

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the nine months period ended 30 September 2022

TABLE OF CONTENTS	Page
Altum	2
Management Report	3 - 13
Supervisory Council and Management Board	14
Statement of Management's Responsibility	15
Financial statements:	
Statement of Comprehensive Income	16
Statement of Financial Position	17
Consolidated Statement of Changes in Equity	18
Company's Statement of Changes in Equity	19
Statement of Cash Flows	20
Notes to the Financial Statements	21- 80
Other Notes to the Interim Condensed Report	81 – 85

AS Atfistības finanšu institūcija Altum
Doma laukums 4, Rīga, LV-1050, Latvia
Phone: + 371 67774010
Fax: + 371 67820143
Registration No: 50103744891
www.altum.lv

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 the 9 months of 2022, the Development Finance Institution Altum (hereinafter – the Company) have ensured stable financial results and earned a profit of EUR 6.7 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 9M (unaudited)	2021 9M (unaudited)	2021 (audited)
Key financial data			
Net interest income (EUR '000)	12 458	12 424	16 717
Operating profit (EUR '000)	6 741	9 239	13 829
Profit for the period (EUR '000)	6 741	9 239	13 829
Cos to income ratio (CIR)	43.22%	45.39%	39.46%
Employees	232	224	226
Total assets (EUR '000)	1 107 972	946 981	976 204
Financial debt (EUR '000)	467 818	339 658	360 909
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	24.11%	34.27%	33.82%
Equity and reserves (EUR '000)	391 303	431 063	440 736
Total risk coverage: (EUR '000)	307 793	280 573	285 954
Risk coverage reserve	234 831	158 856	159 196
Risk coverage reserve used for provisions	(33 992)	(29 382)	(29 496)
Portfolio loss reserve (specific reserve capital)	109 979	153 757	159 700
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(3 025)	(2 658)	(3 446)
Liquidity ratio for 180 days **	567%	585%	518%
Net Cash flows from operating activities (EUR '000)	115 216	40 696	49 555
Net Cash flows from financing activities (EUR '000)	2 941	16 396	43 768
Net Cash flow from investing activities (EUR '000)	(6 540)	7 213	4 553
Support instruments gross value (EUR '000), of which	1 048 653	973 190	979 130
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	322 528	325 071	315 674
Guarantees	459 627	395 123	414 978
Venture capital funds	86 383	88 213	85 973
Land Fund, of which:	84 135	73 030	79 163
- sales and leaseback transactions	34 384	34 250	32 999
- investment properties	49 751	38 780	46 164
Total	952 673	881 437	895 788
Number of transactions	33 579	30 045	30 978
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	73 177	81 888	100 966
Guarantees	111 059	93 898	126 997
Venture capital funds	10 344	20 261	29 158
Land Fund, of which:	6 788	4 649	10 595
- sales and leaseback transactions	2 847	2 368	3 254
- investment properties	3 941	2 281	7 341
Total	201 368	200 696	267 716
Number of transactions	4 914	4 964	6 579
Leverage for raised private funding	179%	137%	177%
Volume of support programmes funding per employee (EUR '000)	4 106	3 935	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 Unaudited 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 the Company's clients' counterparties are residents of Ukraine, the Russian Federation and Belarus. Taking The Company has suspended the issuance of new export credit guarantees to Russia and Belarus since February 25, 2022, as well as terminated contracts where possible in agreement with counterparties as a result of which the exposure to the Russian Federation and Belarus was gradually reduced. As a result of the mentioned measures, the Company currently has no high-risk exposure, where clients' business partners are in the Russian Federation or Belarus. Thus, impairment overlay for expected credit losses for export credit guarantees was reduced from EUR 1,587 thousand on 31 March 2022 to EUR 7 thousand on 30 September 2022.

To assess the indirect impact of the Russian Federation's invasion of Ukraine, the Company analyzes quarterly and, in case of significant changes, reviews the forward-looking macroeconomic indicators used to calculate expected losses, putting forward several scenarios. Changes in the forecasts of macroeconomic indicators in the 9 months of 2022 resulted in an increase in impairment allowances for the expected credit losses by EUR 1,679 thousand for loans and loan commitments. For guarantees, the impact from changes in the forecasts of macroeconomic indicators was small, taking into account that impairment allowances for guarantees are made at the higher value of the estimated expected credit risk losses and the fair value. Changes in macroeconomic forecasts have a smaller impact on the fair value of guarantees.

In order to more fully assess the direct and indirect impact of the geopolitical situation, as well as to identify potential clients in difficulties and provide a further action plan, as well as apply appropriate risk mitigation methods, the Company closely monitors and analyzes the large exposures of loans and credit guarantees every quarter. It is assessed whether the increase in the price of energy resources, as well as the imposed sanctions against the Russian Federation and Belarus, has directly or indirectly affected or can significantly affect the solvency of customers. During 2022, under the influence of these factors, additional impairment allowances for the expected credit losses in the amount of EUR 1,960 thousand have been created. In addition to the above, the decision-making procedure and the internal information accounting system are being improved in order to ensure the identification and assessment of these impacts on the loan portfolio. Until the aforementioned measures are fully implemented, the Company conducts an assessment by sector, determining which sectors will be directly and indirectly affected by the increase in energy resource prices and the imposed sanctions against the Russian Federation and Belarus, including determining the most severely affected sectors. The Company will perform this assessment and estimate the impact of this assessment in the 4th quarter of 2022. It is also expected that as a result of the increase in the prices of energy resources, housing-related expenses for households will increase, which, despite the planned state support mechanism for mitigating the consequences of the increase in costs, may cause difficulties for households to cover housing-related expenses in time and in full. It is expected that such a situation can potentially result in higher defaults in the portfolio of housing guarantees and the need to create additional savings, however, taking into account the specific conditions of housing guarantees, an immediate increase in requests for guarantee compensation costs is not expected.

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 30 September 2022, the Company's gross portfolio of support instruments amounted to EUR 1,048.7 million (31 December 2021: EUR 979.1 million), of which the gross portfolio of financial instruments totalled EUR 952.7 million and consisted of 33,579 projects (31 December 2021: EUR 895.8 million and 30,978 projects).

Management Report (cont'd)

Operational volumes (cont'd)

In the 9 months of 2022, the Company's financial instrument portfolio increased by EUR 56.9 million (+6.4%) and by 2,601 projects (+8.4%). The growth of the Company's financial instruments portfolio in the 9 months of 2022 was lower than in the 9 months of 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 77.9 million (+9.7%) and by 3,467 projects (+13%), 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 the 9 months of 2022, increasing by EUR 44.7 million (+10.8%) and by 2,450 projects (+10.5%), which is less than in the 9 months of 2021, when it increased by EUR 35.5 million (+9.9%) and by 3,101 projects (+16.1%). The increase in the guarantee portfolio in the 9 months of 2022 was ensured by Housing Guarantees for Families with Children and Housing Guarantees for Young Professionals (+EUR 20.5 million), loan guarantees for entrepreneurs (+EUR 20.5 million), as well as by Guarantee Programme for Improving Energy Efficiency in Multi-Apartments Buildings (+EUR 16.5 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 10.4 million in the 9 months of 2022.

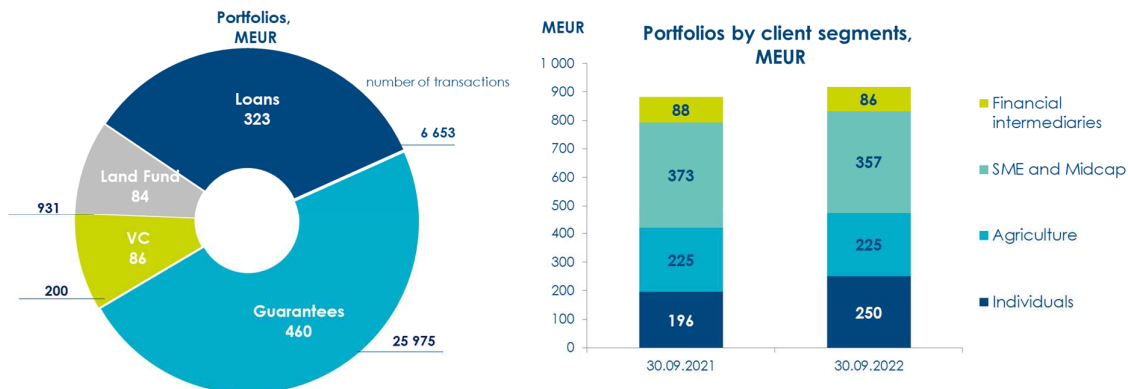
In the 9 months of 2022, the loan portfolio increased by EUR 6.9 million (+2.2%). The greatest impact was caused by the reduction of the Covid-19 crisis related loan portfolio by EUR 18.9 million. The largest increase in the loan portfolio in the 9 months of 2022 was driven by loans for acquisition of agricultural land intended for agricultural production (+EUR 10.3 million), SME growth loans issued to companies for implementing energy efficiency projects (+EUR 9.4 million) and working capital loans for farmers (+EUR 4.1 million).

The low activity observed in 2021 continued in 2022- in the 9 months of 2022 the Land Fund's portfolio increased by EUR 4.9 million (+6.3%) and by 9 projects (+1%), which is just a little more than in the respective period of 2021, when the Land Fund's portfolio increased by EUR 4.8 million (+7%) and by 64 projects (+8.9%).

As at 30 September 2022, the balance sheet of the Land Fund included 1,238 properties with a total land area of 24,897 ha and amounting to EUR 84.1 million, including investment properties with a total area of 14,187 ha and amounting to EUR 49.8 million (31 December 2021: 13,778 ha; EUR 46.2 million), and leaseback transactions for 10,710 ha amounting to EUR 34.4 million (31 December 2021: 9,661 ha, EUR 33 million).

In the 9 months of 2022, the venture capital funds increased by EUR 0.4 million (+0.5%), which is significantly less than in the respective period of 2021, when the volume of the venture capital funds increased by EUR 15.1 million (+20.6%). The small increase in the venture capital funds can be explained by the lower volumes of new transactions in the 9 months of 2022 compared to the 9 months of 2021, respectively EUR 10.3 million and EUR 20.3 million, as well as the exit of investments of the 2nd and 3rd generation venture capital funds, taking into account the approaching expiration date of these venture capital funds.

By segment the largest portfolio of the Company is formed in the SMEs and Midcaps segment – 39%, while the Agriculture segment accounts for – 25%, Individuals – 27% and Financial intermediaries – 9%.



Management Report (cont'd)

Operational volumes (cont'd)

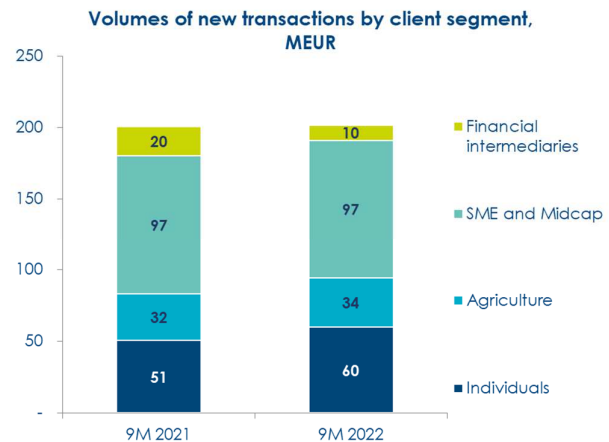
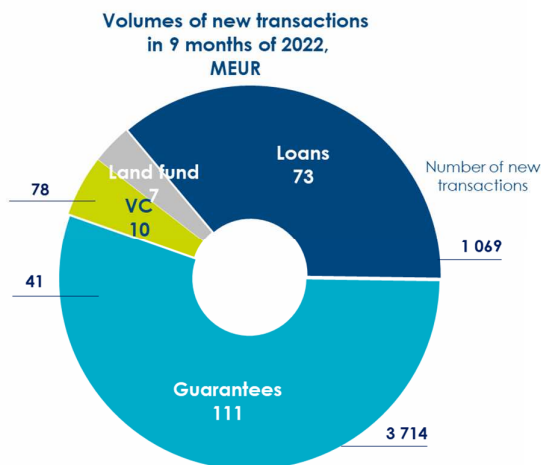
In the 9 months of 2022, the largest volume growth was in the Individuals segment, the portfolio growth remained stable in the 9 months of 2022 – EUR 39.2 million (+18.6), exceeding the increase in the 9 months of 2021 – 31.5 million euro (+14.9%) which was due to the steady demand for state aid programmes for the acquisition and improvement of housing. There was a slight increase in the 9 months of 2022 in the Financial Intermediaries segment – EUR 0.4 million (+0.5), which is significantly less than in the respective period of 2021, when the portfolio growth in this segment was by EUR 15 million (+20.5%). In the Agriculture segment, the portfolio decreased by EUR 0.8 million (-0.3%), which is contrary to a significant increase in the 9 months of 2021, when the volume of this segment increased by EUR 15.8 million (+7.6%). 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 16.4 million (-4.4%), which is in contrast to the EUR 15.7 million (+4.4%) increase in the 9 months of 2021 influenced by the high demand for Covid-19 crisis support instruments from this segment.

Volume of new transactions

In the 9 months of 2022, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 201.4 million, breaking down as follows: 55% (EUR 111.1 million) for guarantee programmes, 36% (EUR 73.2 million) in loan programmes, 4% (EUR 6.8 million) in the Land Fund transactions, and 5% (EUR 10.3 million) in investments in the venture capital funds. Totally, 4,194 projects were supported. In the 9 months of 2022, the volume of the new transactions was less by 1% compared to the respective period in 2021 as its increase in the Company's ordinary support programmes has been lower than the fall in demand for the Covid-19 crisis support programmes. On the other hand, the impact of the Russian invasion of Ukraine have not yet noticeably affected the volume of new transactions in the 9 months of 2022, however, at the end of 2022, at the beginning of 2023, its impact will be felt.

In the 9 months of 2022, the largest volume of the new transactions was recorded in the following segments: SMEs and Midcaps – 48%; Individuals – 30%; Agriculture – 17%; and Financial Intermediaries – 5%.

In the 9 months of 2022, new transactions experienced the largest increase in the Individuals segment, where their volume was by 19% higher than in the 9 months of 2021. In the SMEs and Midcaps segment, the volume of new transactions was by only 0.5% lower than in the 9 months of 2021, as in this period the Covid-19 crisis support programmes were in their final stages (issuance of the Covid-19 crisis support program ended on June 30, 2022) and were no more of interest, but with the rapidly changing geopolitical situation, the demand for new support instruments is growing.



Management Report (cont'd)

Volume of new transactions (cont'd)

In the 9 months of 2022, there were issued new guarantees for EUR 111.1 million or by 18% (+EUR 17.2 million) more than in the 9 months of 2021, indicating the increased lending activity of commercial banks that had declined during the Covid-19 pandemic. In the 9 months of 2022, the largest increase in the guarantee portfolio was in the loan guarantees for entrepreneurs (EUR 41.7 million), Housing Guarantees for Families with Children and Housing Guarantees for Young Professionals (EUR 29.7 million) and in the portfolio guarantees programmes (EUR 19.1 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 49.8 million of guarantees extended in the 9 months of 2022 (in the 9 months of 2021: EUR 50.2 million).

Up until 30 September 2022, a total of 21,996 guarantees for EUR 173.4 million of the state aid for housing acquisition was granted within the framework of the Programme for Housing Guarantees for Families with Children. In the 9 months of 2022, guarantees issued under this programme worth EUR 22.7 million (in the 9 months of 2021: EUR 25.7 million), which is by 3% 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. In turn, a total of 4,127 guarantees worth EUR 42.1 million were issued to young professionals, of which 743 guarantees worth EUR 6.9 million were issued in the 9 months of 2022 (in the 9 months of 2021: EUR 6.6 million).

In the 9 months of 2022, the volume of new loans issued amounted to EUR 73.2 million, which is by 11% (-EUR 8.7 million) less than in the respective period in 2021, as the demand for 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 the 9 months of 2022, the largest amount of new loans was issued under the SME Growth Loan Programme (EUR 24.6 million), loans for acquisition of agricultural land for the purpose of agricultural production (EUR 14.5 million) and working capital loans for agricultural enterprises (EUR 8.6 million).

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand the Company has already supported 487 projects (COSME – 66 projects, EaSI – 421 projects) in total amount of EUR 7.8 million. 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 the 9 months of 2022, the Company's investments made in the venture capital funds amounted to EUR 10.3 million, of which EUR 5.3 million (in the 9 months of 2021: EUR 5.7 million) - in the 4th generation venture capital funds, EUR 1.9 million and EUR 1.4 million (in the 9 months of 2021: EUR 1.8 million and EUR 0.9 million) – in the Baltic Innovation Fund and the Baltic Innovation Fund 2, respectively, EUR 1.6 million (in the 9 months of 2021: EUR 9.2 million) - in the Altum Capital Fund.

If at the end of 2021 and in the first three months of 2022 an active land market was observed, the number of transactions with investment properties increased and interest in leaseback transactions gradually returned, then in the 2nd and 3rd quarter of 2022, in response to the geopolitical situation in Europe, the land market became markedly inactive, including demand for leaseback practically stopped. Similarly, the relatively good harvest year for farmers and active lending by banks also had an impact, as a result, farmers were able to buy available land on the market by themselves, without involving the Land Fund in transactions. In these circumstances, the Land Fund concluded land acquisitions and sales and leaseback transactions for EUR 6.8 million, up by EUR 2.1 million compared to the 9 months of 2021.

Management Report (cont'd)

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.

Up until 30 September 2022, the EEPMB programme had awarded a total of 558 grants for EUR 132.5 million, of which 113 grants for EUR 34.8 million were granted in the 9 months of 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, up until 30 September 2022 a total of 1,271 grant agreements worth EUR 3.9 million were signed, of which 597 grants worth EUR 1.9 million were signed in the 9 months of 2022 (in the 9 months of 2021: 626 grants worth EUR 1.9 million).

Up until 30 September 2022, a total of 183 grants for EUR 11.4 million were granted under the Social Entrepreneurship Programme, of which 36 grants worth EUR 2.1 million were granted in the 9 months of 2022 (in the 9 months of 2021: 28 grants worth EUR 1.6 million).

In order to promote and support planning of the energy efficiency projects, the Company, 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. Up until 30 September 2022, there were a total of 69 grants granted for EUR 0.8 million.

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. Up until 30 September 2022, a total of 876 grants for EUR 7.3 million were granted, of which 307 grants for EUR 2.6 million were granted in the 9 months of 2022 (in the 9 months of 2021: 395 grants worth EUR 303 million).

As at 30 September 2022, the portfolio of grants amounted to EUR 95.9 million.

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. On 2 June 2022, the Saeima adopted the "Law on Support for Overcoming the Economic Consequences of Sanctions and Countermeasures Applied Due to Russia's Military Aggression Against Ukraine", simultaneously approving EUR 94.9 million financing for companies that suffered from the consequences of Russia's military aggression in Ukraine, which includes EUR 39 million for investment and working capital loans, EUR 22.5 million for credit guarantees and EUR 1.3 million for export credit guarantees as well as EUR 32.1 million through the equity fund, also attracting private financiers, for investments in companies for adapting their business model, improving export capacity, conquering new markets, new technologies and process optimization, product development in the context of the crisis of Russian military aggression against Ukraine. In cooperation with the Ministry of Economy, the new loan and guarantee support programmes to mitigate the effects of Russian Federation'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:

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

- On June 14, 2022, the Cabinet of Ministers approved the loan program, within the framework of which it is planned to issue approximately 500 loans, the maximum loan amount will be up to EUR 3 million, maturity for working capital loan will be up to 3 years, for investment loans - up to 6 years. Financing of the loan program for companies will be available until 31 December 2023. At the same time, the Cabinet of Ministers approved changes in the export credit guarantee programme, clarifying the conditions for receiving export credit guarantees, including that in the future the possibilities of providing export credit guarantees will not be limited, except that guarantees will not be provided for transactions with Russian Federation, Belarus and Ukraine, and extended the term for providing guarantees - short-term export credit guarantees will be available to companies until the end of 2023.
- On 21 June 2022, the Cabinet of Ministers approved the guarantee support programme, within the framework of which approximately 300-400 guarantees can be issued, the maximum amount of guarantee for one customer will be up to EUR 10 million, the term of the guarantees - up to 6 years, taking into account the business operations and working capital cycle.

In the 3rd quarter of 2022, part of the program's funding in amount of EUR 52.5 million was redistributed to the program of large investment loans with a capital rebate for MidCaps, thus EUR 21.5 million is available for working capital and investment loans, EUR 12.5 million for guarantees, while the financing of the equity fund will not be implemented. Acceptance of applications for loans and guarantees began in November 2022.

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 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 cooperation with the Ministry of Economics, the four new support programmes were developed and approved by the Cabinet of Ministers:

- On June 7, 2022, the Cabinet of Ministers approved the energy efficiency programme for companies, within the framework of which EUR 80.5 million of the RRF funding will be available to companies for increasing energy efficiency and wider use of renewable energy technologies. Funding to companies will be available in a form of the Company's loan or a parallel loan with a capital rebate for principal repayment, the maximum loan amount is EUR 5 million, loan term – up to 20 years. The capital rebate will be 30%, but no more than EUR 1.5 million and will be awarded when the project has been implemented and the target indicators have been achieved. In September 2022, the program was supplemented with guarantees for the purchase of electric cars for companies, with funding of EUR 5 million for this purpose.
- On July 5, 2022, the Cabinet of Ministers approved the digitization programme for companies, within the framework of which EUR 45.1 million of the RRF funding will be available to companies for digital transformations of companies, i.e. for promotion of digitization, automation and robotization. Funding to companies will be available in a form of the Company's loan or a parallel loan with a capital rebate for repayment of the principal amount, the maximum loan amount is EUR 7 million, loan term – up to 10 years. Capital rebate will be up to 35%, but no more than EUR 1.0 million and it will be applied if the preconditions of the digital development roadmap issued by the European Digital Innovation Center (EDIC) are fulfilled and a positive EDIC post-assessment is received no later than 6 months after the completion of the project.
- On July 14, 2022, the Cabinet of Ministers approved the energy efficiency program for multi-apartment buildings, within the framework of which EUR 57.3 million of the RRF funding will be available to improve the energy efficiency of multi-apartment buildings and transition to the use of renewable energy technologies. The programme is intended for apartment owners of multi-apartment residential buildings and its purpose is to make investments in the sector of multi-apartment residential buildings in order to promote the resolution of the housing issue in Latvia, help to achieve the set climate goals in reducing gas emissions and reduce the level of energy poverty. Funding will be available in a form of loan or guarantee with a capital rebate for repayment of the principal amount of the loan, the maximum loan amount is EUR 3.75 million, loan term – up to 20 years, maximum guarantee amount – up to 80% of the loan, guarantee term – up to 20 years. Capital rebate will be up to 49% and it will be applied if the project results in at least 30% of primary energy savings.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

- On July 14, 2022, the Cabinet of Ministers approved the low-rent housing construction program, within the framework of which EUR 42.9 million of the RRF funding will be available for the construction of residential rental houses in the regions, in order to promote the availability of low-rent housing that meets construction standards and energy efficiency requirements. Funding to companies will be available in a form of the Company's loan or a parallel loan with a capital rebate for repayment of the principal amount, the term of the loan is up to 30 years. The capital rebate will be up to 30% and will be applied when the building has been put into operation and at least 90% of the apartments have been rented.

In cooperation with the Ministry of Economy, approval has now been received from the European Commission for all new RRF programmes. It is planned that the programs for the digitization of companies, the energy efficiency of apartment buildings and the construction of low-rent housing will be available at the end of 2022, the beginning of 2023, while the acceptance of applications for the selection of projects of the energy efficiency program for companies has started in November of this year.

Work continues on the implementation of existing programmes and improvement of 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. 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. A company can qualify for a loan with a capital rebate by achieving the project's objectives and meeting certain criteria. The capital rebate is planned to be applied gradually over three years after the end of the project implementation and monitoring period. The call for applications opened on 19 January 2022. General interest from applicants exceeded the available funding of the programme more than 3 times. Currently, the Company is evaluating 14 loan applications with a capital rebate, the total amount of investment projects is EUR 600 million and the amount of the attributable capital rebate is EUR 98.3 million. The Company has taken a positive decision on 1 application (relevant amount of capital discount 4.9 million euros), while 1 application (relevant amount of capital discount 10 million euros) was withdrawn by the project applicant itself. On October 18, 2022, the Cabinet of Ministers decided to increase the funding of the programme from EUR 99.6 million to EUR 152.1 million, redistributing additional funding EUR 52.5 million from the allocated, but unused funding for Covid-19 support measures. In additional selection round, for which additional funding was granted, 7 more applications with a total amount of the applicable capital rebate of EUR 50.8 million have been submitted to the Company for evaluation.
- 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.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

- The programme of 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.

In the 9 months of 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, 29% (in 9 months of 2021: 37%) 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 9 months of 2022, the amount of loans granted in the regions increased by 16% or EUR 7.06 million and the number of loans granted increased by 10% while the loans granted under the centralised reviewing (up to EUR 25 thousand) decreased by 17% or EUR 742 thousand and the number of loans granted also decreased by 22%, which is due to a decrease in the number of loan applications in this segment. Compared to the performance indicators for the 9 months of 2021, in the 9 months of 2022, the total amount of loans granted both under centralised reviewing and in the regions increased by 13% or EUR 6.3 million, while the number of loans granted decreased by 2%. The average loan amount in the regions increased from EUR 82.7 thousand in the 9 months of 2021 to EUR 87.1 thousand in the 9 months of 2022, while the average loan amount reviewed remotely on a centralised basis in the 9 months of 2022 was EUR 14.7 thousand (in 9 months of 2021: EUR 13.9 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 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 and in order to reduce the risk of sanctions, the Company established additional control measures both during the issuance of financial instruments and the monitoring of business relationships, in addition, changes have been made to the Company's policy of legalization of proceeds of crime and the prevention of terrorist financing and proliferation and compliance with sanctions by determining that the Company refrains from cooperation with companies, where the owners, beneficial owners or officers are citizens of the Russian Federation or Belarus.

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 Q2 2022, work 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 was completed. Based on the current state of events and the set objectives, the roadmap 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.

Guided by the compiled ESG road map, in the 3rd quarter work was started on the steps of the road map, which touch on the integration of ESG aspects in credit risk management for the Company's loan and guarantee portfolios in the SME, Midcap and farmer segments - both by creating an ESG risk assessment matrix and scoring model, and by creating customized customer development of a questionnaire to obtain information for ESG risk assessment and regarding planned/actual customer sustainability KPI's. Work has also been started on identifying current green/sustainable projects in the SME and farmer segments.

Management Report (cont'd)

Contribution to Sustainability (cont'd)

In April 2022, the Society Integration Fund, implementing the state program "Family Friendly Workplace", recognized ALTUM as an employer that cares about promoting family well-being and creating favourable conditions for the interaction of family and work life.

For the fourth year in a row, the Company participated in the Sustainability Index organized by the Institute for Corporate Sustainability and Responsibility, in 2022, for the second year in a row, receiving the high platinum rating.

In September 2022, ALTUM received the Latvian Corporate Governance Award 2022 in the nomination "Risk Management Strategist", proving ALTUM's ability to successfully identify, assess, manage and control potential risks, events or situations, ensuring confidence in the achievement of the company's strategic goals, as well as successfully starting to implement the priority medium-term strategy direction - sustainable financing and integration of ESG aspects in credit risk management and business processes.

Future Outlook

In the second half of 2022, the Company will continue preparatory work for the launch of the financial instrument support programmes under the new EU Cohesion Policy programming period 2021-2027. Of planned funding in amount of EUR 650 million available as financial instruments under the Recovery and Resilience Facility (RRF) and the EU Cohesion Policy for the programming period 2021-2027, EUR 225.8 million was allocated to the new RRF support programmes. It also covers the possibility of raising funding for these support programmes in the capital markets as well as borrowing from international financial institutions. In cooperation with the Ministry of Economy, active work on the development of the relevant regulations of the Cabinet of Ministers has been started.

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. At the time of preparing the financial report, the Company has completed the auditor selection process, as a result of which an auditor has been selected, with whom it is planned to conclude a contract in December of this year.



Reinis Bērziņš
Chairman of the Management Board

29 November 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

29 November 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 16 to 80 for the period 1 January 2022 to 30 September 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.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Interest income	4	14 474	13 933	13 933
Interest expense	5	(2 016)	(1 509)	(1 509)
Net interest income		12 458	12 424	12 424
				-
Income for implementation of state aid programmes	6	4 443	3 459	4 465
Expenses to be compensated for implementation of state aid programmes	7	(3 640)	(2 751)	(3 757)
Net income for implementation of state aid programmes		803	708	708
				-
Gains from trading securities and foreign exchange translation		107	35	35
Share of gain / (losses) of investment in associate and other investments	12	(1 850)	985	766
Remeasurement gain of investment in associate at fair value through profit or loss	12	48	47	47
Gains / (losses) less losses from liabilities at fair value through profit or loss	20	2 288	(929)	(710)
Other income	8	3 018	1 768	1 768
Other expense	9	(1 090)	(968)	(968)
Operating income before operating expenses		15 782	14 070	14 070
				-
Staff costs		(4 868)	(4 392)	(4 392)
Administrative expense		(1 287)	(1 286)	(1 286)
Amortisation of intangible assets and depreciation of property, plant and equipment		(666)	(708)	(708)
Impairment gain / (loss), net	10	(2 220)	1 555	1 555
Profit before corporate income tax		6 741	9 239	9 239
Profit for the period		6 741	9 239	9 239
Other comprehensive income:		(1 134)	(316)	(316)
Items to be reclassified to profit or loss in subsequent periods				
Net loss from financial assets measured at fair value through other comprehensive income		(1 134)	(316)	(316)
Total comprehensive income for the period		5 607	8 923	8 923
Profit is attributable to:				
Owners of the Company		6 741	9 239	-
Non-controlling interest		-	-	-
Profit for the period		6 741	9 239	-
Total comprehensive income is attributable to:				
Owners of the Company		5 607	8 923	-
Non-controlling interest		-	-	-
Total comprehensive income for the period		5 607	8 923	-

The accompanying notes on pages 21 through 80 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Management Board



Olga Alksne
 Chief Accountant

29 November 2022

Statement of Financial Position

All amounts in thousands of euro

	Notes	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Assets			
Due from credit institutions and the State Treasury	11	566 623	455 006
Financial assets at fair value through other comprehensive income - investment securities		11 968	14 051
Financial assets at amortised cost:			
Investment securities		38	37
Loans and receivables	14	335 968	330 530
Grants	15	58 392	45 397
Deferred expense		383	642
Accrued income		1 956	1 424
Other investments	13	11 097	8 936
Investments in associates			
Investments accounted for using the equity method	12	50 703	51 727
Investments accounted for using the FVTPL method	12	14 248	13 222
Investment property	16	49 751	46 164
Property, plant and equipment		4 516	4 570
Intangible assets		1 116	1 256
Other assets	17	1 213	3 242
Total assets		1 107 972	976 204
Liabilities			
Due to credit institutions	18	41 885	53 416
Due to general government entities	19	155 835	121 348
Financial liabilities at amortised cost - Issued debt securities		85 634	85 558
Deferred income		5 015	5 747
Accrued expense		999	806
Provisions	21	38 449	34 466
Support programme funding	20	385 303	230 287
Other liabilities		3 549	3 840
Total liabilities		716 669	535 468
Equity			
Share capital		204 862	204 862
Reserves	22	180 136	221 347
Revaluation reserve of financial assets measured at fair value through other comprehensive income	22	(436)	698
Retained earnings		6 741	13 829
Net assets attributable to the Company's owners		391 303	440 736
Total equity		391 303	440 736
Total equity and liabilities		1 107 972	976 204

The accompanying notes on pages 21 through 80 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Management Board

29 November 2022



Olga Alksne
Chief Accountant

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company					Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings	Non-controlling interest	
As at 1 January 2021 (audited)	204 862	170 321	1 213	5 539	659	382 594
Profit for the period	-	-	-	9 239	-	9 239
Other comprehensive income	-	-	(316)	-	-	(316)
Total comprehensive income	-	-	(316)	9 239	-	8 923
Increase of reserve capital (Note 22)	-	39 546	-	-	-	39 546
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)
Increase of reserve capital	204 862	215 406	897	9 239	659	431 063
As at 30 September 2021 (unaudited)	204 862	170 321	1 213	5 539	659	382 594
Profit for the period	-	-	-	4 590	-	4 590
Other comprehensive income	-	-	(199)	-	-	(199)
Total comprehensive income	-	-	(199)	4 590	-	4 391
Increase of reserve capital (Note 22)	-	5 943	-	-	-	5 943
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 21 through 80 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	-	-	-	9 239	9 239
Other comprehensive income	-	-	(316)	-	(316)
Total comprehensive income	-	-	(316)	9 239	8 923
Increase of reserve capital (Note 22)	-	39 546	-	-	39 546
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 30 September 2021 (unaudited)	204 862	215 404	897	9 239	430 402
Profit for the period	-	-	-	4 590	4 590
Other comprehensive income	-	-	(199)	-	(199)
Total comprehensive income	-	-	(199)	4 590	4 391
Increase of reserve capital (Note 22)	-	5 943	-	-	5 943
As at 31 December 2021 (audited)	204 862	221 347	698	13 829	440 736
Profit for the period	-	-	-	6 741	6 741
Other comprehensive income	-	-	(1 134)	-	(1 134)
Total comprehensive income	-	-	(1 134)	6 741	5 607
Increase of reserve capital (Note 22)	-	3 525	-	-	3 525
Decrease of reserve capital by increasing financing of support programs	-	(58 565)	-	-	(58 565)
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2021	-	3 446	-	-	3 446
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2021	-	(3 446)	-	-	(3 446)
Distribution of 2021 profit	-	13 829	-	(13 829)	-
As at 30 September 2022 (unaudited)	204 862	180 136	(436)	6 741	391 303

The accompanying notes on pages 21 through 80 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Cash and cash equivalents at the beginning of period		455 007	359 949	359 949
Cash flows from operating activities				
Profit before taxes		6 741	9 239	9 239
Amortisation of intangible assets and depreciation of property, plant and equipment		666	708	708
Interest income	4	(14 474)	(13 933)	(13 933)
Interest received		15 441	11 705	11 705
Interest expenses	5	2 016	1 509	1 509
Interests paid		(1 998)	(898)	(898)
(Decrease) / Increase in impairment allowances	10	2 220	(1 555)	(1 555)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		10 612	6 775	6 775
(Increase) / Decrease of loans	14	(5 176)	(22 710)	(22 710)
(Increase) / Decrease of grants	15	(12 995)	(12 642)	(12 642)
Increase / (Decrease) of due to credit institutions and general government entities	18,19	22 938	5 406	5 406
Increase / (Decrease) in deferred income and accrued expense		(539)	425	425
(Increase) / Decrease in deferred expense and accrued income		(273)	(1 501)	(1 501)
(Increase) / Decrease of other assets	17	1 968	(136)	(136)
Increase/ (Decrease) in other liabilities		98 681	65 079	65 175
Net cash flows from operating activities		115 216	40 696	40 792
Cash flows from investment activities				
Sale of investment securities		1 144	23 564	23 564
Acquisition of property, plant and equipment and intangible assets		(423)	(326)	(326)
Purchase of investment properties	16	(3 905)	(2 232)	(2 232)
Sale of investment properties	16	491	210	210
Other investments	13	(1 887)	(942)	(942)
Investments in associates, net	12	(1 960)	(10 703)	(10 703)
Investments of subsidiaries in underlying undertakings		-	(2 358)	-
Investments in subsidiaries		-	-	(2 454)
Net cash flows from investing activities		(6 540)	7 213	7 117
Cash flows from financing activities				
Issued debt securities		(585)	(585)	(585)
Increase of reserve capital	22	3 526	16 981	16 981
Net cash flow from financing activities		2 941	16 396	16 396
Increase in cash and cash equivalents		111 617	64 305	64 305
Cash and cash equivalents at the end of period		566 624	424 254	424 254

The accompanying notes on pages 21 through 80 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 29 November 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 9 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 9 months period ended 30 September 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		POCI		Total	
	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)
Financial assets at AC										
Due from credit institutions and the Treasury	566 624	455 007	-	-	-	-	-	-	566 624	455 007
Impairment allowances	(1)	(1)	-	-	-	-	-	-	(1)	(1)
Total net due from credit institutions and the Treasury	566 623	455 006	-	-	-	-	-	-	566 623	455 006
Investment securities	-	-	-	-	4 299	3 704	-	-	4 299	3 704
Impairment allowances	-	-	-	-	(4 261)	(3 667)	-	-	(4 261)	(3 667)
Total net investment securities	-	-	-	-	38	37	-	-	38	37
Loans and receivables	271 090	256 865	59 026	67 091	26 383	24 717	413	-	356 912	348 673
Impairment allowances*	(3 997)	(3 545)	(4 465)	(4 425)	(12 069)	(10 173)	(413)	-	(20 944)	(18 143)
Total net loans and receivables	267 093	253 320	54 561	62 666	14 314	14 544	-	-	335 968	330 530
Grants	58 724	45 729	-	-	-	-	-	-	58 724	45 729
Impairment allowances	(332)	(332)	-	-	-	-	-	-	(332)	(332)
Total net grants	58 392	45 397	-	-	-	-	-	-	58 392	45 397
Other financial assets	1 086	2 531	36	-	2 311	2 634	-	-	3 433	5 165
Impairment allowances	(21)	(21)	(27)	-	(2 202)	(1 930)	-	-	(2 250)	(1 951)
Total net other financial assets	1 065	2 510	9	-	109	704	-	-	1 183	3 214
Total financial assets at AC	897 524	760 132	59 062	67 091	32 993	31 055	413	-	989 992	858 278
Impairment allowances	(4 351)	(3 899)	(4 492)	(4 425)	(18 532)	(15 770)	(413)	-	(27 788)	(24 094)
Total net financial assets at AC	893 173	756 233	54 570	62 666	14 461	15 285	-	-	962 204	834 184

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Stage 1		Stage 2		Stage 3		POCI		Total	
	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)
Financial assets at FVOCI										
Investment securities	11 968	14 051	-	-	-	-	-	-	11 968	14 051
Impairment allowances	-	-	-	-	-	-	-	-	-	-
Total net investment securities	11 968	14 051	-	-	-	-	-	-	11 968	14 051
Total financial assets at FVOCI	11 968	14 051	-	-	-	-	-	-	11 968	14 051
Impairment allowances	-	-	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	11 968	14 051	-	-	-	-	-	-	11 968	14 051
Off-balance sheet items and contingent liabilities										
Outstanding guarantees	426 549	378 876	25 297	32 885	7 781	3 217	-	-	459 627	414 978
Impairment allowances*	(30 737)	(28 088)	(2 362)	(3 505)	(4 539)	(2 010)	-	-	(37 638)	(33 603)
Total net outstanding guarantees	395 812	350 788	22 935	29 380	3 242	1 207	-	-	421 989	381 375
Loan commitments	26 029	21 730	1 583	3 755	-	87	-	-	27 612	25 572
Impairment allowances*	(656)	(484)	(82)	(287)	-	(19)	-	-	(738)	(790)
Total net loan commitments	25 373	21 246	1 501	3 468	-	68	-	-	26 874	24 782
Grant commitments	23 399	11 089	-	-	-	-	-	-	23 399	11 089
Impairment allowances	(73)	(73)	-	-	-	-	-	-	(73)	(73)
Total net grant commitments	23 326	11 016	-	-	-	-	-	-	23 326	11 016
Total off-balance items and contingent liabilities	475 977	411 695	26 880	36 640	7 781	3 304	-	-	510 638	451 639
Impairment allowances	(31 466)	(28 645)	(2 444)	(3 792)	(4 539)	(2 029)	-	-	(38 449)	(34 466)
Total net off-balance items and contingent liabilities	444 511	383 050	24 436	32 848	3 242	1 275	-	-	472 189	417 173

* Includes net impairment allowances of EUR 2,485 thousand covered by 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, thus the 2022 result which will be allocated to Reserves will improve. Additional information available in Note 22.

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	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	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	(225)	507	-	-	282	(13 975)	13 388	-	-	(587)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(56)	(141)	2 418	-	2 221	(2 384)	(4 300)	5 758	-	(926)
from Stage 3 to Stage 2	-	13	(136)	-	(123)	-	516	(668)	-	(152)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	39	(155)	-	-	(116)	7 641	(8 698)	-	-	(1 057)
New originated or purchased	636	276	112	413	1 437	50 175	3 902	115	413	54 605
Derecognised during the period	(219)	(476)	(289)	-	(984)	(14 370)	(5 299)	(1 068)	-	(20 737)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	828	557	45	-	1 430	-	-	-	-	-
Other movements	(86)	-	-	-	(86)	-	-	-	-	-
Write-offs	-	-	(203)	-	(203)	-	-	(203)	-	(203)
Change of outstanding balance **	(465)	(541)	(51)	-	(1 057)	(12 862)	(7 574)	(2 268)	-	(22 704)
As at 30 September 2022 (unaudited)	3 997 *	4 465	12 069	413	20 944	271 090	59 026	26 383	413	356 912

* Includes the impairment overlay EUR 1,215 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	(841)	741	-	(100)	(8 639)	8 759	-	120
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(57)	(688)	2 933	2 188	(890)	(4 587)	5 113	(364)
from Stage 3 to Stage 2	-	-	(4)	(4)	-	5	(5)	-
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	295	(487)	-	(192)	4 260	(4 294)	-	(34)
New originated or purchased	7 105	126	24	7 255	93 148	705	42	93 895
Derecognised during the period	(1 916)	(480)	(304)	(2 700)	(33 729)	(7 151)	(392)	(41 272)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	22	6	1	29	-	-	-	-
Other movements	(5)	(12)	(55)	(72)	(271)	(189)	(94)	(554)
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance **	(1 954)	(349)	(66)	(2 369)	(6 206)	(836)	(100)	(7 142)
As at 30 September 2022 (unaudited)	30 737 *	2 362	4 539	37 638	426 549	25 297	7 781	459 627

* includes the impairment overlay EUR 961 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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Performing	325 994	326 852
Past due up to 30 days	18 043	10 540
Past due from 31 to 60 days	1 533	2 346
Past due from 61 to 90 days	507	727
Past due over 90 days	10 835	8 208
Total gross loans, without interest accrued on the loans	356 912	348 673
Impairment allowances	(20 944)	(18 143)
Total net loans	335 968	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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Real estate (loans)	201 804	189 991
Real estate (leaseback)	34 384	32 993
Movable property	46 773	43 239
Guarantees	4 055	4 974
Total collateral	287 016	271 197
Loan portfolio, gross *	356 912	348 673
Impairment allowances	(20 944)	(18 143)
Loan portfolio, net	335 968	330 530
Exposed	14.57%	17.95%

* includes loans in amount of EUR 114,175 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	Group / Company
	30.09.2022.	31.12.2021
	(unaudited)	(audited)
<i>Assets exposed to credit risk</i>		
Due from credit institutions and the Treasury	566 623	455 006
Financial assets at fair value through other comprehensive income - investment securities	1 1 968	14 051
Financial assets at amortised cost:		
Investment securities	38	37
Loans and receivables	335 968	330 530
Grants	58 392	45 397
Other investments	1 1 097	8 936
Investments in associates	64 951	64 949
Other assets	1 213	3 242
Total	1 050 250	922 148
<i>Off-balance sheet items exposed to credit risk</i>		
Contingent liabilities (Note 21)	459 627	414 978
Financial commitments (Note 21)	162 330	161 276
Total	621 957	576 254

As at 30 September 2022, part of the Company's assets in amount of EUR 189,215 thousand (31 December 2021: EUR 152,296 thousand) were pledged. Detailed information on the Company's outstanding loan agreement as at 30 September 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 30 September 2022 was EUR 218,786 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 30 September 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	14 411	27 523	-	-	-	41 934
Due to general governments	8 281	38 052	17 458	32 354	64 287	160 432
Issued debt securities	688	86 890	-	-	-	87 578
Support programme funding **	9 390	95 774	213 949	46 877	19 313	385 303
Other liabilities	2 740	809	-	-	-	3 549
Total financial liabilities	35 510	249 048	231 407	79 231	83 600	678 796
Off-balance sheet items and contingent liabilities	379 478	86 182	156 297	-	-	621 957
Total financial liabilities, off-balance items and contingent liabilities ***	414 988	335 230	387 704	79 231	83 600	1 300 753
Due from credit institutions and the Treasury	566 623	-	-	-	-	566 623
Investment securities	2 496	9 510	-	-	-	12 006
Liquid assets	569 119	9 510	-	-	-	578 629

* 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 30 September 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 30 September 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	4	5 632	1 578	7 197	14 411
Due to general governments	276	1 821	1 812	4 372	8 281
Issued debt securities	5	-	109	574	688
Support programme funding	562	8 828	-	-	9 390
Other liabilities	2 615	116	-	9	2 740
Total financial liabilities	3 462	16 397	3 499	12 152	35 510
Off-balance sheet items and contingent liabilities *	342 400	10 333	10 814	15 931	379 478
Total financial liabilities, off-balance items and contingent liabilities	345 862	26 730	14 313	28 083	414 988
Due from credit institutions and the Treasury	566 623	-	-	-	566 623
Investment securities	2 493	-	-	3	2 496
Liquid assets	569 116	-	-	3	569 119

* 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 286,961 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 27,612 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 23,399 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 30,988 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 2,806 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 7,712 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 30 September 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	566 623	-	-	-	-	-	566 623
Investment securities	2 493	-	-	3	9 510	-	12 006
Loans *	11 058	20 903	24 599	32 222	138 488	108 698	335 968
Grants	856	325	14 454	1 185	40 322	1 250	58 392
Deferred expense and accrued income	182	2 157	-	-	-	-	2 339
Other investments	-	-	-	-	-	11 097	11 097
Investments in associates	1 701	-	11 590	3 660	4 420	43 580	64 951
Investment property	-	-	-	-	-	49 751	49 751
Property, plant and equipment	-	-	-	-	-	4 516	4 516
Intangible assets	-	-	-	-	-	1 116	1 116
Other assets	372	350	24	44	423	-	1 213
Total assets	583 285	23 735	50 667	37 114	193 163	220 008	1 107 972
Liabilities							
Due to credit institutions	-	5 625	1 575	7 187	27 498	-	41 885
Due to general governments	271	1 791	1 782	4 300	42 020	105 671	155 835
Issued debt securities	257	-	-	412	84 965	-	85 634
Deferred income and accrued expense	253	987	767	535	2 618	854	6 014
Provisions	38 449	-	-	-	-	-	38 449
Support programme funding	562	8 828	-	-	95 774	280 139	385 303
Other liabilities	2 615	116	-	9	809	-	3 549
Total liabilities	42 407	17 347	4 124	12 443	253 684	386 664	716 669
Net liquidity	540 878	6 388	46 543	24 671	(60 521)	(166 656)	391 303

* 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	64 949
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 30 September 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	3	-	-	-	-	-	3	-
Agriculture	144 809	614	11 144	254	8 085	2 327	164 038	3 195
SME and Midcaps	91 031	2 159	45 807	4 207	16 402	9 609	153 240	15 975
of which,								
Covid-19 crisis related working capital loans	20 470	722	13 996	591	4 599	3 981	39 065	5 294
Daily loan products	70 561	1 437	31 811	3 616	11 803	5 628	114 175	10 681
Private individuals	3 452	6	271	4	1 524	545	5 247	555
Land Fund	31 795	3	1 804	-	785	1	34 384	4
Total segments, gross	271 090	2 782	59 026	4 465	26 796	12 482	356 912	19 729
Impairment overlay *	-	1 215	-	-	-	-	-	1 215
Total segments, net	271 090	3 997	59 026	4 465	26 796	12 482	356 912	20 944

* 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	12	-	-	-	-	-	12	-
Agriculture	116 647	272	10 855	194	6 577	1 870	134 079	2 336
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.

3 Risk Management (cont'd)

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

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

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.

Split of specific Covid-19 related support instrument - working capital loans – portfolio for the SME and Midcap client segment by industries as at 30 September 2022, in thousands euro:

	Gross loans	Changes to 31.12.2021.	Granted in 2022 9M	Granted in 2021 12M	Impairment allowance	Changes to 31.12.2021.	Net loans	% of Total Gross loans, SME & Midcap
Covid-19 more exposed industries								
Retail	2 656	(1 539)	555	1 768	446	136	2 210	1.7%
Hotels and restaurants	1 877	(944)	344	600	275	68	1 602	1.2%
Tourism services	2 204	(368)	572	521	297	35	1 907	1.4%
Art, entertainment and leisure	1 655	65	2 223	1 518	128	(14)	1 527	1.1%
Land transport services	1 715	(325)	250	1 625	44	(31)	1 671	1.1%
Beauty	76	(24)	-	100	3	(2)	73	0.0%
Total Covid-19 more exposed industries	10 183	(3 135)	3 944	6 132	1 193	192	8 990	6.6%
Covid-19 less exposed industries								
Manufacturing	8 600	(6 277)	426	5 596	801	(213)	7 799	5.6%
Wholesale	6 479	(4 299)	-	1 771	872	(62)	5 607	4.2%
Construction	6 575	(1 280)	617	2 906	1 933	1 171	4 642	4.3%
Transport, warehousing and communications	2 401	(690)	510	1 040	250	80	2 151	1.6%
Information technologies and communication	1 389	(994)	30	640	38	(17)	1 351	0.9%
Professional, science and technical services	1 119	(742)	-	547	122	49	997	0.7%
Municipal authorities	690	(209)	-	305	27	(8)	663	0.5%
Real estate	388	(102)	-	100	17	3	371	0.3%
Electricity, gas and water utilities	196	(261)	-	34	3	(14)	193	0.1%
Health and social care	79	(79)	-	45	2	(2)	77	0.1%
Forestry	-	(1 432)	-	218	-	(94)	-	0.0%
Other industries	966	(267)	250	310	36	2	930	0.6%
Total Covid-19 less exposed industries	28 882	(16 632)	1 833	13 512	4 101	895	24 781	18.8%
Total Covid-19 crisis related working capital loans	39 065	(19 767)	5 777	19 644	5 294	1 087	33 771	25.5%

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 30 September 2022, in thousands euro:

	Gross loans	Changes to 31.12.2021.	Granted in 2022 9M	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>								
Hotels and restaurants	3 807	(793)	667	1 947	256	(79)	3 551	2.5%
Retail	2 543	664	1 346	604	108	(2)	2 435	1.7%
Art, entertainment and leisure	1 936	95	708	598	402	107	1 534	1.3%
Beauty and sports	605	(39)	123	55	244	(7)	361	0.4%
Land transport services	451	(84)	242	264	17	(4)	434	0.3%
Tourism services	321	(12)	-	-	105	(1)	216	0.2%
Total Covid-19 more exposed industries	9 663	(169)	3 086	3 468	1 132	14	8 531	6.3%
<i>Covid-19 less exposed industries</i>								
Manufacturing	52 193	(304)	12 238	20 815	4 801	707	47 392	34.1%
Real estate	13 559	329	3 001	5 387	1 537	(410)	12 022	8.8%
Wholesale	6 343	(1 046)	956	3 008	588	31	5 755	4.1%
Health and social care	7 032	1 294	2 527	2 420	483	295	6 549	4.6%
Electricity, gas and water utilities	7 005	1 343	2 093	596	872	20	6 133	4.6%
Municipal authorities	4 784	(254)	997	1 577	134	114	4 650	3.1%
Construction	4 356	24	1 447	2 344	232	19	4 124	2.8%
Transport, warehousing and communications	2 784	1 594	1 913	792	342	151	2 442	1.8%
Professional, science and technical services	2 374	(679)	359	1 143	32	(4)	2 342	1.5%
Information technologies and communication	978	402	488	196	292	228	686	0.6%
Forestry	-	(2 691)	-	1 320	-	(54)	-	0.0%
Fishery	36	(2 048)	36	761	1	(118)	35	0.0%
Other industries	3 068	142	1 083	1 648	235	50	2 833	2.0%
Total Covid-19 less exposed industries	104 512	(1 894)	27 138	42 007	9 549	1 029	94 963	68.2%
Total daily (ordinary) loan products	114 175	(2 063)	30 224	45 475	10 681 *	1 043	103 494 *	74.5%

* excludes impairment overlay in amount of EUR 1,215 thousand represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties

The Covid-19 situation has not eased the loan application assessment process for the daily (ordinary) loan product portfolio, including the accepted credit risk level, credit rating applicable to the client, expected debt service capacity, collateral assessment process. This process also applies to a specific Covid-19 related support instrument – working capital loans.

In 2022, in the agricultural segment, there has been a price increase of raw materials and energy resources, followed by an increase in sales prices. Agricultural companies have closed the 2022 season with satisfactory financial results. It should also 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 deterioration in the quality of the loan portfolio in this segment due to the Covid-19 crisis.

3 Risk Management (cont'd)

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

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

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; however, in the summer of 2022, the sector was able to react swiftly to the rising demand, leading to a significant increase in turnover, which still fell short of pre-pandemic levels. The sub-sector experiencing the sharpest fluctuations is wood processing; on the one hand there has continued rapid rising of selling prices in 2022, but on the other hand – economic sanctions against Belarus and Russia have created new challenges of raw material availability and additional risks for sector enterprises, including possible sharp changes in product prices after demand adjustments. The manufacturing sector shows sufficiently good results. It can therefore be concluded that the negative impact of Covid-19 on the performance of sector companies has been negligible. Negative trends continue to emerge in 2022 due to soaring energy prices, raw material shortages and changes in supply chains, which may affect the financial performance of certain energy-intensive subsectors in 2022.

The other largest sector by loan portfolio is real estate operations. The most affected have been real estate portfolios encompassing hotel business and shopping centres. In Q2 and Q3 2022, there were positive trends as Covid restrictions were significantly eased. In the office segment, most office workers had to work remotely and for many of them working from home is still a daily routine, so the need for offices in the future has become a pressing issue in the real estate sector. Covid restrictions had a marginal impact in the warehousing segment as the volume of goods delivered has increased significantly due to the e-commerce boom. At the same time, buyers' demand for speedy delivery is creating an additional demand for warehouse space.

Wholesale is the third largest sector by loan portfolio. There, the same as in the manufacturing sector, the impact of the Covid-19 crisis has varied depending on the sub-sector. For example, timber wholesalers face challenges similar to those of timber producers. Fuel and heating oil traders have been able to benefit from the positive effects of rising prices, but further price increase might have a negative impact on the demand in the long run. On the positive side, most companies in this sector have sufficiently high equity ratios and owners have been able to support the companies financially.

In the retail segment, the reporting period was challenging for all sub-sectors; the soaring prices, especially in Q2 and Q3 2022, might have a negative impact on the consumer demand in the long run.

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 30 September 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	10 181	1 354	973	72	229	135	11 383	1 561
SME and Midcaps	171 830	9 490	24 112	2 266	7 336	4 194	203 278	15 950
of which,								
Covid-19 crisis related guarantees *	5 110	208	9 478	1 012	4 121	2 338	18 709	3 558
Daily guarantees products	166 720	9 282	14 634	1 254	3 215	1 856	184 569	12 392
Private individuals	244 538	18 939	212	17	216	210	244 966	19 166
Total segments, gross	426 549	29 783	25 297	2 355	7 781	4 539	459 627	36 677
Impairment overlay **	-	954	-	7	-	-	-	961
Total segments, net	426 549	30 737	25 297	2 362	7 781	4 539	459 627	37 638

* 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 7 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,								
Covid-19 crisis related guarantees *	10 874	1 047	16 775	2 018	212	124	27 861	3 189
Daily guarantees products	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 30 September 2022, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2021.	Issued in 2022 9M	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	5 098	(62)	-	-	487	(163)	4 611	2.5%
Passenger transport services	1 708	(1 332)	-	1 457	286	(139)	1 422	0.8%
Retail	996	-	-	304	21	(41)	975	0.5%
Art, entertainment and leisure	336	(16)	-	-	24	(8)	312	0.2%
Total Covid-19 more exposed industries	8 138	(1 410)	-	1 761	818	(351)	7 320	4.0%
<i>Covid-19 less exposed industries</i>								
Manufacturing	6 248	(881)	-	4 735	2 381	1 425	3 867	3.1%
Wholesale	1 702	(5 857)	-	2 794	98	(533)	1 604	0.8%
Municipal authorities	1 550	(411)	-	1 352	204	(81)	1 346	0.8%
Construction	783	(7)	-	-	13	(26)	770	0.4%
Health and social care	210	(11)	-	-	14	(6)	196	0.1%
Forestry	43	(329)	-	-	24	(31)	19	0.0%
Information technologies and communication	35	(6)	-	32	6	(1)	29	0.0%
Electricity, gas and water utilities	-	(239)	-	-	-	(27)	-	0.0%
Total Covid-19 less exposed industries	10 571	(7 741)	-	8 913	2 740	720	7 831	5.2%
Total specific COVID-19 related guarantee products *	18 709	(9 151)	-	10 674	3 558 **	369	15 151	9.2%

* 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 7 thousand that represents an additional loss reserve for export credit 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 30 September 2022, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2021.	Issued in 2022 9M	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	7 825	2 166	1 680	1 766	867	177	6 958	3.8%
Passenger transport services	1 194	(32)	317	441	13	(10)	1 181	0.6%
Hotels and restaurants	642	119	98	45	103	42	539	0.3%
Art, entertainment and leisure	200	(99)	21	182	18	(6)	182	0.1%
Total Covid-19 more exposed industries	9 861	2 154	2 116	2 434	1 001	203	8 860	4.9%
<i>Covid-19 less exposed industries</i>								
Manufacturing	56 876	941	5 088	20 713	4 040	(40)	52 836	28.0%
Wholesale	46 176	2 952	4 236	13 921	2 233	324	43 943	22.7%
Construction	40 286	9 042	5 335	5 361	3 088	854	37 198	19.8%
Forestry	11 171	2 199	790	1 977	329	(49)	10 842	5.5%
Transport, warehousing and communications	6 089	(284)	24	396	569	19	5 520	3.0%
Professional, science and technical services	3 949	(590)	267	1 242	331	16	3 618	1.9%
Real estate	3 669	(1 357)	-	1 704	288	(119)	3 381	1.8%
Information technologies and communication	2 547	(309)	401	1 059	154	1	2 393	1.3%
Municipal authorities	2 022	(150)	346	1 006	216	(7)	1 806	1.0%
Electricity, gas and water utilities	953	145	200	386	54	20	899	0.5%
Health and social care	556	(38)	-	164	62	(2)	494	0.3%
Other industries	414	(90)	-	89	27	(7)	387	0.2%
Total Covid-19 less exposed industries	174 708	12 461	16 687	48 018	11 391	1 010	163 317	85.9%
Total daily (ordinary) guarantee products	184 569	14 615	18 803	50 452	12 392 *	1 213	172 177 *	90.8%

* excludes impairment overlay EUR 961 thousand that represents an additional loss reserve for SME and Midcaps portfolio over the modelled ECL amounts to account for other economic uncertainties.

The Covid-19 situation has not eased the guarantee assessment process for the daily (ordinary) loan product portfolio, including the accepted credit risk level, credit rating applicable to the client, expected debt service capacity. This process also applies to a specific Covid-19 related support instruments – credit holiday guarantees, portfolio guarantees.

In 2022, in the agricultural segment, there has been a price increase of raw materials and energy resources, followed by an increase in sales prices. Agricultural companies have closed the 2022 season with satisfactory financial results. It should also 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 deterioration in the quality of the loan portfolio in this segment due to the Covid-19 crisis.

3 Risk Management (cont'd)

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

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

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; however, in the summer of 2022, the sector was able to react swiftly to the rising demand, leading to a significant increase in turnover, which still fell short of pre-pandemic levels. The sub-sector experiencing the sharpest fluctuations is wood processing; on the one hand there has continued rapid rising of selling prices in 2022, but on the other hand – economic sanctions against Belarus and Russia have created new challenges of raw material availability and additional risks for sector enterprises, including possible sharp changes in product prices after demand adjustments. Price correction is unlikely to take place in the next 6 months for energy wood, as demand far exceeds supply, leading to upward price dynamics. The manufacturing sector shows sufficiently good results. It can therefore be concluded that the negative impact of Covid-19 on the performance of sector companies has been negligible. Negative trends continue to emerge in 2022 due to soaring energy prices, raw material shortages and changes in supply chains, which may affect the financial performance of certain energy-intensive subsectors in 2022.

The other largest sector by guarantee portfolio is wholesale. In the wholesale sector, as in the manufacturing sector, the impact of the Covid-19 crisis has varied depending on the sub-sector. For example, timber wholesalers face challenges similar to those of timber producers. Fuel and heating oil traders have been able to benefit from the positive effects of rising prices, but further price increase might have a negative impact on the demand in the long run. On the positive side, most companies in this sector have sufficiently high equity ratios and owners have been able to support the companies financially.

In the retail segment, the reporting period was challenging for all sub-sectors; the soaring prices, especially in Q2 and Q3 2022, might have a negative impact on the consumer demand in the long run. Operational data for the first three quarters of 2022 show positive trends, namely, an increase in sales of retailers, such as of clothing, footwear, cosmetics, jewellery and other retailers, mainly due to the increased prices.

Construction. The Covid-19 crisis affected the sector both directly and indirectly. Due to travel restrictions and sickness absence of employees, the construction process was delayed in many companies and their cash flows suffered accordingly. In 2022, the easing of travel conditions has allowed Latvian companies to return to the Scandinavian market. Many sectors, directly affected by Covid-19, have abandoned or postponed construction projects. Generally, however, the sector shows a good performance in 2022. In the short term, the main challenges are adapting to changes in material supply chains and new payment terms, which upset the usual balance of project financing, as well as the rising cost of construction materials, which can cause significant losses for construction companies whose projects are rejected by clients who refuse to revise estimates and increase project financing.

3 Risk Management (cont'd)

(4) Impact of the Russian military invasion of Ukraine

The ongoing war in Ukraine and the related sanctions against the Russian Federation and Belarus have social and economic implications for Latvia and the region, including the Company. This leads to significant adjustments to the carrying amounts of assets and liabilities during 2022.

The Company does not issue loans directly to companies in Ukraine, the Russian Federation and Belarus. To ensure the Company's liquidity as well as the asset and liability management, agreements with counterparties about settlement with clients as well as for entering into financial transactions are concluded only with financial institutions registered in the Republic of Latvia.

In the guarantee 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 counterparties of the Company clients are residents of Ukraine, the Russian Federation and Belarus.

In Q1 2022, the Company established impairment overlay of EUR 1,587 thousand for expected credit losses on such high-risk exposures of export credit guarantees. In parallel, the Company took the necessary measures to mitigate the potential impact. The Company suspended the issuance of new export guarantees to the Russian Federation and Belarus since 25 February 2022 and terminated contracts with clients where possible, resulting in a gradual reduction of exposure to the Russian Federation and Belarus. As a result of these measures, the Company currently has no high-risk exposures with counterparties in the Russian Federation or Belarus. Accordingly, as at 30 September 2022, the impairment overlay for expected credit losses on export credit guarantees had decreased to EUR 7 thousand; the said relate to the client counterparty in Ukraine. Of the exposures for which an impairment overlay was made, only one case resulted in a compensation of EUR 262 thousand.

The Company has made investments in AIF Altum Capital Fund. In the context of the Russian war in Ukraine, the Altum Capital Fund's investment portfolio is diversified both by sectors and by the regions in which the portfolio companies generate revenues, which is seen as a loss mitigating factor. The impact of the Russian war in Ukraine on each of the five portfolio companies is therefore different.

Direct impact - cutting off cooperation with Russia and Belarus as well as scaling back activities in war-torn Ukraine have affected two portfolio companies. Both companies used to generate a significant part of their revenues in these countries and have applied measures to sever their links with the aggressor countries and to develop or stabilise their activities in the new reality. Moreover, there is an indirect impact on another company, which experience a decrease in revenues due to the closure of borders in certain locations. For other portfolio companies, the indirect impact of the war was not straightforward and Q3 was successful.

The value of the Company's investment in AIF Altum Capital Fund decreased by EUR 314 thousand in 9 months of 2022 as a result of the portfolio revaluation.

To assess the indirect impact of the Russian Federation invasion of Ukraine, the Company analyses and in case of significant changes revises the forward-looking forecasts of macroeconomic indicators in a number of scenarios used to calculate expected losses on a quarterly basis.

At the beginning of 2022, it was forecasted that geopolitical factors would have a stronger impact in the second half of 2022. However, in Q3 2022, the Ministry of Finance and the Bank of Latvia published updated macroeconomic forecasts predicting a slowdown in economic growth in early 2023 due to the sharp increase in global energy prices; as a result, there were revised the scenarios the Company used for estimating expected losses. In parallel to the revision of the macroeconomic forecasts, the Company improved its expected loss methodology by including three economic scenarios in the forecasts used to estimate expected losses:

- a baseline scenario, which forecasts the most likely future economic development, taking into account the impact of the Russian invasion of Ukraine and the sharp increase in commodity and energy prices, as well as the impact on Latvia's economic growth rates of sanctions imposed against Russia and Belarus,
- an adverse scenario, which foresees a less likely but potentially negative change, reflecting the larger and more persistent impact of the geopolitical crisis and sanctions, commodity and energy price increases compared to the baseline scenario,
- an optimistic scenario, which is less likely but potentially more favourable than the baseline scenario.

3 Risk Management (cont'd)

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

Summarised below are the annual GDP growth rates derived from external macroeconomic forecasts, which are among the key input variables in the expected loss model:

	2022	2023	2024	2025
GDP annual growth rate, in %				
Base case scenario *	2.90	0.40	3.70	3.40
Adverse scenario	1.20	-2.00	3.70	3.40
Optimistic scenario	4.40	2.50	3.70	3.40
Weighted average **	2.70	0.10	3.70	3.40

* The baseline scenario combines two external scenarios:

(i) the macroeconomic development scenario of the Ministry of Finance (published on 12 August 2022) projects GDP slower growth – the sanctions imposed against Russia and Belarus, the difficulties in doing business with Ukraine, and sharp price increase, especially of energy prices, will result in GDP growth falling to 2.8% and 1.0% in 2022 and 2023, respectively, and moderate growth to 3.0% in 2024 (the December 2021 forecast was 5.4% growth in 2022 and 3.5% in 2023). The GDP growth in 2025, is projected to be in line with the average growth rates at 3.4%;

(ii) the Bank of Latvia's macroeconomic scenario (published on 23 September 2022) projects that the Russian invasion of Ukraine and sanctions and the associated fall in exports, disruptions to imports of raw materials and supplies, an intensification of global price increase for energy and other commodities and supplies, and a fall in business and consumer confidence will reduce Latvia's GDP growth rate in 2022. In 2023, a moderate slowdown is projected, with GDP growth of -0.2% (the December forecast for 2023 was a growth of 4.0%). In 2024, economic growth is projected to recover more rapidly, by 4.4%, as confidence improves. A 50% probability of the scenario was applied to each of the external scenarios, those of the Ministry of Finance and the Bank of Latvia.

** A weight of 70% was applied to the baseline scenario, 20% to the adverse scenario and 10% to the optimistic scenario.

Changes in the forecasts for macroeconomic indicators in the first 9 months of 2022 resulted in an increase in the ECL allowances for loans and loan commitments by EUR 1 679 thousand. Changes in macroeconomic forecasts had negligible impact on guarantees, given that allowances for them are made at the higher of the estimated ECL and fair value. Changes in macroeconomic forecasts have less impact on the fair value of the guarantees.

In order to better assess the direct and indirect impact of the geopolitical situation as well as to identify potential distressed clients and provide a roadmap for further action and appropriate risk mitigation techniques, the Company closely monitors and analyses material loan and credit guarantee exposures on a quarterly basis. An assessment is made of whether the increase in energy prices and the sanctions imposed against the Russian Federation and Belarus have had, or are likely to have, a significant direct or indirect impact on clients' ability to pay.

In parallel to the above, the decision-making procedures and the internal information accounting are improved to ensure that impacts on the loan portfolio are identified and assessed. Until the above measures are fully implemented, the Company carries out a industry assessment to determine the industries that will be directly and indirectly affected by the increase in energy prices and the sanctions imposed against the Russian Federation and Belarus (including the most severely affected industries). The Company will estimate the impact of this assessment in Q4 2022.

In the light of macroeconomic projections, including rising energy prices, households are expected to face higher housing-related expenditure. Although there is a public support mechanism to cushion the impact of rising costs, households may find it difficult to cover their housing costs in full and on time. This is expected to potentially result in higher defaults in the housing guarantee portfolio and the need to make additional allowances. If the situation does not stabilise in the foreseeable future, claims for guarantee indemnities may increase in the coming years. We do not expect an immediate increase in claims for guarantee indemnities, given the specific terms of these exposures, which require that guarantee indemnities are paid upon the realisation of collateral that is carried out over an extended period of time.

4 Interest income

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Interest on loans and guarantees *	14 282	13 617	13 617
Interest on securities at fair value	192	304	304
Interest on securities at amortised cost	-	12	12
Total interest income	14 474	13 933	13 933

* 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 9 months of 2022 amounts to EUR 1,384 thousand (9 months of 2021: EUR 963 thousand).

5 Interest expense

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Interest on balances due to credit institutions	966	518	518
Interest on issued debt securities	680	611	611
Allocation of state support programmes' profit to support programme funding *	318	361	361
Other commission expense	52	19	19
Total interest expense	2 016	1 509	1 509

* 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.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Compensation of expenses for management of state support programmes	2 280	1 418	1 418
Compensation of venture capital fund management fees	1 360	1 304	2 310
Compensation of expenses for management of state support programmes of the previous years	485	437	437
Compensation of expenses of capital congestion	318	300	300
Total income from implementation of state support programmes	4 443	3 459	4 465

7 Expenses to be compensated for implementation of state support programmes

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Compensated staff costs	1 319	1 182	1 182
Compensated administrative expense	476	236	236
Compensated venture capital fund management fees	1 845	1 333	2 339
Total compensated expense for implementation of state support programmes	3 640	2 751	3 757

8 Other income

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Income from lease payments for operating leases	1 368	1 021	1 021
Income from payments for financial leases	2	4	4
Profit from investment property revaluation	9	-	-
Profit from sale of investment property	237	118	118
Profit from sale of repossessed collateral	7	6	6
Other commission income	3	20	20
Income from management of the AIF "Altum capital fund"	372	442	442
Other operating income	1 020 *	157	157
Total other income	3 018	1 768	1 768

* Other operating income includes EUR 1,000 thousand, profit from 1st generation venture capital fund realization.

9 Other expense

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Maintenance and service costs of Land Fund	396	258	258
Debt collection costs	117	98	98
Maintenance costs of repossessed collateral	1	-	-
Depreciation of right-of-use assets	115	109	109
Commission expense on investments in securities	69	59	59
AIF "Altum capital fund" management costs	390	442	442
Other commission expense	2	2	2
Total other expense	1 090	968	968

10 Impairment losses, net

All amounts in thousands of euro

	Company 01.01.2022.- 30.09.2022. (unaudited)	Group 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)
Impairment losses on:	9 898	7 381	7 381
Loans, net	4 889	4 283	4 283
<i>impairment losses</i>	3 207	3 759	3 759
<i>impairment losses covered by Portfolio Loss Reserve</i>	2 572	1 901	1 901
<i>impairment losses covered by Risk Coverage Reserve</i>	(890)	(1 377)	(1 377)
Grants	-	3	3
<i>impairment losses</i>	-	3	3
<i>impairment losses covered by Portfolio Loss Reserve</i>	-	-	-
Other assets	-	8	8
<i>impairment losses</i>	67	8	8
<i>impairment losses covered by Risk Coverage Reserve</i>	(67)	-	-
Financial assets related to loan agreements	2	24	24
Guarantees, net	4 739	2 415	2 415
<i>impairment losses</i>	11 838	8 381	8 381
<i>impairment losses covered by Portfolio Loss Reserve</i>	2 762	1 779	1 779
<i>impairment losses covered by Risk Coverage Reserve</i>	(9 861)	(7 745)	(7 745)
Loan commitments, net	268	605	605
<i>impairment losses</i>	791	604	604
<i>impairment losses covered by Portfolio Loss Reserve</i>	83	116	116
<i>impairment losses covered by Risk Coverage Reserve</i>	(606)	(115)	(115)
Grant commitments	-	43	43
Reversal of impairment on:	(7 119)	(8 331)	(8 331)
Loans, net	(2 753)	(3 782)	(3 782)
<i>reversal of impairment</i>	(2 389)	(4 588)	(4 588)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(1 382)	(1 185)	(1 185)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	1 018	1 991	1 991
Disbursed guarantee compensations	-	(43)	(43)
<i>reversal of impairment</i>	(33)	(59)	(59)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	-	(3)	(3)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	33	19	19
Grants	-	(20)	(20)
Other assets	-	-	-
<i>reversal of impairment</i>	(40)	-	-
<i>compensation of decrease in value from Risk Coverage Reserve</i>	40	-	-
Financial assets related to loan agreements	(90)	(14)	(14)
Debt securities	-	(11)	(11)
Guarantees, net	(4 075)	(4 112)	(4 112)
<i>reversal of impairment</i>	(8 609)	(8 687)	(8 687)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(1 423)	(1 143)	(1 143)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	5 957	5 718	5 718
Loan commitments, net	(201)	(342)	(342)
<i>reversal of impairment</i>	(171)	(272)	(272)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(127)	(154)	(154)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	97	84	84
Grant commitments	-	(7)	(7)
Total impairment losses / (reversal), net	2 779	(950)	(950)
Recovery of loans written off in previous periods	(559)	(605)	(605)
Total impairment losses and (income) from recovery of loans written-off	2 220	(1 555)	(1 555)

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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Due from credit institutions and State Treasury	566 624	455 007
<i>cash and cash equivalent</i>	566 624	455 007
Impairment allowances	(1)	(1)
Net due from credit institutions and State Treasury	566 623	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	-	-	549 079	17 544	-	-	-	-	566 623
Total gross as at 30 September 2022 (unaudited)	-	-	549 079	17 544	-	-	-	-	566 623

As at 30 September 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 30 September 2022 was 0.00% (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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
The 2nd generation VCFs	LV	11 799	16 929	8 252	11 885
The 3rd generation VCFs	LV	10 202	13 310	8 699	10 473
The 4th generation VCFs	LV	24 653	20 073	17 437	14 371
AIF "Altum capital fund"	LV	32 283	19 008	16 315	14 998
Baltic Innovation Fund *	LU	88 392	85 544	14 248	13 222
Total investments in associates		167 329	154 864	64 951	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 30 September 2022 the total venture capital fund's portfolio value at cost value was EUR 75,071 thousand (31 December 2021: EUR 77,405 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.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)
Carrying amount at the beginning of period	36 729	32 969	14 998	-	13 222	15 019	64 949	47 988
Invested	5 311	2 984	1 688	9 197	1 836	1 867	8 835	14 048
Refunded	(5 365)	(5 498)	(652)	-	(858)	(406)	(6 875)	(5 904)
Reclassified (increase of support programme funding, see Note 20)	-	1 668	-	-	-	-	-	1 668
Mezzanine interest received and realised gain on exit	1 265	-	596	-	-	-	1 861	-
Realised gain from refunded	-	-	-	-	48	47	48	47
Share of net gain / (loss) of investment in associate *	(3 552)	653	(315)	100	-	-	(3 867)	753
Loss from investment in associate at fair value through profit or loss	-	-	-	-	-	-	-	-
Net carrying amount at the period ended at 30 September (unaudited)	34 388	32 776	16 315	9 297	14 248	16 527	64 951	58 600
Invested	-	1 249	-	5 721	-	(50)	-	6 920
Refunded	-	(1 933)	-	(282)	-	(6 494)	-	(8 709)
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 *	-	(3 656)	-	(20)	-	-	-	(3 676)
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 Three Seas Initiative Investment Fund		Total	
	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)	01.01.2022.-30.09.2022. (unaudited)	01.01.2021.-30.09.2021. (audited)
Net share of gain / (loss) of investment in associates	(3 552)	-	(315)	147	-	-	(3 867)	147
Net income / (expense), excluding revaluation gain / (loss)	1 265	2 018	596	(130)	-	-	1 861	1 888
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	156	139	156	139
Total on 30 September (unaudited)	(2 287)	2 018	281	17	156	139	(1 850)	2 174
Net share of gain / (loss) of investment in associates	-	(1 335)	-	(67)	-	-	-	(1 402)
Net income / (expense), excluding revaluation gain / (loss)	-	-	-	55	-	-	-	55
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	-	(191)	-	(191)
Total on 31 December 2021 (audited)	-	683	-	5	-	(52)	-	636

12 Investments in Associates (cont'd)

In the 9 months of 2022, the Company's expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 340 thousand (9 months of 2021: EUR 374 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the 4th generation venture capital funds amounted EUR 1,308 thousand (9 months of 2021: EUR 1,638 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Baltic Innovation Fund amounted EUR 64 thousand (9 months of 2021: EUR 144 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the AIF "Altum capital fund" amounted EUR 372 thousand (9 months of 2021: EUR 282 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 9 months of 2022 is reflected in the above breakdown. The comparatives for such VCF for 9 months of 2021 is 1,005 thousand euros, which were 100% compensated from the risk coverage reserve (see Note 20).

13 Other Investments

Total cost of other investments on 30 September 2022 was EUR 11,312 thousand (31 December 2021: EUR 8,793 thousand). The initial cost of the investment also includes the fund management fee in the amount of EUR 632 thousand (31 December 2021: EUR 250 thousand), which is later recognized as an expense, and thus is not included in the investment's book value at the end of the reporting period.

All amounts in thousands of euro

	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021. (audited)
Baltic Innovation Fund 2	3 987	1 982
Three Seas Initiatives Investment Fund	7 110	6 954
Total other investments	11 097	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 2.15% on 30 September 2022 (31 December 2021: 2.17%) of the total committed capital the Three Seas Initiative Investment Fund (30 September 2022: EUR 928,100 thousand, 31 December 2021: EUR 923,000 thousand).

In the 9 months of 2022, the Company's expenses included:

- Management fees for the Baltic Innovation Fund II amounted EUR 112 thousand (9 months of 2021: EUR 150 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Three Seas Initiatives Investment Fund amounted EUR 150 thousand (9 months of 2021: EUR 150 thousand) 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
	30.09.2022. (unaudited)	31.12.2021 (audited)
SME and Midcaps	153 240	175 070
Agriculture	164 038	134 079
Private individuals	5 247	6 513
Financial Intermediaries	3	12
Land Fund	34 384	32 999
Total gross loans	356 912	348 673
Impairment allowances	(20 944)	(18 143)
Total net loans	335 968	330 530

Breakdown of loans by industries, in thousands of euro:

	Company	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Agriculture and forestry	191 415	170 808
Manufacturing	62 720	67 635
Retail and wholesale	18 557	24 241
Real estate	13 947	13 719
Construction	11 494	12 238
Municipal authorities	8 101	8 843
Hotels and restaurants	6 541	7 498
Transport, warehousing and communications	7 379	6 856
Electricity, gas and water utilities	7 201	6 120
Health and social care	7 274	5 896
Professional, science and technical services	3 644	4 914
Information technologies and communication	2 368	2 959
Fishing	2 107	2 084
Other industries	8 915	8 344
Private individuals	5 249	6 518
Total gross loans	356 912	348 673
Impairment allowances	(20 944)	(18 143)
Total net loans	335 968	330 530

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

	Company	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Number of customers	40	42
Total credit exposure of customers (EUR '000)	65 775	67 623
Percentage of total gross portfolio of loans	18.43%	19.39%

14 Loans (cont'd)

Movement in impairment allowances, in thousands of euro:

	Company	Group / Company
	01.01.2022.- 30.09.2022. (unaudited)	01.01.2021.- 30.09.2021. (audited)
Impairment allowances at the beginning of the period	18 143	20 713
Increase in impairment allowances (Note 10)	5 779	5 660
Decrease in impairment allowances (Note 10)	(3 771)	(5 774)
Write-off of loans	(203)	(495)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	996	825
Impairment allowances at the end of the period ended 30 September (unaudited)	20 944	20 929
<i>Company's share of impairment allowances</i>	10 389	11 557
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	5 321	3 275
<i>Impairment allowances covered by Risk Coverage Reserve</i>	5 234	6 097
Increase in impairment allowances (Note 10)	-	3 971
Decrease in impairment allowances (Note 10)	-	(6 221)
Write-off of loans	-	(585)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	49
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 30 September 2022 the average annual interest rate for the loan portfolio of the Company was 4.49% (31 December 2021: 4.05%).

15 Grants

All amounts in thousands of euro

	Company	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Energy Efficiency Programme for Multi-apartment Buildings	53 857	43 153
Social Entrepreneurship Programme	1 526	1 290
Grants for development of energy efficiency projects	172	41
Housing grant programme "Balsts"	1 502	1 042
Grants for private house renovation	292	167
Grants for energy efficiency improvement of family buildings	846	-
Grants for cultural industry support programme *	529	36
Total grants, gross	58 724	45 729
Impairment allowances	(332)	(332)
Total grants, net	58 392	45 397

* Combined financial instrument.

15 Grants (cont'd)

Movement in the Company's net book value of grants in 9 months of 2022, in thousands of euro:

	Company	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Carrying amount		
Carrying amount at the beginning of period	45 729	31 107
Changes	12 995	12 822
Carrying amount at the end of period	58 724	43 929
Impairment allowances		-
At the beginning of period	(332)	(175)
Changes	-	(31)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	24
Carrying amount at the end of period	(332)	(182)
Grants net book at the beginning of the period	45 397	30 932
Grants net book value at the end of the period ended 30 September (unaudited)	58 392	43 747
Carrying amount		
Carrying amount at the beginning of period		41 480
Changes		4 249
Carrying amount at the end of period ended 31 December		45 729
Impairment allowances		-
At the beginning of period		(182)
Changes		(232)
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		41 298
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	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Carrying amount at the beginning of period	46 164	36 759
Acquired during the reporting period *	3 905	7 150
Recognized on termination of reverse leases	164	1 662
Disposals during the reporting period	(491)	(211)
Net gain from fair value adjustment	9	804
Carrying amount at the end of the period	49 751	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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Financial assets	3 435	5 165
Other assets (repossessed collateral)	28	28
Total other assets, gross	3 463	5 193
Impairment allowances for financial assets	(2 250)	(1 951)
	<i>Company's share of provisions</i>	<i>(786)</i>
	<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>(186)</i>
	<i>Provisions covered by risk coverage</i>	<i>(979)</i>
Total financial assets, net	1 185	3 214
Total other assets, net	1 213	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 9 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	365	(619)	(1 476)	(1 730)
As at 30 September 2022 (unaudited)	1 955	251	1 229	3 435
Impairment provision				
At the beginning of period	(1 590)	(330)	(31)	(1 951)
Changes in impairment allowances	(365)	92	(26)	(299)
As at 30 September 2022 (unaudited)	(1 955)	(238)	(57)	(2 250)
Net book value at the beginning of period	-	540	2 674	3 214
Net book value as at 30 September 2022 (unaudited)	-	13	1 172	1 185

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	316	582	14	912
As at 30 September (unaudited)	1 940	862	3 678	6 480
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(316)	(87)	70	(333)
As at 30 September (unaudited)	(1 940)	(256)	(97)	(2 293)
Net book value at the beginning of period	-	111	3 497	3 608
Net book value as at 30 September (unaudited)	-	606	3 581	4 187
Financial assets				
Changes	(350)	8	(973)	(1 315)
As at 31 December (unaudited)	1 590	870	2 705	(1 315)
Impairment provision				
Changes in impairment allowances	350	(74)	66	342
As at 31 December (unaudited)	(1 590)	(330)	(31)	342
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	3 699	5 603
Changes	705	567	(505)	767
As at 30 September (unaudited)	2 329	847	3 194	6 370
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(705)	(82)	122	(665)
As at 30 September (unaudited)	(2 329)	(251)	(45)	(2 625)
Net book value at the beginning of period	-	111	3 532	3 643
Net book value as at 30 September (unaudited)	-	596	3 149	3 745
Financial assets				
Changes	(739)	23	(489)	(1 205)
As at 31 December (unaudited)	1 590	870	2 705	(1 205)
Impairment provision				
Changes in impairment allowances	739	(79)	14	674
As at 31 December (unaudited)	(1 590)	(330)	(31)	674
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	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Due to credit institutions registered in OECD countries	41 885	53 416
Total due to credit institutions	41 885	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 41,885 thousand (31 December 2021: EUR 53,416 thousand), of which EUR 10 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 30 September 2022 the principal amount of the loan EUR 6,250 thousand (31 December 2021: EUR 12,153 thousand), the accrued interest on the loan amounts to EUR 10 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 30 September 2022, the amount of the secured claim was EUR 6,260 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 30 September 2022 the principal amount of the loan EUR 35,625 thousand (31 December 2021: EUR 41,250 thousand), the final repayment date 20 November 2025. As at 30 September 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 September 30, 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 30 September 2022, the average interest rate for the balances *Due to credit institutions* was 0.18% (31 December 2021: 0.08%).

19 Due to General Governments

All amounts in thousands of euro

	Company	Group / Company
	30.09.2022. (unaudited)	31.12.2021 (audited)
Loans received from Rural Support Service	3 318	3 321
Loans received from the Treasury	152 517	118 027
Total due to general governments	155 835	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 30 September 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 246 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 30 September 2022 the principal amount of the loan EUR 82,677 thousand (31 December 2021: EUR 69,077 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 30 September 2022, according to the loan agreement the Company is available the financing in the amount of EUR 17,323 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2022, the amount of the secured claim was EUR 99,215 thousand (31 December 2021: EUR 82,893 thousand).

19 Due to General Governments (cont'd)

- SME development programme: as at 30 September 2022 the principal amount of the loan EUR 54,286 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 30 September 2022, according to the loan agreement the Company still is available the financing in the amount of EUR 714 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2022, the amount of the secured claim was EUR 65,159 thousand (31 December 2021: EUR 38,524 thousand).
- Parallel loan programme: as at 30 September 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 30 September 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 30 September 2022, the amount of the secured claim was EUR 5,523 thousand (31 December 2021: EUR 5,520 thousand).
- Programme of Small Loans for Rural Areas: as at 30 September 2022 the principal amount of the loan EUR 2,079 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 30 September 2022, according to the loan agreement the Company still is available the financing in the amount of EUR 3,921 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As at 30 September 2022, the amount of the secured claim was EUR 2,495 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 30 September 2022 the principal amount of the loan EUR 8,856 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 30 September 2022, the amount of registered mortgage was EUR 10,563 thousand (31 December 2021: EUR 10,400 thousand).

As at 30 September 2022 the accrued interest on the loans received from the Treasury amounts to EUR 17,5 thousand (31 December 2021: EUR 2,2 thousand).

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until September 30, 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 30 September 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	8 294	1 429	(1 000)	(172)	7 122
ESF II	2 326	85	-	(59)	2 267
Microcredits of Swiss programme (closed programme)	565	78	-	(3)	562
ERDF I	449	-	-	-	449
ESF I	316	5	-	(2)	314
ERDF II (second round)	7 038	148	-	(34)	7 004
Incubators (from ESF II)	82	3	-	-	82
ERDF II 2 Public fund	226	-	-	-	226
Fund of Funds programme – Start-up loans	2 707	2 165	(439)	(187)	2 081
Fund of Funds programme – Microcredits	295	79	(9)	(12)	274
Fund of Funds programme – Parallel loans	4 012	4 012	(433)	(1 830)	1 749
Energy Efficiency Loans for Multi-apartment Buildings (I)	2 179	2 142	(12)	(23)	2 144
Start-up State Aid Cumulation Lending Programme	1 891	1 891	(387)	(278)	1 226
Other loans to start-ups	1 779	132	-	(39)	1 740
Mezzanine Programme – Loans	3 735	3 549	-	(1 018)	2 717
Guarantees and interest grants programme	4 285	4 285	(1 256)	-	3 029
SME energy efficiency loans	3 723	3 723	(175)	(415)	3 133
ERAF SME growth loans	7 133	428	-	(163)	6 970
ERAF loans for business sustainability	4 017	874	-	(151)	3 866
Parallel loans	2 000	2 000	(28)	(354)	1 618
Parallel loans 2	3 313	1 226	-	(488)	2 825
Loans for enterprises in rural territories	7 803	1 707	(196)	(112)	7 495
Start-up loans to innovative entrepreneurs	5 128	1 026	-	(105)	5 023
Multi-apartment building improvement loans*	750	750	-	(2)	748
Rental multi-apartment building improvement loans	4 044	243	-	(17)	4 027
Energy Efficiency Loans for Multi-apartment Buildings (II)	250	250	-	-	250
ERDF Multi-apartment building improvement loans	500	14	-	-	500
Cultural industry support programme **	2 264	-	-	-	2 264
ELFLA Agricultural and rural development loans	5 026	1 206	-	(23)	5 003
Investment Loans with a capital rebate *	99 565	50 778	-	-	99 565
Total loans	185 695	84 228	(3 935)	(5 487)	176 273

* Combined financial instrument.

** Combined financial instrument. Risk coverage (Portfolio Loss Reserve) of EUR 809 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).

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 30 September 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
Guarantees					
Fund of Funds programme – Guarantees	36 531	36 531	-	(6 984)	29 547
Energy Efficiency Guarantees for Multi-apartment Buildings	8 366	8 159	-	(1 273)	7 093
Housing Guarantee Programme	21 377	21 377	(2 875)	(13 828)	4 674
Portfolio guarantees for renovation of family buildings	502	502	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	(1 261)	(862)	6 630
Mezzanine Programme – Guarantees	796	756	-	(241)	555
Portfolio Guarantee Fund	3 881	3 414	(237)	(3 277)	367
Export credit guarantees	3 390	3 390	(1 841)	(695)	854
Study and student portfolio guarantees ***	669	-	-	-	669
ELFLA Agricultural and rural development guarantees	2 500	2 500	-	-	2 500
Agricultural Guarantees	2 741	2 741	(827)	(948)	966
Total guarantees	89 506	88 123	(7 041)	(28 108)	54 357
Grants					
Energy Efficiency Grants for Multi-apartment Buildings	69 062	-	-	-	69 062
Housing grant programme "Balsts"	5 255	-	-	-	5 255
Grants for energy efficiency improvement of family buildings	1 587	-	-	-	1 587
Social Entrepreneurship Programme	1 715	-	-	-	1 715
Grants for development of energy efficiency project	-	-	-	-	-
Grants for improving energy efficiency of family buildings	3 258	-	-	-	3 258
Grants for Cultural industry support *	1 584	-	-	-	1 584
Total grants	82 461	-	-	-	82 461
Venture Capital Funds					
Fund of Funds and venture capital funds	64 604	57 594	-	-	64 604
Investment Fund Activity	4 644	3 715	-	(397)****	4 247
Baltic Innovation Fund	1 880	564	(508)	-	1 372
Baltic Innovation Fund II	2 023	607	(641)	-	1 382
Total venture capital funds	73 151	62 480	(1 149)	(397)	71 605
Other Activities					
Energy Efficiency Fund	607	-	-	-	607
Regional Creative Industries Alliance	-	-	-	-	-
Total other activities	607	-	-	-	607
Funding allocated to increase reserve capital	-	-	-	-	-
Total support programme funding	431 420 *****	234 831	(12 125)	(33 992)	385 303

* Combined financial instrument.

*** Risk coverage (Portfolio Loss Reserve) of EUR 3,308 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)

**** Provisions covered by risk coverage include EUR 370 thousand provisions and EUR 27 thousand provisions for other assets.

***** Support programme funding contains EUR 16,241 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 Loans for Multi-apartment Buildings (I)	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
Multi-apartment building improvement loans **	1 000	1 000	-	1 000
Rental multi-apartment building improvement loans	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 Guarantees for Multi-apartment Buildings	8 294	7 985	(1 015)	7 279
Housing Guarantee Programme	21 530	21 530	(11 971)	9 559
Portfolio guarantees for renovation of family buildings	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 credit 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 financial report of 2021 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 2021. 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 Grants for Multi-apartment Buildings	48 826	-	-	48 826
Housing grant programme "Balsts"	7 350	-	-	7 350
Grants for energy efficiency improvement of family buildings **	1 872	-	-	1 872
Social Entrepreneurship Programme	1 849	-	-	1 849
Grants for Cultural industry support **	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 financial report of 2021 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 2021. 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 9months 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.									30.09.2022.
Loans										
ERDF II	1 579	-	(2 000)	-	-	-	-	7 490	53	7 122
ESF II	969	-	-	-	-	-	2	1 320	(24)	2 267
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	-	-	-	-	-	14	1 223	5	7 004
Incubators (from ESF II)	82	-	-	-	-	-	-	-	-	82
ERDF II 2 Public fund	226	-	-	-	-	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 479	-	-	-	-	-	-	(439)	41	2 081
Fund of Funds programme – Microcredits	282	-	-	-	-	-	-	(9)	1	274
Fund of Funds programme – Parallel loans	1 714	-	(286)	-	-	-	-	(433)	754	1 749
Energy Efficiency Loans for Multi-apartment Buildings (I)	5 282	-	(3 000)	-	(114)	-	-	(12)	(12)	2 144
Start-up State Aid Cumulation Lending Programme	1 606	-	-	-	-	-	-	(371)	(9)	1 226
Other loans to start-ups	1 468	-	-	-	-	-	8	254	10	1 740
Mezzanine Programme – Loans	2 438	-	126	-	-	-	125	-	28	2 717
Guarantees and interest grants programme	4 269	-	-	-	-	-	16	(1 256)	-	3 029
SME energy efficiency loans	3 373	-	-	-	-	-	-	(174)	(66)	3 133
ERDF SME growth loans	-	-	7 000	-	-	-	133	-	(163)	6 970
ERDF loans for business sustainability	-	-	4 000	-	-	-	17	-	(151)	3 866
Parallel loans	1 845	-	-	-	-	-	-	(28)	(199)	1 618
Parallel loans 2	-	-	3 286	-	-	-	27	-	(488)	2 825
Loans for enterprises in rural territories	7 738	-	-	-	-	-	-	(197)	(46)	7 495
Start-up loans to innovative entrepreneurs	1 474	-	3 500	-	-	-	129	-	(80)	5 023
Multi-apartment building improvement loans*	1 000	-	(250)	-	-	-	-	-	(2)	748
Rental multi-apartment building improvement loans	1 000	-	3 000	-	-	-	44	-	(17)	4 027
Energy Efficiency Loans for Multi-apartment Buildings (II)	-	-	250	-	-	-	-	-	-	250
ERDF Multi-apartment building improvement loans	-	-	500	-	-	-	-	-	-	500
Cultural industry support programme *	2 717	-	(364)	-	(14)	-	-	(75)	-	2 264
ELFLA Agricultural and rural development loans	-	5 000	-	-	-	-	26	-	(23)	5 003
Investment Loans with a capital rebate *	-	99 565	-	-	-	-	-	-	-	99 565
Total loans	47 813 **	104 565	15 762	-	(128)	-	541	8 103	(383)	176 273

* 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 9 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.									30.09.2022.
Guarantees										-
Fund of Funds programme - Guarantees	23 726	-	6 000	-	-	-	634	-	(813)	29 547
Energy Efficiency Guarantees for Multi-apartment Buildings	7 279	-	-	-	(102)	-	174	-	(258)	7 093
Housing Guarantee Programme	9 559	-	-	-	-	-	-	(3 028)	(1 857)	4 674
Portfolio guarantees for renovation of family buildings*	502	-	-	-	-	-	-	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 757	-	1 000	-	-	-	-	(1 261)	134	6 630
Mezzanine Programme - Guarantees	702	-	(126)	-	-	-	31	-	(52)	555
Portfolio Guarantee Fund	1 555	-	-	-	-	-	-	(237)	(951)	367
Export credit guarantees	1 841	-	1 000	-	-	-	-	(1 841)	(146)	854
Study and student portfolio guarantees	549	120	-	-	-	-	-	-	-	669
ELFLA Agricultural and rural development guarantees	-	2 500	-	-	-	-	-	-	-	2 500
Agricultural Guarantees	1 721	-	-	-	-	-	-	(827)	72	966
Total guarantees	54 191	2 620	7 874	-	(102)	-	839	(7 194)	(3 871)	54 357
Grants										
Energy Efficiency Grants for Multi-apartment Buildings	48 826	33 582	-	(12 352)	(994)	-	-	-	-	69 062
Housing grant programme "Baists"	7 350	-	-	(2 095)	-	-	-	-	-	5 255
Grants for energy efficiency improvement of family buildings *	1 872	-	-	(285)	-	-	-	-	-	1 587
Social Entrepreneurship Programme	1 849	1 664	-	(1 679)	(119)	-	-	-	-	1 715
Grants for development of energy efficiency project	-	-	-	-	-	-	-	-	-	-
Grants for improving energy efficiency of family buildings	-	-	3 269	-	(11)	-	-	-	-	3 258
Grants for Cultural industry support *	1 849	-	364	(608)	(14)	-	-	(7)	-	1 584
Total grants	61 746	35 246	3 633	(17 019)	(1 138)	-	-	(7)	-	82 461
Venture Capital Funds										
Fund of Funds and venture capital funds	52 084	40 000	(24 000)	-	(1 768)***	(2 125)	413 *****	-	-	64 604
Investment Fund Activity	5 008	-	-	-	(541)****	(1 427)	899 *****	705 *****	(397)	4 247
Baltic Innovation Fund	1 939	-	-	-	(120)	-	61 *****	(508)	-	1 372
Baltic Innovation Fund II	2 166	-	-	-	(144)	-	-	(640)	-	1 382
Total venture capital funds	61 197	40 000	(24 000)	-	(2 573)	(3 552)	1 373	(443)	(397)	71 605
Other Activities										
Energy Efficiency Fund	3 888	-	(3 269)	-	(12)	-	-	-	-	607
Regional Creative Industries Alliance	-	3	-	-	(3)	-	-	-	-	-
Total other activities	3 888	3	(3 269)	-	(15)	-	-	-	-	607
Funding allocated to increase reserve capital	1 452	-	-	-	-	-	-	(1 452)	-	-
Total support programme funding	230 287	182 434	-	(17 019)	(3 956)	(3 552)	2 753	(993)	(4 651)	385 303

* Combined financial instrument.

*** include EUR 1,308 thousand management fees for the 4th generation venture capital funds (see Note 12).

**** include EUR 340 thousand management fees for the 2nd and 3rd generation venture capital funds (see Note 12).

***** include EUR 387 thousand mezzanine interest received and EUR 29 thousand realised gain on investments in 4th generation venture capital funds in 9 months of 2022 (see Note 12).

***** include EUR 187 thousand mezzanine interest received and EUR 667 thousand realised gain on investments in 2nd and 3rd generation venture capital funds in 9 months of 2022 (see Note 12).

***** include EUR 48 thousand realised gain on investment in Baltic Innovation Fund in 9 months of 2022 (see Note 12).

***** include deferred payments in amount of EUR 407 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.- 30.09.2022. (unaudited)	Group / Company 01.01.2021.- 30.09.2021. (unaudited)
Revaluation of investments in 2nd and 3rd generation venture capital funds	(2 250)	(642)
Realised gain on investments in 2nd and 3rd generation venture capital funds	667	645
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	186	680
Revaluation of investments in 4th generation venture capital funds	(1 302)	(64)
Realised gain on investments in 4th generation venture capital funds	26	-
Mezzanine interest received from investments in 4th generation venture capital funds	385	91
Gains less losses from liabilities at fair value through profit or loss	(2 288)	710

21 Provisions

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

	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Provisions for financial guarantees	37 638	33 603
<i>Company's share of provisions</i>	4 818	5 494
<i>Provisions covered by Portfolio Loss Reserve</i>	5 960	4 719
<i>Provisions covered by Risk Coverage Reserve</i>	26 860	23 390
Provisions for loan commitments	738	790
<i>Company's share of provisions</i>	80	140
<i>Provisions covered by Portfolio Loss Reserve</i>	36	188
<i>Provisions covered by Risk Coverage Reserve</i>	622	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	38 449	34 466
<i>Company's share of provisions</i>	4 971	5 707
<i>Provisions covered by Portfolio Loss Reserve</i>	5 996	4 907
<i>Provisions covered by Risk Coverage Reserve</i>	27 482	23 852

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

	Company 01.01.2022.- 30.09.2022. (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)	14 601	10 161
Decrease in provisions (Note 10)	(10 031)	(9 830)
Reclassification (Disbursed guarantee)	(535)	(964)
Provisions at the end of the period ended 30 September (unaudited)	37 638	30 780
<i>Company's share of provisions</i>	4 818	4 700
<i>Provisions covered by Portfolio Loss Reserve</i>	5 960	4 026
<i>Provisions covered by Risk Coverage Reserve</i>	26 860	22 054
Increase in provisions (Note 10)		5 910
Decrease in provisions (Note 10)		(3 086)
Reclassification (Disbursed guarantee)		(1)
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	-	-	-	(316)	(316)
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	39 546	-	-	-	39 546
Reserves as of 30 September 2021 (unaudited)	194 250	(15 935)	37 089	897	216 301
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(199)	(199)
Increase of reserve capital	5 943	-	-	-	5 943
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	-	-	-	(1 134)	(1 134)
Distribution of 2021 year profit of the Company	-	-	13 829	-	13 829
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2021	(3 446)	-	3 446	-	-
Increase of reserve capital	3 525	-	-	-	3 525
Decrease of reserve capital	(58 565)	-	-	-	(58 565)
Reserves as of 30 September 2022 (unaudited)	141 707	(15 935)	54 364	(436)	179 700

Analysis of the Group's reserves movements on 31 December 2021, 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	-	-	-	(316)	(316)
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	39 546	-	-	-	39 546
Reserves as of 30 September 2021 (unaudited)	194 250	(15 580)	36 736	897	216 303
Increase of reserve capital	5 943	-	-	(199)	5 744
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)
Portfolio Loss Reserve (Specific Reserves) used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Reallocation of reserve capital	-	-	-	2 500	-	-	-	(2 500)	-	-
Increase of specific reserves	2 179	1 986	-	2 000	22 565	-	10 816	-	-	39 546
Specific reserves as of 30 September 2021 (unaudited)	17 686	2 220	-	4 500	22 565	20 000	58 148	44 316	24 815	194 250
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 220	-	4 500	13 800	20 000	42 385	44 316	8 850	153 757
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(492)	-	-	-	-	(658)	(1 226)	(282)	(2 658)
Increase of specific reserves	-	155	5 788	-	-	-	-	-	-	5 943

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)
Portfolio Loss Reserve (Specific Reserves) used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Increase of reserve capital	1 452	2 073	-	-	-	-	-	-	-	3 525
Decrease of reserve capital, directing funds to risk coverage of program Loans with capital discount	-	-	-	-	(22 565)	(20 000)	-	(16 000)	-	(58 565)
Specific reserves as of 30 September 2022 (unaudited)	19 138	3 308	5 788	4 500	-	-	56 465	28 130	24 378	141 707
of which:										
Portfolio Loss Reserve (Specific Reserves)	19 138	3 308	5 788	4 500	-	-	40 702	28 130	8 413	109 979
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2022 annual report	-	(880)	-	-	-	-	(1 146)	(459)	(540)	(3 025)

* 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.

22 Reserves (cont'd)

Breakdown of the Group's "Specific reserves for support programmes" on 31 December 2021:

	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)
Portfolio Loss Reserve (Specific Reserves) used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Reallocation of reserve capital	-	-	-	2 500	-	-	-	(2 500)	-	-
Increase of specific reserves	2 179	1 986	-	2 000	22 565	-	10 816	-	-	39 546
Specific reserves as of 30 September 2021 (unaudited)	17 686	2 220	-	4 500	22 565	20 000	58 148	44 316	24 815	194 250
of which:										
Portfolio Loss Reserve (Specific Reserves)	17 686	2 220	-	4 500	13 800	20 000	42 385	44 316	8 850	153 757
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(492)	-	-	-	-	(658)	(1 226)	(282)	(2 658)

22 Reserves (cont'd)

Breakdown of the Group's "Specific reserves for support programmes" on 31 December 2021 (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		
Reallocation of reserve capital	-	-	-	2 500	-	-	-	(2 500)	-	-
Increase of specific reserves	2 179	2 141	5 788	2 000	22 565	-	10 816	-	-	45 489
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.

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	-	4 500	13 800	-	16 053	17 500	-	56 018
Reallocation of funding within Portfolio Loss Reserve – funding for management fee	-	(392)	-	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Reallocation of funding within portfolio loss reserve – funding for management fee	-	-	-	-	-	-	-	-	2 060	
Decrease of Portfolio Loss Reserve according to the List of the Partners and their Commitments	-	-	-	-	-	-	-	-	(156)	(156)
Portfolio Loss Reserve as of 30 September 2021 (unaudited)	17 686	2 220	-	4 500	13 800	20 000	42 385	44 316	8 850	153 757
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)
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report</i>	-	(492)	-	-	-	-	(658)	(1 226)	(282)	(2 658)
Increase / reclassification of Portfolio Loss Reserve	-	155	5 788	-	-	-	-	-	-	5 943
Portfolio Loss Reserve used to cover credit loss upon approval of the 2021 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		
Reallocation of funding within Portfolio Loss Reserve – funding for management fee	-	(1 140)	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Increase of reserve capital	1 452	2 073	-	-	-	-	-	-	-	3 525
Decrease of reserve capital, directing funds to capital discount of program Loans with capital discount	-	-	-	-	(13 800)	(20 000)	-	(16 000)	-	(49 800)
Portfolio Loss Reserve as of 30 September 2022 (unaudited)	19 138	3 308	5 788	4 500	-	-	40 702	28 130	8 413	109 979
of which:										
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2022 annual report	-	(880)	-	-	-	-	(1 146)	(459)	(540)	(3 025)

Subitem Reserve capital for non-Covid-19 programmes includes the following increases in the Specific Reserve capital for non-Covid-19 programmes in 2022 9 months:

- An increase of EUR 1,452 thousand for housing guarantees in accordance with the decision of the Extraordinary General Shareholders' Meeting of 27 June 2022, adopted on the basis of the Cabinet of Ministers Regulations No.95 of 20 February 2018" Regulations on state aid for the purchase or construction of a dwelling" and concluded on 22 December 2021 Agreement on dwelling guarantee support program funding No.2/2021 with the Ministry of Economics
- An increase for study and student portfolio guarantees for the total amount of EUR 2,073 thousand in accordance with the decision of the Extraordinary General Shareholders' Meeting of 27 June 2022, adopted on the basis of the Cabinet of Ministers Regulations No.231 of 21 April 2020 "Regulations on study and student lending for studies in Latvia from the resources of credit institutions, which are guaranteed by the state budget" and the agreement concluded on 10 August 2020 (with the amendments of 27 December 2021) on the financing, implementation, cooperation, supervision and mutual exchange of information of the study and student loan guarantee program with the Ministry of Education and Science.

Item Reserve capital for mitigation of impact of Covid-19 includes a decrease in the Special Reserve capital of EUR 58,565 thousand in accordance with the decision of the Extraordinary General Meeting of Shareholders of the Company of 1 April 2022, adopted on the basis of the clauses 2 and 3 of the Cabinet of Ministers Order as of 6 July 2021 (Meeting Minutes No. 51). A decrease in the reserve capital consists of:

- Decrease of Special Reserve Capital by EUR 22,565 thousand for loans to large companies (MidCap Loans)
- Decrease of Special Reserve Capital by EUR 16,000 thousand for portfolio guarantees to mitigate impact of the Covid-19 crisis (were included in Credit Holiday Guarantees)
- Decrease of Special Reserve Capital by EUR 20,000 thousand for guarantees to large companies (MidCap Guarantees) whose activities have been affected by the spread of Covid-19

22 Reserves (cont'd)

As result of reduction of the Special Reserve Capital, redistributed funding will be diverted to finance the new Investment Loan with a capital rebate programme. 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 programme is maintained, maintaining the same funding - financing for a new support programme and expected losses. By transferring financing from the Special Reserve Capital, the Portfolio Loss Reserve will decrease by EUR 49,800 thousand.

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 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Contingent liabilities:		
Outstanding guarantees	459 627	414 978
Financial commitments:		
Loan commitments	27 612	25 572
Grant commitments	23 399	11 089
Commitments to AIF "Altum capital fund"	31 761	33 450
Commitments to investments in associates	45 483	54 426
Commitments to other investments	34 075	36 739
Total contingent liabilities and financial commitments	621 957	576 254

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

	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Unutilised loan facilities	27 612	25 572
Impairment allowances	(738)	(790)
Total unutilized loan facilities, net	26 874	24 782

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

	Company 30.09.2022. (unaudited)	Group / Company 31.12.2021 (audited)
Grant commitments	23 399	11 089
Impairment allowances	(73)	(73)
Total grant commitments, net	23 326	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 30 September 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	286 955 *	-	1	5	25 977	146 689	459 627
Financial commitments							
Loan commitments	27 612	-	-	-	-	-	27 612
Grant commitments	23 399	-	-	-	-	-	23 399
Commitments to AIF "Altum capital fund"	10	1 486	1 252	58	28 955	-	31 761
Commitments to investments in associates	3 781	7 562	7 633	12 012	12 749	1 746	45 483
Commitments to other investments	643	1 285	1 928	3 856	18 501	7 862	34 075
Total financial commitments	55 445	10 333	10 813	15 926	60 205	9 608	162 330
Total contingent liabilities and financial commitments	342 400	10 333	10 814	15 931	86 182	156 297	621 957

* 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
	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)
Investments in venture capital funds	-	-	47 802	50 077	-	-
Investments in AIF "Altum capital fund"	-	-	17 149	14 871	-	-
Due to general governments	-	-	-	-	3 318	3 321
Support programme funding	391 225	222 774	-	-	73 582	51 559
Off-balance sheet financial liabilities for venture capital funds	-	-	-	54 426	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	31 761	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.- 30.09.2022. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2022.- 30.09.2022. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	32 345	30 791	(3 765)	(16 236)
Ministry of Agriculture of the Republic of Latvia	-	5 788	-	-
Ministry of Economics of the Republic of Latvia	41 000	18 603	-	-
Associates				
Venture capital funds	8 835	14 051	(6 875)	(5 904)
Other companies owned by the Group's shareholders				
Rural Support Service	7 500	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	73 582	51 559	-	-
Ministry of Education and Science of the Republic of Latvia	2 194	1 617	-	-
Ministry of Culture of the Republic of Latvia	3 003	3 815	(3 070)	-
Ministry of Wealth Fair of the Republic of Latvia	1 664	1 616	-	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 9 months of 2022 amounted to EUR 525 thousand (9 months of 2021: EUR 471 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
	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)
Assets				
Due from credit institutions and the Treasury	566 623	455 006	566 623	455 006
Financial assets at fair value through other comprehensive income - investment securities	11 968	14 051	11 968	14 051
Financial assets at amortised cost:				
Investment securities	38	37	90	90
Individuals	335 968	330 530	344 237	321 991
Companies	28 673	25 475	29 174	24 897
Loans	307 295	305 055	315 063	297 094
Grants	58 392	45 397	58 392	45 397
Investments in associates (investments in Baltic Innovation Fund)	14 248	13 222	14 248	13 222
Investment properties	49 751	46 164	49 751	46 164
Financial assets	1 185	3 214	1 185	3 214
Total assets	1 038 173	907 621	1 046 494	899 135
Liabilities				
Due to credit institutions	41 885	53 416	41 885	53 416
Due to general governments	155 835	121 348	155 835	121 348
Financial liabilities at amortised cost - Issued debt securities	85 634	85 558	85 634	85 558
Support programme funding	385 303	230 287	385 303	230 287
Total liabilities	668 657	490 609	668 657	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
	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)	30.09.2022. (unaudited)	31.12.2021 (audited)
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	2 454	3 516	9 514	10 535	-	-	11 968	14 051
Investments in venture capital funds – associates (Investments in BIF)	-	-	-	-	14 248	13 222	14 248	13 222
Investment properties	-	-	-	-	49 751	46 164	49 751	46 164
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	566 623	455 006	-	-	566 623	455 006
Financial assets at amortised cost:								
Investment securities	-	-	90	91	-	-	90	91
Loans	-	-	-	-	344 237	321 991	344 237	321 991
Grants	-	-	-	-	58 392	45 397	58 392	45 397
Financial assets	-	-	-	-	1 185	3 214	1 185	3 214
Total assets	2 454	3 516	576 227	465 632	467 813	429 988	1 046 494	899 136
Liabilities measured at fair value								
Support programme funding	-	-	-	-	385 303	230 287	385 303	230 287
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	41 885	53 416	41 885	53 416
Due to general governments	-	-	-	-	155 835	121 348	155 835	121 348
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	85 634	85 558	85 634	85 558
Total liabilities	-	-	-	-	668 657	490 609	668 657	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 30 September 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	10 133	2 409	9	1	1 851	-	71	14 474
<i>of which, interest on loans and guarantees (Note 4)</i>	<i>10 048</i>	<i>2 312</i>	<i>-</i>	<i>-</i>	<i>1 851</i>	<i>-</i>	<i>71</i>	<i>14 282</i>
Interest expense	(1 380)	(90)	(4)	-	(542)	-	-	(2 016)
Net interest income	8 753	2 319	5	1	1 309	-	71	12 458
Income for implementation of state aid programmes	481	833	2 448	603	-	-	78	4 443
Expenses to be compensated for implementation of state aid programmes	(398)	(362)	(2 199)	(603)	-	-	(78)	(3 640)
Net income for implementation of state aid programmes	83	471	249	-	-	-	-	803
Gains from debt securities and foreign exchange translation	47	55	5	-	-	-	-	107
Share of (losses) of investment in associates	-	-	(1 850)	-	-	-	-	(1 850)
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	-	-	2 288	-	-	-	-	2 288
Other income	-	-	1 000	3	1 616	372	27	3 018
Other expense	(194)	(61)	(9)	(26)	(402)	(390)	(8)	(1 090)
Operating income / (loss) before operating expenses	8 689	2 784	1 736	(22)	2 523	(18)	90	15 782
Staff costs	(2 765)	(678)	(70)	(941)	(189)	-	(225)	(4 868)
Administrative expense	(712)	(248)	(9)	(191)	(78)	-	(49)	(1 287)
Amortisation of intangible assets and depreciation of property, plant and equipment	(267)	(130)	(66)	(134)	(40)	-	(29)	(666)
(Impairment) gain, net	(1 728)	(579)	-	-	-	-	87	(2 220)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	3 217	1 149	1 591	(1 288)	2 216	(18)	(126)	6 741
Financial assets at fair value through profit or loss	-	-	50 703	-	-	-	-	50 703
Other investments	-	-	14 248	-	-	-	-	14 248
Investments in associates	-	-	11 097	-	-	-	-	11 097
Additions of property and equipment, intangible assets and investment property	217	68	17	94	3 920	-	17	4 333
Total segment assets	571 440	135 669	174 967	84 846	87 814	-	53 236	1 107 972
Total segment liabilities	393 415	96 582	69 254	82 014	74 548	-	856	716 669

26 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2021 till 30 September 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	9 915	2 310	20	-	1 678	-	10	13 933
of which, interest on loans and guarantees (Note 4)	9 776	2 152	-	-	1 678	-	10	13 616
Interest expense	(1 015)	(17)	-	-	(477)	-	-	(1 509)
Net interest income	8 900	2 293	20	-	1 201	-	10	12 424
Income for implementation of state aid programmes	139	939	1 511	826	-	-	44	3 459
Expenses to be compensated for implementation of state aid programmes	(114)	(222)	(1 569)	(826)	-	-	(20)	(2 751)
Net income for implementation of state aid programmes	25	717	(58)	-	-	-	24	708
Gains from debt securities and foreign exchange translation	16	17	2	-	-	-	-	35
Share of (losses) of investment in associates	-	-	985	-	-	-	-	985
Share of gain of investment in associates at fair value through profit or loss	-	-	47	-	-	-	-	47
Gains less losses from liabilities at fair value through profit or loss	-	-	(929)	-	-	-	-	(929)
Other income	-	-	145	19	1 139	442	23	1 768
Other expense	(173)	(37)	(7)	(24)	(277)	(442)	(8)	(968)
Operating income / (loss) before operating expenses	8 768	2 990	205	(5)	2 063	-	49	14 070
Staff costs	(2 559)	(819)	(112)	(565)	(179)	-	(158)	(4 392)
Administrative expense	(657)	(263)	(68)	(182)	(57)	-	(59)	(1 286)
Amortisation of intangible assets and depreciation of property, plant and equipment	(337)	(151)	(29)	(132)	(28)	-	(31)	(708)
(Impairment) gain, net	(179)	1 763	-	(19)	(2)	-	(8)	1 555
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	5 036	3 520	(4)	(903)	1 797	-	(207)	9 239
Financial assets at fair value through profit or loss	-	-	42 073	-	-	-	-	42 073
Other investments	-	-	16 527	-	-	-	-	16 527
Investments in associates	-	-	8 664	-	-	-	-	8 664
Additions of property and equipment, intangible assets and investment property	161	61	14	75	2 179	-	12	2 502
Total segment assets	477 054	151 541	158 529	63 470	74 154	106	22 027	946 881
Total segment liabilities	297 954	69 091	44 433	40 489	62 541	82	1 328	515 918

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.

OTHER NOTES TO UNAUDITED INTERIM CONDENSED REPORT

Key financial and performance indicators

82 - 83

Definitions of indicators

84 - 85

OTHER NOTES TO THE INTERIM CONDENSED REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2022 9M (unaudited)	2022 6M (unaudited)	2022 3M (unaudited)
Key financial data			
Net interest income (EUR '000)	12 458	8 391	4 243
Operating profit (EUR '000)	6 741	6 333	1 769
Profit for the period (EUR '000)	6 741	6 333	1 769
Cos to income ratio (CIR)	43.22%	38.97%	43.10%
Employees	232	230	231
Total assets (EUR '000)	1 107 972	1 044 930	1 032 989
Financial debt (EUR '000)	467 818	438 447	414 496
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	24.11%	25.06%	28.90%
Equity and reserves (EUR '000)	391 303	391 059	442 050
Total risk coverage: (EUR '000)	307 793	279 029	286 931
Risk coverage reserve	234 831	202 272	161 011
Risk coverage reserve used for provisions	(33 992)	(31 963)	(30 480)
Portfolio loss reserve (specific reserve capital)	109 979	109 979	159 700
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(3 025)	(1 259)	(3 300)
Liquidity ratio for 180 days **	567%	402%	488%
Net Cash flows from operating activities (EUR '000)	115 216	62 081	62 055
Net Cash flows from financing activities (EUR '000)	2 941	2 659	585
Net Cash flow from investing activities (EUR '000)	(6 540)	(8 078)	(4 881)
Support instruments gross value (EUR '000), of which	1 048 653	1 021 659	997 052
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	322 528	319 742	313 889
Guarantees	459 627	443 277	422 992
Venture capital funds	86 383	86 316	90 395
Land Fund, of which:	84 135	84 216	84 815
- sales and leaseback transactions	34 384	34 477	35 219
- investment properties	49 751	49 739	49 596
Total	952 673	933 551	912 091
Number of transactions	33 579	32 813	31 933
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	73 177	48 126	23 467
Guarantees	111 059	70 401	30 853
Venture capital funds	10 344	8 400	5 205
Land Fund, of which:	6 788	6 108	5 751
- sales and leaseback transactions	2 847	2 353	2 339
- investment properties	3 941	3 755	3 412
Total	201 368	133 035	65 276
Number of transactions	4 914	3 198	1 506
Leverage for raised private funding	179%	128%	129%
Volume of support programmes funding per employee (EUR '000)	4 106	4 059	3 948
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)	4 553	(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>