

Latvia: EIB supports ALTUM to help Latvian businesses



©Shutterstock

- EUR 130 million in financing to support ALTUM's measures to help Latvian businesses cope with the economic consequences of the Covid-outbreak.
- Signed in early July, so far more than 470 Latvian businesses have been supported with various measures, including lower interest rates and longer repayment horizons.

Together with the Latvian Ministry of Economy, in mid-March Altum launched a EUR 200m *Covid-19 Working Capital Loan Programme*, a support mechanism for Latvian businesses impacted by the Covid-19 crisis. To expand the capabilities of this programme to safeguard Latvian businesses and jobs, in July the European Investment Bank lent ALTUM €80 million in Covid-related financing. The Government of the Republic of Latvia provided additional €50 million. So far, the European financing has helped ALTUM to support 475 Latvian companies, thus making sure that more than 1580 people's jobs were safeguarded.

EIB Vice-President **Thomas Östros** commented: *"Small and medium-sized businesses are essential to Latvia's quick recovery from the ongoing economic downturn. The Latvian government and ALTUM are doing all they can to support SMEs and the Bank is glad that it can back up this programme. Since the financing was signed in August, we can already see the positive effects of*

the programme. We will continue to support ALTUM, a longstanding partner of the EIB, wherever we can."

Reinis Bērziņš, ALTUM Management Board Chairman, stated: *"With support from the government and the EIB, ALTUM is providing swift assistance to businesses to help them cope with the difficulties caused by the negative impact of Covid-19 outbreak. Since the start of the crisis, the combined positive effect of all of ALTUM's financial instruments on the economy exceeds 625 million, and is increasing daily. It's a good thing that we can continue our fruitful collaboration with the EIB to support Latvian small and medium-sized enterprises and help to safeguard many jobs."*

The EIB-backed programme consists of short-term loans (up to 3 years) to Latvian companies struggling with a substantial decrease in operations and therefore in need of liquidity support. The EIB's funds have helped Altum to support the SMEs in a timely manner with advantageous financial conditions, such as lower interest rates and longer repayment or grace periods.

Background information

In the last five years, the EIB has provided over EUR 460 million in financing to Latvian projects. The EIB's relationship with ALTUM dates back to 2009, when a EUR 100 million loan was signed with Latvijas Hipoteku un Zemes Banka, ALTUM's predecessor. In the face of the ongoing crisis, the EIB and its subsidiary the EIF, make available loans, guarantees, asset-backed securities, equity and other financial instruments to mostly small and medium-sized enterprises, to boost those parts of the EU economy and the healthcare sector that were hit the worst.

ALTUM is a state-owned development finance institution, which offers state aid for various target groups with the help of financial tools (such as loans, credit guarantees, investment in venture capital funds, etc.). ALTUM develops and implements state aid programmes to compensate for the market's shortcomings that cannot be solved by private financial institutions. In June 2017, ALTUM was awarded the international credit rating Baa1 by Moody's, which approves its strong financial stability.