued emphasis on internal and external security underscores the state's commitment to effectively respond to diverse challenges and threats, particularly in the light of the ongoing Russian invasion of Ukraine.

General government balance, per-cent of GDP	2020	2021	2022	2023	2024	2025F*	2026F*
Latvia	-4.1	-7.2	-4.9	-2.4	-1.8	-3.4	-3.0
EU (27) average	-6.7	-4.6	-3.2	-3.5	-3.2		

Source: Eurostat
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

In 2024, Fitch Ratings reaffirmed Latvia's credit rating at "A-" with a stable outlook, while in January 2025 Moody's reaffirmed an equivalent "A3" rating with a stable outlook. CS&P Global Ratings kept the "A," rating for the Republic of Latvia, maintaining a stable outlook. The upper medium grades reflect the nation's solid public finances, stemming from a history of prudent fiscal management, strong debt affordability, and a credible economic policy framework bolstered by EU and eurozone membership, alongside moderate private sector debt levels. Latvia's notable resilience to recent significant external shocks, including the COVID-19 pandemic and the indirect effects of Russia's invasion of Ukraine, has also been factored into these ratings, despite the challenges of being a small, open economy. However, the ongoing war in Ukraine and broader regional geopolitical risks are expected to continue impacting Latvia's public finances, economic growth, and competitiveness in the medium term, although quantifying this impact remains complex.

General government gross debt, per-cent of GDP	2020	2021	2022	2023	2024	2025F*	2026F*
Latvia	44.0	45.9	44.4	44.6	46.8	49.0	49.0
EU (27) average	89.5	86.8	82.5	80.8	81.0		

Source: Eurostat
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

Foreign Trade

In 2024, Latvia's foreign trade in goods reached a turnover of EUR 40.36 billion, marking a decrease of EUR 2.1 billion, or 4.9 per-cent, compared to 2023. The total value of goods exports was EUR 18.7 billion, down EUR 0.4 billion, or 1.9 per-cent, while imports totalled EUR 21.7 billion, reflecting a decline of EUR 1.7 billion, or 7.4 per-cent. In 2024, Latvia exported goods to 203 countries worldwide. The five largest export partners were Lithuania, Estonia, Germany, Sweden, and the Russian Federation. These countries accounted for 47.5% of the total export value. The most exported goods to Lithuania, Estonia, Germany, and the Russian Federation were agricultural and food products, while wood and wood products were primarily exported to Sweden.

The most important goods in Latvia's exports last year were wood, wood products, and charcoal; electrical appliances and equipment; mineral fuels, oil, and its processed products. Wood, wood products, and charcoal were mainly exported to the United Kingdom (22.5%), Sweden (12.3%), and Denmark (7.3%); electrical appliances and equipment to Lithuania (27.7%), Estonia (12%), and France (6.1%); mineral fuels, oil, and its processed products to Lithuania (30.7%), Estonia (11.9%), and Germany (7.9%).

From an economic perspective, Latvia recorded a current account deficit of 2.1 per-cent of GDP, a reduction from a 3.9 per-cent deficit in 2023. The trade balance showed progress for the second year in a row, as imports decreased at a greater rate than exports.

Current account balance, per-cent of GDP	**2020**	**2021**	**2022**	**2023**	**2024**	**2025F***	**2026F***
Latvia	3.0	-4.1	-5.5	-3.9	-2.1	-4.1	-4.5
EU (27) average	1.5	1.2	-1.4	1.5	2.3		

Source: Eurostat, stat.gov.lv
* Bank of Latvia forecast December 2024 (data used for forecast: November 2024)

TAXATION

Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Notes.

The following is a general summary of certain tax consideration in the Republic of Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than the Republic of Latvia. The information provided in this section shall not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident prospective investor, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001.

Taxation of the Noteholders individuals

Resident Individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income from the Notes for resident individuals will be subject to 25.5 per-cent withholding tax, deductible by the Issuer before the payment. The income from the sale of the Notes will be subject to 25.5 per-cent tax, but the tax would be payable by the individual him/herself.

Should the total taxable income as defined under the Law "On Personal Income Tax" (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3% will be applicable to the portion of income exceeding EUR 200,000.

Special rules apply if the transactions with the Notes are made through an investment account within the meaning of the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*). In such case taxation of income is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount.

Non-resident individuals

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income and interest equivalent income from the Notes being circulated publicly as well as income from the sale of the publicly circulated Notes will not be subject to tax in Latvia.

Taxation of the Noteholders entities

Resident entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest payments on the Notes and proceeds from the disposal of the Notes received by Latvian resident companies will not be subject to withholding tax in Latvia. Under the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) retained earnings are exempt from corporate income tax and only distributions are taxed. Corporate income tax rate on gross profit distribution is 20 per-cent. Corporate income tax on net amount of profit distribution is determined by dividing net amount with a coefficient of 0.8 (i.e., effective tax rate on net distributed profit is 25 per-cent).

However, Latvian credit institutions, branches of foreign credit institutions and consumer lenders (including Latvian branches of foreign consumer lenders) are required to pay a corporate income tax surcharge at a rate of 20%. This surcharge is applied to the profit (except flow-through dividends, profits from the sale of shares that are held for at least 36 months, profit distributed and taxed as interim dividends, profit of foreign permanent establishment taxed abroad) earned in the pre-tax year (for instance, in 2025 the surcharge will be payable from the profit of 2024), regardless of profit distribution. The corporate income tax due upon dividend distributions will be reduced by the surcharge paid.

Non-resident entities

In accordance with the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) the interest income and income from the disposal of the Notes for non-resident entities will not be taxable in Latvia.

Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No.333 "List of Low Tax or No-Tax Countries and Territories", adopted on 27 June 2023; effective as of 1 July 2023 ("**Low-Tax Non-Latvian Residents**") are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 25.5 per-cent if the payer is a Latvian individual resident having obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The Ministry of Finance of the Republic of Latvia in a legally non-binding explanation has confirmed that pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) there is no withholding tax also on the interest payments made by the Issuer to the holders of the notes publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

GENERAL INFORMATION

Authorisation

The shareholder of the Issuer has at the Shareholders' Meeting held on 2 December 2024 authorised the issue of the Notes and authorised the Management Board of the Issuer to approve the characteristics of the Notes, the Base Prospectus and any of the documents thereto, as well as any amendments and supplements thereof.

Management Board of the Issuer has at its meeting held on 14 May 2025 approved the Base Prospectus and the General Terms and Conditions of the Notes.

Each Final Terms issued in respect of each issue of Notes shall be approved by a separate resolution of the Management Board of the Issuer.

Auditors

PricewaterhouseCoopers SIA, registration number: 40003142793, legal address: Krišjāņa Valdemāra iela 21 - 21, Riga, LV-1010, Latvia, has audited the Financial Statements incorporated by reference to this Base Prospectus and issued an unqualified auditors' reports on the Financial Statements.

PricewaterhouseCoopers SIA is included in the register of audit firms maintained by the Latvian Association of Certified Auditors and holds audit company license No. 5. On behalf of PricewaterhouseCoopers SIA, the auditors' reports on the Financial Statements were signed by Ilandra Lejiņa, holding auditor's certificate No. 168.

Listing

Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche. Nasdaq Riga is a regulated market for the purposes of MiFID II.

Clearing of the Notes

The Notes shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879. The International Securities Identification Number (ISIN) in relation to the Notes of each Tranche will be specified in the relevant Final Terms.

The address of Nasdaq CSD SE is Vaļņu iela 1, Riga, LV-1050, Latvia.

Legal Entity Identifier

The Issuer's legal entity identifier is 5493007HPQSSX8BJ4315.

Documents available

For as long as the Notes are listed on the official bond list (the Baltic Bond List) of Nasdaq Riga, the copies of the following documents will be available on the Issuer's website www.altum.lv:

(i) the Articles of Association of the Issuer;

(ii) the Financial Statements;

(iii) each Final Terms; and

(iv) this Base Prospectus together with any supplement.

Arranger and Dealer transacting with the Issuer

The Arranger and Dealer has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Issuer in the ordinary course of business (see Section *Risk Factors – Risk related to the Notes - Certain material interests)*.

Interests of natural and legal persons involved in the issue/offer of the Notes

Save for commissions to be paid to the Arranger and the Dealer, so far as the Issuer is aware, no person involved in the issue/offer of the Notes has an interest material to the issue/offer.

Expenses Charged to the Investors

No expenses or taxes will be charged to the investors by the Issuer in respect to the issue of the Notes. However, the investors may be obliged to cover expenses which are related to the opening of securities accounts with the credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Notes, the holding of the Notes or any other operations in relation to the Notes. Neither the Issuer, nor the Arranger or the Dealer shall compensate the Noteholders for any such expenses.

Credit Ratings

As of the date of this Base Prospectus, the Issuer has a long-term credit rating Baa1 by Moody's Investors Service Espana, S.A.. The outlook is stable.

Moody's Investors Service Espana, S.A. is established in the EEA and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**").

Notes to be issued under the Programme may be rated or unrated. Where an issue of Notes is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Notes already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the Final Terms.

A rating is not a recommendation to buy or sell or hold Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus and form a part of the Base Prospectus:

- ALTUM's annual report, representing audited standalone financial statements for the financial year ending 31 December 2024, prepared in accordance with IFRS, together with the audit report in connection therewith, which is available for viewing on ALTUM's website: https://www.altum.lv/en/investors/financial-information/ (please see "EUR3" under Column "AR,CG & ESG").
- ALTUM's annual report, representing audited standalone financial statements for the financial year ending 31 December 2023, prepared in accordance with IFRS, together with the audit report in connection therewith, which is available for viewing on ALTUM's website: https://www.altum.lv/en/investors/financial-information/ (please see "EUR3" under Column "AR,CG & ESG").

ISSUER

Akciju sabiedrība "Attīstības finanšu institūcija Altum"
Doma laukums 4
Riga, LV-1050
Latvia

ARRANGER

Luminor Bank AS,
represented within the Republic of Lithuania by
Luminor Bank AS Lithuanian Branch
Konstitucijos ave. 21A
03601, Vilnius
Lithuania

DEALER

Luminor Bank AS,
represented within the Republic of Lithuania by
Luminor Bank AS Lithuanian Branch
Konstitucijos ave. 21A
03601, Vilnius
Lithuania

LEGAL ADVISER TO THE ARRANGER AND DEALER

ZAB COBALT SIA
Marijas iela 13 k-2 – 3
Riga, LV-1050
Latvia