

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the three months period ended 31 March 2022

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Altum

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

VALUES Excellence / Team / Responsibility

AS Attīstības finanšu institūcija Altum (the joint stock company Development Finance Institution Altum) is a Latvian state-owned company that implements the aid and development programmes by means of financial instruments and grants pursuing the state's policy in the national economy and providing for execution of other government assignments stipulated and delegated by laws and regulations. Eliminating market failures with the help of various support instruments that enhance the development of national economy is the fundamental purpose of Altum's activities.

Long-term objectives until 2024

Following strategic development directions and long-term objectives are set in the approved JSC Development Finance Institution Altum Strategy for the period 2022 – 2024:

- In the implementation of the state aid programmes, the main financial objective is to ensure positive return on Altum's capital.
- The main non-financial objective is to support and promote availability of finances to business and the development of national economy.
- Priority directions of Altum are the following: issuing and servicing of guarantees and loans, venture capital investments, climate change mitigation implementation of energy efficiency programmes in both the residential and corporate segment, initiation of new projects by expanding the range of the financial instruments offered, as well as the development of the Latvian Land Fund as well as.
- The main target activities embrace support to entrepreneurs, farmers and specific categories of persons; energy efficiency; management of the Latvian Land Fund.
- Altum will particularly focus on environmental, social and corporate governance (ESG) considerations, both in financing decisions and in Altum's internal processes.



Management Report

Activity during the reporting period

In Q1 2022, the Development Finance Institution Altum (hereinafter – the Company) have ensured stable financial results and earned a profit of EUR 1.8 million.

Key financial and performance indicators of the Group

Based on data from audited financial statements for the respective years

	Company	Group / Company	Group / Company
	2022 3M (unaudited)	2021 3M (unaudited)	2021 (audited)
Key financial data			
Net interest income (EUR '000)	4 243	4 095	16 717
Operating profit (EUR '000)	1 769	2 320	13 829
Profit for the period (EUR '000)	1 769	2 320	13 829
Cos to income ratio (CIR)	43.10%	42.04%	39.46%
Employees	231	217	226
Total assets (EUR '000)	1 032 989	855 956	976 204
Financial debt (EUR '000)	414 496	345 235	360 909
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	28.90%	35.67%	33.82%
Equity and reserves (EUR '000)	442 050	411 933	440 736
Total risk coverage: (EUR '000)	286 931	226 002	285 954
Risk coverage reserve	161 011	119 785	159 196
Risk coverage reserve used for provisions	(30 480)	(28 569)	(29 496)
Portfolio loss reserve (specific reserve capital)	159 700	142 134	159 700
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(3 300)	(7 348)	(3 446)
Liquidity ratio for 180 days **	488%	462%	518%
Net Cash flows from operating activities (EUR '000)	62 055	(36 408)	49 555
Net Cash flows from financing activities (EUR '000)	585	26 145	43 768
Net Cash flow from investing activities (EUR '000)	(4 881)	18 936	1 735
Support instruments gross value (EUR '000), of which	997 052	906 872	979 130
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	313 889	313 185	315 674
Guarantees	422 992	373 708	414 978
Venture capital funds	90 395	75 901	85 973
Land Fund, of which:	84 815	70 574	79 163
- sales and leaseback transactions	35 219	32 920	32 999
- investment properties	49 596	37 654	46 164
Total	912 091	833 368	895 788
Number of transactions	31 933	27 560	30 978
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	23 467	33 431	100 966
Guarantees	30 853	28 860	126 997
Venture capital funds	5 205	5 406	29 158
Land Fund, of which:	5 751	2 266	10 595
- sales and leaseback transactions	2 339	1 218	3 254
- investment properties	3 412	1 048	7 341
Total	65 276	69 964	267 716
Number of transactions	1 506	1 526	6 579
Leverage for raised private funding	129%	139%	177%
Volume of support programmes funding per employee (EUR '000)	3 948	3 840	3 964
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

** 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 Land Fund portfolio, which consists of leaseback transactions and investment properties, is also presented in the operational volumes for the period. As in compliance with the accounting principles and IFRS the leaseback transactions are accounted for under the loans, the loan volume in this table has been reduced for the volume of the leaseback transactions as it is recorded under the Land Fund portfolio.

The figures are explained in the section 'Key Financial and Performance Indicators' under Other Notes to the interim condensed financial report.

Management Report (cont'd)

Impact of the Russian military invasion of Ukraine

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation and to a lesser extent to Belarus may have impact on the Company as well as the potential social and economic impact in Latvia and the region. This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the 2022.

The Company does not issue loans directly to businesses in Ukraine, the Russian Federation and Belarus. Contracts with counterparties for the execution of settlements with customers, as well as for the conclusion of financial transactions for the liquidity and asset and liability management of the Company, are concluded with financial institutions established in EU Member States. In the guarantee's portfolio, the direct impact is from the Company's export credit guarantees issued to offset political and buyer risk losses in trade transactions where Altum's clients' counterparties are residents of Ukraine, the Russian Federation and Belarus. The exposure of such export credit guarantees to Ukraine, the Russian Federation and Belarus as at 31 March 2022 was accordingly EUR 399 thousand, EUR 763 thousand and EUR 425 thousand. The Management has estimated that expected credit losses from claims on export credit guarantees issued as at 31 March 2022 could amount to EUR 1,587 thousand. Given the current geopolitical situation, the Company has suspended the issuance of new export guarantees to Russia and Belarus in order to reduce the overall exposure.

To assess the indirect impact of the Russian invasion of Ukraine, the Company has revised the forward-looking projections used to calculate expected losses. The changes in the forecasts for macroeconomic indicators in Q1 2022 resulted in an increase of EUR 1,133 thousand in the provision for expected credit losses on loans and loans commitments.

The Russian Federation's military aggression against Ukraine has caused significant economic and financial turmoil, particularly in commodity markets, with soaring oil, gas, fertiliser and grain prices. To assess the indirect impact, the Company has initiated enhanced monitoring of material credit and guarantee exposures to assess whether events in Ukraine and the sanctions imposed against Russia and Belarus are directly or indirectly impacting or may significantly impact the solvency of clients, to identify potential clients in difficulty and to provide a way forward and apply appropriate risk mitigation measures. In addition, the Company has initiated changes to its decision-making procedures to consider the impact of the Russian invasion of Ukraine when reviewing the terms of customer loan agreements and to use this information to decide whether to upgrade loans to at least Stage 2 in accordance with International Financial Reporting Standard 9.

For more detailed information see Note 3 (4) to the Financial Statements.

Operational volumes

The core business lines of the Company include lending, issuing of guarantees, investments in capital instruments, transactions of the Latvian Land Fund (hereinafter - the Land Fund) and servicing of grants that form the Company's portfolio of support instruments.

As at 31 March 2022, the Company's gross portfolio of support instruments amounted to EUR 997,1 million (31 December 2021: EUR 979,1 million), of which the gross portfolio of financial instruments totalled EUR 912,1 million and consisted of 31,933 projects (31 December 2021: EUR 895,8 million and 30,978 projects).

In Q1 2022, the Company's financial instrument portfolio increased by EUR 16,3 million (+1.8%) and by 955 projects (+3.1%) and that was significantly lower than in Q1 2021, when due to a sharp rise in the demand for specialised financial instruments to mitigate the negative impact of Covid-19 on the business sector it increased by EUR 29,9 million (+3.7%) and by 982 projects (+3.7%), while the demand in 2022 for Covid-19 crisis support instruments continues to decline and the repayments of the principal amounts for a large part of the existing Covid-19 crisis support instruments became due.

Of all the financial instruments, the guarantee portfolio recorded the highest growth in Q1 2022, increasing by EUR 8 million (+1.9%) and by 693 projects (+3%), which is less than in the corresponding period in 2021, when it increased by EUR 14,1 million (+3.9%) and by 894 projects (+4.6%). The increase in the first three months of 2022 was ensured by Housing Guarantees for Families with Children and Housing Guarantees for Young Professionals (+EUR 6,8 million), Guarantee Programme for Improving Energy Efficiency in Multi-Apartments Buildings (+EUR 3,1 million), as well as by loan guarantees for entrepreneurs (+EUR 1,6 million). At the same time, as companies have been able to successfully adapt to the new conditions and as the pandemic has been on the decline, demand from companies for Covid-19 crisis support guarantee programmes has fallen sharply, with the portfolio decreasing by EUR 2,3 million in Q1 2022.

Management Report (cont'd)

Operational volumes (cont'd)

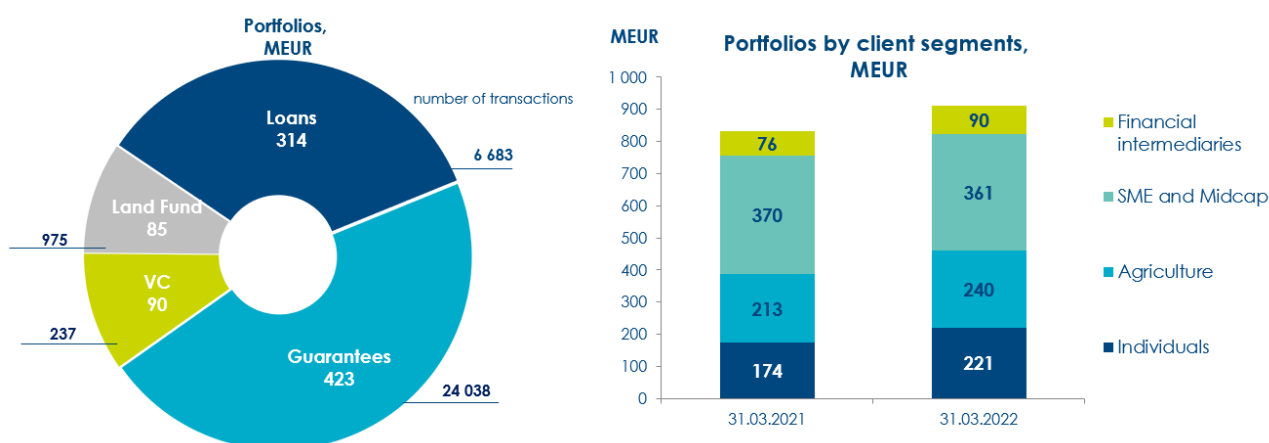
In Q1 2022, the loan portfolio decreased by EUR 1,8 million (-0.6%) mainly due to the reduction by EUR 4,5 million of the Covid-19 crisis related loan portfolio. While the loan portfolio growth in the first three months of 2022 was driven by working capital loans for farmers (+EUR 1,9 million), loans for acquisition of agricultural land intended for agricultural production (+EUR 1,8 million) and SME growth loans issued to companies for implementing energy efficiency projects (+EUR 0,9 million).

After low activity in 2021, in the first three months of 2022 the Land Fund's portfolio increased by EUR 5,7 million (+7.1%) and by 53 projects (+5.7%), which is significantly more than in the respective period of 2021, when the Land Fund's portfolio increased by EUR 2,3 million (+3.4%) and by 36 projects (+5%).

As at 31 March 2022, the balance sheet of the Land Fund included 1,271 properties with a total land area of 25,287 ha and amounting to EUR 84,8 million, including investment properties with a total area of 14,844 ha and amounting to EUR 49,6 million (31 December 2021: 13,778 ha; EUR 46,2 million), and leaseback transactions for 10,443 ha amounting to EUR 35,2 million (31 December 2021: 9,661 ha; EUR 33 million).

In Q1 2022, the venture capital funds increased by EUR 4,4 million (+5.1%), which is more than in the respective period of 2021, when the volume of the venture capital funds increased by EUR 2,7 million (+3.7%).

By segment the largest portfolio of the Company is formed in the SMEs and Midcaps segment – 40%, while the Agriculture segment accounts for – 26%, Individuals – 24% and Financial intermediaries – 10%.



Group / Company 31/03/2021 and Company 31/03/2022

In Q1 2022, the largest volume growth was in the Agriculture segment, with its portfolio growing by EUR 14 million (+6.2%), i.e., significantly more than in Q1 2021, when the growth was EUR 3,5 million (+1.7%). This was mainly due to sharp price increase for fuel, fertilisers and seed that seriously increased farmers' need for additional funding. Given that the demand for Covid-19 crisis support instruments continued to decline and the repayments of the principal amounts for a large part of the existing Covid-19 crisis support instruments became due, the SMEs and Midcaps segment volume decreased by EUR 12 million (-3.2%), which is in contrast to the EUR 13,2 million (+3.7%) increase in Q1 2021 influenced by the high demand for Covid-19 crisis support instruments from this segment. In the Individuals segment, the portfolio growth remained stable in Q1 2022, similar to Q1 2021 - by EUR 10 million (+4.7%) due to the steady demand for state aid programmes for the acquisition and improvement of housing. The Financial intermediaries segment grew by EUR 4,4 million (+5.1) in Q1 2022, which is more than in the corresponding period of 2021, when the portfolio growth in this segment was by EUR 2,7 million (+3.7%).

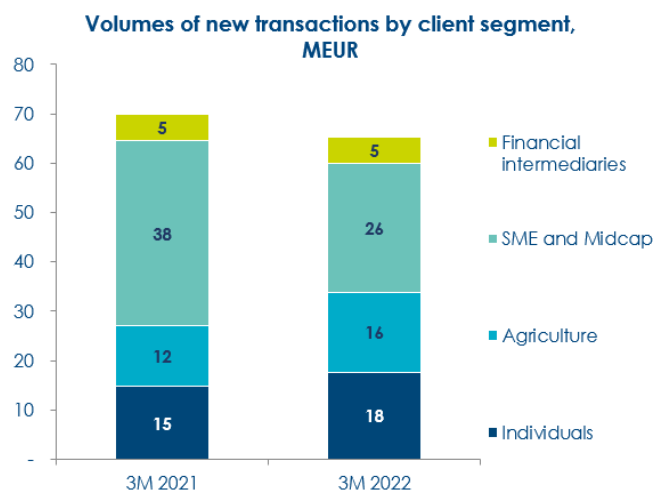
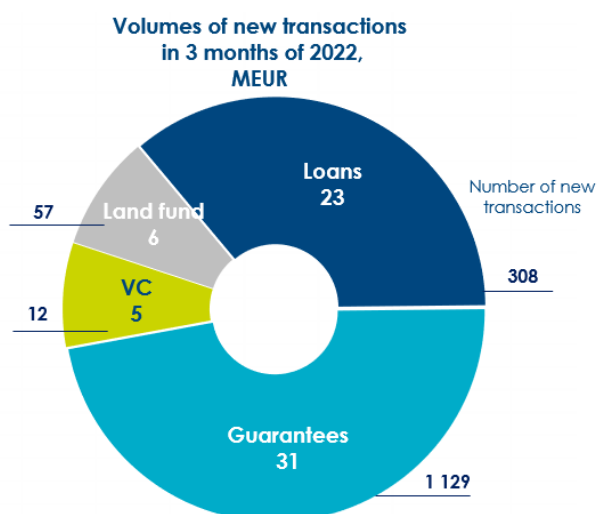
Management Report (cont'd)

Volume of new transactions

In Q1 2022, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 65,3 million, breaking down as follows: 47% (EUR 30,9 million) for guarantee programmes, 36% (EUR 23,5 million) in loan programmes, 8.89% (EUR 5,8 million) in the Land Fund transactions, and 8% (EUR 5,2 million) in investments in the venture capital funds. Totally, 1,506 projects were supported. In general, in Q1 2022, the volume of the new transactions was less by 7% compared to the respective period in the previous year as its increase in the Altum's ordinary support programmes has been lower than the fall in demand for the Covid-19 crisis support programmes, while the impact of the Russian invasion of Ukraine have not yet noticeably affected the volume of new transactions in Q1 (but it will in the coming quarters).

In the reporting period, the largest volume of the new transactions was recorded in the following segments: SMEs and Midcaps – 40%; Individuals – 27%; Agriculture –25%; and Financial Intermediaries – 8%.

In Q1 2022, new transactions experienced the largest increase in the Agriculture segment, where their volume was by 32% higher than in Q1 2021, mainly driven by sharp price increase for fuel, fertilisers and seed, which significantly increased farmers need for additional funding. In the SMEs and Midcaps segment, the volume of new transactions was by 30% lower than in Q1 2021, as in this period the Covid-19 crisis support programmes were in their final stages and were no more of interest, but with the rapidly changing geopolitical situation, the demand for new support instruments is growing.



Group / Company 31/03/2021 and Company 31/03/2022

In Q1 2022, there were issued new guarantees for EUR 30,9 million or by 6% (+EUR 1,8 million) more than in the respective period in 2021, indicating the increased lending activity of commercial banks that had declined during the Covid-19 pandemic. In Q1 2022, the largest increase in the guarantee portfolio was in the loan guarantees for entrepreneurs (EUR 10,3 million), Housing Guarantees for Families with Children and Housing Guarantees for Young Professionals (EUR 9,3 million) and in the portfolio guarantees programmes (EUR 7,1 million).

Taking into account the business specifics, when issuing guarantees for working capital loans, for bank issued guarantees and for investment loan, a regular review and the extension of the issued guarantee are required for existing customers. This type of transaction is not attributed to newly issued guarantees because it is considered as an extension of guarantees, however, the volume of such transactions is quite significant, with EUR 18,8 million of guarantees extended in Q1 2022.

In Q1 2022, the volume of new loans issued amounted to EUR 23,5 million, which is by 30% (-EUR 10 million) less than in the respective period in 2021, as the demand for Altum's Covid-19-related loans decreased and the increase in the volume of new transactions under the ordinary support programmes has been lower than the fall in demand for the Covid-19 crisis support programmes. In Q1 2022 the largest amount of new loans was issued under the SME Growth Loan Programme (EUR 5,8 million), working capital loans for agricultural enterprises (EUR 5,8 million) and loans for acquisition of agricultural land for the purpose of agricultural production (EUR 4,2 million).

Management Report (cont'd)

Volume of new transactions (cont'd)

As at 31 March 2022, a total of 20,246 guarantees for EUR 157,6 million of the state aid for housing acquisition was granted within the framework of the Programme for Housing Guarantees for Families with Children; out of these, guarantees worth EUR 7 million were issued in Q1 2022, which is by 8% less against the respective period in 2021. The decrease in volumes is due to the sharp rise in construction costs, creating considerable uncertainty in the real estate market. Some potential buyers are postponing the purchase of a property, but this process is likely to be short-lived as price increase will continue, so each month of postponement will increase the purchase price. The guarantees of the Programme help saving for the first instalment required to obtain a mortgage loan and are used by families all over Latvia. A total of 4,629 guarantees worth EUR 37,4 million were issued to young professionals, out of these, 243 guarantees worth EUR 2,3 million were issued in Q1 2022.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand the Company has already supported 745 projects (COSME – 101 projects, EaSI – 644 projects) in total amount of EUR 10,9 million, of which 56 projects in amount of EUR 1 million were supported in the first three months of 2022. If the loan is compatible with COSME or EaSI guarantee terms and conditions, the start-up and micro loans, working capital loans to farmers or small loans in rural areas are granted without additional collateral, based solely on a personal guarantee and at a lower interest rate compared to other types of unsecured loans.

In Q1 2022, the Company's investments made in venture capital funds amounted to EUR 5,2 million, of which EUR 2,4 million - in the 4th generation venture capital funds, EUR 1,6 million and EUR 0,7 million – in the Baltic Innovation Fund and the Baltic Innovation Fund 2, respectively, EUR 0,6 million - in the Altum Capital Fund.

In Q1 2022, as at the end of the previous year, the land market was active and the number of investment property transactions increased, and a gradual return of interest in sales and leaseback transactions was observed. The Land Fund activity was higher than in Q1 2021, with land acquisitions and sales and leaseback transactions for EUR 5,8 million, up by EUR 3,5 million compared to Q1 2021

Non-financial instrument portfolio

In order to make accessing to the support instruments more convenient for its clients, apart from the financial instruments, the Company services the grant programmes as well, namely, the grants issued under the Energy Efficiency Programme for Multi-apartment Buildings (EEPMB), Social Entrepreneurship Programme and European Local Energy Assistance (ELENA) Programme, the grants under the support program BALSTS for the purchase or construction of housing for families with three or more children, grants under the Culture Support Programme, providing support in the form of loans and grants (combined financial instrument) where the grant does not exceed 40% of the total aid amount as well as grants under the support programme for increasing the energy efficiency of private houses. Considering the individual's interest in the support provided under this programme, proposals were developed and, on 8 March 2022, the Cabinet of Ministers approved respective amendments granting additional funding of EUR 3,27 million for continuing the programme as well as extending the range of potential beneficiaries and including support for the installation of solar panels in private houses, which is currently attracting a lot of interest.

As at 31 March 2022, the EEPMB programme had awarded a total of 469 grants for EUR 104,3 million, of which 24 grants for EUR 6,6 million were granted in Q1 2022. As of 18 December 2020, the programme was suspended and no new applications were accepted and currently the evaluation of the projects, awarding of grants and implementation of projects are carried out.

Under the support programme for increasing the energy efficiency of private houses, as at 31 March 2022 a total of 204 grant agreements worth EUR 1,5 million were signed.

As at 31 March 2022, a total of 161 grants for EUR 10 million were awarded under the Social Entrepreneurship Programme.

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. As at 31 March 2022, there were a total of 69 grants awarded for EUR 824 thousand.

Within the framework of the support programme BALSTS, the Company accepts the applications for the issuance of non-refundable state subsidies or grants for the purchase or construction of housing for families with three or more children. As at 31 March 2022, a total of 662 grants for EUR 5,5 million were awarded, of which 93 grants for EUR 0,8 million were granted in Q1 2022.

As at 31 March 2022, the portfolio of grants amounted to EUR 85 million.

Management Report (cont'd)

New products and increasing operational efficiency

In order to find solutions at EU level to the current crisis situation and to support businesses in continuing their economic activity while adapting to new market conditions, including supply chain disruptions, on 23 March 2022 the European Commission approved the Temporary Crisis Framework for State aid measures. In cooperation with the Ministry of Economics, active work is underway to develop loan and guarantee programmes to mitigate the effects of Russia's military aggression against Ukraine on the economy and to implement market reorientation. It will provide immediate support to businesses for working capital and liquidity stabilisation through loans and guarantees, while the state ensures conditions for economic stability for long-term development.

In parallel, work continues on the development and implementation of new support programmes for specific customer groups as well as the improvement of the conditions of the existing programmes:

- the Large Investment Loan Programme offering a capital rebate for medium-sized and large enterprises: under the programme, entrepreneurs will have access to a loan with a capital rebate of up to EUR 10 million, or if reaching certain objectives and meeting the criteria, the principal amount of the loan will be reduced for viable business projects with a minimum eligible cost of EUR 10 million within a period of three years after the project implementation. The call for applications opened on 19 January 2022. The Company will provide project funding with a loan amounting to the potential capital rebate, the remainder to be raised from other funders. The new programme differs from previous business support programmes to the effect that it includes a capital rebate or a complete or partial reduction (discharge) of the loan principal. This means that a company can qualify for a loan with a capital rebate or discharge of the Company's share of the loan, by achieving the project's objectives and meeting certain criteria.
- the Energy Efficiency Support Programme for Private Houses: envisages granting portfolio guarantees, technical assistance and grants for increasing the energy efficiency of private houses. The maximum amount of technical assistance per beneficiary is EUR 1,000, while a grant for increasing the energy efficiency class of a residential house is expected in the amount of EUR 5,000 per beneficiary. Considering the individual's interest in the support provided under this programme, proposals were developed and, on 8 March 2022, the Cabinet of Ministers approved respective amendments granting additional funding of EUR 3,27 million for continuing the programme as well as extending the range of potential beneficiaries and including support for the installation of solar panels in private houses, which is currently attracting a lot of interest. At the same time, amendments to Cabinet Regulation No 500 "General Construction Regulations", dated 19 August 2014, were approved to facilitate the installation of solar panels. From now on, private house owners are eligible for support not only for improving energy efficiency, but also for the installation of microgeneration technologies, i.e., solar panels and small scale wind turbines. The call for applications opened on 27 April 2022.
- the Programme for Multi-apartment Building Renovation Loans: under which it is established a Renovation Fund for financing renovation and other related costs for Multi-apartment buildings. The programme is open for applications from 8 September 2021 and has a total funding of EUR 31 million, available as a loan. The funding is intended for repairs of common areas and improvement of the surroundings as well as for replacing water pipes or roofs, installing a children playground or a sports field, renovating the facade of the building and other works that improve the condition of the building and create a more pleasant living environment. On 15 February 2022, applying for the programme was opened to the owners of rental and historic building as there were found ways to extend support for the renovation of residential buildings. Thus, the Repair Fund will also be available for the renovation of historic pre-war tenement houses and restoration of unoccupied houses, which so far had a limited access to funding.
- small loans in rural areas: Amendments are made to the Cabinet Regulation on the funding from the European Agricultural Fund for Rural Development (EAFRD) amounting to EUR 20 million. The range of beneficiaries has also been expanded by increasing the applicant's maximum turnover from EUR 100 thousand to EUR 150 thousand.
- the Social Entrepreneurship Programme: on 28 February 2022, the Company resumed accepting applications for grants under the Social Entrepreneurship Programme. The Ministry of Welfare has allocated funding of EUR 3 million for the continuation of the programme, both for the implementation of projects that were previously submitted and for new business projects.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In Q1 2022, proceeding with the centralised reviewing of the applications for micro loans (up to EUR 25 thousand) introduced within the framework of automation and increasing of the Company's operational efficiency, 26% of the total number of the granted loans (excl. Covid-19 crisis related loans) were reviewed remotely without involving the regional employees in the application reviewing process. Compared to the performance indicators for the respective period of 2021, in the first three months of 2022, the amount of loans granted in the regions increased by 19% or EUR 4,1 million and the number of loans granted increased by 13% while the loans granted under the centralised reviewing (up to EUR 25 thousand) decreased by 30% or EUR 477,1 thousand and the number of loans granted also decreased by 30%, which is due to a decrease in the number of loan applications in this segment. Compared to the performance indicators for the respective period of 2021, in the first three months of 2022, the total amount of loans granted both under centralised reviewing and in the regions increased by 14% or EUR 2,3 million, while the number of loans granted decreased by 3%. The average loan amount in the regions increased from EUR 75,8 thousand in Q1 2021 to EUR 79,9 thousand in the same period of 2022, while the average loan amount reviewed remotely on a centralised basis in Q1 2022 was EUR 14,2 thousand.

Long-term Funding

In order to diversify the financing structure, already in October 2017, the Company issued the first transferable securities in the form of green bonds with a total value of EUR 20 million. As at 31 December 2021, the total amount of Altum bonds listed on the Nasdaq Riga stock exchange is EUR 85 million.

In the second half of 2021 ALTUM Green Bond Framework was updated according to the 2021 edition of Green & Social Bond Principles published by International Capital Market Association (ICMA) in June 2021. To gain investors' confidence that funds derived from the Altum green bonds will be invested in environmentally friendly projects and ensure that certain environmental targets are met, CICERO (Center for International Climate and Environmental Research, Oslo) issued independent second party opinion upon the updated ALTUM Green Bond Framework, which received the Medium Green shading from CICERO similar the one received in 2017.

In September 2021, the ALTUM became the first company from Latvia to join the Nasdaq Sustainable Bond Network in the world with its green bond issue.

Rating

On 12 August 2021, the International credit rating agency Moody's Investors Service (Moody's) published the updated credit analysis of the Company. Moody's assigned the Company's Baa1 long-term credit rating with a stable outlook, the baseline credit assessment (BCA) Baa3 and the P-2 short-term rating.

On 25 March 2019, Moody's reconfirmed the Company's Baa1 long-term credit rating. The baseline credit assessment (BCA) was upgraded from Ba2 to Baa3 and the P-2 short-term rating was approved. The long-term credit rating was approved with a stable outlook.

In June 2017 for the first time Moody's assigned to the Company a long-term credit rating Baa1 which is one of the highest credit ratings assigned to a corporate entity in Latvia.

The assigned rating and being a regular participant in the capital market as well as bond issuance makes it possible for the Company to implement more successfully the Company's long-term strategy for fund raising.

Management Report (cont'd)

Risk Management

In order to have an adequate risk management, the Company has developed the Risk Management System that provides both preventive risk management and timely implementation of risk mitigation or prevention measures. While assuming risks, the Company retains the long-term capability of implementing the established operational targets and assignments.

To manage risks, the Company applies various risk management methods and instruments as well as establishes risk limits and restrictions. The choice of the risk management methods is based on the materiality of the particular risk and its impact on the Company's operations.

In view of the Company's activities in high-risk areas when implementing the state aid programmes, as at 31 March 2022 the Company has the risk coverage of EUR 287 million (31 December 2021: EUR 286 million) to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within this programme is earmarked for the risk coverage. The latter consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less provisions for expected credit losses.

In view of the invasion of Ukraine by the Russian Federation, which resulted in the EU and the rest of the world imposing sanctions against the Russian Federation and the Republic of Belarus and their right holders, the Company imposed additional control measures for both the granting of financial instruments and the monitoring of business relationships.

The Company continuously monitors changes in sanctions and keeps a close eye on developments in Ukraine. The Company takes measures to minimise the potential direct or indirect impact on Altum's operations that might be caused by developments in Ukraine or sanctions against Russia and Belarus, including, but not limited to, additional monitoring of transactions with clients whose core business could be affected by the above factors.

Contribution to Sustainability

Sustainability is a key part of Altum's business and strategy and is becoming an important strategic driver for the banking industry as well as for development finance institutions in Europe. Altum takes responsibility for the long-term impact of its daily economic, environmental and social activities and continuously works to reduce it on the environment and with its sustainable strategy contributes positively to such a development and its business is responsible. Moreover, Altum intends to facilitate and support its clients' transition to a sustainable economy.

From the beginning of 2021, Altum's management as one of priorities has set sustainable financing and the integration of ESG considerations into credit risk management and business processes. It is also one of the objectives of Altum's medium-term strategy 2022-2024 and is included as one of the five key tasks in the Action Plan for 2022 approved by the General Meeting of Shareholders.

To establish Altum's sustainability materiality matrix and to define the level of ambition for sustainable finance for the loan portfolio, in autumn 2021 Altum's stakeholder survey was carried out with a very high response rate. On the basis of this survey, the Altum's Sustainability Materiality Matrix was developed in early 2022 which is available in the Altum Corporate Governance Report 2021: <https://www.altum.lv/en/about-altum/corporate-governance-and-sustainability/corporate-governance/>.

In Q1 2022, work started on the development of a detailed ALTUM roadmap for the integration of sustainable finance and ESG factors in credit risk management in (i) SMEs and Midcaps and (ii) Agriculture segments. Based on the current state of events and the set objectives, the roadmap is developed as a detailed plan of activities in areas such as new product development and moving existing products towards sustainable funding, portfolio tagging and monitoring, lending as well as collateral assessment and sustainability KPI management. Work on the road map will be completed in Q2.

Management Report (cont'd)

Future Outlook

The Company continues to strengthen its role as the main government partner for the implementation of financial instrument programmes co-financed by the European Union (hereinafter - the EU). In 2022, preparations will also continue for the launch of the financial instrument support programmes under the new EU Cohesion Policy programming period 2021-2027. In total, at least EUR 650 million will be available as financial instruments under the Recovery and Resilience Facility (RRF) and the EU Cohesion Policy for the programming period 2021-2027. In 2021, in cooperation with the Ministry of Economics, the terms and conditions for four new support programmes were developed, making funding available from the Recovery and Resilience Facility, aimed to mitigate the economic and social impact of the Covid-19 pandemic, stimulate recovery of Europe, finance climate change mitigation projects, and protecting and creating jobs. It also covers the possibility of raising funding for these support programmes in the capital markets as well as borrowing from international financial institutions. Those programmes are expected to be approved by the Cabinet in 2022, enabling to start their implementation with following funding from RRF: for improving the energy efficiency of multi-apartment buildings (EUR 57 million), for improving energy efficiency in businesses and transition to renewable energy technologies (EUR 81 million), for digital transformation (EUR 45 million) and for financing affordable housing (EUR 43 million).

In order to prepare for the InvestEU Programme 2021–2027, the preparations undertaken already in 2019 for pillar assessment of the Company was continued. ALTUM considers to apply and undertake the InvestEU implementing partner role, thus increasing the scope of new specialized and customized financial instruments to the corporates in Latvia. An application on the InvestEU pillar assessment was prepared in Q3 2021 to ensure further progress of the project. A positive assessment by the responsible DG of the European Commission on Altum's legal and financial compliance was received in early March 2022, allowing to proceed with the selection of auditors and the start of the actual pillar assessment.



Reinis Bērziņš
Chairman of the Management Board

30 May 2022

Supervisory Board and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	28.12.2019.	27.12.2022.
Jānis Šnore	Member of the Council	28.12.2019.	27.12.2022.
Ilze Baltābola	Member of the Council	22.03.2022.	21.03.2023. *

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

There were no changes in the Supervisory Council of the Company in Q1 2022.

Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	27.05.2021.	26.05.2024.
Jēkabs Krieviņš	Member of the Board	27.05.2021.	26.05.2024.
Inese Zīle	Member of the Board	27.05.2021.	26.05.2024.
Aleksandrs Bimbirulis	Member of the Board	26.06.2020.	31.03.2022.
Ieva Jansone-Buka	Member of the Board	18.03.2021.	17.03.2024.

There were changes in the Management Board of the Company during the reporting period. Aleksandrs Bimbirulis has left the position of a Member of the Management Board on 31 March 2022.

Statement of Management's responsibility

Riga

30 May 2022

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 14 to 78 for the period 1 January 2022 to 31 March 2022. The Management confirms that the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

During the reporting period appropriate accounting policies have been applied on a consistent basis. The Management is responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Reinis Bērziņš
Chairman of the Management Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Interest income	4	4 814	4 598	4 598
Interest expense	5	(571)	(503)	(503)
Net interest income		4 243	4 095	4 095
Income for implementation of state aid programmes	6	1 206	1 541	1 541
Expenses to be compensated for implementation of state aid programmes	7	(1 100)	(1 199)	(1 199)
Net income for implementation of state aid programmes		106	342	342
Gains from trading securities and foreign exchange translation	8	14	28	28
Share of gain / (losses) of investment in associate and other investments	12	(1 562)	432	432
Remeasurement gain of investment in associate at fair value through profit or loss	12	48	-	-
Gains / (losses) less losses from liabilities at fair value through profit or loss	20	1 647	(523)	(523)
Other income	8	619	527	527
Other expense	9	(414)	(332)	(332)
Operating income before operating expenses		4 701	4 569	4 569
Staff costs		(1 436)	(1 276)	(1 276)
Administrative expense		(357)	(396)	(396)
Amortisation of intangible assets and depreciation of property, plant and equipment		(233)	(249)	(249)
Impairment (loss), net	10	(906)	(329)	(329)
Profit before corporate income tax		1 769	2 319	2 319
Profit for the period		1 769	2 319	2 319
Other comprehensive income:		(455)	(192)	(192)
Items to be reclassified to profit or loss in subsequent periods		(455)	(192)	(192)
Net loss from financial assets measured at fair value through other comprehensive income		(455)	(192)	(192)
Total comprehensive income for the period		1 314	2 127	2 127
Profit is attributable to:				
Owners of the Company		1 769	2 319	-
Non-controlling interest		-	-	-
Profit for the period		1 769	2 319	-
Total comprehensive income is attributable to:				
Owners of the Company		1 314	2 127	-
Non-controlling interest		-	-	-
Total comprehensive income for the period		1 314	2 127	-

The accompanying notes on pages 19 through 78 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Management Board



Kaspars Gibeiko
 Chief Accountant

30 May 2022

Statement of Financial Position

All amounts in thousands of euro

	Notes	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Assets			
Due from credit institutions and the State Treasury	11	512 766	455 006
Financial assets at fair value through other comprehensive income - investment securities		12 657	14 051
Financial assets at amortised cost:			
Investment securities		38	37
Loans and receivables	14	330 550	330 530
Grants	15	42 264	45 397
Deferred expense		470	642
Accrued income		1 010	1 424
Other investments	13	9 702	8 936
Investments in associates			
Investments accounted for using the equity method	12	51 887	51 727
Investments accounted for using the FVTPL method	12	14 012	13 222
Investment property	16	49 596	46 164
Property, plant and equipment		4 439	4 570
Intangible assets		1 175	1 256
Other assets	17	2 423	3 242
Total assets		1 032 989	976 204
Liabilities			
Due to credit institutions	18	49 064	53 416
Due to general government entities	19	137 858	121 348
Financial liabilities at amortised cost - Issued debt securities		85 151	85 558
Deferred income		5 751	5 747
Accrued expense		962	806
Provisions	21	36 155	34 466
Support programme funding	20	272 954	230 287
Other liabilities		3 044	3 840
Total liabilities		590 939	535 468
Equity			
Share capital		204 862	204 862
Reserves	22	221 347	221 347
Revaluation reserve of financial assets measured at fair value through other comprehensive income		243	698
Retained earnings		15 598	13 829
Net assets attributable to the Company's owners		442 050	440 736
Total equity		442 050	440 736
Total equity and liabilities		1 032 989	976 204

The accompanying notes on pages 19 through 78 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Management Board

30 May 2022



Kaspars Gibeiko
 Chief Accountant

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings		
As at 1 January 2021 (audited)	204 862	170 321	1 213	5 539	659	382 594
Profit for the period	-	-	-	2 319	-	2 319
Other comprehensive income	-	-	(192)	-	-	(192)
Total comprehensive income	-	-	(192)	2 319	-	2 127
Increase of reserve capital	-	26 730	-	-	-	26 730
As at 31 March 2021 (unaudited)	204 862	197 051	1 021	7 858	659	411 451
Profit for the period	-	-	-	11 510	-	11 510
Other comprehensive income	-	-	(323)	-	-	(323)
Total comprehensive income	-	-	(323)	11 510	-	11 187
Increase of reserve capital (Note 22)	-	18 759	-	-	-	18 759
Distribution of 2020 profit of the Company	-	5 539	-	(5 539)	-	-
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2020	-	6 429	-	-	-	6 429
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2020	-	(6 429)	-	-	-	(6 429)
Non-controlling interest	-	(2)	-	-	(659)	(661)
As at 31 December 2021 (audited)	204 862	221 347	698	13 829	-	440 736

As the consolidated financial statements for 2022 are no longer prepared, but the unaudited interim condensed financial statements for 2022 also include comparatives for 2021, the Statement of Changes in Equity for 2021 to 31 December 2021 will be also prepared for the Group. For more information see Note 1.

The accompanying notes on pages 19 through 78 form an integral part of these financial statements.

Company's Statement of Changes in Equity

All amounts in thousands of euro

	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings	Total equity
As at 1 January 2021 (audited)	204 862	170 319	1 213	5 539	381 933
Profit for the period	-	-	-	2 319	2 319
Other comprehensive income	-	-	(192)	-	(192)
Total comprehensive income	-	-	(192)	2 319	2 127
Increase of reserve capital	-	26 730	-	-	26 730
As at 31 March 2021 (unaudited)	204 862	197 049	1 021	7 858	410 790
Profit for the period	-	-	-	11 510	11 510
Other comprehensive income	-	-	(323)	-	(323)
Total comprehensive income	-	-	(323)	11 510	11 187
Increase of reserve capital (Note 22)	-	18 759	-	-	18 759
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2020	-	6 429	-	-	6 429
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2020	-	(6 429)	-	-	(6 429)
Distribution of 2020 profit	-	5 539	-	(5 539)	-
As at 31 December 2021 (audited)	204 862	221 347	698	13 829	440 736
Profit for the period	-	-	-	1 769	1 769
Other comprehensive income	-	-	(455)	-	(455)
Total comprehensive income	-	-	(455)	1 769	1 314
As at 31 March 2022 (unaudited)	204 862	221 347	243	15 598	442 050

The accompanying notes on pages 19 through 78 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Cash and cash equivalents at the beginning of period		455 007	359 949	359 949
Cash flows from operating activities				
Profit before taxes		1 769	2 320	2 320
Amortisation of intangible assets and depreciation of property, plant and equipment		233	241	241
Interest income	4	(4 814)	(4 598)	(4 598)
Interest received		4 341	1 934	1 934
Interest expenses	5	571	503	503
Interests paid		(571)	(299)	(299)
(Decrease) / Increase in impairment allowances	10	906	329	329
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		2 435	430	430
(Increase) / Decrease of loans	14	435	(7 477)	(7 477)
(Increase) / Decrease of grants	15	3 133	(3 980)	(3 980)
Increase / (Decrease) of due to credit institutions and general government entities	18,19	12 158	(14 761)	(14 761)
Increase in deferred income and accrued expense		160	30	30
(Increase) / Decrease in deferred expense and accrued income		586	(99)	(99)
(Increase) / Decrease of other assets	17	819	(355)	(383)
Increase/ (Decrease) in other liabilities		42 329	(10 196)	(10 196)
Net cash flows from operating activities		62 055	(36 408)	(36 436)
Cash flows from investment activities				
Sale of investment securities		1 517	22 483	22 483
Acquisition of property, plant and equipment and intangible assets		(63)	(28)	(28)
Purchase of investment properties	16	(3 376)	(919)	(919)
Sale of investment properties	16	32	24	24
Other investments	13	(573)	1 842	1 842
Investments in associates, net	12	(2 418)	(2 826)	(2 826)
Investments of subsidiaries in underlying undertakings		-	(1 640)	-
Investments in subsidiaries		-	-	(1 612)
Net cash flows from investing activities		(4 881)	18 936	18 964
Cash flows from financing activities				
Issued debt securities		585	(585)	(585)
Increase of reserve capital	22	-	26 730	26 730
Net cash flow from financing activities		585	26 145	26 145
Increase in cash and cash equivalents		57 759	8 673	8 673
Cash and cash equivalents at the end of period		512 766	368 622	368 622

The accompanying notes on pages 19 through 78 form an integral part of these financial statements.

Approval of the Financial Statements

The Management of the Company has approved these unaudited interim condensed financial statements on 30 May 2022.

1 General Information

(1) Corporate Information

These unaudited interim condensed financial statements contain financial information on the joint stock company "Development Financial Institution Altum" (hereinafter - the Company), as well as comparatives on the Company and its subsidiaries (hereinafter - the Group).

As at 31 December 2021, the Company's subsidiaries are not classified as subsidiaries based on the annual assessment of whether there is control or significant influence over the subsidiaries. In accordance with the Company's accounting policies, the subsidiary is included in the consolidated financial statements until the date that control ceases. Thus, the consolidated financial statements for 2022 are no longer prepared and the Statement of Financial Position as at 31 December 2021 is only the financial position of the Company.

Comparatives on the Group's financial performance for the 3 months of 2021 are included in the Statement of Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement, respectively, as well as in the relevant notes to the financial statements.

JSC Development Finance Institution Altum is a Latvia state-owned company that ensures access of the enterprises and households to the financial resources by means of support financial instruments - loans, guarantees, investments in venture capital funds - in the areas defined as important and to be supported by the state, thus developing the national economy and enhancing mobilization of the private capital and financial resources. On 25 March 2019 Moody's Investors Service (Moody's) reconfirmed Altum's Baa1 long-term issuer rating, with outlook stable. The assigned Moody's rating of Altum is one of the highest credit ratings assigned to corporate entities in Latvia.

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

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

The Company holds investment in alternative investment fund "Altum Capital Fund" (the Fund) registered on 31 July 2020. The Fund is created with the aim to support well-managed, perspective Mid-cap companies to overcome the effect of Covid-19 that as a result of the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. The Fund's committed capital was fully subscribed on September 16, 2020, reaching EUR 100 million, of which the majority (EUR 51,1 million or 51.1%) were largest private pension funds and EUR 48,9 million consists of public funding invested by the Company. The Company is also the manager of the Fund registered with the Financial and Capital Market Commission on 26 May 2020.

1 General Information (cont'd)

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

Legal Title	Legal Address	Investment % in share capital
<i>Venture capital funds that were classified as Subsidiaries until 31 December 2021, following a control assessment as at 31 December 2021, are classified as Associates</i>		
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	100
KS Commercialization Reactor Pre-seed Fund	Brīvības gatve 300 -9, Rīga, Latvija	100
KS INEC 1	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	75
KS INEC 2	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	90
<i>Venture capital funds classified as Associates</i>		
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīga, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija	80
KS ZGI-4	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, Latvija, LV-1048	60
KS Baltcap Latvia Venture Capital Fund	Jaunmoku iela 34, Rīga, Latvija, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	100
KS ZGI-3	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvija, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	95
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20
KS AIF "Altum capital fund"	Doma laukums 4, Rīga, Latvija, LV-1050	48.9

2 Accounting Policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the 3 months period ended 31 March 2022 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted in the European Union. These financial statements are to be used together with the complete financial statements for the year 2021 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

All amounts in the interim condensed financial statements are presented in the national currency of Latvia – the euro (EUR).

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

Several new standards and interpretations have been published, adopted by the EU and become effective for the financial reporting periods beginning on or after 1 January 2022:

- **Amendments to IFRS 4 Insurance Contracts "Extension of the Temporary Exemption from Applying IFRS 9"** adopted by the EU on 16 December 2020 (the expiry date for the temporary exemption from IFRS 9 was extended from 1 January 2021 to annual periods beginning on or after 1 January 2023),
- **Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Interest Rate Benchmark Reform — Phase 2** adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021).
- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023),
- **Amendments to IAS 16 "Property, Plant and Equipment"** - Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** - Onerous Contracts — Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 3 "Business Combinations"** - Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018-2020)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.).

The Company makes further assessment on the impact of these new standards and amendments, but the Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact on the financial statements of the Company in the period of initial application.

3 Risk Management

The major risks that the Company is exposed to are credit, liquidity and operational risks. These unaudited interim condensed financial statements do not include all information on risk management and disclosures required in the annual financial statements. They are to be viewed together with the complete financial statements for the year 2021.

(1) Credit Risk

Breakdown of the Company's financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total	
	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	512 767	455 007	-	-	-	-	512 767	455 007
Impairment allowances	(1)	(1)	-	-	-	-	(1)	(1)
Total net due from credit institutions and the Treasury	512 766	455 006	-	-	-	-	512 766	455 006
Investment securities	-	-	-	-	3 780	3 704	3 780	3 704
Impairment allowances	-	-	-	-	(3 742)	(3 667)	(3 742)	(3 667)
Total net investment securities	-	-	-	-	38	37	38	37
Loans and receivables	257 212	256 865	66 811	67 091	25 085	24 717	349 108	348 673
Impairment allowances *	(4 116)	(3 545)	(4 262)	(4 425)	(10 180)	(10 173)	(18 558)	(18 143)
Total net loans and receivables	253 096	253 320	62 549	62 666	14 905	14 544	330 550	330 530
Grants	42 596	45 729	-	-	-	-	42 596	45 729
Impairment allowances	(332)	(332)	-	-	-	-	(332)	(332)
Total net grants	42 264	45 397	-	-	-	-	42 264	45 397
Other financial assets	2 161	2 531	157	-	1 946	2 634	4 264	5 165
Impairment allowances	(21)	(21)	(67)	-	(1 781)	(1 930)	(1 869)	(1 951)
Total net other financial assets	2 140	2 510	90	-	165	704	2 395	3 214
Total financial assets at AC	814 736	760 132	66 968	67 091	30 811	31 055	912 515	858 278
Impairment allowances	(4 470)	(3 899)	(4 329)	(4 425)	(15 703)	(15 770)	(24 502)	(24 094)
Total net financial assets at AC	810 266	756 233	62 639	62 666	15 108	15 285	888 013	834 184
Financial assets at FVOCI								
Investment securities	12 657	14 051	-	-	-	-	12 657	14 051
Impairment allowances	-	-	-	-	-	-	-	-
Total net investment securities	12 657	14 051	-	-	-	-	12 657	14 051
Total financial assets at FVOCI	12 657	14 051	-	-	-	-	12 657	14 051
Impairment allowances	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	12 657	14 051	-	-	-	-	12 657	14 051
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	384 321	378 876	35 134	32 885	3 537	3 217	422 992	414 978
Impairment allowances *	(29 620)	(28 088)	(3 487)	(3 505)	(2 131)	(2 010)	(35 238)	(33 603)
Total net outstanding guarantees	354 701	350 788	31 647	29 380	1 406	1 207	387 754	381 375
Loan commitments	24 153	21 730	2 196	3 755	-	87	26 349	25 572
Impairment allowances *	(627)	(484)	(217)	(287)	-	(19)	(844)	(790)
Total net loan commitments	23 526	21 246	1 979	3 468	-	68	25 505	24 782
Grant commitments	14 573	11 089	-	-	-	-	14 573	11 089
Impairment allowances	(73)	(73)	-	-	-	-	(73)	(73)
Total net grant commitments	14 500	11 016	-	-	-	-	14 500	11 016
Total off-balance items and contingent liabilities	423 047	411 695	37 330	36 640	3 537	3 304	463 914	451 639
Impairment allowances	(30 320)	(28 645)	(3 704)	(3 792)	(2 131)	(2 029)	(36 155)	(34 466)
Total net off-balance items and contingent liabilities	392 727	383 050	33 626	32 848	1 406	1 275	427 759	417 173

* Includes reversal of net impairment allowances as at 31 March 2022 in amount of EUR 220 thousand to be used to increase Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2022 annual report. In the distribution of the 2022 profit, it will be directly attributed to the Portfolio Loss Reserve by increasing it if reversal of net impairment allowances exists or by decreasing it if net impairment allowances exists.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Breakdown of the Group's / Company's financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment as at 31 December 2021, in thousands of euro:

	Stage 1	Stage 2	Stage 3	Total
Financial assets at AC				
Due from credit institutions and the Treasury	455 007	-	-	455 007
Impairment allowances	(1)	-	-	(1)
Total net due from credit institutions and the Treasury	455 006	-	-	455 006
Investment securities	-	-	3 704	3 704
Impairment allowances	-	-	(3 667)	(3 667)
Total net investment securities	-	-	37	37
Loans and receivables	256 865	67 091	24 717	348 673
Impairment allowances *	(3 545)	(4 425)	(10 173)	(18 143)
Total net loans and receivables	253 320	62 666	14 544	330 530
Grants	45 729	-	-	45 729
Impairment allowances	(332)	-	-	(332)
Total net grants	45 397	-	-	45 397
Other financial assets	2 531	-	2 634	5 165
Impairment allowances	(21)	-	(1 930)	(1 951)
Total net other financial assets	2 510	-	704	3 214
Total financial assets at AC	760 132	67 091	31 055	858 278
Impairment allowances	(3 899)	(4 425)	(15 770)	(24 094)
Total net financial assets at AC	756 233	62 666	15 285	834 184
Financial assets at FVOCI				
Investment securities	14 051	-	-	14 051
Impairment allowances	-	-	-	-
Total net investment securities	14 051	-	-	14 051
Total financial assets at FVOCI	14 051	-	-	14 051
Impairment allowances	-	-	-	-
Total net financial assets at FVOCI	14 051	-	-	14 051
Off-balance sheet items and contingent liabilities				
Outstanding guarantees	378 876	32 885	3 217	414 978
Impairment allowances *	(28 088)	(3 505)	(2 010)	(33 603)
Total net outstanding guarantees	350 788	29 380	1 207	381 375
Loan commitments	21 730	3 755	87	25 572
Impairment allowances *	(484)	(287)	(19)	(790)
Total net loan commitments	21 246	3 468	68	24 782
Grant commitments	11 089	-	-	11 089
Impairment allowances	(73)	-	-	(73)
Total net grant commitments	11 016	-	-	11 016
Total off-balance items and contingent liabilities	411 695	36 640	3 304	451 639
Impairment allowances	(28 645)	(3 792)	(2 029)	(34 466)
Total net off-balance items and contingent liabilities	383 050	32 848	1 275	417 173

* Includes net impairment allowances of EUR 3,009 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2021 annual report. In the distribution of the 2021 profit, it will be directly attributed to the Portfolio Loss Reserve, thus the 2021 result which will be allocated to Reserves will improve. Additional information available in Note 36.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Changes in the Company's credit loss allowance and gross carrying amount for loans, in thousands of euro:

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2021 (audited)	3 545	4 425	10 173	18 143	256 865	67 091	24 717	348 673
Transfers between stages:								
from Stage 1 to Stage 2	(136)	187	-	51	(7 305)	6 952	-	(353)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(6)	(55)	504	443	(496)	(1 991)	2 405	(82)
from Stage 3 to Stage 2	-	7	(74)	(67)	-	280	(355)	(75)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	4	(10)	-	(6)	756	(786)	-	(30)
New originated or purchased	237	37	-	274	13 384	451	-	13 835
Derecognised during the period	(16)	(358)	(148)	(522)	(5 497)	(1 915)	(385)	(7 797)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	585	406	-	991	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Write-offs	-	-	(203)	(203)	-	-	(203)	(203)
Change of outstanding balance **	(97)	(377)	(72)	(546)	(495)	(3 271)	(1 094)	(4 860)
As at 31 March 2022 (unaudited)	4 116 *	4 262	10 180	18 558	257 212	66 811	25 085	349 108

* Includes the impairment overlay EUR 1,301 thousand that represents an additional loss reserve for SME and Midcaps portfolio

** Change of outstanding balance includes cash flows from repayment of principal

Changes in the Company's credit loss allowance and gross carrying amount for outstanding guarantees, in thousands of euro:

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2021 (audited)	28 088	3 505	2 010	33 603	378 876	32 885	3 217	414 978
Transfers between stages:								
from Stage 1 to Stage 2	(293)	355	-	62	(4 258)	2 643	-	(1 615)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(19)	(25)	357	313	(328)	(256)	440	(144)
from Stage 3 to Stage 2	39	(44)	-	(5)	571	(575)	-	(4)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-
New originated or purchased	1 487	1	-	1 488	21 566	88	-	21 654
Derecognised during the period	(718)	(28)	(154)	(900)	(11 353)	(770)	(151)	(12 274)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	11	6	-	17	-	-	-	-
Other movements	1 586	-	(55)	1 531	(1)	2 274	50	2 323
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance **	(561)	(283)	(27)	(871)	(752)	(1 155)	(19)	(1 926)
As at 31 March 2022 (unaudited)	29 620 *	3 487	2 131	35 238	384 321	35 134	3 537	422 992

* includes the impairment overlay EUR 2,541 thousand that represents an additional loss reserve for SME and Midcaps portfolio

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

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Aging analysis of the loans issued by the Company, in thousands of euro:

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Performing	323 929	326 852
Past due up to 30 days	13 465	10 540
Past due from 31 to 60 days	2 108	2 346
Past due from 61 to 90 days	747	727
Past due over 90 days	8 859	8 208
Total gross loans, without interest accrued on the loans	349 108	348 673
Impairment allowances	(18 558)	(18 143)
Total net loans	330 550	330 530

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

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

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Real estate (loans)	191 764	189 991
Real estate (leaseback)	32 993	32 993
Movable property	43 464	43 239
Guarantees	5 170	4 974
Total collateral	273 391	271 197
Loan portfolio, gross *	349 108	348 673
Impairment allowances	(18 558)	(18 143)
Loan portfolio, net	330 550	330 530
Exposed	17.29%	17.95%

* includes loans in amount of EUR 111,380 thousand to mitigate the impact of Covid-19 for which no real estate or movable property is required as collateral while credit risk is covered by risk coverage (Portfolio Loss Reserve).

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

The Company's maximum credit risk exposures of the balance and off-balance sheet items (not including collateral held or other security), in thousands of euro:

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
<i>Assets exposed to credit risk</i>		
Due from credit institutions and the Treasury	512 766	455 006
Financial assets at fair value through other comprehensive income - investment securities	12 657	14 051
Financial assets at amortised cost:		
Investment securities	38	37
Loans and receivables	330 550	330 530
Grants	42 264	45 397
Other investments	9 702	8 936
Investments in associates	65 899	64 949
Other assets	2 423	3 242
Total	976 299	922 148
<i>Off-balance sheet items exposed to credit risk</i>		
Contingent liabilities (Note 21)	422 992	414 978
Financial commitments (Note 21)	159 683	161 276
Total	582 675	576 254

As at 31 March 2022, part of the Company's assets in amount of EUR 168,181 thousand (31 December 2021: EUR 152,296 thousand) were pledged. Detailed information on the Company's outstanding loan agreement as at 31 March 2022 is provided in Note 18 and Note 19.

Article 31 of the Law on State Budget 2022 provides that guarantees issued by Altum in amount of EUR 270 000 thousand is backed by the state according to Agriculture and Rural Development Law and Development Finance Institution Law. Actual amount of issued guarantees issued under these conditions as at 31 March 2022 was EUR 214,312 thousand (31 December 2021: EUR 268,256 thousand).

3 Risk Management (cont'd)

(2) Liquidity Risk

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 March 2022, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	14 400	34 685	-	-	-	49 085
Due to general governments	8 005	35 396	12 130	28 355	57 259	141 145
Issued debt securities	1 128	87 001	-	-	-	88 129
Support programme funding **	5 039	76 701	110 149	30 062	51 003	272 954
Other liabilities	2 386	658	-	-	-	3 044
Total financial liabilities	30 958	234 441	122 279	58 417	108 262	554 357
Off-balance sheet items and contingent liabilities	374 423	57 468	150 784	-	-	582 675
Total financial liabilities, off-balance items and contingent liabilities ***	405 381	291 909	273 063	58 417	108 262	1 137 032
Due from credit institutions and the Treasury	512 766	-	-	-	-	512 766
Investment securities	2 548	10 147	-	-	-	12 695
Liquid assets	515 314	10 147	-	-	-	525 461

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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 March 2022 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 72,258 thousand are included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 March 2022, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	5 625	1 588	7 187	14 400
Due to general governments	684	1 975	1 377	3 969	8 005
Issued debt securities	-	-	-	1 128	1 128
Support programme funding	561	-	-	4 478	5 039
Other liabilities	2 300	10	-	76	2 386
Total financial liabilities	3 545	7 610	2 965	16 838	30 958
Off-balance sheet items and contingent liabilities *	307 230	40 095	9 735	17 363	374 423
Total financial liabilities, off-balance items and contingent liabilities	310 775	47 705	12 700	34 201	405 381
Due from credit institutions and the Treasury	512 766	-	-	-	512 766
Investment securities	38	-	-	2 510	2 548
Liquid assets	512 804	-	-	2 510	515 314

* Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments and grant commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 23.

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

Outstanding financial guarantees in amount of EUR 264,005 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 26,349 thousand (up to 1 year) – from financial facilities (either received by the Company or available to the Company upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 14,573 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 30,867 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 30,937 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2021.

Commitments to other investments in amount of EUR 7,692 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Group's / Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2021, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	13 443	39 997	-	-	-	53 440
Due to general governments	6 547	30 634	31 219	18 781	36 605	123 786
Issued debt securities	854	87 623	-	-	-	88 477
Support programme funding **	2 895	62 750	126 942	27 087	10 613	230 287
Other liabilities	3 000	840	-	-	-	3 840
Total financial liabilities	26 739	221 844	158 161	45 868	47 218	499 830
Off-balance sheet items and contingent liabilities	350 748	79 640	145 866	-	-	576 254
Total financial liabilities, off-balance items and contingent liabilities ***	377 487	301 484	304 027	45 868	47 218	1 076 084
Due from credit institutions and the Treasury	455 006	-	-	-	-	455 006
Investment securities	3 592	10 496	-	-	-	14 088
Liquid assets	458 598	10 496	-	-	-	469 094

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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2021 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 70,980 thousand are included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Group's / Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	4 381	3 750	5 312	13 443
Due to general governments	84	354	2 531	3 578	6 547
Issued debt securities	-	505	-	349	854
Support programme funding	77	-	-	2 818	2 895
Other liabilities	2 983	8	-	9	3 000
Total financial liabilities	3 144	5 248	6 281	12 066	26 739
Off-balance sheet items and contingent liabilities *	299 718	14 010	23 605	13 415	350 748
Total financial liabilities, off-balance items and contingent liabilities	302 862	19 258	29 886	25 481	377 487
Due from credit institutions and the Treasury	455 006	-	-	-	455 006
Investment securities	1 072	-	-	2 520	3 592
Liquid assets	456 078	-	-	2 520	458 598

* Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments and grant commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 23.

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

Outstanding financial guarantees in amount of EUR 261,119 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 25,572 thousand (up to 1 year) – from financial facilities (either received by the Company or available to the Company upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 11,089 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in subsidiaries in amount of EUR 13,977 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 32,124 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2022.

Commitments to other investments in amount of EUR 5,867 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 March 2022 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	512 766	-	-	-	-	-	512 766
Investment securities	38	-	-	2 510	10 147	-	12 695
Loans *	9 904	9 978	16 165	49 098	145 532	99 873	330 550
Grants	115	216	9 454	405	30 955	1 119	42 264
Deferred expense and accrued income	174	-	-	1 306	-	-	1 480
Other investments	-	-	-	-	-	9 702	9 702
Investments in associates	-	5 495	-	14 880	4 376	41 148	65 899
Investment property	-	-	-	-	-	49 596	49 596
Property, plant and equipment	-	-	-	-	-	4 439	4 439
Intangible assets	-	-	-	-	-	1 175	1 175
Other assets	295	156	274	1 186	512	-	2 423
Total assets	523 292	15 845	25 893	69 385	191 522	207 052	1 032 989
Liabilities							
Due to credit institutions	-	5 625	1 567	7 187	34 685	-	49 064
Due to general governments	519	1 975	1 205	3 832	34 602	95 725	137 858
Issued debt securities	-	-	-	194	84 957	-	85 151
Deferred income and accrued expense	207	341	398	2 411	2 528	828	6 713
Provisions	36 155	-	-	-	-	-	36 155
Support programme funding	561	-	-	4 478	76 701	191 214	272 954
Other liabilities	2 300	10	-	76	658	-	3 044
Total liabilities	39 742	7 951	3 170	18 178	234 131	287 767	590 939
Net liquidity	483 550	7 894	22 723	51 207	(42 609)	(80 715)	442 050

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Group's / Company's assets and liabilities by maturity profile as at 31 December 2021 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	455 006	-	-	-	-	-	455 006
Investment securities	1 072	-	-	2 520	10 496	-	14 088
Loans *	11 485	14 348	16 801	39 439	147 944	100 513	330 530
Grants	93	12 642	370	377	31 075	840	45 397
Deferred expense and accrued income	2 066	-	-	-	-	-	2 066
Other investments	-	-	-	-	-	8 936	8 936
Investments in associates	-	-	6 130	10 473	9 924	38 422	64 949
Investment property	-	-	-	-	-	64 949	64 164
Property, plant and equipment	-	-	-	-	-	4 570	4 570
Intangible assets	-	-	-	-	-	1 256	1 256
Other assets	1 004	96	279	1 306	557	-	3 242
Total assets	470 726	27 086	23 580	54 115	199 996	200 701	976 204
Liabilities							
Due to credit institutions	-	4 357	3 750	5 312	39 997	-	53 416
Due to general governments	-	354	2 374	3 448	29 949	85 223	121 348
Issued debt securities	-	505	(2)	59	84 996	-	85 558
Deferred income and accrued expense	186	401	418	2 233	2 492	823	6 553
Provisions	34 466	-	-	-	-	-	34 466
Support programme funding	77	-	-	2 818	62 750	164 642	230 287
Other liabilities	2 983	8	-	9	840	-	3 840
Total liabilities	37 712	5 625	6 540	13 879	221 024	250 688	535 468
Net liquidity	433 014	21 461	17 040	40 236	(21 028)	(49 987)	440 736

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

3 Risk Management (cont'd)

(3) Covid-19 impact

(i) Covid-19 impact on loan portfolio

Analysis of the Company's loan portfolio by client segments as at 31 March 2022, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	4	-	-	-	-	-	4	-
Agriculture	123 528	448	12 469	292	7 275	2 063	143 272	2 803
SME and Midcaps	97 661	2 358	51 486	3 966	15 370	7 508	164 517	13 832
of which,								
Covid-19 crisis related working capital loans	31 790	1 133	18 497	740	2 850	2 390	53 137	4 263
Daily loan products	65 871	1 225	32 989	3 226	12 520	5 118	111 380	9 569
Private individuals	4 042	6	348	4	1 706	608	6 096	618
Land Fund	31 977	3	2 508	-	734	1	35 219	4
Total segments, gross	257 212	2 815	66 811	4 262	25 085	10 180	349 108	17 257
Impairment overlay *	-	1 301	-	-	-	-	-	1 301
Total segments, net	257 212	4 116	66 811	4 262	25 085	10 180	349 108	18 558

* The impairment overlay represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties.

Analysis of the Group's / Company's loan portfolio by client segments as at 31 December 2021, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	881	2	77	2	577	337	1 535	341
Agriculture	115 778	270	10 778	192	6 000	1 533	132 556	1 995
SME and Midcaps	104 890	1 966	54 714	4 229	15 466	7 646	175 070	13 841
of which,								
Covid-19 crisis related working capital loans	36 922	1 000	18 663	720	3 247	2 485	58 832	4 205
Daily loan products	67 968	966	36 051	3 509	12 219	5 161	116 238	9 636
Private individuals	4 314	4	302	2	1 897	654	6 513	660
Land Fund	31 002	3	1 220	-	777	2	32 999	5
Total segments, gross	256 865	2 245	67 091	4 425	24 717	10 172	348 673	16 842
Impairment overlay *	-	1 301	-	-	-	-	-	1 301
Total segments, net	256 865	3 546	67 091	4 425	24 717	10 172	348 673	18 143

* The impairment overlay represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties.

Loans issued by the Company to SME and Midcap client segment are split between specific Covid-19 related support instrument – working capital loans and daily (ordinary) loan product portfolio.

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(i) Covid-19 impact on loan portfolio (cont'd)

Split of specific Covid-19 related support instrument - working capital loans – portfolio for the SME and Midcap client segment by industries as at 31 March 2022, in thousands euro:

	Gross loans	Changes to 31.12.2021.	Granted in 2022 3M	Granted in 2021 12M	Impairment allowance	Changes to 31.12.2021.	Net loans	% of Total Gross loans, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Retail	3 905	(290)	555	1 768	344	34	3 561	2.4%
Hotels and restaurants	2 740	(81)	272	600	187	(20)	2 553	1.7%
Tourism services	2 606	34	229	521	262	-	2 344	1.6%
Land transport services	2 197	157	250	1 625	74	(1)	2 123	1.3%
Art, entertainment and leisure	1 466	(124)	7	1 518	152	10	1 314	0.9%
Beauty	100	-	-	100	5	-	95	0.1%
Total Covid-19 more exposed industries	13 014	(304)	1 313	6 132	1 024	23	11 990	7.9%
<i>Covid-19 less exposed industries</i>								
Manufacturing	13 523	(1 354)	306	5 596	986	(28)	12 537	8.2%
Wholesale	9 452	(1 326)	-	1 771	892	(42)	8 560	5.7%
Construction	7 551	(304)	369	2 906	851	89	6 700	4.6%
Transport, warehousing and communications	2 872	(219)	275	1 040	258	88	2 614	1.7%
Information technologies and communication	2 023	(360)	30	640	63	8	1 960	1.2%
Professional, science and technical services	1 626	(235)	-	547	85	12	1 541	1.0%
Municipal authorities	841	(58)	-	305	32	(3)	809	0.5%
Real estate	459	(31)	-	100	15	1	444	0.3%
Electricity, gas and water utilities	370	(87)	-	34	8	(9)	362	0.2%
Health and social care	132	(26)	-	45	3	(1)	129	0.1%
Forestry	-	(1 432)	-	218	-	(94)	-	0.0%
Other industries	1 274	41	250	310	46	12	1 228	0.8%
Total Covid-19 less exposed industries	40 123	(5 391)	1 230	13 512	3 239	33	36 884	24.4%
Total Covid-19 crisis related working capital loans	53 137	(5 695)	2 543	19 644	4 263	56	48 874	32.3%

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(i) Covid-19 impact on loan portfolio (cont'd)

Split of daily (ordinary) loan product portfolio for the SME and Midcap client segment by industries as at 31 March 2022, in thousands euro:

	Gross loans	Changes to 31.12.2021.	Granted in 2022 3M	Granted in 2021 12M	Impairment allowance	Changes to 31.12.2021.	Net loans	% of Total Gross loans, SME & Midcap
Covid-19 more exposed industries								
Hotels and restaurants	4 579	(21)	253	1 947	309	(26)	4 270	2.8%
Retail	2 026	147	235	604	106	(4)	1 920	1.2%
Land transport services	1 811	(30)	117	598	289	(6)	1 522	1.1%
Beauty and sports	620	(24)	3	55	264	13	356	0.4%
Art, entertainment and leisure	514	(21)	6	264	21	-	493	0.3%
Tourism services	333	-	-	-	120	14	213	0.2%
Total Covid-19 more exposed industries	9 883	51	614	3 468	1 109	(9)	8 774	6.0%
Covid-19 less exposed industries								
Manufacturing	51 801	(696)	4 157	20 815	4 141	47	47 660	31.5%
Real estate	13 090	(140)	1 043	5 387	1 685	(262)	11 405	8.0%
Wholesale	7 433	44	491	3 008	587	30	6 846	4.5%
Health and social care	5 953	215	564	2 420	226	38	5 727	3.6%
Electricity, gas and water utilities	5 555	(107)	144	596	852	-	4 703	3.4%
Municipal authorities	5 138	100	281	1 577	181	161	4 957	3.1%
Construction	4 166	(166)	393	2 344	210	(3)	3 956	2.5%
Professional, science and technical services	2 826	(227)	81	1 143	40	4	2 786	1.7%
Transport, warehousing and communications	2 016	826	962	792	277	86	1 739	1.2%
Information technologies and communication	561	(15)	20	196	76	12	485	0.3%
Forestry	-	(2 691)	-	1 320	-	(54)	-	0.0%
Fishery	-	(2 084)	-	761	-	(119)	-	0.0%
Other industries	2 958	32	244	1 648	185	-	2 773	1.8%
Total Covid-19 less exposed industries	101 497	(4 909)	8 380	42 007	8 460	(60)	93 037	61.7%
Total daily (ordinary) loan products	111 380	(4 858)	8 994	45 475	9 569 *	(69)	101 811*	67.7%

* excludes impairment overlay in amount of EUR 1,301 thousand represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties

For daily (ordinary) loan product portfolio the loan application assessment process, including, accepted credit risk level, eligible credit rating of the client, expected debt service capacity, collateral has not been lowered by Covid-19 situation. The same loan application assessment process applies to specific Covid-19 related support instrument – working capital loans.

In the agricultural segment, in 2021 there was an increase in the prices of raw materials and energy resources, which continued in the 1st quarter of 2022. As a result of the increase in raw material prices, which was followed by an increase in sales prices, which was able to compensate for the increase in raw material costs. The companies of the agricultural segment closed 2021 with sufficiently good financial results. Taking into account the seasonality of the industry, the operational financial results for the 1st quarter of 2022 do not give an idea of the state of economic activity, but according to the available information, the winter sowings are of good quality and the 2022 harvest could be in good volume and quality. The availability of different raw materials and their significant increase in costs can be a challenge. It should even be noted that the agricultural segment is heavily subsidized and loans to this segment are mainly secured by agricultural land, which is prudently valued. Therefore, the Company does not see a deterioration in the quality of the loan portfolio in this segment as a result of the Covid-19 crisis.

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(i) Covid-19 impact on loan portfolio (cont'd)

Manufacturing industry. In 2021, the growth of manufacturing companies has continued. Given the constraints on the entertainment, catering, tourism and other services sectors, public consumption trends have been significantly affected and most of the revenue is spent on various goods. The sub-sector that is experiencing the sharpest fluctuations is wood processing, as in 2021 the trend of the second half of 2020 will continue with rapidly rising sales prices, and profit indicators will increase accordingly. However, the first quarter of 2022 has created new challenges for the availability of raw materials, due to economic sanctions against Belarus and Russia, as well as a possible sharp decline in product prices after demand adjustments, creating additional risks for companies in the industry. The sufficiently good results of the manufacturing industry in 2021 and in the 1st quarter of 2022 are also shown by the macroeconomic indicators - the output of exported goods continues to increase in almost all sub-sectors. Therefore, it can be concluded that the negative impact of Covid-19 on the operations of the companies in the sector has been insignificant. In its turn, in the second half of 2021, as well as in the 1st quarter of 2022, negative trends were observed in connection with the rapid rise in energy prices and the shortage of raw materials, which may affect the financial results of some energy-intensive sub-sector companies in both 2021 and 2022.

The second largest industry in terms of loan portfolio is real estate operations. Real estate portfolios, where the hotel business is located, were most affected - due to travel restrictions, the flow of visitors to the region in 2021 has almost completely stopped. It is too early to judge the recovery of this segment, but in the 1st quarter of 2022 there are positive trends, as the Covid-19 limit is significantly reduced. The second most significantly affected segment is shopping centers. Restrictions on trade, social distancing, and the boom in e-commerce have had a significant impact on the financial performance of shopping centers, with a large number of tenants requesting rent rebates, but the proportion of vacant space in some centers increasing. In the office segment - most office workers have had to work remotely and many still work from home, so the need for offices in the future has become relevant in the real estate industry. The impact of the Covid-19 crisis on the industry as a whole has been moderate, with negative effects being felt for companies that did not diversify their tenant portfolios by industry. For example, rental space was mostly leased to beauty, retail customers, hotels, in this example landlords had to reduce rents or look for other tenants, thus suffering from the effects of Covid-19. However, entrepreneurs who had tenants in various industries in their portfolio have relatively smaller problems and were not able to significantly affect the customer's solvency. The warehousing segment is better off during the pandemic, as the volume of goods delivered has increased significantly due to the boom in e-commerce. At the same time, the requirements of buyers to ensure the speed of delivery of goods create additional demand for warehouse space. In general, in the 1st quarter of 2022, positive trends are provided to this industry with a significant reduction of Covid-19 restrictions.

The third largest industry in terms of loan portfolio is wholesale. In the wholesale sector, as in the manufacturing sector, the impact of the Covid-19 crisis has varied across sub-sectors. For example, wholesalers of various raw materials and equipment have closed 2020 with very good results, and they have been able to improve their performance due to the growth of the manufacturing sector in 2021 as well. Timber wholesalers have been less successful, having had to cope with the fall in demand caused by BREXIT in addition to the disruption of logistics chains caused by Covid-19. However, at the end of 2020, a large number of timber wholesalers had found new outlets in Asia and were able to close the year without significant losses due to rising global timber prices. This trend will continue in 2021 and the first quarter of 2022, but the challenges for the industry are similar to those for the woodworking industry. The reporting period was slightly more successful for fuel and fuel traders as they were able to take advantage of the positive effects of rising prices, but overall the industry has not fully recovered from the losses caused by the Covid-19 crisis in 2020 and rising prices could have a negative impact on demand in the long run. On the positive side, most companies in this sector have a sufficiently high equity ratio and the owners were able to provide financial support to the companies.

In the retail, the reporting period was challenging for all sub-sectors except pharmaceuticals, food and household goods. However, the operative financial data for the 1st quarter of 2022 indicate positive trends due to the gradual lifting of Covid-19 restrictions, which increased the turnover of retailers of clothing, footwear, cosmetics, jewelry and other product groups. Covid-19 has had a significant impact on many players in the industry, and companies will soon have to start solving the problems with the accumulated debts of the SRS, as well as debts to landlords and suppliers of goods. On the positive side, declining epidemiological constraints have made it easier to sell existing stocks to rebuild.

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(ii) Covid-19 impact on guarantee portfolio

Analysis of the Company's guarantees portfolio by client segments as at 31 March 2022, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total outstanding guarantees	Total impairment allowance
	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance		
Agriculture	10 025	1 336	1 781	271	-	-	11 806	1 607
SME and Midcaps	159 924	9 004	33 062	3 185	3 343	1 944	196 329	14 133
of which,								
<i>Covid-19 crisis related guarantees *</i>	9 302	731	16 337	1 785	105	60	25 744	2 576
<i>Daily guarantees products</i>	150 622	8 273	16 725	1 400	3 238	1 884	170 585	11 557
Private individuals	214 372	16 739	291	31	194	187	214 857	16 957
Total segments, gross	384 321	27 079	35 134	3 487	3 537	2 131	422 992	32 697
Impairment overlay **	-	2 541	-	-	-	-	-	2 541
Total segments, net	384 321	29 620	35 134	3 487	3 537	2 131	422 992	35 238

* Includes SME loan credit holiday guarantees, portfolio guarantees and SME and Midcap companies loan holiday guarantees

** Includes impairment overlay in amount of EUR 954 thousand that represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties as well as impairment overlay in amount EUR 1,587 thousand that represents an additional loss reserve for export credit guarantees.

Analysis of the Group's / Company's guarantees portfolio by client segments as at 31 December 2021, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total outstanding guarantees	Total impairment allowance
	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance		
Agriculture	11 479	1 587	1 209	148	10	6	12 698	1 741
SME and Midcaps	163 416	9 212	31 384	3 331	3 018	1 824	197 818	14 367
of which,								
<i>Covid-19 crisis related guarantees *</i>	10 874	1 047	16 775	2 018	212	124	27 861	3 189
<i>Daily guarantees products</i>	152 542	8 165	14 609	1 313	2 806	1 700	169 957	11 178
Private individuals	203 981	16 335	292	26	189	180	204 462	16 541
Total segments, gross	378 876	27 134	32 885	3 505	3 217	2 010	414 978	32 649
Impairment overlay **	-	954	-	-	-	-	-	954
Total segments, net	378 876	28 088	32 885	3 505	3 217	2 010	414 978	33 603

* Includes SME loan credit holiday guarantees, portfolio guarantees and SME and Midcap companies loan holiday guarantees

** Includes impairment overlay that represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties.

Guarantees issued by the Company to SME and Midcap client segment are split between specific Covid-19 related support instrument – SME loan credit holiday guarantees, portfolio guarantees and SME and Midcap companies loan holiday guarantees and daily (ordinary) guarantee product portfolio.

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(ii) Covid-19 impact on guarantee portfolio (cont'd)

Split of specific Covid-19 related support guarantee instruments for the SME and Midcap client segment guarantee portfolio by industries as at 31 March 2022, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2021.	Issued in 2022 3M	Issued in 2021 12M	Impairment allowance	Changes to 31.12.2021.	Net outstanding guarantees	% of Total gross outstanding guarantees, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Hotels and restaurants	5 154	(6)	-	-	603	(47)	4 551	2.6%
Passenger transport services	2 897	(143)	-	1 457	374	(51)	2 523	1.5%
Retail	996	-	-	304	43	(18)	953	0.5%
Art, entertainment and leisure	346	(6)	-	-	28	(3)	318	0.2%
Total Covid-19 more exposed industries	9 393	(155)	-	1 761	1 048	(119)	8 345	4.8%
<i>Covid-19 less exposed industries</i>								
Manufacturing	5 808	(1 750)	-	2 794	371	(260)	5 437	3.0%
Wholesale	6 960	(168)	-	4 735	789	(167)	6 171	3.5%
Municipal authorities	1 948	(14)	-	1 352	252	(33)	1 696	1.0%
Construction	789	(1)	-	-	25	(14)	764	0.4%
Forestry	362	(10)	-	-	42	(12)	320	0.2%
Electricity, gas and water utilities	226	(13)	-	-	24	(3)	202	0.1%
Health and social care	218	(3)	-	-	18	(2)	200	0.1%
Information technologies and communication	40	(1)	-	32	7	-	33	0.0%
Total Covid-19 less exposed industries	16 351	(1 960)	-	8 913	1 528	(491)	14 823	8.3%
Total specific COVID-19 related guarantee products *	25 744	(2 115)	-	10 674	2 576	(610)	23 168	13.1%

* Includes SME loan credit holiday guarantees, portfolio guarantees and SME and Midcap companies loan holiday guarantees

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(ii) Covid-19 impact on guarantee portfolio (cont'd)

Split of daily (ordinary) guarantee product portfolio of the SME and Midcap client segment by industries as at 31 March 2022, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2021.	Issued in 2022 3M	Issued in 2021 12M	Impairment allowance	Changes to 31.12.2021.	Net outstanding guarantees	% of Total gross outstanding guarantees, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Retail	6 673	1 013	1 669	1 766	773	84	5 900	3.4%
Passenger transport services	1 210	(16)	216	441	20	(3)	1 190	0.6%
Hotels and restaurants	506	(17)	76	45	74	13	432	0.3%
Art, entertainment and leisure	293	(6)	-	182	21	(2)	272	0.1%
Total Covid-19 more exposed industries	8 682	974	1 961	2 434	888	92	7 794	4.4%
<i>Covid-19 less exposed industries</i>								
Manufacturing	57 581	1 646	4 966	20 713	3 945	(137)	53 638	29.3%
Wholesale	42 144	(1 081)	3 456	13 921	2 012	104	40 131	21.5%
Construction	32 200	956	2 298	5 361	2 680	446	29 520	16.4%
Forestry	9 646	675	845	1 977	342	(36)	9 305	4.9%
Transport, warehousing and communications	6 361	(13)	-	396	572	21	5 789	3.2%
Real estate	3 755	(1 271)	-	1 704	330	(77)	3 424	1.9%
Professional, science and technical services	4 401	(137)	252	1 242	326	12	4 075	2.2%
Information technologies and communication	2 095	(761)	132	1 059	138	(15)	1 957	1.1%
Municipal authorities	2 022	(150)	-	1 006	193	(30)	1 829	1.0%
Electricity, gas and water utilities	771	(36)	24	386	37	2	734	0.4%
Health and social care	538	(56)	17	164	62	(1)	476	0.3%
Other industries	387	(116)	88	89	32	(2)	356	0.2%
Total Covid-19 less exposed industries	161 901	(344)	12 078	48 018	10 669	287	151 234	82.5%
Total daily (ordinary) guarantee products	170 583	630	14 039	50 452	11 557 *	379	159 028 *	86.9%

* excludes impairment overlay EUR 954 thousand that represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties.

For daily (ordinary) guarantee product portfolio the guarantee application assessment process, including, accepted credit risk level, eligible credit rating of the client, expected debt service capacity has not been lowered by Covid-19 situation. The same guarantee application assessment process applies to specific Covid-19 related support instruments.

In the agricultural segment, in 2021 there was an increase in the prices of raw materials and energy resources, which continued in the 1st quarter of 2022. As a result of the increase in raw material prices, which was followed by an increase in sales prices, which was able to compensate for the increase in raw material costs. The companies of the agricultural segment closed 2021 with sufficiently good financial results. Taking into account the seasonality of the industry, the operational financial results for the 1st quarter of 2022 do not give an idea of the state of economic activity, but according to the available information, the winter sowings are of good quality and the 2022 harvest could be in good volume and quality. The availability of different raw materials and their significant increase in costs can be a challenge. It should even be noted that the agricultural segment is heavily subsidized and loans to this segment are mainly secured by agricultural land, which is prudently valued. Therefore, the Company does not see a deterioration in the quality of the loan portfolio in this segment as a result of the Covid-19 crisis.

3 Risk Management (cont'd)

(3) COVID-19 impact (cont'd)

(i) Covid-19 impact on loan portfolio (cont'd)

Manufacturing industry. In 2021, the growth of manufacturing companies has continued. Given the constraints on the entertainment, catering, tourism and other services sectors, public consumption trends have been significantly affected and most of the revenue is spent on various goods. The sub-sector that is experiencing the sharpest fluctuations is wood processing, as in 2021 the trend of the second half of 2020 will continue with rapidly rising sales prices, and profit indicators will increase accordingly. However, the first quarter of 2022 has created new challenges for the availability of raw materials, due to economic sanctions against Belarus and Russia, as well as a possible sharp decline in product prices after demand adjustments, creating additional risks for companies in the industry. The sufficiently good results of the manufacturing industry in 2021 and in the 1st quarter of 2022 are also shown by the macroeconomic indicators - the output of exported goods continues to increase in almost all sub-sectors. Therefore, it can be concluded that the negative impact of Covid-19 on the operations of the companies in the sector has been insignificant. In its turn, in the second half of 2021, as well as in the 1st quarter of 2022, negative trends were observed in connection with the rapid rise in energy prices and the shortage of raw materials, which may affect the financial results of some energy-intensive sub-sector companies in both 2021 and 2022.

The second largest industry in terms of the size of the guarantee portfolio is wholesale. In the wholesale sector, as in the manufacturing sector, the impact of the Covid-19 crisis has varied across sub-sectors. For example, wholesalers of various raw materials and equipment have closed 2020 with very good results, and they have been able to improve their performance due to the growth of the manufacturing sector in 2021 as well. Timber wholesalers have been less successful, having had to cope with the fall in demand caused by BREXIT in addition to the disruption of logistics chains caused by Covid-19. However, at the end of 2020, a large number of timber wholesalers had found new outlets in Asia and were able to close the year without significant losses due to rising global timber prices. This trend will continue in 2021 and the first quarter of 2022, but the challenges for the industry are similar to those for the woodworking industry. The reporting period was slightly more successful for fuel and fuel traders as they were able to take advantage of the positive effects of rising prices, but overall the industry has not fully recovered from the losses caused by the Covid-19 crisis in 2020 and 2021 and additional rising prices could have a negative impact on demand. in the long run. On the positive side, most companies in this sector have a sufficiently high equity ratio and the owners were able to provide financial support to the companies.

In the retail, the reporting period was challenging for all sub-sectors except pharmaceuticals, food and household goods. However, the operative financial data for the 1st quarter of 2022 indicate positive trends due to the gradual lifting of Covid-19 restrictions, which increased the turnover of retailers of clothing, footwear, cosmetics, jewelry and other product groups. Covid-19 has had a significant impact on many players in the industry, and companies will soon have to start solving the problems with the accumulated debts of the SRS, as well as debts to landlords and suppliers of goods. On the positive side, declining epidemiological constraints have made it easier to sell existing stocks to rebuild.

Construction. The Covid-19 crisis affected the industry both directly and indirectly. Due to travel restrictions and illness of employees, the construction process was delayed in many companies and the company's cash flow suffered accordingly. In addition, suppliers changed the terms of delivery by switching to prepayment and upsetting the usual balance of project financing. Many of the industries directly affected by Covid-19 abandoned construction projects or postponed them. However, the industry as a whole is showing good results in 2021, as frozen projects have been reopened and, following the peak of the frozen consumption crisis, demand has risen sharply from both institutional and private customers, leading to rising prices and, consequently, higher profits. Facilitating travel conditions also allows Latvian companies to return to the Scandinavian market. The main challenge in the near future will be the rising cost of construction materials, which could cause significant losses to those construction companies whose projects will refuse to revise estimates and increase project funding.

3 Risk Management (cont'd)

(4) Impact of the Russian military invasion of Ukraine

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation and to a lesser extent to Belarus may have impact on the Company as well as the potential social and economic impact in Latvia and the region. This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the 2022.

The Company does not issue loans directly to businesses in Ukraine, the Russian Federation and Belarus. Contracts with counterparties for the execution of settlements with customers, as well as for the conclusion of financial transactions for the liquidity and asset and liability management of the Company, are concluded with financial institutions established in EU Member States. In the guarantee's portfolio, the direct impact is from the Company's export credit guarantees issued to offset political and buyer risk losses in trade transactions where the Company's clients' counterparties are residents of Ukraine, the Russian Federation and Belarus.

Export credit guarantees (high risk exposures) issued to these countries, in thousands euro:

	31.03.2022. (unaudited)	31.12.2021 (audited)
Belarus	425	402
Russian Federation	763	581
Ukraine	399	426
Total issued export credit guarantees	1 587	1 409
Impairment allowance *	(1 587)	-
Total net issued export credit guarantees	-	1 409

* On March 3, 2022, the Company established impairment overlay for expected credit losses for export credit guarantees in the amount of EUR 1,587 thousand.

Given the current geopolitical situation, the Company has suspended the issuance of new export guarantees to Russia and Belarus in order to reduce the total exposure.

The Company has invested in the AIF "Altum Capital Fund". The impact of the current war in Ukraine and the associated sanctions on each of the underlying companies in portfolio of the AIF "Altum Capital Fund" is different. The direct impact or the suspension of cooperation with Russia, Belarus and Ukraine as a result of sanctions and business decisions has affected 2 underlying companies portfolio, which have so far earned a significant share of revenue in these countries. In turn, the indirect impact on the underlying companies in portfolio of the AIF "Altum Capital Fund" - changes in supply chains, reduced economic activity and consumer solvency in the region, rising loan servicing costs, higher prices of raw materials, supplies and energy - has not yet been fully identified and estimated as events unfold on a daily basis. At the same time, not all of the effects can be considered as highly negative, as the companies in the portfolio of the AIF "Altum Capital Fund", when reviewing their development plans, see new markets or segments in which they intend to expand. The value of the Company's investment in the 1st quarter of 2022 decreased by EUR 169 thousand as a result of the revaluation of the portfolio of AIF "Altum Capital Fund".

In order to assess the indirect effects of the Russian invasion of Ukraine, the Company has revised the forward-looking forecasts used to calculate the expected losses. Current forward-looking macroeconomic forecasts predict a slowdown in Latvia's economic growth. The forecasts used to estimate the expected losses include two economic scenarios with strong economic implications:

- a base case scenario that assumes the most likely future economic development and takes into account the impact of the Russian invasion of Ukraine and the sharp rise in commodity and energy prices, as well as the sanctions imposed on Russia and Belarus, on Latvia's economic growth rates,
- a second scenario, which envisages a less plausible, but possible negative scenario reflecting a larger and more sustained impact of the geopolitical crisis and sanctions, rising commodity and energy prices compared to the base case scenario.

3 Risk Management (cont'd)

(4) Impact of the Russian military invasion of Ukraine (cont'd)

The GDP annual growth rates, which are derived from a combination of external macroeconomic forecasts and which are one of the key variables, are summarized below:

	2022	2023	2024
GDP annual growth rate, in %			
Base case scenario *	2.00	2.90	3.70
Adverse scenario	0.60	2.40	3.70
Weighted average **	1.70	2.80	3.70

* The base case scenario combines two external scenarios:

(i) the macroeconomic development scenario of the Ministry of Finance (published on March 9, 2022), which forecasts that the imposed sanctions on the Russia and Belarus, burdens on transactions with Ukraine and a sharp rise in prices, especially energy prices, in 2022 and 2023 will result in GDP growth to 2.1% and 2.5% respectively (in December 2021 the forecast for growth in 2022 was 5.4%, for 2023 - 3.5%). In turn, the GDP growth for 2024 has been forecasted in accordance with the average development rates - 3.3% (in December 2021 - 3.4%).

(ii) The Bank of Latvia's macroeconomic development scenario (published on 30 March 2022) forecasts that the Russian invasion of Ukraine and sanctions and the related decline in exports, disruption of imported raw materials and supplies, intensification of global energy and other commodity prices and the decline in consumer confidence will decrease Latvia's GDP growth rates in 2022 and 2023 to 1.8% and 3.2% respectively (in December 2021 forecast for growth was 4.2% in 2023 and 4.0% in 2023). In 2024, as confidence improves, a faster recovery of economic growth has been forecasted - by 4.1%. A 50% probability of occurrence of the scenario was applied to each of the external scenarios - the Ministry of Finance and the Bank of Latvia.

** The base case scenario was weighted at 80% and the adverse scenario at 20% (scenario weights were not changed). The GDP growth rate forecast for 2022 is used to calculate the 12-month ECL, while the GDP growth rate forecast for 2022-2024 is used to calculate the lifetime ECL.

The macroeconomic projections have been updated in an extremely uncertain environment and are based on the situation in the first half of March 2022. Altum plans to regularly assess the current macroeconomic situation and future information that affects the assumptions and estimates used to make provisions for expected credit losses.

Changes in the forecasts of macroeconomic indicators in the 1st quarter of 2022 resulted in the increase in credit loss allowance for loans and loan commitments in the amount of EUR 1,133 thousand. For guarantees, the impact of changes in the macroeconomic forecasts was small for guarantees, given that credit loss allowance for guarantees are made at the highest of the estimated expected credit risk losses and fair value. Changes in macroeconomic forecasts have less impact on the fair value of guarantees.

Altum co-financed venture capital funds operate in accordance with the current sanctions regulations and actively monitor changes in binding regulatory enactments. Fund managers estimate that the impact on venture capital fund investments and their value as a result of the war in Ukraine is currently low.

To assess the indirect impact, the Company has initiated enhanced monitoring of material credit and guarantee exposures to assess whether events in Ukraine and the sanctions imposed against Russia and Belarus are directly or indirectly impacting or may significantly impact the solvency of clients, to identify potential clients in difficulty and to provide a way forward and apply appropriate risk mitigation measures. In addition, the Company has initiated changes to its decision-making procedures to consider the impact of the Russian invasion of Ukraine when reviewing the terms of customer loan agreements and to use this information to decide whether to upgrade loans to at least Stage 2 in accordance with International Financial Reporting Standard 9.

In the medium to long term, changes in the value of venture capital investments due to macroeconomic changes (including inflation, supply disruptions, shortages of raw materials, etc.) may be significant and may require a reorientation of business, while macroeconomic changes may open up new opportunities and stimulate faster growth. Altum's assessment of venture capital investments is based on a conservative approach on a quarterly basis, with individual assessments of all venture capital investments, taking into account the specific situation of each investment.

4 Interest income

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Interest on loans and guarantees *	4 750	4 420	4 420
Interest on securities at fair value	64	173	173
Interest on securities at amortised cost	-	6	6
Total interest income	4 814	4 599	4 599

* The Company's sub-item *Interest income on loans and guarantees* does not include interest income from loans and premium income on issued guarantees as well as commissions which, in accordance with the program agreements concluded with the Ministry of Economics, stipulates that the funding allocated by the Ministry of Economics (recognized in balance sheet item Support Programs Funding) must be increased by the respective program income. Accordingly, this type of income is not recognized as interest income, but is recognized as an increase in Support Programs Funding which in the 3 months of 2022 amounts to EUR 333 thousand (3 months of 2021: EUR 347 thousand).

5 Interest expense

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Interest on balances due to credit institutions	227	167	167
Interest on issued debt securities	222	198	198
Allocation of state support programmes' profit to support programme funding *	120	134	134
Other commission expense	2	4	4
Total interest expense	571	503	503

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

6 Income for implementation of state support programmes

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Compensation of expenses for management of state support programmes	516	597	597
Compensation of venture capital fund management fees	584	844	844
Compensation of expenses for management of state support programmes of the previous years	-	-	-
Compensation of expenses of capital congestion	106	100	100
Total income from implementation of state support programmes	1 206	1 541	1 541

7 Expenses to be compensated for implementation of state support programmes

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Compensated staff costs	378	320	320
Compensated administrative expense	138	35	35
Compensated venture capital fund management fees	584	844	844
Total compensated expense for implementation of state support programmes	1 100	1 199	1 199

8 Other income

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Income from lease payments for operating leases	442	349	349
Income from payments for financial leases	1	1	1
Profit from investment property revaluation	5	-	-
Profit from sale of investment property	7	30	30
Profit from sale of repossessed collateral	1	1	1
Other commission income	3	10	10
Income from management of the AIF "Altum capital fund"	160	136	136
Total other income	619	527	527

9 Other expense

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Maintenance and service costs of Land Fund	136	108	108
Debt collection costs	59	30	30
Depreciation of right-of-use assets	36	36	36
Commission expense on investments in securities	22	21	21
AIF "Altum capital fund" management costs	160	136	136
Other commission expense	1	1	1
Total other expense	414	332	332

10 Impairment losses, net

All amounts in thousands of euro

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)
Impairment losses on:	3 173	2 873	2 873
Loans, net	1 273	1 524	1 524
<i>impairment losses</i>	1 142	1 755	1 755
<i>impairment losses covered by Portfolio Loss Reserve</i>	609	766	766
<i>impairment losses covered by Risk Coverage Reserve</i>	(478)	(997)	(997)
Disbursed guarantee compensations	-	-	-
<i>impairment losses</i>	-	-	-
<i>impairment losses covered by Portfolio Loss Reserve</i>	-	-	-
<i>impairment losses covered by risk coverage reserve</i>	-	-	-
Grants	-	3	3
<i>impairment losses</i>	-	3	3
<i>impairment losses covered by Portfolio Loss Reserve</i>	-	-	-
Other assets	-	9	9
<i>impairment losses</i>	67	9	9
<i>impairment losses covered by Risk Coverage Reserve</i>	(67)	-	-
Financial assets related to loan agreements	2	20	20
Guarantees, net	1 746	1 044	1 044
<i>impairment losses</i>	4 451	2 217	2 217
<i>impairment losses covered by Portfolio Loss Reserve</i>	109	788	788
<i>impairment losses covered by Risk Coverage Reserve</i>	(2 814)	(1 961)	(1 961)
Loan commitments, net	152	230	230
<i>impairment losses</i>	273	200	200
<i>impairment losses covered by Portfolio Loss Reserve</i>	62	73	73
<i>impairment losses covered by Risk Coverage Reserve</i>	(183)	(43)	(43)
Grant commitments	-	43	43
Reversal of impairment on:	(2 011)	(2 345)	(2 345)
Loans, net	(916)	(1 179)	(1 179)
<i>reversal of impairment</i>	(949)	(1 302)	(1 302)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(388)	(304)	(304)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	421	427	427
Disbursed guarantee compensations	-	-	-
<i>reversal of impairment</i>	(10)	(5)	(5)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	-	-	-
<i>reversal of impairment covered by Risk Coverage Reserve</i>	10	5	5
Grants	-	(20)	(20)
Financial assets related to loan agreements	(90)	-	-
Guarantees, net	(934)	(1 055)	(1 055)
<i>reversal of impairment</i>	(2 275)	(2 867)	(2 867)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(558)	(374)	(374)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	1 899	2 186	2 186
Loan commitments, net	(71)	(84)	(84)
<i>reversal of impairment</i>	(17)	(52)	(52)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(59)	(42)	(42)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	5	10	10
Grant commitments	-	(7)	(7)
Total impairment losses / (reversal), net	1 162	528	528
Recovery of loans written off in previous periods	(256)	(199)	(199)
Total impairment losses and (income) from recovery of loans written-off	906	329	329

Additional information Including on impairment allowances used to increase / decrease Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2022 annual report available in Note 3 (1).

11 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Due from credit institutions and State Treasury	512 766	455 007
<i>cash and cash equivalent</i>	512 766	455 007
Impairment allowances	-	(1)
Net due from credit institutions and State Treasury	512 766	455 006

The increase in the Company's Due from credit institutions and the Treasury is due to the financing received by the Company from the Ministry of Economy, the Central Finance and Contracting Agency (CFCA) and the Treasury for the implementation of state support programmes and the launch of a new state support programme (Investment Loans with Capital Allowance).

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

Ratings	Aaa	Aa1- Aa3	A1-A3	Baa1- Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	-	437 249	17 757	-	-	-	-	455 006
Total gross as at 31 December 2021 (audited)	-	-	437 249	17 757	-	-	-	-	455 006
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	-	496 515	16 251	-	-	-	-	512 766
Total gross as at 31 March 2022 (unaudited)	-	-	496 515	16 251	-	-	-	-	512 766

As at 31 March 2022, the Company held accounts with 4 banks and the Treasury of the Republic of Latvia. The average interest rate on balances of position *Due from credit institutions and the Treasury* as at 31 March 2022 was -0.02% (31 December 2021: -0.01%).

12 Investments in Associates

Investments in associates based on information provided by venture capital fund managers, in thousands of euro:

Company or venture capital fund generation	Country of incorporation	Equity of venture capital fund		Carrying Amount	
		Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
The 2nd generation VCFs	LV	16 929	16 929	11 249	11 885
The 3rd generation VCFs	LV	13 310	13 310	9 126	10 473
The 4th generation VCFs	LV	20 073	20 073	16 103	14 371
AIF "Altum capital fund"	LV	19 008	19 008	15 409	14 998
Baltic Innovation Fund *	LU	85 544	85 544	14 012	13 222
Total investments in associates		154 864	154 864	65 899	64 949

* Investments in Associates are stated under the equity method, except for investments in Baltic Innovation Fund that are valued using the FVTPL method.

12 Investments in Associates (cont'd)

As at 31 March 2022 the total venture capital fund's portfolio value at cost value was EUR 90,395 thousand (31 December 2021: EUR 85,973 thousand).

Movement in the Company's investments in associates, in thousands of euro:

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Baltic Innovation Fund		Total	
	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)
Carrying amount at the beginning of period	36 729	32 969	14 998	-	13 222	15 019	64 949	47 988
Invested	2 413	993	440	1 401	1 600	553	4 453	2 947
Refunded	(1 018)	(2 205)	(159)	-	(858)	(317)	(2 035)	(2 522)
Reclassified (increase of support programme funding, see Note 20)	-	1 921	-	-	-	-	-	1 921
Mezzanine interest received and realised gain on exit	234	-	159	-	-	-	393	-
Realised gain from refunded	-	-	-	-	48	47	48	47
Share of net gain / (loss) of investment in associate *	(1 880)	523	(29)	-	-	-	(1 909)	523
Loss from investment in associate at fair value through profit or loss	-	-	-	-	-	-	-	-
Net carrying amount at the period ended at 31 March (unaudited)	36 478	34 201	15 409	1 401	14 012	15 302	65 899	50 904
Invested	-	3 240	-	13 517	-	1 264	-	18 021
Refunded	-	(5 226)	-	(282)	-	(6 583)	-	(12 091)
Reclassified due to changes in the status of subsidiaries to associates	-	6 563	-	-	-	-	-	6 563
Mezzanine interest received and realised gain on exit	-	1 730	-	282	-	-	-	2 012
Realised gain from refunded	-	-	-	-	-	422	-	422
Share of net gain / (loss) of investment in associate *	-	(3 779)	-	80	-	-	-	(3 699)
Loss from investment in associate at fair value through profit or loss	-	-	-	-	-	2 817	-	2 817
Net carrying amount at the period ended at 31 December (audited)	-	36 729	-	14 998	-	13 222	-	64 949

* includes changes in revaluation of investment.

The Company's share of gain / (loss) of investment in associates and other investments, in thousands of euro:

	Investments in VCF		Investments in AIF "Altum capital fund"		Investments in BIF		Total	
	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.12.2021. (audited)
Net share of gain / (loss) of investment in associates	(1 580)	437	(29)	-	-	-	(1 609)	437
Net income / (expense), excluding revaluation gain / (loss)	-	-	47	-	-	-	47	-
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	48	47	48	47
Total on 31 March (unaudited)	(1 580)	437	18	-	48	47	(1 514)	484
Net share of gain / (loss) of investment in associates	-	(1 772)	-	80	-	-	-	(1 692)
Net income / (expense), excluding revaluation gain / (loss)	-	-	-	(75)	-	-	-	(75)
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	-	(99)	-	(99)
Total on 31 December 2021 (audited)	-	(1 335)	-	5	-	(52)	-	(1 382)

12 Investments in Associates (cont'd)

In the 3 months of 2022, the Company's expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 148 thousand (3 months of 2021: EUR 169 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the 4th generation venture capital funds amounted EUR 437 thousand (3 months of 2021: EUR 208 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Baltic Innovation Fund amounted EUR 0 thousand (3 months of 2021: EUR 47 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the AIF "Altum capital fund" amounted EUR 112 thousand (3 months of 2021: EUR 137 thousand) (see Note 22).

Part of the investments of the 4th generation VCF until 31 December 2021 were classified as participation in the share capital of subsidiaries, after the control assessment as of 31 December 2021 such investments were classified as investments in associates and the management fee of such VCFs for 3 months of 2022 is reflected in the above breakdown. The comparatives for such VCF for 3 months of 2021 is 371 thousand euros, which were 100% compensated from the risk coverage reserve (see Note 20).

13 Other Investments

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021. (audited)
Baltic Innovation Fund 2	2 682	1 982
Three Seas Initiatives Investment Fund	7 020	6 954
Total other investments	9 702	8 936

Baltic Innovation Fund 2 (BIF 2) is a EUR 156,000 thousand Fund-of-Funds initiative launched by the European Investment Fund (EIF) in co-operation with the Baltic national promotional institutions – KredEx (Estonia), Altum (Latvia) and Invega (Lithuania). BIF 2 continues to sustain investments into private equity and venture capital funds focused on the Baltic States to boost equity investments into SMEs with high growth potential. The Company signed agreement on BIF 2 on 16 August 2019. The total capital committed by the Company to the BIF2 is EUR 26,500 thousand thus arriving at the ownership rate 16.99% of the total committed capital of the BIF 2 (EUR 156,000 thousand).

The Three Seas Initiative Investment Fund is a new financial instrument for financing and developing infrastructure projects in 12 countries, including Latvia, aimed at reducing infrastructure development gaps between different European regions. The Three Seas Initiative Investment Fund is a new financial instrument to support transport, energy and digitalization infrastructure projects in Central and Eastern Europe. The Company signed the subscription agreement on 16 September 2020. The total capital committed by the Company to the Three Seas Initiative Investment Fund is EUR 20,000 thousand thus arriving at the ownership rate of 2.17% on 31 March 2022 (31 December 2021: 2.17%) of the total committed capital the Three Seas Initiative Investment Fund (31 March 2022: EUR 923,100 thousand, 31 December 2021: EUR 923,000 thousand).

In the 3 months of 2022, the Company's expenses included:

- Management fees for the Baltic Innovation Fund II amounted EUR 0 (3 months of 2021: EUR 0) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Three Seas Initiatives Investment Fund amounted EUR 18 thousand (3 months of 2021: 0) which were compensated from the risk coverage reserve.

14 Loans

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

Loans by the borrower profile, in thousands of euro:

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
SME and Midcaps	164 517	175 070
Agriculture	143 272	134 085
Private individuals	6 096	6 513
Financial Intermediaries	4	6
Land Fund	35 219	32 999
Total gross loans	349 108	348 673
Impairment allowances	(18 558)	(18 143)
Total net loans	330 550	330 530

Breakdown of loans by industries, in thousands of euro:

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Agriculture and forestry	170 401	170 808
Manufacturing	65 582	67 635
Retail and wholesale	22 816	24 241
Real estate	13 549	13 719
Construction	11 769	12 238
Municipal authorities	8 917	8 843
Hotels and restaurants	7 392	7 498
Transport, warehousing and communications	7 601	6 856
Electricity, gas and water utilities	5 926	6 120
Health and social care	6 086	5 896
Professional, science and technical services	4 451	4 914
Information technologies and communication	2 584	2 959
Fishing	2 078	2 084
Other industries	8 227	8 344
Private individuals	11 729	6 518
Total gross loans	349 108	348 673
Impairment allowances	(18 558)	(18 143)
Total net loans	330 550	330 530

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

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Number of customers	40	42
Total credit exposure of customers (EUR '000)	65 966	67 623
Percentage of total gross portfolio of loans	18,90%	19,39%

14 Loans (cont'd)

Movement in impairment allowances, in thousands of euro:

	Company	Group / Company
	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.03.2021. (audited)
Impairment allowances at the beginning of the period	18 143	20 713
Increase in impairment allowances (Note 10)	1 751	2 521
Decrease in impairment allowances (Note 10)	(1 338)	(1 606)
Write-off of loans	(203)	(1)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	205	333
Impairment allowances at the end of the period ended 31 March (unaudited)	18 558	21 960
<i>Company's share of impairment allowances</i>	9 468	11 923
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	4 306	2 894
<i>Impairment allowances covered by Risk Coverage Reserve</i>	4 784	7 143
Increase in impairment allowances (Note 10)	-	7 110
Decrease in impairment allowances (Note 10)	-	(10 389)
Write-off of loans	-	(1 079)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	541
Impairment allowances at the end of the period ended 31 December (audited)	-	18 143
<i>Company's share of impairment allowances</i>	-	9 334
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	-	4 144
<i>Impairment allowances covered by Risk Coverage Reserve</i>	-	4 665

As at 31 March 2022 the average annual interest rate for the loan portfolio of the Company was 4.08% (31 December 2021: 4.05%).

15 Grants

All amounts in thousands of euro

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Energy Efficiency Programme for Multi-apartment Buildings	39 316	43 153
Social Entrepreneurship Programme	1 707	1 290
Grants for development of energy efficiency projects	114	41
Housing grant programme "Balsts"	1 290	1 042
Grants for private house renovation	88	167
Grants for cultural industry support programme *	81	36
Total grants, gross	42 596	45 729
Impairment allowances	(332)	(332)
Total grants, net	42 264	45 397

* Combined financial instrument.

15 Grants (cont'd)

Movement in the Company's net book value of grants in twelve months of 2021, in thousands of euro:

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Carrying amount		
Carrying amount at the beginning of period	45 729	31 282
Changes	(3 133)	3 971
Carrying amount at the end of period	42 596	35 253
Impairment allowances		
At the beginning of period	(332)	(175)
Changes	-	7
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	(24)
Carrying amount at the end of period	(332)	(192)
Grants net book at the beginning of the period	45 397	31 107
Grants net book value at the end of the period ended 31 March (unaudited)	42 264	35 061
Carrying amount		
Carrying amount at the beginning of period		35 253
Changes		10 476
Carrying amount at the end of period ended 31 December		45 729
Impairment allowances		
At the beginning of period		(192)
Changes		(222)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)		82
At the end of period ended 31 December		(332)
Grants net book at the beginning of the period		35 061
Grants net book value at the end of the period ended 31 December (audited)		45 397

16 Investment Properties

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Carrying amount at the beginning of period	46 164	36 759
Acquired during the reporting period *	3 376	7 150
Recognized on termination of reverse leases	83	1 662
Disposals during the reporting period	(32)	(211)
Net gain from fair value adjustment	5	804
Carrying amount at the end of the period	49 596	46 164

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

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

17 Other Assets

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Financial assets	4 264	5 165
Other assets (repossessed collateral)	28	28
Total other assets, gross	4 292	5 193
Impairment allowances for financial assets	(1 869)	(1 951)
	<i>Company's share of provisions</i>	<i>(689)</i>
	<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>(277)</i>
	<i>Provisions covered by risk coverage</i>	<i>(903)</i>
Total financial assets, net	2 395	3 214
Total other assets, net	2 423	3 242

The Company's sub-item *Other assets (repossessed collateral)* includes assets that have been taken over in the debt collection process and are held to be sold in the ordinary course of business.

Movement in the Company's net book value of financial assets in 3 months of 2022, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 590	870	2 705	5 165
Changes	(55)	(610)	(236)	(901)
As at 31 March 2022 (unaudited)	1 535	260	2 469	4 264
Impairment provision				
At the beginning of period	(1 590)	(330)	(31)	(1 951)
Changes in impairment allowances	55	93	(66)	82
As at 31 March 2022 (unaudited)	(1 535)	(237)	(97)	(1 869)
Net book value at the beginning of period	-	540	2 674	3 214
Net book value as at 31 March 2022 (unaudited)	-	23	2 372	2 395

17 Other Assets (cont'd)

Movement in the Company's net book value of financial assets in 2021, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 624	280	3 664	5 568
Changes	179	1 083	(671)	591
As at 31 March (unaudited)	1 803	1 363	2 993	6 159
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(179)	(99)	70	(208)
As at 31 March (unaudited)	(1 803)	(268)	(97)	(2 168)
Net book value at the beginning of period	-	111	3 497	3 608
Net book value as at 31 March (unaudited)	-	1 095	2 896	3 991
Financial assets				
Changes	(213)	(493)	(288)	(994)
As at 31 December (unaudited)	1 590	870	2 705	(994)
Impairment provision				
Changes in impairment allowances	213	(62)	66	217
As at 31 December (unaudited)	(1 590)	(330)	(31)	217
Net book value as at 31 December (unaudited)	-	540	2 674	3 214

Movement in the Group's net book value of financial assets in 2021, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 624	280	3 671	5 575
Changes	179	1 083	(664)	598
As at 31 March (unaudited)	1 803	1 363	3 007	6 173
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(179)	(99)	70	(208)
As at 31 March (unaudited)	(1 803)	(268)	(97)	(2 168)
Net book value at the beginning of period	-	111	3 504	3 615
Net book value as at 31 March (unaudited)	-	1 095	2 910	4 005
Financial assets				
Changes	(213)	(493)	(302)	(1 008)
As at 31 December (unaudited)	1 590	870	2 705	(1 008)
Impairment provision				
Changes in impairment allowances	213	(62)	66	217
As at 31 December (unaudited)	(1 590)	(330)	(31)	217
Net book value as at 31 December (unaudited)	-	540	2 674	3 214

18 Due to Credit Institutions

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Due to credit institutions registered in OECD countries	49 064	53 416
Total due to credit institutions	49 064	53 416

Balances due to credit institutions registered in the OECD countries include loan received by the Company from the European Investment Bank (EIB) of EUR 49,064 thousand (31 December 2021: EUR 53,416 thousand), of which EUR 2 thousand constitutes accrued interest expenses (31 December 2021: EUR 14 thousand).

On October 2, 2009, an agreement was signed with the European Investment Bank for a loan of EUR 100,000 thousand to finance projects under the SMEs Growth Loan Programme. As at 31 March 2022 the principal amount of the loan EUR 7,812 thousand (31 December 2021: EUR 12,153 thousand), the accrued interest on the loan amounts to EUR 2 thousand (31 December 2021: EUR 14 thousand), the final repayment date 20 August 2024. The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan, as a collateral serves the commercial pledge to the right of the Company's claims. As at 31 March 2022, the amount of the secured claim was EUR 7,814 thousand (31 December 2021: EUR 12,166 thousand).

On July 8, 2020, Altum signed an agreement with the European Investment Bank for a loan of EUR 80,000 thousand to finance working capital loans to small and medium-sized enterprises affected by the Covid-19. As at 31 March 2022 the principal amount of the loan EUR 41,250 thousand (31 December 2021: EUR 41,250 thousand), the final repayment date 20 November 2025. As at 31 March 2022, according to the loan agreement the Company is available the financing in the amount of EUR 35,000 thousand. On 10 December 2021, Altum signed an agreement with the European Investment Bank for an additional loan of EUR 40,000 thousand to finance working capital loans to small and medium-sized enterprises affected by the Covid-19, the absorption of which had not been started until March 31, 2022. The volume and pace of drawdown under both agreements is subordinated to the further volume of new lending transactions. The loans are unsecured.

As at 31 March 2022, the average interest rate for the balances Due to credit institutions was 0.09% (31 December 2021: 0.08%).

19 Due to General Governments

All amounts in thousands of euro

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Loans received from Rural Support Service	3 320	3 321
Loans received from the Treasury	134 538	118 027
Total due to general governments	137 858	121 348

Item Loans from Rural Support Service includes the financing to the Loan Fund, which was established in 2010 for the purpose to issue the loans to the agricultural and fisheries beneficiaries via financial intermediaries. As at 31 March 2022 the Company liabilities to Rural Support Service consist of the principal amount of EUR 3,072 thousand (31 December 2021: EUR 3,104 thousand) and accrued interest – EUR 248 thousand (31 December 2021: EUR 217 thousand). The final repayment date is 31 December 2025. The loan from Rural Support Service is unsecured.

Loans received from the Treasury includes the loans received by the Company for the implementation the following loan programmes:

- Agricultural land acquisition programme: as at 31 March 2022 the principal amount of the loan EUR 74,108 thousand (31 December 2021: EUR 69,577 thousand), the final repayment date 20 January 2058. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Company under the programme. As at 31 March 2022, according to the loan agreement the Company is available the financing in the amount of EUR 25,892 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2022, the amount of the secured claim was EUR 88,931 thousand (31 December 2021: EUR 82,893 thousand).

19 Due to General Governments (cont'd)

- SME development programme: as at 31 March 2022 the principal amount of the loan EUR 43,936 thousand (31 December 2021: EUR 32,103 thousand), the final repayment date 20 December 2043. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Company under the programme. As at 31 March 2022, according to the loan agreement the Company still is available the financing in the amount of EUR 11,064 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2022, the amount of the secured claim was EUR 52,724 thousand (31 December 2021: EUR 38,524 thousand).
- Parallel loan programme: as at 31 March 2022 the principal amount of the loan EUR 4,600 thousand (31 December 2021: EUR 4,600 thousand), the final repayment date 20 January 2039. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Company under the programme. As at 31 March 2022, according to the loan agreement the Company still is available the financing in the amount of EUR 15,400 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2022, the amount of the secured claim was EUR 5,520 thousand (31 December 2021: EUR 5,520 thousand).
- Programme of Small Loans for Rural Areas: as at 31 March 2022 the principal amount of the loan EUR 2,327 thousand (31 December 2021: EUR 2,327 thousand), the final repayment date 31 January 2039. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Company under the programme. As at 31 March 2022, according to the loan agreement the Company still is available the financing in the amount of EUR 3,673 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As at 31 March 2022, the amount of the secured claim was EUR 2,792 thousand (31 December 2021: EUR 2,792 thousand).
- Latvian Land Fund (the financing for the Fund's transactions): the loan amount has been used in 2020 and as at 31 March 2022 the principal amount of the loan EUR 9,565 thousand (31 December 2021: EUR 9,919 thousand), the final repayment date 29 December 2028. As a collateral serves the mortgage on the real estate purchased with the financing received under the loan. As at 31 March 2022, the amount of registered mortgage was EUR 10,400 thousand (31 December 2021: EUR 10,400 thousand).

As at 31 March 2022 the accrued interest on the loans received from the Treasury amounts to EUR 2,367 (31 December 2021: EUR 2,210).

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until March 31, 2022:

- Micro Loans and Star-up Loans programme: the amount of the loan agreement EUR 23,000 thousand, the final repayment date 20 January 2039, commercial pledge on the Company's claims for the loans under the programme. The size and pace of the drawdown the loan relates to the further volume of new loan transactions. The maximum amount of the secured claim is EUR 27,600 thousand.
- Working capital loan programme for farmers: the amount of the loan agreement EUR 25,612 thousand, the final repayment date 30 June 2025, commercial pledge on the Company's claims for the loans under the programme. The size and pace of the drawdown the loan relates to the further volume of new loan transactions. The maximum secured claim is EUR 30,734 thousand.
- Loan program for construction works of apartment houses and improvement of their territories: the amount of the loan agreement EUR 30,000 thousand, the final repayment date January 20, 2044, commercial pledge on the Company's claims for the loans under the program. The size and pace of the drawdown the loan relates to the further volume of new loan transactions. The maximum secured claim is EUR 36,000 thousand.

20 Support programme funding

The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 March 2022, in thousands of euro:

Financial Instrument / Programme	Programme funding *	Of which, Risk Coverage Reserve	Fair Value Correction	Provisions covered by risk coverage	Net programme funding
Loans					
ERDF II	10 294	589	(1 000)	(219)	9 075
ESF II	2 326	108	-	(43)	2 283
Microcredits of Swiss programme (closed programme)	565	100	-	(3)	562
ERDF I	449	7	-	-	449
ESF I	316	7	-	(2)	314
ERDF II (second round)	7 036	215	-	(36)	7 000
Incubators (from ESF II)	82	4	-	-	82
ERAF II 2 Public fund (programme closed)	226	-	-	-	226
Fund of Funds programme – Start-up loans	2 705	2 266	(439)	(200)	2 066
Fund of Funds programme – Microcredits	295	286	(9)	(12)	274
Fund of Funds programme – Parallel loans	4 298	3 865	(433)	(2 012)	1 853
Energy Efficiency Programme for Multi-apartment Buildings Loans	5 293	5 130	(12)	(13)	5 268
Start-up State Aid Cumulation Lending Programme	1 891	1 504	(387)	(278)	1 226
Other loans to start-ups	1 774	168	-	(42)	1 732
Mezzanine Programme – Loans	3 537	3 360	-	(1 066)	2 471
Guarantees and interest grants programme	4 279	3 024	(1 256)	-	3 023
SME energy efficiency loans	3 723	3 548	(176)	(457)	3 090
ERAF SME growth loans	2 000	120	-	(19)	1 981
ERAF loans for business sustainability	2 000	120	-	(81)	1 919
Parallel loans	2 000	1 972	(28)	(152)	1 820
Parallel loans 2	2 002	741	-	(555)	1 447
Loans for enterprises in rural territories	7 803	1 511	(196)	(97)	7 510
Start-up loans to innovative entrepreneurs	3 023	605	-	(50)	2 973
Loans for improvement of Multi-apartment Buildings and their neighbourhood *	750	750	-	-	750
Energy Efficiency Programme for Multi-apartment Buildings Loans (II)	1 013	61	-	(2)	1 011
Multi-apartment Buildings Renovation Loans EEE Programme for MSAB–Loan Fund II	250	250	-	-	250
Cultural industry support programme ***	945	-	-	-	945
Investment Loans with a capital rebate **	41 000	20 910	-	-	41 000
Total loans	111 875	51 221	(3 936)	(5 339)	102 600
Guarantees					
Fund of Funds programme – Guarantees	33 103	33 103	-	(6 367)	26 736
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	8 353	8 044	-	(1 052)	7 301
Housing Guarantee Programme	21 377	18 502	(2 875)	(12 396)	6 106
Portfolio guarantees for renovation of private houses	502	502	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 492	(1 261)	(887)	5 605
Mezzanine Programme – Guarantees	883	839	-	(299)	584
Portfolio Guarantee Fund	3 881	2 177	(1 237)	(2 612)	32
Export guarantees	2 390	1 549	(841)	(562)	987
Study and student portfolio guarantees ****	669	-	-	-	669
Agricultural Guarantees	2 741	1 914	(827)	(966)	948
Total guarantees	81 652	73 122	(7 041)	(25 141)	49 470

* Programme funding as at 31 December 2021 included Accrued liabilities of state aid of EUR 4,876 thousands and Fair value correction of EUR 12,125 thousands (included part of the IFRS 9 implementation adjustment of EUR (7,645) thousand incorporated in 2018). In order to ensure completeness of the information for the user of the financial statements, for the purpose of this table the Fair Value Adjustment were separated from the programme funding as at 31 March 2022 as well as the split of the Fair Value Adjustment between the support programmes was changed in the 1st quarter of 2022. Programme funding as at 31 March 2022 also included Accrued liabilities of state aid of EUR 4,876 thousands.

** Combined financial instrument.

*** Combined financial instrument. Risk coverage (Portfolio Loss Reserve) of EUR 816 thousand has been included in the reserve for mitigation of the consequences of Covid-19, which is part of the specific reserves attributable to support programs (see Note 22).

**** Risk coverage (Portfolio Loss Reserve) of EUR 2,147 thousand has been included in the reserve for non-Covid-19 programmes, which is part of the specific reserves attributable to support programs (see Note 22)

20 Support programme funding (cont'd)

The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 March 2022, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding *	Of which, Risk Coverage Reserve	Fair Value Correction	Provisions covered by risk coverage	Net programme funding
Grants					
Energy Efficiency Programme for Multi-apartment Buildings Grants	54 696	-	-	-	54 696
Housing grant programme "Balsts"	6 813	-	-	-	6 813
Grants for renovation of private houses and energy efficiency improvement	1 705	-	-	-	1 705
Social Entrepreneurship Programme	2 194	-	-	-	2 194
Cultural industry support programme **	618	-	-	-	618
Total grants	66 026	-	-	-	66 026
Venture Capital Funds					
Fund of Funds and venture capital funds	40 583	33 685	-	-	40 583
Investment Fund Activity	3 843	2 882	-	-	3 843
Baltic Innovation Fund	2 000	92	(508)	-	1 492
Baltic Innovation Fund II	2 166	9	(640)	-	1 526
Total venture capital funds	48 592	36 668	(1 148)	-	47 444
Other Activities					
Energy Efficiency Fund	3 888	-	-	-	3 888
Regional Creative Industries Alliance	-	-	-	-	-
Total other activities	3 888	-	-	-	3 888
Funding allocated to increase reserve capital ****	3 526	-	-	-	3 526
Total support programme funding	315 559 *****	161 011	(12 125)	(30 480)	272 954

* Programme funding as at 31 December 2021 included Accrued liabilities of state aid of EUR 4,876 thousands and Fair value correction of EUR 12,125 thousands (included part of the IFRS 9 implementation adjustment of EUR (7,645) thousand incorporated in 2018). In order to ensure completeness of the information for the user of the financial statements, for the purpose of this table the Fair Value Adjustment were separated from the programme funding as at 31 March 2022 as well as the split of the Fair Value Adjustment between the support programmes was changed in the 1st quarter of 2022. Programme funding as at 31 March 2022 also included Accrued liabilities of state aid of EUR 4,876 thousands.

** Combined financial instrument.

**** It is expected that the financing will be transferred to the Company's reserve capital following the decision of the shareholders' meeting, which is planned in the 2nd quarter of 2022.

***** Support programme funding contains EUR 15,839 thousand allocated for management costs of the Company to be compensated from support programme funding.

20 Support programme funding (cont'd)

The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2021, in thousands of euro:

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Loans				
ERDF II	1 805	1 655	(226)	1 579
ESF II	1 020	132	(51)	969
Microcredits of Swiss programme (closed programme)	82	82	(5)	77
ERDF I	122	24	(3)	119
ESF I	316	7	(2)	314
ERDF II (second round)	5 801	249	(39)	5 762
Incubators (from ESF II)	82	5	-	82
ERAF II 2 Public fund (programme closed)	226	-	-	226
Fund of Funds programme – Start-up loans	2 705	2 705	(226)	2 479
Fund of Funds programme – Microcredits	295	295	(13)	282
Fund of Funds programme – Parallel loans	4 298	4 298	(2 584)	1 714
Energy Efficiency Programme for Multi-apartment Buildings Loans	5 293	5 142	(11)	5 282
Start-up State Aid Cumulation Lending Programme	1 875	1 875	(269)	1 606
Other loans to start-ups	1 517	197	(49)	1 468
Mezzanine Programme – Loans	3 484	3 310	(1 046)	2 438
Guarantees and interest grants programme	4 269	4 269	-	4 269
SME energy efficiency loans	3 723	3 723	(350)	3 373
Parallel loans	2 000	2 000	(155)	1 845
Loans for enterprises in rural territories	7 810	1 709	(72)	7 738
Start-up loans to innovative entrepreneurs	1 500	300	(26)	1 474
Loans for improvement of Multi-apartment Buildings and their neighbourhood **	1 000	1 000	-	1 000
Energy Efficiency Programme for Multi-apartment Buildings Loans (II)	1 000	60	-	1 000
Cultural industry support programme ***	2 717	-	-	2 717
Total loans	52 940 ****	33 037	(5 127)	47 813
Guarantees				
Fund of Funds programme - Guarantees	29 909	29 909	(6 183)	23 726
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	8 294	7 985	(1 015)	7 279
Housing Guarantee Programme	21 530	21 530	(11 971)	9 559
Portfolio guarantees for renovation of private houses	502	502	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(996)	6 757
Mezzanine Programme - Guarantees	892	847	(190)	702
Portfolio Guarantee Fund	3 913	3 446	(2 358)	1 555
Export guarantees	2 477	2 477	(636)	1 841
Study and student portfolio guarantees *****	549	-	-	549
Agricultural Guarantees	2 741	2 741	(1 020)	1 721
Total guarantees	78 560	77 190	(24 369)	54 191

* The IFRS 9 implementation adjustment of EUR (7,645) thousand incorporated in 2018 (for details see Note 2 (15)) consisting of Accrued liabilities of state aid of EUR 4,876 thousands and Fair value correction of EUR 12,341 thousands previously disclosed in this note as separate columns reconciling Programme funding and Net programme funding are netted off vs Programme funding as at 31 December 2020. That disclosure treatment is the same as was presented in the audited financial statements for the year ended 31 December 2018. Net decrease of Fair value correction for the year 2021 of EUR 152 thousands has been also netted off vs Programme funding as at 31 December 2021.

** Combined financial instrument.

*** Combined financial instrument. Risk coverage (Portfolio Loss Reserve) of EUR 816 thousand has been included in the Specific reserve capital for mitigating of impact of Covid-19, which is part of the Specific Reserves attributable to support programmes (see Note 22).

**** Support programme funding includes funding that had to be reallocated between the programmes, partly done in 2021 (from the Microcredits of Swiss programme), to be continued in 2022.

***** Risk coverage of EUR 2,141 thousand has been included in the Specific reserve for non-Covid-19 programmes (Portfolio Loss Reserve), which is part of the Specific reserves attributable to support programmes (see Note 22)

20 Support programme funding (cont'd)

The Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Company's credit risk losses as at 31 December 2021, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding *	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Grants				
Energy Efficiency Programme for Multi-apartment Buildings Grants	48 826	-	-	48 826
Housing grant programme "Balsts"	7 350	-	-	7 350
Grants for renovation of private houses and energy efficiency improvement **	1 872	-	-	1 872
Social Entrepreneurship Programme	1 849	-	-	1 849
Cultural industry support programme **	1 849	-	-	1 849
Total grants	61 746	-	-	61 746
Venture Capital Funds				
Fund of Funds and venture capital funds	52 084	43 230	-	52 084
Investment Fund Activity	5 008	4 507	-	5 008
Baltic Innovation Fund	1 939	582	-	1 939
Baltic Innovation Fund II	2 166	650	-	2 166
Total venture capital funds	61 197	48 969	-	61 197
Other Activities				
Energy Efficiency Fund	3 888	-	-	3 888
Regional Creative Industries Alliance	-	-	-	-
Total other activities	3 888	-	-	3 888
Funding allocated to increase reserve capital *****	1 452	-	-	1 452
Total support programme funding	259 783 *****	159 196	(29 496)	230 287

* The IFRS 9 implementation adjustment of EUR (7,645) thousand incorporated in 2018 (for details see Note 2 (15)) consisting of Accrued liabilities of state aid of EUR 4,876 thousands and Fair value correction of EUR 12,341 thousands previously disclosed in this note as separate columns reconciling Programme funding and Net programme funding are netted off vs Programme funding as at 31 December 2020. That disclosure treatment is the same as was presented in the audited financial statements for the year ended 31 December 2018. Net decrease of Fair value correction for the year 2021 of EUR 152 thousands has been also netted off vs Programme funding as at 31 December 2021.

** Combined financial instrument.

***** It is expected that the financing will be transferred to the Group's reserve capital following the decision of the shareholders' meeting, which is planned in the 2nd quarter of 2022.

***** Support programme funding contains EUR 19,355 thousand allocated for management costs of the Group / Company to be compensated from support programme funding.

20 Support programme funding (cont'd)

Based on the concluded programme implementation contracts, the funding received could be reduced by the outstanding principal amount of the loans classified as lost, non-repaid loan principal amount and / or disbursements of guarantee compensations. The Company need not have to repay the reductions of funding to the funding provider.

Movement in the Company's support programme funding in 3 months of 2022, in thousands of euro:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income/ profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2021.									31.03.2022.
Loans										
ERDF II	1 579	-	-	-	-	-	-	7 489	7	9 075
ESF II	969	-	-	-	-	-	2	1 320	(8)	2 283
Microcredits of Swiss programme (closed programme)	77	-	-	-	-	-	-	483	2	562
ERDF I	119	-	-	-	-	-	-	327	3	449
ESF I	314	-	-	-	-	-	-	-	-	314
ERDF II (second round)	5 762	-	-	-	-	-	12	1 223	3	7 000
Incubators (from ESF II)	82	-	-	-	-	-	-	-	-	82
ERAF II 2 Public fund	226	-	-	-	-	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 479	-	-	-	-	-	-	(439)	26	2 066
Fund of Funds programme – Microcredits	282	-	-	-	-	-	-	(9)	1	274
Fund of Funds programme – Parallel loans	1 714	-	-	-	-	-	-	(433)	572	1 853
Energy Efficiency Programme for Multi-apartment Buildings – Loan Fund	5 282	-	-	-	-	-	-	(12)	(2)	5 268
Start-up State Aid Cumulation Lending Programme	1 606	-	-	-	-	-	-	(371)	(9)	1 226
Other loans to start-ups	1 468	-	-	-	-	-	-	257	7	1 732
Mezzanine Programme – Loans	2 438	-	21	-	-	-	32	-	(20)	2 471
Guarantees and interest grants programme	4 269	-	-	-	-	-	-	(1 246)	-	3 023
SME energy efficiency loans	3 373	-	-	-	-	-	-	(176)	(107)	3 090
ERAF SME growth loans	-	-	2 000	-	-	-	-	-	(19)	1 981
ERAF loans for business sustainability	-	-	2 000	-	-	-	-	-	(81)	1 919
Parallel loans	1 845	-	-	-	-	-	-	(28)	3	1 820
Parallel loans 2	-	-	2 000	-	-	-	2	-	(555)	1 447
Loans for enterprises in rural territories	7 738	-	-	-	-	-	-	(196)	(32)	7 510
Start-up loans to innovative entrepreneurs	1 474	-	1 500	-	-	-	23	-	(24)	2 973
Loans for improvement of Multi-apartment Buildings and their neighbourhood *	1 000	-	(250)	-	-	-	-	-	-	750
Energy Efficiency Programme for Multi-apartment Buildings Loans (II)	1 000	-	-	-	-	-	13	-	(2)	1 011
Multi-apartment Buildings Renovation Loans EEE Programme for MSAB– Loan Fund II	-	-	250	-	-	-	-	-	-	250
Cultural industry support programme *	2 717	-	-	-	-	-	-	(1 772)	-	945
Investment Loans with a capital rebate *	-	41 000	-	-	-	-	-	-	-	41 000
Total loans	47 813 **	41 000	7 521	-	-	-	84	6 417	(235)	102 600

* Combined financial instrument.

** Support programme funding includes funding that had to be reallocated between the programmes, partly done in 2021 (from the Microcredits of Swiss programme), to be continued in 2022

20 Support programme funding (cont'd)

Movement in the Company's support programme funding in 3 months of 2022, in thousands of euro: (cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income / profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2021.									31.03.2022.
Guarantees										-
Fund of Funds programme - Guarantees	23 726	-	3 000	-	-	-	207	-	(197)	26 736
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	7 279	-	-	-	-	-	59	-	(37)	7 301
Housing Guarantee Programme	9 559	-	-	-	-	-	-	(3 028)	(425)	6 106
Portfolio guarantees for renovation of private houses *	502	-	-	-	-	-	-	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 757	-	-	-	-	-	-	(1 261)	109	5 605
Mezzanine Programme - Guarantees	702	-	(21)	-	-	-	12	-	(109)	584
Portfolio Guarantee Fund	1 555	-	-	-	-	-	-	(1 238)	(285)	32
Export guarantees	1 841	-	-	-	-	-	-	(841)	(13)	987
Study and student portfolio guarantees	549	120	-	-	-	-	-	-	-	669
Agricultural Guarantees	1 721	-	-	-	-	-	-	(826)	53	948
Total guarantees	54 191	120	2 979	-	-	-	278	(7 194)	(904)	49 470
Grants										
Energy Efficiency Programme for Multi-apartment Buildings Grants	48 826	14 500	-	(8 630)	-	-	-	-	-	54 696
Housing grant programme "Balsts"	7 350	-	-	(537)	-	-	-	-	-	6 813
Grants for renovation of private houses and energy efficiency improvement *	1 872	-	-	(167)	-	-	-	-	-	1 705
Social Entrepreneurship Programme	1 849	383	-	-	(38)	-	-	-	-	2 194
Cultural industry support programme *	1 849	-	-	-	-	-	-	(1 231)	-	618
Total grants	61 746	14 883	-	(9 334)	(38)	-	-	(1 231)	-	66 026
Venture Capital Funds										
Fund of Funds and venture capital funds	52 084	-	(10 500)	-	(437)***	(632)	68*****	-	-	40 583
Investment Fund Activity	5 008	-	-	-	(148)****	(1 249)	167*****	65 *****	-	3 843
Baltic Innovation Fund	1 939	-	-	-	-	-	61 *****	(508)	-	1 492
Baltic Innovation Fund II	2 166	-	-	-	-	-	-	(640)	-	1 526
Total venture capital funds	61 197	-	(10 500)	-	(4 214)	(1 943)	3 399	(1 083)	-	47 444
Other Activities										
Energy Efficiency Fund	3 888	-	-	-	-	-	-	-	-	3 888
Regional Creative Industries Alliance	-	3	-	-	(3)	-	-	-	-	-
Total other activities	3 888	3	-	-	(3)	-	-	-	-	3 888
Funding allocated to increase reserve capital	1 452	2 074	-	-	-	-	-	-	-	3 526
Total support programme funding	230 287	58 080	-	(9 334)	(626)	(1 881)	658	(3 091)	(1 139)	272 954

* Combined financial instrument.

*** include EUR 437 thousand management fees for the 4th generation venture capital funds (see Note 12).

**** include EUR 148 thousand management fees for the 2nd and 3rd generation venture capital funds (see Note 12).

***** include EUR 67 thousand mezzanine interest received from investments in 4th generation venture capital funds in 3 months of 2022 (see Note 12).

***** include EUR 81 thousand mezzanine interest received and EUR 85 thousand realised gain on investments in 2nd and 3rd generation venture capital funds in 3 months of 2022 (see Note 12).

***** include EUR 61 thousand realised gain on investment in Baltic Innovation Fund in 3 months of 2022 (see Note 12).

***** include deferred payments in amount of EUR 38 thousand (deferred income) from exited investments in 2nd and 3rd generation venture capital funds.

20 Support programme funding (cont'd)

Gains less losses from liabilities at fair value through profit or loss, in thousands of euro: (cont'd)

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group / Company 01.01.2021.- 31.03.2021. (unaudited)
Revaluation of investments in 2nd and 3rd generation venture capital funds	(1 249)	38
Realised gain on investments in 2nd and 3rd generation venture capital funds	85	(587)
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	82	26
Revaluation of investments in 4th generation venture capital funds	(632)	-
Mezzanine interest received from investments in 4th generation venture capital funds	67	-
Gains less losses from liabilities at fair value through profit or loss	(1 647)	(523)

21 Provisions

Breakdown of the Company's provisions for financial guarantees and off-balance sheet items, in thousands of euro:

	Company 31.03.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Provisions for financial guarantees	35 238	33 603
<i>Company's share of provisions</i>	6 753	5 494
<i>Provisions covered by Portfolio Loss Reserve</i>	4 180	4 719
<i>Provisions covered by Risk Coverage Reserve</i>	24 305	23 390
Provisions for loan commitments	844	790
<i>Company's share of provisions</i>	159	140
<i>Provisions covered by Portfolio Loss Reserve</i>	130	188
<i>Provisions covered by Risk Coverage Reserve</i>	555	462
Provisions for grant commitments	73	73
<i>Company's share of provisions</i>	73	73
<i>Provisions covered by risk coverage</i>	-	-
Total provisions	36 155	34 466
<i>Company's share of provisions</i>	6 985	5 707
<i>Provisions covered by Portfolio Loss Reserve</i>	4 310	4 907
<i>Provisions covered by Risk Coverage Reserve</i>	24 860	23 852

Movement in the Company's provisions for financial guarantees, in thousands of euro:

	Company 01.01.2022.- 31.03.2022. (unaudited)	Group / Company 01.01.2021.- 31.12.2021. (audited)
Provisions at the beginning of the period	33 603	31 413
Increase in provisions (Note 10)	4 560	3 005
Decrease in provisions (Note 10)	(2 833)	(3 240)
Reclassification (Disbursed guarantee)	(92)	(184)
Provisions at the end of the period ended 31 March (unaudited)	35 238	30 994
<i>Company's share of provisions</i>	6 753	10 311
<i>Provisions covered by Portfolio Loss Reserve</i>	4 180	414
<i>Provisions covered by Risk Coverage Reserve</i>	24 305	20 269
Increase in provisions (Note 10)	-	13 066
Decrease in provisions (Note 10)	-	(9 676)
Reclassification (Disbursed guarantee)	-	(781)
Provisions at the end of the period ended 31 December (audited)	-	33 603
<i>Company's share of provisions</i>	-	5 494
<i>Provisions covered by Portfolio Loss Reserve</i>	-	4 719
<i>Provisions covered by Risk Coverage Reserve</i>	-	23 390

22 Reserves

Analysis of the Company's reserves movements, in thousands of euro:

	Specific reserves for support programmes	Other specific reserves-difference recognised in Group's reorganisation reserve	General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Total reserves
Reserves as of 1 January 2021 (audited)	161 133	(15 935)	25 121	1 213	171 532
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(192)	(192)
Increase of reserve capital	4 165	-	-	-	4 165
Reserves as of 31 March 2021 (unaudited)	165 298	(15 935)	25 121	1 021	175 505
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(323)	(323)
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2020	(6 429)	-	6 429	-	-
Distribution of 2020 year profit of the Company	-	-	5 539	-	5 539
Increase of reserve capital	41 324	-	-	-	41 324
Reserves as of 31 December 2021 (audited)	200 193	(15 935)	37 089	698	222 045
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(455)	(455)
Reserves as of 31 March 2022 (unaudited)	200 193	(15 935)	37 089	243	221 590

Analysis of the Group's reserves movements, in thousands of euro:

	Specific reserves for support programmes	Other specific reserves-difference recognised in Group's reorganisation reserve	General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Total reserves
Reserves as of 1 January 2021 (audited)	161 133	(15 580)	24 768	1 213	171 534
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(192)	(192)
Increase of reserve capital	4 165	-	-	-	4 165
Reserves as of 31 March 2021 (unaudited)	165 298	(15 580)	24 768	1 021	175 507
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2020	(6 429)	-	6 429	-	-
Distribution of 2020 year profit of the Company	-	-	5 539	-	5 539
Increase of reserve capital	41 324	-	-	(323)	41 001
Reserves as of 31 December 2021 (audited)	200 193	(15 580)	36 736	698	222 047

22 Reserves (cont'd)

Breakdown of the Company's "Specific reserves for support programmes":

	Reserve capital for non-Covid-19 guarantees programmes				Reserve capital for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps *	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2021 (audited)	15 507	626	-	-	-	20 000	50 000	50 000	25 000	161 133
of which:										
Portfolio Loss Reserve (Specific Reserves)	15 507	626	-	-	-	20 000	29 000	30 000	7 131	102 264
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase of specific reserves	2 179	1 986	-	-	22 565	-	-	-	-	26 730
Specific reserves as of 31 March 2021 (unaudited)	17 686	2 612	-	-	22 565	20 000	50 000	50 000	25 000	187 863
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 612	-	-	-	20 000	42 800	50 000	9 036	142 134
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(72)	-	-	-	-	(414)	(342)	(91)	(919)
Reallocation of reserve capital	-	-	-	2 500	-	-	-	(2 500)	-	-
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase of specific reserves	-	155	5 788	2 000	-	-	10 816	-	-	18 759

22 Reserves (cont'd)

Breakdown of the Company's "Specific reserves for support programmes" (cont'd):

	Reserve capital for non-Covid-19 guarantees programmes				Reserve capital for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps *	Working capital loans	Loan holiday guarantees		
Specific reserves as of 31 December 2021 (audited)**	17 686	2 375	5 788	4 500	22 565	20 000	58 148	44 316	24 815	200 193
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Specific reserves as of 31 March 2022 (unaudited)	17 686	2 375	5 788	4 500	22 565	20 000	58 148	44 316	24 815	200 193
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Portfolio Loss Reserve (Specific Reserves) to be used for reversal of net impairment allowance upon approval of the 2022 annual report	-	(76)	-	-	-	-	(225)	521	(74)	146

* As at 31 December 2020 Specific Reserves for mitigating of impact of Covid-19 for Guarantees to MidCaps was represented within Specific Reserves for mitigating of impact of Covid-19 for Loan holiday guarantees.

** Taking into account the funding currently received for the implementation of certain support programmes and to cover their expected losses, where there is no demand in these programs as originally envisaged by the financial sector, then in accordance with Paragraphs 2 and 3 of the Protocol Decision of the Cabinet of Ministers of 6 July 2021 (Protocol No. 51 § 135), the Ministry of Finance, the Ministry of Economics and the Ministry of Agriculture are instructed to ensure the reduction of the Company's reserve capital by EUR 58,565 thousand to be diverted to finance the new Investment Loan with a capital discount from the following programs: (i) EUR 22,565 thousand from the Large Loan Program (Loans Midcap), where on January 5, 2022 "Agreement on Termination of Financing for the Financing of the Crisis Loan Program of December 22, 2020" was signed, (ii) EUR 16,000 thousand from the Portfolio Guarantee Program (includes Credit Holiday Guarantees), where on December 30, 2021 "Amendments No. 2 to the Agreement on Increase of Reserve Capital of March 30, 2020" were signed and (iii) EUR 20,000 thousand from the Guarantee Program for Large Enterprises (Guarantee Midcap), where on January 3, 2022 Amendments No. 2 "Amendments to the Agreement on the Reserve Capital Crisis Guarantee Program of August 24, 2020" were signed. On December 30, 2021, the "Agreement on Granting Financing for the Loan Program with Capital Discount for Investment Projects to Promote Competitiveness" envisages, among other things, to transfer EUR 58,565 thousand to Altum's liabilities after the relevant resolution of the Company's shareholders meeting (the relevant resolution was taken by the Company's shareholders meeting on 1 April 2022). Pursuant to Cabinet Regulation No. 503 of 6 July 2021 "Regulations on Capital Discounted Loans for Investment Projects to Promote Competitiveness", the financing of the capital discounted investment loan program is used to cover the expected losses of Altum and the capital discount. Thus, the expected reduction of the special reserve capital by reducing the funding for certain support programs and the transfer of the respective funding in the amount of EUR 58,565 thousand to finance a new support program is maintained, maintaining the same funding - financing for a new support program and expected losses. By transferring financing from the special reserve capital, the Portfolio loss reserve will decrease by EUR 49,801 thousand.

22 Reserves (cont'd)

Breakdown of the Group's "Specific reserves for support programmes":

	Reserve capital for non-Covid-19 guarantees programmes				Reserve capital for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps *	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2021 (audited)	15 507	626	-	-	-	20 000	50 000	50 000	25 000	161 133
of which:										
Portfolio Loss Reserve (Specific Reserves)	15 507	626	-	-	-	20 000	29 000	30 000	7 131	102 264
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase of specific reserves	2 179	1 986	-	-	22 565	-	-	-	-	26 730
Specific reserves as of 31 March 2021 (unaudited)	17 686	2 612	-	-	22 565	20 000	50 000	50 000	25 000	187 863
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 612	-	-	-	20 000	42 800	50 000	9 036	142 134
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(72)	-	-	-	-	(414)	(342)	(91)	(919)
Reallocation of reserve capital	-	-	-	2 500	-	-	-	(2 500)	-	-
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase of specific reserves	-	155	5 788	2 000	-	-	10 816	-	-	18 759

22 Reserves (cont'd)

Breakdown of the Group's "Specific reserves for support programmes" (cont'd):

	Reserve capital for non-Covid-19 guarantees programmes				Reserve capital for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps *	Working capital loans	Loan holiday guarantees		
Specific reserves as of 31 December 2021 (audited) **	17 686	2 375	5 788	4 500	22 565	20 000	58 148	44 316	24 815	200 193
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)

* As at 31 December 2020 Specific Reserves for mitigating of impact of Covid-19 for Guarantees to MidCaps was represented within Specific Reserves for mitigating of impact of Covid-19 for Loan holiday guarantees.

** Taking into account the funding currently received for the implementation of certain support programmes and to cover their expected losses, where there is no demand in these programs as originally envisaged by the financial sector, then in accordance with Paragraphs 2 and 3 of the Protocol Decision of the Cabinet of Ministers of 6 July 2021 (Protocol No. 51 § 135), the Ministry of Finance, the Ministry of Economics and the Ministry of Agriculture are instructed to ensure the reduction of the Company's reserve capital by EUR 58,565 thousand to be diverted to finance the new Investment Loan with a capital discount from the following programs: (i) EUR 22,565 thousand from the Large Loan Program (Loans Midcap), where on January 5, 2022 "Agreement on Termination of Financing for the Financing of the Crisis Loan Program of December 22, 2020" was signed, (ii) EUR 16,000 thousand from the Portfolio Guarantee Program (includes Credit Holiday Guarantees), where on December 30, 2021 "Amendments No. 2 to the Agreement on Increase of Reserve Capital of March 30, 2020" were signed and (iii) EUR 20,000 thousand from the Guarantee Program for Large Enterprises (Guarantee Midcap), where on January 3, 2022 Amendments No. 2 "Amendments to the Agreement on the Reserve Capital Crisis Guarantee Program of August 24, 2020" were signed. On December 30, 2021, the "Agreement on Granting Financing for the Loan Program with Capital Discount for Investment Projects to Promote Competitiveness" envisages, among other things, to transfer EUR 58,565 thousand to Altum's liabilities after the relevant resolution of the Company's shareholders meeting (the relevant resolution was taken by the Company's shareholders meeting on 1 April 2022). Pursuant to Cabinet Regulation No. 503 of 6 July 2021 "Regulations on Capital Discounted Loans for Investment Projects to Promote Competitiveness", the financing of the capital discounted investment loan program is used to cover the expected losses of Altum and the capital discount. Thus, the expected reduction of the special reserve capital by reducing the funding for certain support programs and the transfer of the respective funding in the amount of EUR 58,565 thousand to finance a new support program is maintained, maintaining the same funding - financing for a new support program and expected losses. By transferring financing from the special reserve capital, the Portfolio loss reserve will decrease by EUR 49,801 thousand.

22 Reserves (cont'd)

Analysis of the Company's portfolio loss reserve movements, in thousands of euro:

	Portfolio loss reserve for non-Covid-19 guarantees programmes				Portfolio loss reserve for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps	Working capital loans	Loan holiday guarantees		
Portfolio Loss Reserve as of 1 January 2021 (audited)	15 507	626				20 000	29 000	30 000	7 131	102 264
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report</i>	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase / reclassification of Portfolio Loss Reserve	2 179	1 986	-	-	-	-	13 800	20 000	-	37 965
Reallocation of funding within Portfolio Loss Reserve – funding for management fee	-	-	-	-	-	-	-	-	2 060	2 060
Decrease of Portfolio Loss Reserve according to the List of the Partners and their Commitments	-	-	-	-	-	-	-	-	(156)	(156)
Portfolio Loss Reserve as of 31 March 2021 (unaudited)	17 686	2 612				20 000	42 800	50 000	9 035	142 133
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(72)	-	-	-	-	(414)	(342)	(91)	(919)
Increase / reclassification of Portfolio Loss Reserve	-	155	5 788	4 500	13 800	-	2 253	(2 500)	-	23 996
Portfolio Loss Reserve used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve as of 31 December 2021 (audited)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)

22 Reserves (cont'd)

Analysis of the Company's portfolio loss reserve movements, in thousands of euro (cont'd):

	Portfolio loss reserve for non-Covid-19 guarantees programmes				Portfolio loss reserve for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps	Working capital loans	Loan holiday guarantees		
Portfolio Loss Reserve as of 31 March 2022 (unaudited)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
of which:										
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Portfolio Loss Reserve (Specific Reserves) to be used for reversal of net impairment allowance upon approval of the 2022 annual report	-	(76)	-	-	-	-	(225)	521	(74)	146

22 Reserves (cont'd)

Analysis of the Group's portfolio loss reserve movements, in thousands of euro:

	Portfolio loss reserve for non-Covid-19 guarantees programmes				Portfolio loss reserve for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantees for agriculture, fisheries and rural development	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps	Working capital loans	Loan holiday guarantees		
Portfolio Loss Reserve as of 1 January 2021 (audited)	15 507	626				20 000	29 000	30 000	7 131	102 264
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report</i>	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase / reclassification of Portfolio Loss Reserve	2 179	1 986	-	-	-	-	13 800	20 000	-	37 965
Reallocation of funding within Portfolio Loss Reserve – funding for management fee	-	-	-	-	-	-	-	-	2 060	2 060
Decrease of Portfolio Loss Reserve according to the List of the Partners and their Commitments	-	-	-	-	-	-	-	-	(156)	(156)
Portfolio Loss Reserve as of 31 March 2021 (unaudited)	17 686	2 612				20 000	42 800	50 000	9 035	142 133
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(72)	-	-	-	-	(414)	(342)	(91)	(919)
Increase / reclassification of Portfolio Loss Reserve	-	155	5 788	4 500	13 800	-	2 253	(2 500)	-	23 996
Portfolio Loss Reserve used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve as of 31 December 2021 (audited)	17 686	2 375	5 788	4 500	13 800	20 000	42 385	44 316	8 850	159 700
of which:										
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)

The funding included in the Specific Reserves will be used to cover the expected credit losses of the programmes at full extent as well as management fees for AIF Altum Capital Fund and as such are disclosed separately as Portfolio Loss Reserve within respective reserve capital.

23 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Contingent liabilities:		
Outstanding guarantees	422 992	414 978
Financial commitments:		
Loan commitments	26 349	25 572
Grant commitments	14 573	11 089
Commitments to AIF "Altum capital fund"	32 898	33 450
Commitments to investments in associates	50 389	54 426
Commitments to other investments	35 474	36 739
Total contingent liabilities and financial commitments	582 675	576 254

Company's impairment allowances for loan commitments, in thousands of euro:

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Unutilised loan facilities	26 349	25 572
Impairment allowances	(844)	(790)
Total unutilized loan facilities, net	25 505	24 782

Company's impairment allowances for grant commitments, in thousands of euro:

	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)
Grant commitments	14 573	11 089
Impairment allowances	(73)	(73)
Total grant commitments, net	14 500	11 016

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

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 March 2022, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	264 001 *	-	-	4	20 886	138 101	422 992
Financial commitments							
Loan commitments	26 349	-	-	-	-	-	26 349
Grant commitments	14 573	-	-	-	-	-	14 573
Commitments to AIF "Altum capital fund"	37	30 567	111	222	1 776	185	32 898
Commitments to investments in associates	2 264	7 611	7 701	13 291	17 285	2 237	50 389
Commitments to other investments	6	1 917	1 923	3 846	17 521	10 261	35 474
Total financial commitments	43 229	40 095	9 735	17 359	36 582	12 683	159 683
Total contingent liabilities and financial commitments	307 230	40 095	9 735	17 363	57 468	150 784	582 675

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

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	262 115 *	-	-	4	18 488	134 371	414 978
Financial commitments							
Loan commitments	25 572	-	-	-	-	-	25 572
Grant commitments	11 089	-	-	-	-	-	11 089
Commitments to AIF "Altum capital fund"	164	11 738	19 961	261	1 002	324	33 450
Commitments to investments in associates	415	1 787	2 796	8 979	35 006	5 443	54 426
Commitments to other investments	363	485	848	4 171	25 145	5 727	36 739
Total financial commitments	37 603	14 010	23 605	13 411	61 153	11 494	161 276
Total contingent liabilities and financial commitments	299 718	14 010	23 605	13 415	79 641	145 865	576 254

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

Subitem *Commitments to AIF "Altum capital fund"* are contingent liabilities based on a limited partnership agreement between the Company as a general partner and the members of the AIF "Altum capital fund" as limited partners which put an obligation on the Company to allocate financial resources to the fund.

Subitem *Commitments to venture capital funds* are contingent liabilities, which are based on agreements between the Company and the venture capital fund which put an obligation on the Company to allocate financial resources to the fund.

24 Related party transactions

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

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

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

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

	Transactions with shareholders		Associates		Other companies owned by the Group's shareholders	
	Company	Group / Company	Company	Group / Company	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)
Investments in venture capital funds	-	-	50 588	50 077	-	-
Investments in AIF "Altum capital fund"	-	-	15 311	14 871	-	-
Due to general governments	-	-	-	-	3 320	3 321
Support programme funding	282 779	222 774	-	-	14 500	51 559
Off-balance sheet financial liabilities for venture capital funds	-	-	50 389	54 426	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	32 898	33 450	-	-

Transactions with related parties, in thousands of euro:

	Received State aid funding		Issued State aid funding or funding paid back	
	Company	Group / Company	Company	Group / Company
	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.03.2021. (audited)	01.01.2022.- 31.03.2022. (unaudited)	01.01.2021.- 31.03.2021. (audited)
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	16 865	4 600	(17 378)	(15 123)
Ministry of Agriculture of the Republic of Latvia	-	-	-	-
Ministry of Economics of the Republic of Latvia	41 000	6 603	(2 435)	-
Associates				
Venture capital funds	4 453	3 409	(2 035)	(2 415)
Other companies owned by the Group's shareholders				
Central Finance and Contracting Agency of the Republic of Latvia	14 500	7 500	-	-
Ministry of Education and Science of the Republic of Latvia	2 194	337	-	-
Ministry of Culture of the Republic of Latvia	-	-	(2 185)	-
Ministry of Wealth Fair of the Republic of Latvia	-	1 463	-	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 3 months of 2022 amounted to EUR 196 thousand (3 months of 2021: EUR 144 thousand), incl. social insurance contributions.

25 Fair values of assets and liabilities

The fair values of the Company's financial assets and financial liabilities and their differences to their carrying amount are presented below, in thousands of euro:

	Carrying Amount		Fair Value	
	Company	Group / Company	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2021. (unaudited)	31.12.2021 (audited)
Assets				
Due from credit institutions and the Treasury	512 766	455 006	512 766	455 006
Financial assets at fair value through other comprehensive income - investment securities	12 657	14 051	12 657	14 051
Financial assets at amortised cost:				
Investment securities	38	37	90	91
Individuals	330 550	330 530	322 011	321 991
Companies	24 790	25 475	24 212	24 897
Loans	305 760	305 055	297 799	297 094
Grants	42 264	45 397	42 264	45 397
Investments in associates (investments in Baltic Innovation Fund)	14 012	13 222	14 012	13 222
Investment properties	49 596	46 164	49 596	46 164
Financial assets	2 395	3 214	2 395	3 214
Total assets	964 278	907 621	955 791	899 135
Liabilities				
Due to credit institutions	49 064	53 416	49 064	53 416
Due to general governments	137 858	121 348	137 858	121 348
Financial liabilities at amortised cost - Issued debt securities	85 151	85 558	85 151	85 558
Support programme funding	272 954	230 287	272 954	230 287
Total liabilities	545 027	490 609	545 027	490 609

The hierarchy of financial assets and liabilities measured and disclosed at fair value, in thousands of euro:

	Level 1		Level 2		Level 3		Total	
	Company	Group / Company	Company	Group / Company	Company	Group / Company	Company	Group / Company
	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)	31.03.2022. (unaudited)	31.12.2021 (audited)
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	12 657	3 516	-	10 535	-	-	12 657	14 051
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	14 012	13 222	14 012	13 222
Investment properties	-	-	-	-	49 596	46 164	49 596	46 164
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	512 766	455 006	-	-	512 766	455 006
Financial assets at amortised cost:								
Investment securities	-	-	90	91	-	-	90	90
Loans	-	-	-	-	322 011	321 991	322 011	321 991
Grants	-	-	-	-	42 264	45 397	42 264	45 397
Financial assets	-	-	-	-	2 395	3 214	2 395	3 214
Total assets	12 657	3 516	512 856	465 632	430 278	429 988	955 791	899 135
Liabilities measured at fair value								
Support programme funding	-	-	-	-	272 954	230 287	272 954	230 287
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	49 064	53 416	49 064	53 416
Due to general governments	-	-	-	-	137 858	121 348	137 858	121 348
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	85 151	85 558	85 151	85 558
Total liabilities	-	-	-	-	545 027	490 609	545 027	490 609

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

Assets

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

Liabilities

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

Fair value hierarchy of financial assets and liabilities

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

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

Debt securities

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

Derivatives

The derivatives, measured using valuation techniques which rely on observable market inputs, are mainly currency swaps and forwards. The most frequently applied valuation techniques include discounted cash flow calculations, where inputs include foreign exchange spot and forward rates as well as interest rate curves.

Investments in venture capital funds

The Company have a number of investments in venture capital funds. The Company's investments in venture capital funds are classified as Associates or Investments in subsidiaries depending on existence of significant influence or control.

Investments in venture capital funds, except for investment in Baltic Innovation Funds, are measured using the equity method both at the Company level. Investments in Baltic Innovation Funds are measured at fair value through profit or loss statement.

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

Investment properties

The fair value of the Company's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification, and who have had recent experience of the valuation of property in similar locations and of similar category.

Investments in property are measured at fair value applying one or complex of the following three methods: (a) ,market approach, (b) income approach and (c) cost approach.

The appropriate valuation method is selected depending on the nature of property and acquisition purpose. Investment property represents agricultural land, which average selling price per hectare is 2,5 thousand euro.

Assets held for sale

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount is recovered through a sale transaction rather than through continuing use. This condition is regarded to be met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, and the sale transaction must be classified as a completed sale within one year from the date of classification. The fair value of assets held for sale is based on selling price of underlying investment properties.

26 Segment Information

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

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

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

Segment information is prepared in a manner consistent with the internal management information provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Management board of the Company is the chief operating decision maker. The Company doesn't provide detailed information on the type of transaction since all the transactions are external.

26 Segment Information (cont'd)

Analysis of the operating segments of the Company for the period from 1 January 2022 till 31 March 2022, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Management of AIF "Altum capital fund"	Other services	Total
Interest income	3 366	818	3	-	625	-	2	4 814
<i>of which, interest on loans and guarantees (Note 4)</i>	3 337	786	-	-	625	-	2	4 750
Interest expense	(382)	(12)	(1)	-	(176)	-	-	(571)
Net interest income	2 984	806	2	-	449	-	2	4 243
Income for implementation of state aid programmes	34	206	687	263	-	-	16	1 206
Expenses to be compensated for implementation of state aid programmes	(34)	(103)	(684)	(263)	-	-	(16)	(1 100)
Net income for implementation of state aid programmes	-	103	3	-	-	-	-	106
Gains from debt securities and foreign exchange translation	6	7	1	-	-	-	-	14
Share of (losses) of investment in associates	-	-	(1 562)	-	-	-	-	(1 562)
Share of gain of investment in associates at fair value through profit or loss	-	-	48	-	-	-	-	48
Gains less losses from liabilities at fair value through profit or loss	-	-	1 647	-	-	-	-	1 647
Other income	-	-	-	3	454	160	2	619
Other expense	(81)	(21)	-	(9)	(140)	(160)	(3)	(414)
Operating income / (loss) before operating expenses	2 909	895	139	(6)	763	-	1	4 701
Staff costs	(859)	(206)	(30)	(229)	(57)	-	(55)	(1 436)
Administrative expense	(225)	(70)	(2)	(34)	(20)	-	(6)	(357)
Amortisation of intangible assets and depreciation of property, plant and equipment	(93)	(46)	(23)	(47)	(14)	-	(10)	(233)
(Impairment) gain, net	(225)	(769)	-	-	-	-	88	(906)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	1 507	(196)	84	(316)	672	-	18	1 769
Financial assets at fair value through profit or loss	-	-	51 887	-	-	-	-	51 887
Other investments	-	-	14 012	-	-	-	-	14 012
Investments in associates	-	-	9 702	-	-	-	-	9 702
Additions of property and equipment, intangible assets and investment property	27	14	3	14	3 379	-	2	3 439
Total segment assets	514 876	165 668	150 809	67 579	86 585	-	47 472	1 032 989
Total segment liabilities	296 592	98 801	46 341	69 971	74 908	-	4 326	590 939

26 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2021 till 31 March 2021, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Management of AIF "Altum capital fund"	Other services	Total
Interest income	3 271	774	9	-	543	-	1	4 598
<i>of which, interest on loans and guarantees (Note 4)</i>	3 193	683	-	-	543	-	-	4 419
Interest expense	(347)	(3)	-	-	(153)	-	-	(503)
Net interest income	2 924	771	9	-	390	-	1	4 095
Income for implementation of state aid programmes	47	163	1 070	237	-	-	24	1 541
Expenses to be compensated for implementation of state aid programmes	(17)	(33)	(912)	(237)	-	-	-	(1 199)
Net income for implementation of state aid programmes	30	130	158	-	-	-	24	342
Gains from debt securities and foreign exchange translation	12	14	2	-	-	-	-	28
Share of (losses) of investment in associates	-	-	432	-	-	-	-	432
Share of gain of investment in associates at fair value through profit or loss	-	-	-	-	-	-	-	-
Gains less losses from liabilities at fair value through profit or loss	-	-	(523)	-	-	-	-	(523)
Other income	-	-	-	9	379	136	3	527
Other expense	(56)	(17)	(3)	(9)	(110)	(136)	(1)	(332)
Operating income / (loss) before operating expenses	2 910	898	75	-	659	-	27	4 569
Staff costs	(743)	(257)	(30)	(158)	(55)	-	(33)	(1 276)
Administrative expense	(176)	(82)	(51)	(63)	(17)	-	(7)	(396)
Amortisation of intangible assets and depreciation of property, plant and equipment	(117)	(53)	(12)	(48)	(10)	-	(9)	(249)
(Impairment) gain, net	(314)	32	-	(19)	1	-	(29)	(329)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	1 560	538	(18)	(288)	578	-	(51)	2 319
Financial assets at fair value through profit or loss	-	-	35 602	-	-	-	-	35 602
Other investments	-	-	15 302	-	-	-	-	15 302
Investments in associates	-	-	5 661	-	-	-	-	5 661
Additions of property and equipment, intangible assets and investment property	6 871	2 757	874	3 530	1 499	-	437	15 968
Total segment assets	424 425	148 625	121 998	59 663	71 298	-	29 465	855 474
Total segment liabilities	211 069	87 482	32 746	56 594	55 423	-	709	444 023

27 Events after the reporting date

There are no other subsequent events since the last day of the reporting year, which would have a significant effect on the financial position of the Company.

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Key financial and performance indicators

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Definitions of indicators

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OTHER NOTES TO THE INTERIM CONDENSED REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2022 3M (unaudited)	2021 12M (audited)	2021 9M (unaudited)
Key financial data			
Net interest income (EUR '000)	4 243	16 717	12 424
Operating profit (EUR '000)	1 769	13 829	9 239
Profit for the period (EUR '000)	1 769	13 829	9 239
Cos to income ratio (CIR)	43.10%	39.46%	45.39%
Employees	231	226	224
Total assets (EUR '000)	1 032 989	976 204	946 981
Financial debt (EUR '000)	414 496	360 909	339 658
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	28.90%	33.82%	34.27%
Equity and reserves (EUR '000)	442 050	440 736	431 063
Total risk coverage: (EUR '000)	286 931	285 954	280 573
Risk coverage reserve	161 011	159 196	158 856
Risk coverage reserve used for provisions	(30 480)	(29 496)	(29 382)
Portfolio loss reserve (specific reserve capital)	159 700	159 700	153 757
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(3 300)	(3 446)	(2 658)
Liquidity ratio for 180 days **	488%	518%	585%
Net Cash flows from operating activities (EUR '000)	62 055	49 555	40 696
Net Cash flows from financing activities (EUR '000)	585	43 768	16 396
Net Cash flow from investing activities (EUR '000)	(4 881)	1 735	7 213
Support instruments gross value (EUR '000), of which	997 052	978 242	973 190
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	313 889	315 674	325 071
Guarantees	422 992	414 978	395 123
Venture capital funds	90 395	85 973	88 213
Land Fund, of which:	84 815	79 163	73 030
- sales and leaseback transactions	35 219	32 999	34 250
- investment properties	49 596	46 164	38 780
Total	912 091	895 788	881 437
Number of transactions	31 933	30 978	30 045
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	23 467	100 966	81 888
Guarantees	30 853	126 997	93 898
Venture capital funds	5 205	29 158	20 261
Land Fund, of which:	5 751	10 595	4 649
- sales and leaseback transactions	2 339	3 254	2 368
- investment properties	3 412	7 341	2 281
Total	65 276	267 716	200 696
Number of transactions	1 506	6 579	4 964
Leverage for raised private funding	129%	177%	137%
Volume of support programmes funding per employee (EUR '000)	3 948	3 960	3 935
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

** 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 Land Fund portfolio, which consists of leaseback transactions and investment properties, is also presented in the operational volumes for the period. As in compliance with the accounting principles and IFRS the leaseback transactions are accounted for under the loans, the loan volume in this table has been reduced for the volume of the leaseback transactions as it is recorded under the Land Fund portfolio.

OTHER NOTES TO THE INTERIM CONDENSED REPORT (cont'd)

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

Based on data from audited financial statements for the respective years

	2021	2020	2019	2018	2017 (corrected) *	2016 (corrected) *
Key financial data						
Net interest income (EUR '000)	16 717	14 572	11 569	11 302 **	11 602	11 024
Operating profit (EUR '000)	13 829	5 539	8 131	4 092	8 709	2 170
Profit for the period (EUR '000)	13 829	5 539	8 131	4 092	8 709 *	2 170
Cos to income ratio (CIR)	39.46%	47.51%	52.58%	74.84% ***	50.30% *	88.40%
Employees	226	211	203	222	230	242
Total assets (EUR '000)	976 204	850 704	560 061	495 939	453 668 *	443 400 *
Financial debt (EUR '000)	360 909	342 490	217 943	177 249	146 157	141 854
Tangible common equity (TCE) / Total tangible managed assets (TMA) ****	33.82%	33.56%	29.40%	31.70%	35.10% *	36.50%
Equity and reserves (EUR '000)	440 736	382 594	232 738	221 590	222 848 *	210 406 *
Total risk coverage: (EUR '000)	285 954	180 205	87 456	77 815	67 593 *	66 508 *
Risk coverage reserve	159 196	112 567	99 778	85 276	62 651	63 636 *
Risk coverage reserve used for provisions	(29 496)	(28 197)	(27 829)	(19 268)	(4 753)	(4 323)
Portfolio loss reserve (specific reserve capital)	159 700	102 264	15 507	11 807	9 695	7 195
Portfolio loss reserve used to compensate provisions upon approval of the annual report	(3 446)	(6 429)	-	-	-	-
Liquidity ratio for 180 days *****	518%	464%	582%	227%	482% *	449%
Net Cash flows from operating activities (EUR '000)	49 555	21 966	39 813	7 997	(10 146)	34 518
Net Cash flows from financing activities (EUR '000)	43 768	165 800	18 700	12 013	22 299	5 560
Net Cash flow from investing activities (EUR '000)	1 735	(4 016)	(11 230)	8 307	3 891	759
Support instruments gross value (EUR '000), of which	979 130	872 302	667 649	553 628	465 724	
Financial instruments gross value (EUR '000) ***						
Loans (excluding sales and leaseback transactions)	315 674	302 481	225 144	210 208	207 065	217 429
Guarantees	414 978	359 605	284 232	236 895	182 376	147 175
Venture capital funds	85 973	73 165	68 331	59 698	62 299	64 785
Land Fund, of which:	79 163	68 258	39 634	21 717	11 328	4 635
- sales and leaseback transactions	32 999	31 500	15 268	6 923	520	-
- investment properties	46 164	36 758	24 366	14 794	10 808	4 635
Total	895 788	803 509	617 341	528 518	463 068	434 024
Number of transactions	30 978	26 578	22 437	18 603	14 655	11 561
Volumes issued (EUR '000) (by financial instrument) *****						
Loans (excluding sales and leaseback transactions)	100 966	138 238	64 320	59 608	51 349	59 465
Guarantees	126 997	137 425	98 240	88 765	68 615	56 109
Venture capital funds	29 158	14 014	9 022	4 149	2 638	21 356
Land Fund, of which	10 595	28 191	16 384	10 823	6 359	3 704
- sales and leaseback transactions	3 254	16 796	7 239	6 835	520	-
- investment properties	7 341	11 395	9 145	3 988	5 839	3 704
Total	267 716	317 868	187 966	163 345	128 961	140 634
Number of transactions	6 579	6 147	5 559	5 590	4 839	4 537
Total contribution to the economy, including the contribution of the final recipients (EUR '000)	791 646	696 305	531 661	460 045	370 560	359 706
Leverage for raised private funding	177%	114%	142%	162%	185%	162%
Volume of support programmes funding per employee (EUR '000)	3 964	3 808	3 041	2 381	2 013	1 793
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1	Baa1	Baa1	-

* Due to change of accounting policy on investments in venture capital funds and adoption of IFRS 9 requirements that effects the accounting of public funding risk coverage the comparatives for 2017 and 2016 have been restated.

** Due to reclassification of fees and commission related to lending activities following the industry practise, excludes fees and commission not related to lending activities, the comparatives for 2018 have been reclassified with subsequent ratio recalculation.

*** Due to reclassification of staff and administrative costs to be compensated as well as respective income on compensation, the comparatives for 2018 have been reclassified with subsequent ratio recalculation.

**** TMA includes off-balance sheet item outstanding guarantees.

***** Liquidity ratio calculation takes into account the previous experience and management estimate of expected amount and timing of guarantees claims

***** Taking into account the significance of the volume, the Land Fund portfolio, which consists of sales and leaseback transactions and investment properties, is also presented in the outstanding volumes and in volumes issued in the period. Since according to the accounting principles and IFRS the sales and leaseback transactions are accounted for under the loans, the volume of loans presented in this table has been reduced for the volume of the sales and leaseback transactions as it is recorded under the Land Fund portfolio.

Definitions of ratios

<i>Net income from interest</i>	<p>"Net income from interest, fees and commission" 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 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 Group's 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 Group's budget.</p>
<i>Operating profit</i>	<p>"Operating profit" is calculated by deducting "Operating expenses" from "Operating income before operating expenses" included in the Statement of Comprehensive Income. "Operating expenses" is calculated as the sum of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" and "Impairment gain / (loss), net" included in the Statement of Comprehensive Income.</p>
<i>Cost to income ratio (CIR)</i>	<p>"Cost to income ratio" (CIR) is calculated by dividing the amount of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" by "Operating income before operating expenses" included in the Statement of Comprehensive Income. ALTUM uses CIR to evaluate the operational efficiency. This is one of the measures of operational efficiency which ALTUM management assesses on a quarterly basis in the management reports to evaluate the outputs from different operational activities and efficiency improving measures.</p>
<i>Financial debt</i>	<p>"Financial debt" is calculated as the sum of "Due to credit institutions", "Due to general government entities", "Financial liabilities at amortised cost – issued debt securities" and "Support programme funding" included in the Statement of Financial Position less difference between "Risk Coverage Reserve" and "Risk Coverage Reserve Used for Provisions".</p> <p>"Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for provisioning for impairment loss on loan portfolio and guarantees which in its turn is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group.</p>
<i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of available for sale investments from total equity.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of ALTUM Group taking into account provisions for these guarantees and subtracting "Deferred expense", "Accrued income", "Property, plant and equipment", "Intangible assets", "Other assets" and "Assets held for sale".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from ALTUM Group's Financial statements: Statement of Financial Position and Consolidated Statement of Changes in Equity, notes - Off balance sheet items and contingent liabilities and Provisions. ALTUM uses the ratio "TCE/TMA" to evaluate ALTUM Group's capital position adequacy and to measure ALTUM Group's tangible common equity in terms of ALTUM Group's tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<i>Total risk coverage</i>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the State aid programmes implemented by ALTUM. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve" (Specific Capital Reserves) less "Risk Coverage Reserve Used for Provisions" and "Portfolio loss reserve used to compensate provisions upon approval of the annual report". The expected losses are estimated before implementation of the respective State aid programme and part of the public funding received under respective State aid programme for coverage of expected losses on credit risk is transferred either to "Portfolio Loss Reserve" as ALTUM Group's 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 Group. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for provisioning for impairment loss on loan portfolio and guarantees which in its turn is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Portfolio loss reserve used to compensate provisions upon approval of the annual report" is disclosed in the Note on Reserves to the Financial statements of the ALTUM Group.</p> <p>"Total Risk Coverage" is key indicator to be used for assessment of ALTUM's risk coverage on implemented programmes and long-term financial stability.</p>

Definition of ratios (cont'd)

180-day liquidity ratio	<p>"180-days-liquidity ratio" is calculated by dividing the amount of the balances "Due from other credit institutions and the Treasury" with a maturity of up to 1 month and "Financial assets at fair value through other comprehensive income and 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 Group's 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 Group's ability to fulfil ALTUM Group's contractual and/or contingent liabilities during 6 (six) month with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage ALTUM Group's liquidity risk in line with ALTUM Group's/ALTUM's funding management objectives and risk framework. Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
Support instruments gross value	<p>"Support instruments gross value" is calculated as the sum of the gross values of the portfolios of grants, loans, guarantees, venture capital funds and Land Fund</p>
Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period	<p>The 'Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period' is calculated by adding to the volumes issued by ALTUM the financing provided by the private co-financier and the project promoter.</p>
Leverage for raised private funding	<p>"Leverage for raised private funding" indicates the amount of additional private funds invested in a project in addition to ALTUM's financing. "Leverage for raised private funding" is determined considering the financing invested by a private co-financier and a project's implementer, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for housing loan guarantees' programme for the first instalment with a ratio of 795 per cent) in addition to ALTUM's funding.</p>
Employees	<p>Average number of employees in the report period excluding members of the Council and the Audit Committee.</p>
Volume of support programmes funding per employee	<p>"Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by the average number of employees during the period, excluding members of the Supervisory Council and the Audit Committee.</p>
Venture capital	<p>The Venture Capital Funds presented at their gross value.</p>