

# Information on achieving the 2025 financial and non-financial targets set out in the Strategy2027

In accordance with the mid-term strategy of JSC Development Finance Institution Altum for the period 2025–2027 approved by the Supervisory Board on 19 May 2025, the following strategic development directions and most significant long-term objectives have been set:



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

## Strategy 2025 – 2027 financial and non-financial targets

The ALTUM Strategy established the following key financial targets related to ALTUM's financial performance and non-financial targets derived from ALTUM's overall strategic objective, the regulatory framework and policy planning documents, and related to ensuring the performance of the functions assigned to a public entity:

- The Strategy sets a target for a moderate increase in the volume of new transactions, their volume increasing by more than 10% by 2027;
- ALTUM's gross portfolio of financial instruments is planned to grow by more than 10% per year, reaching a total portfolio of EUR 1.8 billion by the end of 2027;
- The contribution to the economy generated by ALTUM volumes issued reflects the planned increase in ALTUM's impact on economic development by facilitating the mobilization of private capital and financial resources in the priority areas. During the Strategy implementation period, the expected contribution to the economy from programs financed by ALTUM amounts to at least EUR 2.8 billion;
- *Return on Equity* (ROE) is targeted to remain above 3% during the Strategy implementation period;
- *Equity* at the end of the reporting year is planned to show a positive trend;
- To ensure ALTUM's financial efficiency, the cost-to-income ratio is targeted not to exceed 40%.

## Contribution to economy



### Total contribution to economy by ALTUM volumes issued in 2025:

2025: EUR 1,405 million (2024: EUR 978 million)

## Achievement of the non-financial targets for the year 2025 set out in the Strategy

- **New transaction volumes (incl. grants)** reached EUR 545 million in 2025, which is EUR 110 million (25%) above the EUR 435 million target set in the Strategy for 2025. Compared with 2024, the indicator increased by EUR 117 million (+27%).

The sharp increase was primarily driven by the growth in new loan transactions (+EUR 70 million) and new guarantee transactions (+EUR 57 million).

The growth in new loan transactions was largely triggered by new transactions under the Resilience and Recovery Facility (RRF) programs, totalling EUR 98 million (+EUR 49 million compared with 2024), followed by the Investment Loans with a

Capital Rebate program, with new transactions of EUR 46 million (+EUR 14 million). There continued significant demand for SME loans, with new transactions reaching EUR 66 million over the 12 months of 2025 (+EUR 12 million).

In 2025 the growth in new guarantee transactions was driven by strong demand for both corporate guarantees (in the SME and large enterprise segment) – and individual guarantees. Guarantees issued to corporates totalled EUR 102 million (+EUR 31 million compared with 2024), while guarantees issued to individuals reached EUR 97 million (+EUR 28 million). The high demand for corporate guarantees was supported by ALTUM's attractive product terms and by the increased lending pace of commercial banks. For individuals, the growth in new transactions was largely driven by demand for Housing Guarantees and the Multi-apartment Building Energy Efficiency Programme guarantees.

In 2025, all fifth-generation venture capital funds commenced operations, alongside the Baltic Capital Market Acceleration Fund.

- **Gross portfolios (including grants)** totalled EUR 1,501 million at the end of 2025, which is EUR 99 million (7%) above the EUR 1,402 million target set in the Strategy for 2025. Compared with 2024, the figure increased by EUR 267 million (+22%).

The gross portfolio of financial instruments (excluding grants) amounted to EUR 1,497 million. Compared with the end of 2024, it increased by EUR 266 million (+22%). The largest growth was in the loan portfolio, which rose by EUR 147 million (+31%) in 2025, reaching EUR 621 million. Of the total portfolio growth, 46% was accounted for by loans under the Resilience and Recovery Facility (RRF) programs and 31% by Investment Loans with a Capital Rebate. The guarantee portfolio increased by EUR 104 million (+20%), reaching EUR 628 million. The largest contribution to the growth of the guarantee portfolio came from individual guarantees, which rose by EUR 60 million (+19%) in 2025. The corporate guarantee portfolio, including guarantees in the SME and large enterprise segments, as well as the agriculture segment increased by EUR 45 million (+22%) in 2025. The Land Fund transaction portfolio grew by EUR 23 million (+17%) over 12 months, reaching EUR 158 million.

The gross portfolio of support instruments increased by 3,731 transactions (+10%) in 2025.

By segment, the largest portfolio was held in the Small, Medium, and Large Enterprises (SMEs and Midcaps) segment – 38% (31 December 2024: 35%), followed by Individuals – 34% (31 December 2024: 31%), Agriculture – 22% (31 December 2024: 26%), and Financial Intermediaries, which comprise the venture capital programs – 6% (31 December 2024: 8%).

- **The Moody's credit** rating is intended to be maintained as high as possible, but not lower than one notch below the sovereign rating assigned to Latvia by Moody's. On 28 January 2025, the international credit rating agency Moody's Ratings ("Moody's") reaffirmed ALTUM's long-term credit rating at **Baa1** with a stable outlook. The rating is the same as affirmed on 2 February 2024. The short-term issuer rating was also confirmed at the same P-2. ALTUM's credit rating is based on Moody's July 2024 Finance Companies Methodology. ALTUM's long-term credit rating of Baa1 is among the highest assigned to Latvian corporates.

ALTUM's long-term credit rating of Baa1, confirmed by Moody's, is one notch below the sovereign rating assigned to Latvia, which stood at A3 at the end of 2025, and is in line with the target set out in the Strategy.

The high credit rating enables ALTUM to more effectively implement its long-term strategy for raising financing, by being a regular participant in the capital markets and issuing bonds.

- Total **contribution to the economy by ALTUM volumes issued** reached **EUR 1,405 million** in 2025, meeting the target set in the Strategy for 2025 (≥EUR 950 million). Compared with 2024, the figure increased by 44%, largely driven by the growth in new transaction volumes. The indicator reflects the total contribution to the economy, including the participation of financing recipients, i.e., the funds invested by private co-financiers and project implementers.
- **The volume of State Support programs (including grants) per employee** amounted to **EUR 5.8 million**, which is EUR 0.3 million (6%) above the target set in the Strategy for 2025 (EUR 5.5 million). Compared with 2024, the figure increased by 25% (EUR 1.2 million).
- **Voluntary employee turnover** stood at **8.5%**, which is below the target set in the Strategy (<10%), representing an increase of 1.5 percentage points compared with 2024. Turnover below the target supports ALTUM in achieving its established objectives.
- **The share of employees trained** during the year reached **98%**, exceeding the target set in the Strategy (>70%). Compared with 2024, the figure increased by 2%, driven by the extensive organization of remote training sessions.
- In a customer satisfaction survey assessing how simple, convenient, and understandable the remote service process at mans.altum.lv is, **85% of respondents rated the digital transaction process as "good" and/or "very good"** exceeding the target of ≥80%. 11% of customers rated it as "satisfactory," 2% as "partially satisfactory," and ratings of "more unsatisfactory" and "unsatisfactory" accounted for less than 2%.
- In 2025, ALTUM employees submitted **nine proposals to the responsible ministry officials for improving programs and introducing new financial instruments**, exceeding the target set in the Strategy (≥5). The proposals covered all programs launched in 2025, including two new programs under the Ministry of Climate and Energy (KEM) (district heating, biomethane), four new programs under the Ministry of Economics (EM) (mortgage lending, energy efficiency of multi-apartment buildings, innovation loans, 4th round of large investment loans), as well as improvements to the terms of guarantee, portfolio guarantee, and SME loan programs.



In 2025, ALTUM achieved the main non-financial target set out in the Strategy: **to support and promote access to finance for businesses and foster economic development, by improving the delivery of services in the digital environment and streamlining internal processes.**

- **Return on Equity (ROE) reached 7.4%** in 2025, exceeding the target set in the Strategy ( $\geq 3\%$ ) and increasing by 0.3 percentage points compared with 2024;
- **Profit amounted to EUR 32,082 thousand**, exceeding the target set in the Strategy for 2025 (EUR 20,177 thousand) and increasing by EUR 3,419 thousand (12%) compared with 2024);
- **Equity amounted to EUR 446 million at the end of the year** (the target set in the Strategy for 2025: EUR 431 million), representing an increase of EUR 29.7 million compared with 2024. The level of equity is in line with the target set in the Strategy. The growth in equity in 2025 was driven by:
  - profit for the reporting year of EUR 32.08 million;
  - increase in the specific capital reserve of EUR 3 million, including EUR 2.805 million for the Study and Student Portfolio Guarantee Program, in accordance with the decision of the extraordinary shareholders' meeting on 20 March 2025, adopted on the basis of Cabinet Regulation No. 231 of 21 April 2020; and EUR 0.195 million for the Housing Guarantee Programme for the purchase or construction of residential premises for soldiers of the Latvian National Armed Forces (LNAF).
  - decrease in the specific capital reserve of EUR 5 million, in accordance with the decision of the extraordinary shareholders' meeting on 18 December 2025, adopted on the basis of Cabinet Regulation No. 95 of 20 February 2018. The decrease in the specific capital reserve for the Loans for Mitigating the Consequences of the War in Ukraine Programme was carried out by increasing funding for the Investment Loans with Capital Rebate Programme (additional loan) in accordance with the decision of the shareholders' meeting on 30 April 2025, adopted on the basis of Cabinet Regulations No. 628 and No. 627 of 31 October 2023. As a result of the decrease in the specific capital reserve, the reallocated funding will be directed to finance the Investment Loans with Capital Rebate (co-funding loans) Program. Thus, the decrease in the specific capital reserve, by reducing funding for certain support programs and reallocating the corresponding EUR 5 million to the Investment Loans with Capital Rebate (additional loan) Program, will be implemented while maintaining the same funding purpose — to finance the implementation of a new support programme and cover expected losses.
- **The cost-to-income ratio stood at 19%**, which is below the target set in the Strategy ( $< 40\%$ ), representing a decrease of 4 percentage points compared with 2024;
- **The 6-month liquidity ratio of 321%** is above the planned target ( $\geq 100\%$ ), although it decreased by 21 percentage points compared with 2024. ALTUM maintains a high level of liquidity;
- The **Capital without Revaluation Reserve (CWR)/Total Managed Assets (TMA)** ratio stood at **19.4%**, which is 0.6 percentage points below the target set in the Strategy ( $\geq 20\%$ ). Compared with 2024, this ratio decreased by 2.2 percentage points, driven by a significant increase in total managed assets in 2025 of EUR 364 million (+19%). ALTUM has sufficient equity to cover the risks associated with its operations.



In 2025, ALTUM achieved the main financial target set out in the Strategy: **to ensure a positive return on equity ( $\geq 3\%$ ) through the implementation of state support programs.**