

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the nine months ended 30 September 2023

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Altum

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

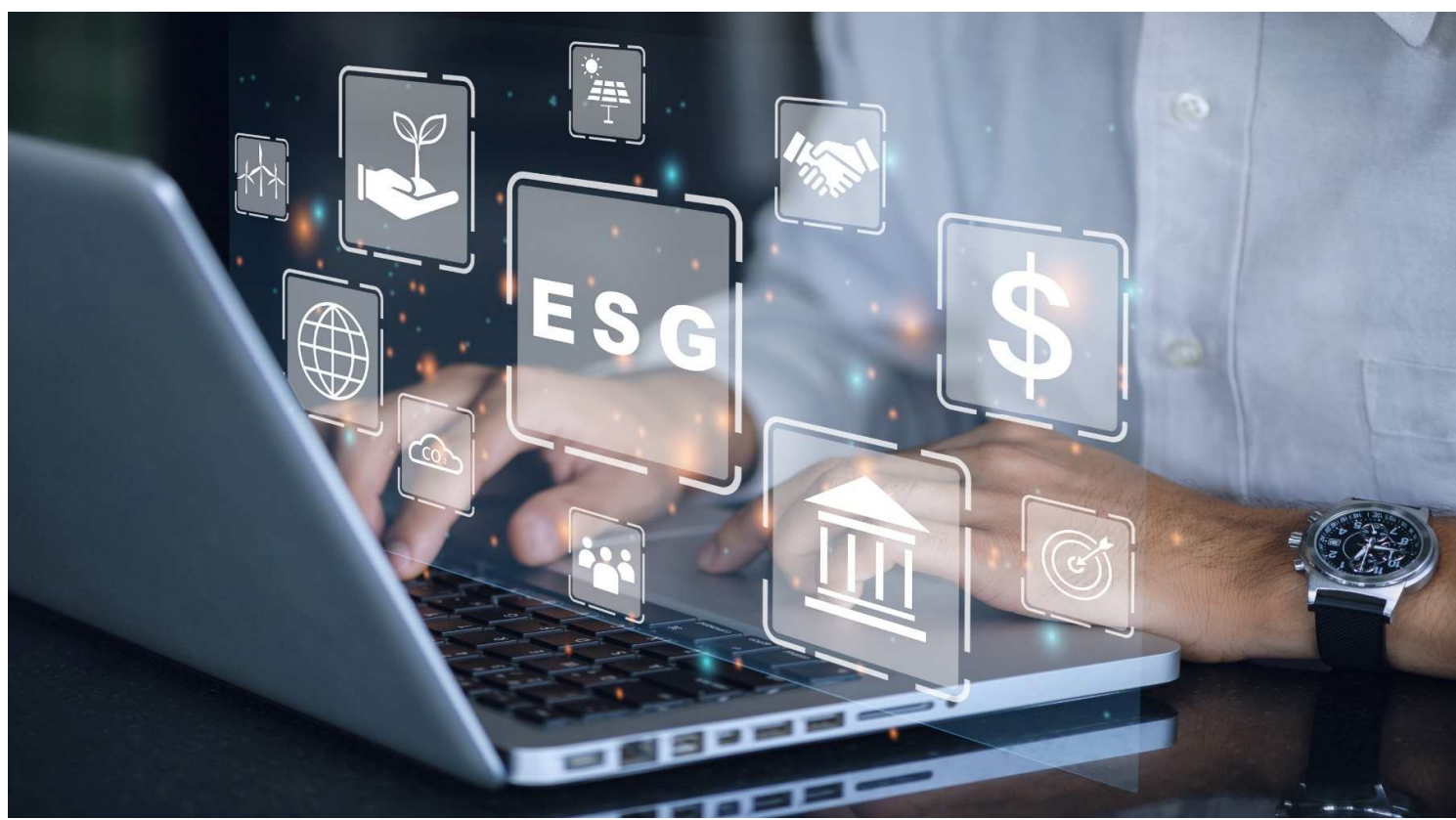
VALUES Excellence / Team / Responsibility

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

Long-term objectives until 2024

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

- The main financial objective in implementing the state support programmes is to ensure positive return on Altum's capital.
- The main non-financial objective is to support and facilitate availability of finances to business and to contribute to national economic development.
- Altum priority areas include issuing and servicing guarantees and loans, venture capital investments, solutions for climate change mitigation including implementation of energy efficiency programmes in both the residential building 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
- The main target activities embrace support for entrepreneurs, farmers and certain categories of persons, energy efficiency; the 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 2023, the Development Finance Institution Altum (hereinafter – the Company) have ensured stable financial results and earned a profit of EUR 13.8 million.

Key financial and performance indicators

Based on data from audited financial statements for the respective years

	2023 9M (unaudited)	2022 9M (unaudited)	2022 12M (audited)
Key financial data			
Net interest income (EUR '000)	12 894	12 458	16 974
Operating profit (EUR '000)	13 806	6 741	11 484
Profit for the period (EUR '000)	13 806	6 741	11 484
Cos to income ratio (CIR)	33.15%	43.22%	38.26%
Employees	254	232	234
Total assets (EUR '000)	1 246 138	1 107 972	1 099 588
Financial debt (EUR '000)	756 959	438 447	458 382
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	23.92%	24.11%	27.01%
Equity and reserves (EUR '000)	382 939	391 303	395 983
Total risk coverage: (EUR '000)	358 834	307 793	297 218
Risk coverage reserve	306 615	234 831	230 524
Risk coverage reserve used for provisions	(40 943)	(33 992)	(38 039)
Portfolio loss reserve (specific reserve capital)	93 413	109 979	109 979
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(251)	(3 025)	(5 246)
Liquidity ratio for 180 days **	484%	567%	366%
Net Cash flows from operating activities (EUR '000)	43 574	115 216	89 534
Net Cash flows from financing activities (EUR '000)	-	2 941	3 526
Net Cash flow from investing activities (EUR '000)	(6 440)	(6 540)	(8 437)
Support instruments gross value (EUR '000), of which	1 069 303	1 048 653	1 064 821
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	338 374	322 528	311 844
Guarantees	486 464	459 627	481 013
Venture capital funds	90 403	86 383	90 277
Land Fund, of which:	83 442	84 135	80 542
- sales and leaseback transactions	26 060	34 384	27 089
- investment properties	57 382	49 751	53 453
Total	998 683	952 673	963 676
Number of transactions	36 198	33 579	33 976
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	93 361	73 177	95 820
Guarantees	82 199	111 059	153 067
Venture capital funds	14 676	10 344	18 526
Land Fund, of which:	7 580	6 788	7 414
- sales and leaseback transactions	3 405	2 847	3 105
- investment properties	4 175	3 941	4 309
Total	197 816	201 368	274 827
Number of transactions	3 709	4 914	6 539
Leverage for raised private funding	122%	179%	123%
Volume of support programmes funding per employee (EUR '000)	3 932	4 106	4 118
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

** The calculation of liquidity ratio takes into account the previous experience and management estimate of the expected amount and timing of guarantee claims.

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

The figures are explained in the section 'Key Financial and Performance Indicators' under Other Notes to the Interim condensed 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 has led to an energy crisis, an increase in inflation and a sharp rise in interest rates, which indirectly affects the Company's portfolio and leads to significant adjustments to the carrying value of assets and liabilities.

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 Latvia.

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 Company has suspended the issuance of new export credit guarantees to Russian Federation and Belarus since February 25, 2022. As of 30 September 2023, the Company has high-risk exposure in amount of EUR 76.5 thousand where clients' counterparties are in Ukraine.

To assess the indirect impact of the Russian Federation's invasion of Ukraine, the Company analyses quarterly and, in case of significant changes, reviews the forward-looking macroeconomic indicators used to calculate expected losses, putting forward several scenarios. The moderate improvement of the forecasts of macroeconomic scenarios compared to December 2022 has resulted in a reduction of impairment allowances for loans and obligations for granting loans by EUR 452 thousand and for guarantees by EUR 98 thousand.

To assess the direct and indirect impact of the geopolitical situation more fully, 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 analyses the large exposures of loans and credit guarantees every quarter. It is assessed whether the increase in the price of energy resources, rising interest rates 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.

In the 4th quarter of 2022, the Company carried out an assessment of the portfolio of loans and guarantees by sector, separately assessing how industries will be directly and indirectly affected by the increase in energy prices and the imposed sanctions against the Russian Federation and Belarus. As a result of this assessment, the Company has created an impairment overlay in amount of EUR 1,902 thousand for loans and EUR 856 thousand for guarantees and it has not changed since 31 December 2022, considering that no changes have been identified in the previously performed assessment and in the required amount of impairment allowances for expected credit losses.

The Company has made investments in AIF "Altum Capital Fund", its investment portfolio in the context of the Russian Federation's war in Ukraine is diversified by sectors and regions in which the fund's portfolio companies generate revenue, and this can be evaluated as a loss-mitigating factor. Thus, the impact of the war of the Russian Federation in Ukraine on each of the portfolio companies is different, however, like the previous periods, the most significant impact directly and indirectly resulting from the war and related sanctions was on two portfolio companies. The cumulative direct impact of the war of the Russian Federation in Ukraine as of 30 September 2023 was EUR 122 thousand (the Company's share).

The venture capital funds co-financed by the Altum operate in accordance with the current sanctions regulation and actively monitor changes in the binding regulatory acts. Every quarter, the Altum carries out an assessment of the venture capital funds' investments, carrying out an individual assessment of all venture capital funds' investments and considering the specific situation of each investment. When evaluating investments, Altum considers future perspectives, and the fair value of portfolio companies is adjusted in a timely manner. During the 3rd quarter discussions with venture capital fund managers, no new portfolio companies exposed to the effects of the war were identified, and it was also clarified that the previously affected portfolio companies have mostly successfully adapted to the changes and continue their economic activities in other markets.

The cumulative effect of the Russian Federation's war in Ukraine as of 30 September 2023 was EUR 5.7 million (31 December 2022: EUR 7.2 million), of which the direct impact is EUR 1.6 million (31 December 2022: EUR 2.5 million) and the indirect effect – EUR 4.1 million (31 December 2022: EUR 4.7 million).

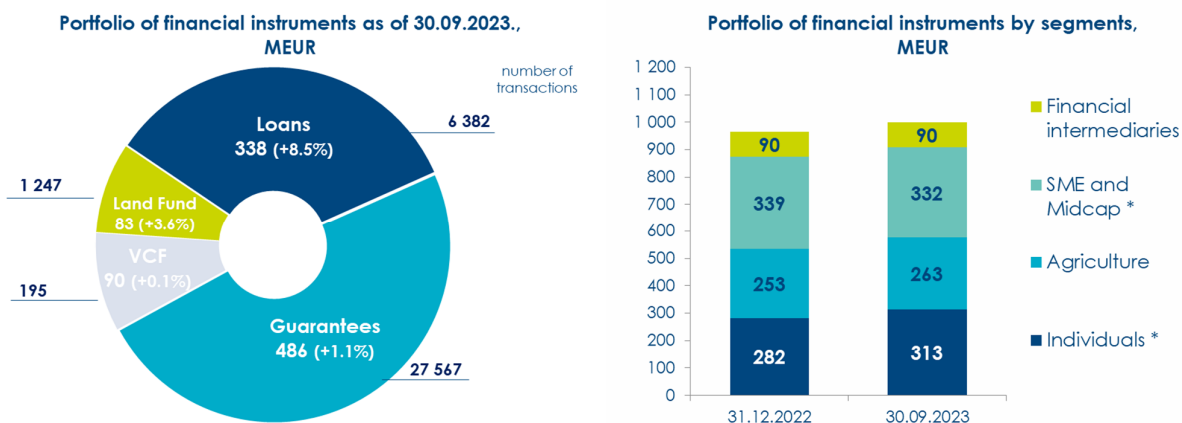
For more detailed information see Note 3 (3) to the Financial Statements.

Management Report (cont'd)

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 of 30 September 2023, the Company's gross portfolio of support instruments amounted to EUR 1,084 million (31 December 2022: EUR 1,065 million), of which the gross portfolio of financial instruments totalled EUR 999 million and consisted of 35,391 projects (31 December 2022: EUR 964 million and 33,976 projects).



* Loan portfolio of the Energy Efficiency Programme for Multi-apartment Buildings and of the Renovation Programme for Multi-apartment Buildings as of 31 December 2022 respectively in amount of EUR 14.1 million and EUR 1.1 million was reclassified from the SME and Midcap segment to the Individuals segment

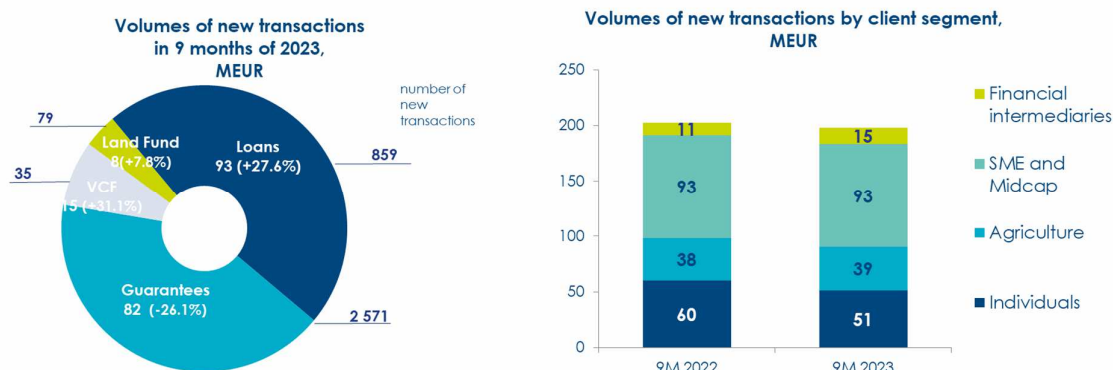
In the 9 months of 2023, the Company's gross portfolio of financial instrument increased by EUR 35 million (+3.6%) and by 1,415 projects (+4.2%). During this period, the portfolio increased in all financial instruments. The loan portfolio increased by EUR 27 million (+8.5%), which several times exceeded the growth of the loan portfolio in the corresponding period in 2022, when the loan portfolio increased by EUR 7 million (+2.2%). On the other hand, the guarantees portfolio increased only by EUR 6 million (+1.1%) in the 9 months of 2023, which is several times less than in the corresponding period in 2022, when the guarantees portfolio increased by EUR 45 million (+10.8%). The volumes of the loan portfolio and guarantees portfolio were still significantly affected by the rapid amortization of the existing portfolio of the Covid-19 support instruments (portfolio of Covid-19 support instruments (loans and guarantees) as of 31 December 2022 was 49 million euro, while on 30 September 2023 – 21 million euro), however, the volume of new transactions was able to compensate for these reductions. The portfolio of the Land Fund increased by EUR 3 million (+3.6%) in the 9 months of 2023, which was significantly less than in the corresponding period in 2022, when the portfolio of the Land Fund increased by EUR 5 million (+6.3%). The increase in the portfolio of investments in the venture capital funds (VCF) was small - EUR 0.1 million (+0.1%) and it was like the growth of the portfolio in the corresponding period in 2022, when the portfolio of investments in the VCFs increased by EUR 0.4 million (+0.5%).

By segment the largest portfolio of the Company is formed in the SMEs and Midcaps segment – 33% (31 December 2022: 35%), while the Individuals segment accounts for – 31% (31 December 2022: 29%), the Agriculture – 27% (31 December 2022: 26%) and the Financial intermediaries – 9% (31 December 2022: 10%). In the 9 months of 2023, the largest increase in the volume of the portfolio was in the Individuals segment – EUR 32 million (+11.2%), which is almost a quarter less than in the corresponding period in 2022, when the portfolio increased by EUR 39 million (+18.6%). Considering that the portfolio of the Individuals segment consists of loan and guarantees programmes for Multi-apartment Buildings as well as housing guarantees that are characterized by long repayment terms (over 10 years), the slower amortization of portfolio of this segment and lower new volumes ensured a constant growth of the portfolio despite the high inflation, rising construction costs and high interest rates. The portfolio of the Agriculture segment grew by EUR 10 million (+4.1%), which is almost three times less than in the 9 months of 2022, when the portfolio of this segment grew by EUR 34 million (+14.9%), which was influenced by much larger volumes of new transactions in the 9 months of 2022 compared to the same period in 2023 in the loan programmes and the Land Fund. There is still a decrease in the portfolio of the SMEs and Midcaps segment, which was EUR 7 million in the 9 months of 2023, euros (-2.1%) as opposed to EUR 16 million (-4.4%) in the 9 months of 2022, basically influenced by the rapid amortization of the existing portfolio of the Covid-19 support instruments and smaller volumes of new transactions.

Management Report (cont'd)

Volume of new transactions

The volume of new transactions in the 9 months of 2023 was 2.4% (-EUR 5 million) less than in the 9 months of 2022. In the 9 months of 2023, the total funding disbursed for the implementation of the support programmes amounted to EUR 198 million, of which 47% (EUR 93 million) were disbursed in loan programmes, 42% (EUR 82 million) – in guarantees' programmes, 4% (EUR 8 million) – under the Land Fund and 7% (EUR 15 million) – in investments in the venture capital funds. Totally, 3,544 projects were supported (-27.7% compared to the 9 months of 2022).



* The volume of new transactions in the Energy Efficiency Programme for Multi-apartment Buildings and the Renovation Programme for Multi-apartment Buildings in the 9 months of 2022 in amount of EUR 3.1 million and EUR 0.5 million respectively is reclassified from the SME and Midcaps segment to the Individuals segment

In the 9 months of 2023, the largest volume of the new transactions was in the SMEs and Midcaps' segment, accounting for 47% of all new transactions, in the Individuals' segment – 26%, in the Agriculture segment – 20% and in the Financial Intermediaries' segment – 8%. The decrease in the volume of new transactions is explained by the still cautious and wait-and-see attitude of entrepreneurs and individuals towards new investments and taking on credit obligations, which is affected by high inflation, although its pace has started to stabilize, and the ever-growing interest rates, which were affected by the increase in interest rates by the European Central Bank this year in response to long-term high inflation.

The largest decrease in the volume of new transactions in the 9 months of 2023 compared to the corresponding period in 2022 was in the Individuals segment (-14.8%), which was affected by the volumes of new transactions in housing guarantee programmes and multi-apartment buildings programmes. In the housing guarantee programmes – for young families, young specialists and NBS soldiers – the volume of new transactions in the 9 months of 2023 was 2/3 of the volume of new transactions in the corresponding period in 2022 and was affected by high interest rates, slowdown in bank lending and high construction costs. By providing the state aid for housing acquisition for families with children, a total of 24,449 guarantees of EUR 196 million have been issued up until 30 September 2023 within the framework of the Programme for Housing Guarantees for Families with Children. In the multi-apartment buildings insulation programmes, the volume of new transactions in the 9 months of 2023 was EUR 17 million (all loans), while in 9 months of 2022 – EUR 22 million, including EUR 18 million in guarantees and EUR 4 million in loans. Volumes of new transactions in the multi-apartment buildings insulation programme was affected by its implementation cycle within the EU planning period, when the programme of the previous planning period ends and a funding of the new support programme for the multi-apartment buildings financed under the Resilience and Recovery Fund has not yet been disbursed – the allocation of grant's funding available under the existing programme for the multi-apartment buildings energy efficiency projects ended on December 31, 2022, therefore the Altum guarantees for banks that were financing multi-apartment buildings energy efficiency projects still available in this programme were issued in 2022, while the volumes of new transactions under the multi-apartment buildings energy efficiency loan programme only started to increase in the 2nd quarter of 2023, with the resumption of the active construction season. In the Individuals segment, the multi-apartment buildings renovation programme should be highlighted, which was launched in 2022 and shows a stable and growing amount - EUR 3.5 million in the 9 months of 2023 and EUR 0.5 million in the 9 months of 2022, and the offer of which is being expanded, allowing to predict the increase in demand.

Management Report (cont'd)

Volume of new transactions (cont'd)

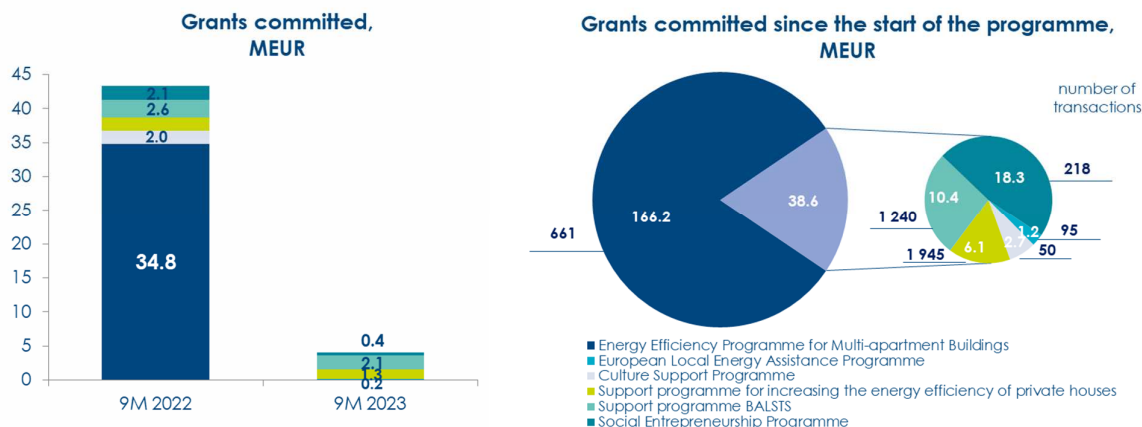
The volume of new transactions in the Agriculture segment in the 9 months of 2023 and 9 months of 2022 was similar, EUR 39 million and EUR 38 million respectively. In general, the good harvests of previous years strengthened the financial position of farmers, which allowed them to receive better lending conditions from banks – the volume of new transactions in the agricultural land purchase loan programme decreased by 45% compared to the corresponding period in 2022 and in the working capital loan programme by 34%, while in micro loan programme for rural areas increased by 31% and Land Fund transactions increased by 12%.

A slight drop in the volume of new transactions by 0.3% (-0.3 million EUR), comparing the 9 months of 2023 with the same period in 2022, was observed in the SMEs and Midcaps segment. The volume of new transactions in this segment has increased in several new support programmes - loans for mitigating the consequences of the Russian Federation invasion of Ukraine (+8.9 million EUR), investment loans for the Midcaps with a capital rebate (+2.9 million EUR) and support programmes under the Resilience and Recovery Fund (+2.4 million EUR). In the following months, a faster increase in the volume of new transactions for investment loans for the Midcaps with a capital rebate and support programmes under the Resilience and Recovery Fund is expected, taking into account the projects already approved by the end of the reporting period, respectively EUR 75 million and EUR 20 million. On the other hand, the volume of new transactions significantly decreased in the SME growth loan programme and start-up and micro loan programmes, respectively by 27% (-4.8 million EUR) and 26% (-1 million EUR), as well as in commercial guarantee programs by 17% (-9 million EUR), but increased almost 2 times (+ 7 million EUR) in loan programmes for increasing energy efficiency and sustainability of companies. Considering the specifics of the business, when issuing guarantees for investment or working capital loans, as well as guarantees for bank issued guarantees, 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 59 million of guarantees extended in the 9 months of 2023 (in the 9 months of 2022: EUR 50 million). To increase the volumes of new transactions in the SME and Midcaps segment, the Company will apply an interest rate reduction of 50% to new transactions in a 12-month period, setting an additional interest rate discount of 50 percentage points for new, sustainability-oriented projects.

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, Social Entrepreneurship Programme, the support programme BALSTS for the purchase or construction of housing for families with three or more children and the Culture Industry 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.



In the 9 months of 2023, a total of 681 grants for the total amount of EUR 4 million were committed in all grant programs (in the 9 months of 2022: 1,084 grants for the total amount of EUR 43 million). Since the end of 2022, new grants are no longer committed in the Energy Efficiency Programme for Multi-apartment Buildings, the approved projects are currently being implemented.

On 30 September 2023, the total portfolio of grants in the service of the Company was EUR 86 million (31 December 2022: EUR 101.1 million), of which EUR 82 million (31 December 2022: EUR 97 million) consists of the grant portfolio of the Energy Efficiency Programme for Multi-apartment Buildings.

Management Report (cont'd)

New products and increasing operational efficiency

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 Economy, the work has been started on the development of new programs within the EU Cohesion Policy for the programming period 2021-2027.

On June 13, 2023, the Cabinet of Ministers approved the creation of the Baltic Small and Medium Enterprises Initial Public Offering Fund (SME IPO Fund), which will be created together with the Lithuanian development financial institution INVEGA. The aim of the SME IPO fund is to support and diversify Baltic SMEs, as well as small mid-caps and innovative mid-caps access to financing and to develop the Baltic capital market in accordance with the EU capital market goals. The total funding of the SME IPO fund is EUR 50 million, of which the Company will invest EUR 20 million. It is planned to select the SME IPO fund's manager by the end of the first half of 2024.

Implementing the EU Cohesion Policy for the programming period 2021-2027, the Cabinet of Ministers approved the creation of the 5th generation venture capital funds on August 15, 2023. The funding for the 5th generation venture capital funds is EUR 93 million, which is planned to be invested in 3 start-up venture capital funds, 1 early stage and 1 growth stage venture capital funds.

The Company is also actively working on sustainable financing for new products.

The work on the implementation of several existing programs and the improvement of their conditions also continues:

- the RRF energy efficiency programme for companies: the funding of EUR 80.5 million is available to companies for increasing energy efficiency and wider use of renewable energy technologies. Funding to companies is 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 is 30%, but no more than EUR 1.5 million and will be applied when the project has been implemented and the target indicators have been achieved. The programme has been supplemented with guarantees for the purchase of electric cars for companies, providing financing of EUR 5 million for this purpose. Until September 30, 2023, 43 transactions in amount of EUR 5.5 million have been approved (attributable amount of capital rebate EUR 4.4 million), of which contracts have already been concluded for 31 in amount of EUR 3.4 million (attributable amount of capital rebate EUR 2.4 million).
- The RRF digitization programme for companies: the funding of EUR 45.1 million is available to companies for digital transformations of companies, i.e., for promotion of digitization, automation and robotization. Funding to companies is 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 is 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 Centre (EDIC) are fulfilled and a positive EDIC post-assessment is received no later than 6 months after the completion of the project. Until September 30, 2023, 8 transactions in amount of EUR 4 million have been approved (attributable amount of capital rebate EUR 3.4 million), of which contracts have already been concluded for 4 in amount of EUR 1.2 million (attributable amount of capital rebate EUR 1 million).
- The RRF energy efficiency programme for multi-apartment buildings: the funding of EUR 57.3 million is 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 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 is 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 is up to 49% and it will be applied if the project results in at least 30% of primary energy savings. No applications were submitted until September 30, 2023.
- The RRF low-rent housing construction programme: the funding of EUR 42.9 million is available for the construction of residential rental houses in the regions, to promote the availability of low-rent housing that meets construction standards and energy efficiency requirements. Funding to companies is 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 is 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. Until September 30, 2023, 1 transaction in amount of EUR 10.3 million was approved (attributable amount of capital rebate EUR 3.1 million).

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

- the Large Investment Loan Programme offering a capital rebate for medium-sized and large enterprises: under the programme, entrepreneurs have access to a loan with a capital rebate of up to EUR 10 million. The Company provides 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. Until September 30, 2023, the Company has approved 11 applications for the total amount of attributable capital rebate of EUR 67 million, of which contracts have already been concluded for 7 (attributable amount of capital rebate EUR 42 million), while 11 applications (attributable amount of capital rebate EUR 68 million) are under evaluation by the Company. On 3 July 2023, the Company's extraordinary shareholders' meeting has 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. It is planned to amend the conditions of the programme by adding the option for companies not to use bank financing, but these changes have yet to be approved by the Cabinet of Ministers.
- Support programme for companies whose operations have been affected because of Russia's aggression against Ukraine: the programme funding of EUR 21.5 million for loans and EUR 12.5 million for guarantees is intended for viable companies for adapting their business model, improving export capacity, conquering new markets, new technologies and process optimization, product development in the context of the Russian Federation military aggression against Ukraine. The programme's funding is available for companies until 31 December 2023. As part of the loan programme, the Company has committed new loans for a total amount of EUR 13.9 million until 30 September 2023.
- The Loan Programme for Renovation of Multi-apartment Buildings: under this programme, the Renovation Fund for financing renovation and other related costs for multi-apartment buildings is set up. The funding of EUR 31 million 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. The programme is also 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. On May 23, 2023, the Cabinet of Ministers supplemented this programme with the possibility for apartment owners of multi-apartment buildings to apply for a loan to buy-out the land on which the multi-apartment building is located from its owners. The call for applications on such loans the Company opened on July 27, 2023.
- 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, the range of potential beneficiaries was extended, including support for the installation of solar panels in private houses as well as facilitating the construction process for installing solar panels, thus 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.

In the 9 months of 2023, proceeding with the centralised reviewing of the applications for micro loans (up to EUR 25 thousand) introduced within the framework of automation and increasing of the Company's operational efficiency, 26% (in the 9 months of 2022: 29%) of the total number of the granted loans were reviewed remotely without involving the regional employees in the application reviewing process. The decrease in the number of applications in the centralised reviewing can be explained by the increase in the costs of the applied projects, as a result of which the amount of loan applications exceeds the limit set for the centralised reviewing by EUR 25 thousand – the average loan amount reviewed remotely on a centralised basis increased from EUR 14.7 thousand in the 9 months of 2022 to EUR 16.1 thousand in the 9 months of 2023, while the average loan amount in the regions increased from EUR 87 thousand in the 9 months of 2022 to EUR 91 thousand in the 9 months of 2023. Considering increase in the costs of the applied projects and the decrease in the average loan amount reviewed remotely on a centralised basis, the Company has reviewed the limit of EUR 25 thousand set for the centralized reviewing, by increasing it to EUR 50 thousand. The increase of the loan amount for the centralized reviewing from EUR 25 thousand to EUR 50 thousand, which was introduced by the Company in May 2023, has also affected the changes in the size of the average loan amount in the centralized reviewing in the 9 months of 2023. Considering the current quality of the credit portfolio for transactions accepted in the centralized reviewing, the Company will evaluate a possible increase of the loan amount limit in the centralized reviewing from EUR 50 thousand up to EUR 100 thousand.

Management Report (cont'd)

Rating

On 16 December 2022 Moody's Investors Service (Moody's) affirmed the Company's Baa1 long-term issuer rating, with outlook stable, same as affirmed on March 25, 2019. The baseline credit assessment (BCA) is also affirmed at Baa3, together with the short-term issuer rating at P-2. Soon after on 21 December 2022 Moody's published an updated credit opinion on the Company.

On 4 September 2023 Moody's published an updated credit opinion where the Company's Baa1 long-term issuer rating with outlook stable is the same as affirmed in December 2022. The Baa3 baseline credit assessment (BCA) has also not changed along with the short-term issuer rating at P-2.

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.

Risk Management

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

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

In view of the Company's activities in high-risk areas when implementing the state aid programmes, as of 30 September 2023 the Company has the risk coverage of EUR 359 million (31 December 2022: EUR 297 million) to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within this programme is earmarked for the Risk Coverage. The Risk Coverage consists of the sum of the Risk Coverage Reserve and Portfolio Loss Reserve (Special Reserve Capital) less provisions for expected credit losses.

In view of the invasion of Ukraine by the Russian Federation, starting from February 2022, the Company has limited all types of cooperation with citizens of the Russian Federation and the Republic of Belarus and their related companies.

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 imposed 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.

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 the Company's operations that might be caused by developments in Ukraine or sanctions against Russian Federation and the Republic of Belarus, including, but not limited to, additional monitoring of transactions with clients whose core business could be affected by both by the events in Ukraine and the sanctions introduced against the Russian Federation and the Republic of Belarus.

In addition to the above, the Company has taken the necessary measures during 2022 to identify potential clients in difficulties and to assess whether the increase in the price of energy resources, as well as the imposed sanctions against the Russian Federation and the Republic of Belarus, has directly or indirectly affected or may significantly affect the solvency of clients, as well as to ensure the quantification of direct and indirect impacts and the establishment of appropriate impairment allowances.

Management Report (cont'd)

Contribution to Sustainability

The financial sector has a crucial role to play in achieving the European Green Deal objectives, including the transition to a climate-neutral, climate-resilient, resource-efficient, and fair economy. Sustainability is a key part of the Altum's business and strategy and has become an important strategic driver for the banking sector as well as for development finance institutions in Europe. Altum takes responsibility for the long-term impact of its day-to-day activities and continuously works to ensure that the investment decisions it makes in building its portfolio contribute to sustainable development, do not adversely impact sustainability factors, and facilitates its clients' transition towards a sustainable economy and encourages responsible business practices.

Guided by the detailed ESG road map 2022, covering the integration of ESG aspects into credit risk management for Altum's loan and guarantee portfolios in the SME, Midcaps and Agriculture segments, in the 2nd quarter of 2023, a methodology for analysing the materiality of ESG risks was developed and an assessment of the sensitivity of loan and guarantee portfolios of the SME, Midcaps and Agriculture segments to transition risks and various physical climate risks was made. It is the starting point for managing both transition risks and physical climate risks so that decisions can be data-driven. In addition, it promotes the development of new sustainable financing product offerings to facilitate companies' successful transition to a climate-neutral economy, as well as the ability to successfully operate in supply chains, considering the significant changes in the sustainability requirement of companies' value chains. On the other hand, in the second half of 2023, work on the development of the ESG risk assessment matrix and scoring model was completed. Now, work is underway on the development of a customized customer questionnaire to obtain information for the assessment of ESG risks and regarding the planned/actual customer sustainability KPI's data.

The existing Altum's sustainable financing segments, defined by Green Bonds Framework 2021 - energy efficiency, renewable energy resources, passive housing, and sustainable transportation – are supplemented with a new segment - "facilitating the transition of companies towards climate-neutral economy". This segment comprises sustainable financing that facilitates the companies' resilience towards transition risks, strengthen competition and doesn't allow shrinking of market share and revenue challenged by value chains' sustainability requirements. "Sensitive" industries - industries with high consumption of fossil resources and/or highly exposed towards transition risks are of most focus. Sustainable financing solutions covers both the decarbonization of companies' supply chains and investments in the decarbonization of the company's product life cycle, as well as technologies ensuring lower CO₂ emissions for industrial operations requiring dedicated fossil-fired energy supply to achieve high temperatures, as well as investments to mitigate the effects of climate physical risks.

In the 3rd quarter of 2023, the work on tagging current green/sustainable projects in the SME and Agriculture segments and the assessment of the CO₂ footprint of the loan portfolio of these segments continues.

Later this year the ambition level will be set, where the Green Asset Ratio for new loans and the existing loan portfolio will be defined for both a 3-year period and up to 2030. Among other things, the existing client portfolio will be reviewed, stimulating clients to move towards sustainable development as well as phasing out the financing of projects that do not meet Altum ESG considerations in credit risk management.

The AIF "Altum Capital Fund" investments have been made, paying due attention to the ESG performance of the target company and the expected impact of related economic changes on the company's supply and value chains. In compliance with the requirements of The Sustainable Finance Disclosure Regulation, the Fund policy was published at the end of 2022, which reflects how the Company assesses the principal adverse effects of the Company's investment decisions on sustainability factors (Principal Adverse Impact report), in accordance with the requirements of Article 4 of SFDR.

Management Report (cont'd)

Future Outlook

At the beginning of 2023, the Company, in cooperation with the Ministry of Economy, has started to develop the programmes to start the implementation of financial instrument support programmes under the new EU Cohesion Policy programming period 2021-2027. The funding available within the planning period of the new EU Cohesion Policy 2021-2027 will not only complement the currently available RRF funding in areas such as increasing energy efficiency (buildings, energy-efficient equipment, electric cars) and the use of renewable energy technologies (solar panels, etc.) for companies and increasing energy efficiency of apartment buildings at home, but the new funding will also be available for new directions such as technology transfer and prototyping, innovation and digitization.

To prepare for the implementation of the new InvestEU program of the European Union, in the 1st half of 2023, in cooperation with the selected independent auditor, the Company has accomplished the compliance assessment (Pillar Assessment). Pillar assessment is a prerequisite for the Company to be able to apply for the InvestEU implementing partner role and, in the future, also for the role of cooperation partner in the implementation of EU funds thus increasing the scope of new specialized and customized financial instruments to the companies in Latvia. The first stage of the assessment was completed in November 2023, when a draft report was submitted to the European Commission. After coordinating the draft report with the European Commission, the essential recommendations that the Company will have to implement will be identified. The assessment is planned to be completed in 2024 after the European Commission, based on the information provided by the Company and the auditors' opinion, has obtained sufficient confidence in the implementation of the recommendations. The decision on submitting the application for the InvestEU implementing partner role has not yet been made.



Reinis Bērziņš
Chairman of the Management Board

29 November 2023

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	27.12.2022.	26.12.2025.
Jānis Šnore	Member of the Council	27.12.2022.	26.12.2025.
Ilze Baltābola	Member of the Council	22.03.2022.	temporarily *

* For the time 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 2023.

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.
Ieva Jansone-Buka	Member of the Board	18.03.2021.	17.03.2024.
Juris Jansons	Member of the Board	09.01.2023	08.01.2026

There were changes in the Management Board of the Company during the reporting period. The Council approved Juri Jansons as a member of the Board on 9 January 2023.

Statement of Management's responsibility

The Supervisory Board and the Management Board (hereinafter – Management) of the joint stock company Development Finance Institution Altum (hereinafter - Company) are responsible for preparation of the financial statements of the Company as well as for information disclosed in the Other notes to Annual Report.

The interim condensed financial statements and notes thereto set out on pages 16 to 77 are prepared in accordance with the source documents and present truly and fairly the financial position of the Company as of 30 September 2023 and 31 December 2022 and the results of their operations, changes in the shareholders' equity and cash flows for the three months periods ended 30 September 2023 and 30 September 2022.

The aforementioned financial statements are prepared on a going concern basis in conformity with International Financial Reporting Standards as adopted by the European Union. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statements.

The Management are responsible for maintenance of proper accounting records, safeguarding of the Group's assets, and prevention and detection of fraud and other irregularities in the Group. The Management are also responsible for operating the Group and the Company in compliance with the Law of the Republic of Latvia on Development Finance Institution and other laws of the Republic of Latvia as well as European Union Regulations applicable to the Company.



Reinis Bērziņš
Chairman of the Management Board

29 November 2023

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	01.01.2023.- 30.09.2023. (unaudited)	01.01.2022.- 30.09.2022. (unaudited)
Interest income	4	18 458	14 474
Interest expense	5	(5 564)	(2 016)
Net interest income		12 894	12 458
Income for implementation of state aid programmes	6	7 719	4 443
Expenses to be compensated for implementation of state aid programmes	7	(5 302)	(3 640)
Net income for implementation of state aid programmes		2 417	803
Gains / (losses) from trading securities and foreign exchange translation	1		107
Share of gains / (losses) of investment in associate and other investments	12 (3)	2 189	(1 850)
Remeasurement gain of investment in associate at fair value through profit or loss	12 (2)	-	48
Gains/(losses) of investment in associate and other investments less losses from liabilities at fair value through profit or loss	21 (3)	(1 221)	2 288
Other income	8	1 993	3 018
Other expense	9	(740)	(1 090)
Operating income before operating expenses		17 533	15 782
Staff costs		(4 223)	(4 868)
Administrative expense		(976)	(1 287)
Amortisation of intangible assets and depreciation of property, plant and equipment		(614)	(666)
Impairment adjustment	10	2 086	(2 220)
Profit before corporate income tax		13 806	6 741
Profit for the period		13 806	6 741
Other comprehensive income:		(33)	(1 134)
Items to be reclassified to profit or loss in subsequent periods			
Net loss from financial assets measured at fair value through other comprehensive income		(33)	(1 134)
Total comprehensive income for the period		13 773	5 607

The accompanying notes on pages 20 through 72 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Management Board



Olga Alksne
Chief Accountant

29 November 2023

Statement of Financial Position

All amounts in thousands of euro

	Notes	30.09.2023, (unaudited)	31.12.2022, (audited)
Assets			
Due from credit institutions and the State Treasury	11	667 964	571 667
Financial assets at fair value through other comprehensive income - investment securities		9 452	9 515
Financial assets at amortised cost:			
Investment securities		38	39
Loans and receivables	14 (1)	338 673	317 859
Financial assets at fair value through profit or loss - loans with a capital rebate		4 735	-
Grants	15	70 184	58 280
Deferred expense		421	344
Accrued income	18	4 584	927
Other investments	13	19 970	15 741
Investments in associates			
Investments accounted for using the equity method	12 (1)	49 027	50 413
Investments accounted for using the FVTPL method	12 (1)	15 288	14 232
Investment property	16	57 382	53 453
Property, plant and equipment		4 295	4 448
Intangible assets		1 060	1 140
Other assets	17	3 065	1 530
Total assets		1 246 138	1 099 588
Liabilities			
Due to credit institutions	19	37 690	36 290
Due to general government entities	20	174 232	153 784
Financial liabilities at amortised cost - Issued debt securities		85 643	85 513
Deferred income		1 008	1 017
Accrued expense		912	661
Liabilities from financial guarantees	23	46 091	45 852
Provisions for off-balance sheet liabilities	22	877	1 453
Support programme funding	21 (1)	511 864	375 280
Other liabilities		4 882	3 755
Total liabilities		863 199	703 605
Equity			
Share capital		204 862	204 862
Reserves	24 (1)	164 803	180 136
Revaluation reserve of financial assets measured at fair value through other comprehensive income		(532)	(499)
Retained earnings		13 806	11 484
Total equity		382 939	395 983
Total equity and liabilities		1 246 138	1 099 588

The accompanying notes on pages 20 through 72 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Management Board

29 November 2023



Olga Alksne
Chief Accountant

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 2022 (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 24)	-	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
Profit for the period	-	-	-	4 743	4 743
Other comprehensive income	-	-	(63)	-	(63)
Total comprehensive income	-	-	(63)	4 743	4 680
As at 1 January 2023 (audited)	204 862	180 136	(499)	11 484	395 983
Profit for the period	-	-	-	13 806	13 806
Other comprehensive income	-	-	(33)	-	(33)
Total comprehensive income	-	-	(33)	13 806	13 773
Increase of reserve capital (Note 24)	-	683	-	-	683
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2022	-	5 246	-	-	5 246
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2022	-	(5 246)	-	-	(5 246)
Distribution of 2022 profit	-	11 484	-	(11 484)	-
Decrease of reserve capital by increasing financing of support programs	-	(27 500)	-	-	(27 500)
As at 30 September 2023 (unaudited)	204 862	164 803	(532)	13 806	382 939

The accompanying notes on pages 20 through 72 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	01.01.2023.- 30.09.2023. (unaudited)	01.01.2022.- 30.09.2022. (audited)
Cash and cash equivalents at the beginning of period		539 630	455 007
Cash flows from operating activities			
Profit before taxes		13 806	6 741
Amortisation of intangible assets and depreciation of property, plant and equipment		614	666
Interest income	4	(18 458)	(14 474)
Interest received		17 336	15 441
Interest expenses	5	5 564	2 016
Interests paid		(5 645)	(1 998)
(Decrease) / Increase in impairment allowances	10	(2 086)	2 220
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		11 131	10 612
(Increase) of loans		(25 159)	(5 176)
(Increase) of grants	15	(11 904)	(12 995)
Increase of due to credit institutions and general government entities		22 058	22 938
Term deposits (Increase)		(58 000)	-
Increase / (Decrease) in deferred income and accrued expense		241	(539)
(Increase) in deferred expense and accrued income		(3 735)	(273)
Decrease of other assets		(1 523)	1 968
Increase in other liabilities		110 465	98 681
Net cash flows from operating activities		43 574	115 216
Cash flows from investment activities			
Sale of investment securities		162	1 144
Acquisition of property, plant and equipment and intangible assets		(356)	(423)
Purchase of investment properties	16	(4 206)	(3 905)
Sale of investment properties	16	168	491
Sale of available-for-sale assets		19	-
Other investments		(3 547)	(1 887)
Investments in associates, net		1 320	(1 960)
Net cash flows from investing activities		(6 440)	(6 540)
Cash flows from financing activities			
Issued debt securities		-	(585)
Increase of reserve capital		-	3 526
Net cash flow from financing activities		-	2 941
Increase in cash and cash equivalents		37 134	111 617
Cash and cash equivalents at the end of period		576 764	566 624

The accompanying notes on pages 20 through 72 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 2023.

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).

Comparatives on the Group's financial performance for the 9 months of 2023 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 16 December 2022, the international credit rating agency Moody's Investors Service reaffirmed the Company's long-term credit rating of Baa1 with a stable outlook, which is at the same level as it was approved on 25 March 2019. The baseline credit assessment (BCA) has also been approved at Baa3, along with a short-term rating of P-2. The rating assigned to the Company by Moody's is one of the highest credit ratings assigned to Latvian capital companies.

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. The investment period agreed with the EC ended on 30 June 2022, after its end, new investments were no longer approved, but investments in the portfolio's companies approved until 30 June 2022 continued. The capital investment paid into the Fund on 30 September 2023 amounted to EUR 36.4 million.

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
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Elizabetes iela 20, Rīga, Latvija, LV-1050	100
KS Commercialization Reactor Pre-seed Fund	Brīvības gatve 300 -9, Rīga, Latvija, LV-1006	100
KS INEC 1	Vilandes iela 3 - 7, Rīga, Latvija, LV-1010	75
KS INEC 2	Vilandes iela 3 - 7, Rīga, Latvija, LV-1010	90
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīga, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Elizabetes iela 20, Rīga, Latvija, LV-1050	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija, LV-1006	80
KS ZGI-4	Roberta Hirša iela 1, Rīga, Latvija, LV-1045	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, Latvija, LV-1048	60
KS Baltcap Latvia Venture Capital Fund (fund is in the process of liquidation)	Jaunmoku iela 34, Rīga, Latvija, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Ščecinas iela 4, Rīga, Latvija, LV-1014	67
KS Imprimatur Capital Seed Fund (fund is in the process of liquidation)	Ščecinas iela 4, Rīga, Latvija, LV-1014	100
KS ZGI-3	Roberta Hirša iela 1, Rīga, Latvija, LV-1045	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvija, LV-1048	95
KS Expansion Capital fund	Vilandes iela 3 - 7, Rīga, Latvija, LV-1010	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, LV-1050	48.9

2 Accounting Policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the 9 months ended 30 September 2023 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 2022 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

Company's financial statements are prepared under the historical cost convention as modified by the fair valuation of financial assets measured at fair value through other comprehensive income, derivative financial instruments and investment properties and support programme financing.

The preparation of financial statements in accordance with International Financial Reporting Standards as adopted by European Union requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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)

The following amendments to the existing standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current reporting period. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **Amendments to IFRS 3 "Business Combinations"** — Reference to the Conceptual Framework with amendments to IFRS 3 issued by IASB on 14 May 2020;
- **Amendments to IAS 16 "Property, Plant and Equipment"** — Proceeds before Intended Use issued by IASB on 14 May 2020;
- **Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** — Onerous Contracts — Cost of Fulfilling a Contract issued by IASB on 14 May 2020;
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)"**, issued by IASB on 14 May 2020. Amendments to various standards 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;
- **IFRS 17 "Insurance Contracts"** — IFRS 17 supersedes IFRS 4 "Insurance Contracts" and related interpretations while applied, issued by IASB on 18 May 2017;
- **Amendments to IAS 12 "Income Taxes"** — Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021;
- **Amendments to IAS 1 "Presentation of Financial Statements"** – Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020.
- **Amendments to IAS 1 "Presentation of Financial Statements"** — Disclosure of Accounting Policies adopted by the EU on 2 March 2022;
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** — Definition of Accounting Estimates issued by IASB on 12 February 2021.

2 Accounting Policies (cont'd)

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

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these financial statements:

- **Amendments to IAS 1 “Presentation of Financial Statements”** — Non-current Liabilities with Covenants issued by IASB on 31 October 2022, amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability;
- **Amendments to IFRS 16 “Leases”** — Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022;
- **IFRS 14 “Regulatory Deferral Accounts”** — the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- **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** – 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).

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 2022.

(1) Credit Risk

Breakdown of 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	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Financial assets at AC										
Due from credit institutions and the Treasury	667 979	571 682	-	-	-	-	-	-	667 979	571 682
Impairment allowances	(15)	(15)	-	-	-	-	-	-	(15)	(15)
Total net due from credit institutions and the Treasury	667 964	571 667	-	-	-	-	-	-	667 964	571 667
Investment securities	-	-	-	-	3 951	3 927	-	-	3 951	3 927
Impairment allowances	-	-	-	-	(3 913)	(3 888)	-	-	(3 913)	(3 888)
Total net investment securities	-	-	-	-	38	39	-	-	38	39
Loans and receivables	281 870	250 575	46 895	56 895	30 635	31 061	299	402	359 699	338 933
Impairment allowances*	(4 318)	(4 106)	(4 037)	(4 751)	(12 391)	(11 815)	(280)	(402)	(21 026)	(21 074)
Total net loans and receivables	277 552	246 469	42 858	52 144	18 244	19 246	19	-	338 673	317 859
Grants	70 620	58 716	-	-	-	-	-	-	70 620	58 716
Impairment allowances	(436)	(436)	-	-	-	-	-	-	(436)	(436)
Total net grants	70 184	58 280	-	-	-	-	-	-	70 184	58 280
Other financial assets	2 943	1 393	-	-	1 916	2 138	-	-	4 859	3 531
Impairment allowances	-	-	-	-	(1 803)	(2 029)	-	-	(1 803)	(2 029)
Total net other financial assets	2 943	1 393	-	-	113	109	-	-	3 056	1 502
Total financial assets at AC	1 023 412	882 366	46 895	56 895	36 502	37 126	299	402	1 107 108	976 789
Impairment allowances	(4 769)	(4 557)	(4 037)	(4 751)	(18 107)	(17 732)	(280)	(402)	(27 193)	(27 442)
Total net financial assets at AC	1 018 643	877 809	42 858	52 144	18 395	19 394	19	-	1 079 915	949 347

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Breakdown of 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	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Financial assets at FVOCI										
Investment securities	9 452	9 515	-	-	-	-	-	-	9 452	9 515
Impairment allowances	-	-	-	-	-	-	-	-	-	-
Total net investment securities	9 452	9 515	-	-	-	-	-	-	9 452	9 515
Total financial assets at FVOCI	9 452	9 515	-	-	-	-	-	-	9 452	9 515
Impairment allowances	-	-	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	9 452	9 515	-	-	-	-	-	-	9 452	9 515
Off-balance sheet items and contingent liabilities										
Outstanding guarantees	455 398	443 277	25 415	29 811	5 651	7 925	-	-	486 464	481 013
Impairment allowances *	(34 160)	(32 768)	(4 412)	(4 046)	(3 673)	(5 004)	-	-	(42 245)	(41 818)
Total net outstanding guarantees	421 238	410 509	21 003	25 765	1 978	2 921	-	-	444 219	439 195
Loan commitments	70 373	60 106	405	1 125	62	2	-	-	70 840	61 233
Impairment allowances *	(474)	(1 015)	(13)	(61)	(14)	(1)	-	-	(501)	(1 077)
Total net loan commitments	69 899	59 091	392	1 064	48	1	-	-	70 339	60 156
Grant commitments	6 987	47 824	-	-	-	-	-	-	6 987	47 824
Impairment allowances	(376)	(376)	-	-	-	-	-	-	(376)	(376)
Total net grant commitments	6 611	47 448	-	-	-	-	-	-	6 611	47 448
Total off-balance items and contingent liabilities	532 758	551 207	25 820	30 936	5 713	7 927	-	-	564 291	590 070
Impairment allowances	(35 010)	(34 159)	(4 425)	(4 107)	(3 687)	(5 005)	-	-	(43 122)	(43 271)
Total net off-balance items and contingent liabilities	497 748	517 048	21 395	26 829	2 026	2 922	-	-	521 169	546 799

* Includes a net impairment allowances of EUR 345 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2023 annual report. Additional information available in Note 24.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Changes in 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 2022	4 106	4 751	11 815	402	21 074	250 575	56 895	31 061	402	338 933
Transfers between stages:										
from Stage 1 to Stage 2	(184)	273	-	-	89	(9 721)	9 780	-	-	59
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(45)	(140)	2 846	-	2 661	(3 617)	(2 627)	6 330	-	86
from Stage 3 to Stage 2	-	10	(140)	-	(130)	-	358	(449)	-	(91)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	120	(370)	-	-	(250)	6 255	(7 917)	-	-	(1 662)
New originated or purchased	1 414	302	29	5	1 750	46 159	3 016	45	23	49 243
Derecognised during the period	(362)	(292)	(638)	(70)	(1 362)	(23 804)	(5 992)	(2 329)	(70)	(32 195)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	(294)	(117)	-	-	(411)	-	-	-	-	-
Other movements	(269)	-	-	-	(269)	-	-	-	-	-
Write-offs	-	-	(1 781)	-	(1 781)	-	-	(1 781)	-	(1 781)
Change of outstanding balance **	(168)	(380)	260	(57)	(345)	16 023	(6 618)	(2 242)	(56)	7 107
As at 30 September 2023	4 318 *	4 037	12 391	280	21 026	281 870	46 895	30 635	299	359 699

* Includes the impairment overlay EUR 1,902 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 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 2022	32 768	4 046	5 004	41 818	443 277	29 811	7 925	481 013
Transfers between stages:								
from Stage 1 to Stage 2	(939)	1 880	-	941	(10 414)	10 435	-	21
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(82)	(204)	2 099	1 813	(739)	(2 630)	3 119	(250)
from Stage 3 to Stage 2	-	1	(8)	(7)	-	8	(8)	-
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	328	(545)	-	(217)	5 222	(5 035)	-	187
New originated or purchased	6 944	4	-	6 948	61 313	94	-	61 407
Derecognised during the period	(2 101)	(431)	(2 972)	(5 504)	(37 605)	(6 780)	(4 776)	(49 161)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	(87)	(10)	-	(97)	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Paid-out guarantees	(35)	-	(95)	(130)	(73)	-	(167)	(240)
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance **	(2 636)	(329)	(355)	(3 320)	(5 583)	(488)	(442)	(6 513)
As at 30 June 2023	34 160 *	4 412	3 673	42 245	455 398	25 415	5 651	486 464

* includes the impairment overlay EUR 856 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)

Breakdown of issued loans by overdue terms, including accrued interest on loans, in thousands of euro:

	30.09.2023.	31.12.2022.
Performing	319 490	314 185
Past due up to 30 days	23 104	11 577
Past due from 31 to 60 days	5 695	2 136
Past due from 61 to 90 days	897	503
Past due over 90 days	10 513	10 532
Total gross loans, without interest accrued on the loans	359 699	338 933
Impairment allowances	(21 026)	(21 074)
Total net loans	338 673	317 859

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:

	30.09.2023.	31.12.2022.
Real estate (loans)	196 798	196 417
Real estate (leaseback)	26 740	27 089
Movable property	53 246	47 171
Guarantees	3 328	3 534
Total collateral	280 112	274 211
Loan portfolio, gross *	359 699	338 933
Impairment allowances	(21 026)	(21 074)
Loan portfolio, net	338 673	317 859
Exposed	17.29%	13.73%

* includes loans in amount of EUR 13,937 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)

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

	30.09.2023.	31.12.2022.
Assets exposed to credit risk		
Due from credit institutions and the Treasury	667 964	571 667
Financial assets at fair value through other comprehensive income - investment securities	9 452	9 515
Financial assets at amortised cost:		
Investment securities	38	39
Loans and receivables	338 673	317 859
Financial assets at fair value through profit or loss - loans with a capital rebate	4 735	-
Grants	70 184	58 280
Other investments	19 970	15 741
Investments in associates	64 315	64 645
Other assets	3 065	1 530
Total	1 178 396	1 039 276
Off-balance sheet items exposed to credit risk		
Contingent liabilities	486 464	481 013
Financial commitments	171 001	214 255
Total	657 465	695 268

As at 30 September 2023, part of the Company's assets in amount of EUR 208,577 thousand (31 December 2022: EUR 187,053 thousand) were pledged. Detailed information on the Company's outstanding loan agreement as at 30 September 2023 is provided in Note 19 and Note 20.

Article 52 of the Law on State Budget 2023 provides that guarantees issued by Altum in amount of EUR 250 000 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 2023 was EUR 237,100 thousand (31 December 2022: EUR 236,350 thousand).

3 Risk Management (cont'd)

(2) Liquidity Risk

Maturity profile of expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 September 2023, 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	17 016	21 545	-	-	-	38 561
Due to general governments	17 735	74 125	64 320	40 077	53 888	250 145
Issued debt securities	668	85 499	-	-	-	86 167
Support programme funding **	7 526	104 248	244 200	103 107	52 783	511 864
Other liabilities	4 145	737	-	-	-	4 882
Total financial liabilities	47 090	286 154	308 520	143 184	106 671	891 619
Off-balance sheet items and contingent liabilities	416 390	88 099	152 976	-	-	657 465
Total financial liabilities, off-balance items and contingent liabilities ***	463 480	374 253	461 496	143 184	106 671	1 549 084
Due from credit institutions and the Treasury	667 964	-	-	-	-	667 964
Investment securities	40	9 450	-	-	-	9 490
Liquid assets	668 004	9 450	-	-	-	677 454

* 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 2023 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 132,750 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 expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 30 September 2023, 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	191	5 628	2 711	8 486	17 016
Due to general governments	1 781	1 773	4 906	9 275	17 735
Issued debt securities	-	-	668	-	668
Support programme funding	1 404	1 980	1 785	2 357	7 526
Other liabilities	4 104	32	-	9	4 145
Total financial liabilities	7 480	9 413	10 070	20 127	47 090
Off-balance sheet items and contingent liabilities *	381 971	8 810	9 888	15 721	416 390
Total financial liabilities, off-balance items and contingent liabilities	389 451	18 223	19 958	35 848	463 480
Due from credit institutions and the Treasury	586 880	22 268	34 570	24 246	667 964
Investment securities	37	3	-	-	40
Liquid assets	586 917	22 271	34 570	24 246	668 004

* 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 25.

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

Outstanding financial guarantees in amount of EUR 300,658 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 21) and Specific reserve capital (see Note 24). 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 70,840 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 19 and 20) and respective loan support programme funding (see Note 21).

Grant commitments in amount of EUR 6,987 thousand (up to 1 year) – from respective grant support programme funding (see Note 21).

Commitments to investments in associates in amount of EUR 24,759 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 21).

Commitments to AIF "Altum capital fund" in amount of EUR 5,546 thousand (up to 1 year) – from specific reserve capital (see Note 24) and additional funding from shareholders expected in 2023.

Commitments to other investments in amount of EUR 7,600 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 21) and the 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 expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 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	14 443	21 881	-	-	-	36 324
Due to general governments	11 649	38 052	52 920	31 376	48 718	182 715
Issued debt securities	1 605	86 226	-	-	-	87 831
Support programme funding **	68 076	29 088	211 914	46 571	19 631	375 280
Other liabilities	2 966	789	-	-	-	3 755
Total financial liabilities	98 739	176 036	264 834	77 947	68 349	685 905
Off-balance sheet items and contingent liabilities	453 774	87 645	153 849	-	-	695 268
Total financial liabilities, off-balance items and contingent liabilities ***	552 513	263 681	418 683	77 947	68 349	1 381 173
Due from credit institutions and the Treasury	571 667	-	-	-	-	571 667
Investment securities	76	9 478	-	-	-	9 554
Liquid assets	571 743	9 478	-	-	-	581 221

* 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 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 117,443 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 expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 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	-	1 615	5 631	7 197	14 443
Due to general governments	2 055	366	2 821	6 407	11 649
Issued debt securities	721	161	241	482	1 605
Support programme funding	1 404	5 078	-	61 594	68 076
Other liabilities	2 946	11	-	9	2 966
Total financial liabilities	7 126	7 231	8 693	75 689	98 739
Off-balance sheet items and contingent liabilities *	417 734	6 970	10 015	19 055	453 774
Total financial liabilities, off-balance items and contingent liabilities	424 860	14 201	18 708	94 744	552 513
Due from credit institutions and the Treasury	539 667	-	-	32 000	571 667
Investment securities	39	-	-	37	76
Liquid assets	539 706	-	-	32 037	571 743

* 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 25.

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

Outstanding financial guarantees in amount of EUR 305,468 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 21) and Specific reserve capital (see Note 24). 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 61,233 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 19 and 20) and respective loan support programme funding (see Note 21).

Grant commitments in amount of EUR 47,824 thousand (up to 1 year) – from respective grant support programme funding (see Note 21).

Commitments to investments in subsidiaries in amount of EUR 29,228 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 21).

Commitments to AIF "Altum capital fund" in amount of EUR 3,121 thousand (up to 1 year) – from specific reserve capital (see Note 24).

Commitments to other investments in amount of EUR 6,900 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 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 assets and liabilities by maturity profile as at 30 September 2023 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	586 880	22 268	34 570	24 246	-	-	667 964
Investment securities	37	3	-	-	9 450	-	9 490
Loans *	12 311	16 717	20 298	27 483	137 150	129 449	343 408
Grants	-	10 424	295	326	59 126	13	70 184
Deferred expense and accrued income	288	4 717	-	-	-	-	5 005
Other investments	-	-	-	-	-	19 970	19 970
Investments in associates	2 986	3 572	-	3 842	21 551	32 364	64 315
Investment property	-	-	-	-	-	57 382	57 382
Property, plant and equipment	-	-	-	-	-	4 295	4 295
Intangible assets	-	-	-	-	-	1 060	1 060
Other assets	300	127	33	229	2 376	-	3 065
Total assets	602 802	57 828	55 196	56 126	229 653	244 533	1 246 138
Liabilities							
Due to credit institutions	190	5 625	2 674	8 299	20 902	-	37 690
Due to general governments	20	1 773	3 064	5 625	49 090	114 660	174 232
Issued debt securities	-	-	668	-	84 975	-	85 643
Deferred income and accrued expense	-	968	-	952	-	-	1 920
Provisions	43 289	319	375	480	1 698	807	46 968
Support programme funding	1 404	1 980	1 785	2 357	104 248	400 090	511 864
Other liabilities	4 104	32	-	9	737	-	4 882
Total liabilities	49 007	10 697	8 566	17 722	261 650	515 557	863 199
Net liquidity	553 795	47 131	46 630	38 404	(31 997)	(271 024)	382 939

* With regard to loans and advances to customers, the Company 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 assets and liabilities by maturity profile as at 31 December 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	539 667	-	-	32 000	-	-	571 667
Investment securities	39	-	-	37	9 478	-	9 554
Loans *	13 075	16 063	18 606	31 364	125 886	112 865	317 859
Grants	871	220	10 040	2 014	44 569	566	58 280
Deferred expense and accrued income	-	143	-	1 128	-	-	1 271
Other investments	-	-	-	-	-	15 741	15 741
Investments in associates	3 733	-	-	10 775	21 241	28 896	64 645
Investment property	-	-	-	-	-	53 453	53 453
Property, plant and equipment	-	-	-	-	-	4 448	4 448
Intangible assets	-	-	-	-	-	1 140	1 140
Other assets	981	99	21	45	384	-	1 530
Total assets	558 366	16 525	28 667	77 363	201 558	217 109	1 099 588
Liabilities							
Due to credit institutions	-	1 605	5 625	7 187	21 873	-	36 290
Due to general governments	1 428	366	1 773	4 300	42 019	103 898	153 784
Issued debt securities	(1)	505	2	38	84 969	-	85 513
Deferred income and accrued expense	67	298	362	-	951	-	1 678
Provisions	43 454	354	440	534	1 680	843	47 305
Support programme funding	1 404	5 078	-	61 594	29 088	278 116	375 280
Other liabilities	2 946	11	-	9	789	-	3 755
Total liabilities	49 298	8 217	8 202	73 662	181 369	382 857	703 605
Net liquidity	509 068	8 308	20 465	3 701	20 189	(165 748)	395 983

* With regard to loans and advances to customers, the Company 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) Impact of the Russian military invasion of Ukraine

The ongoing war in Ukraine and the related sanctions directed against the Russian Federation, as well as against Belarus, create social and economic effects in Latvia and the region, as well as affect the Company. This has triggered an energy crisis, an increase in inflation and a sharp rise in interest rates. This indirectly affects our portfolio. This leads to significant adjustments to the accounting value of assets and liabilities. We describe below how we have assessed the direct and indirect impact of these events.

The Company does not issue loans directly to companies in Ukraine, the Russian Federation and Belarus. Contracts with business partners for the execution of settlements with clients, as well as for concluding financial transactions to ensure the Company's liquidity and asset and liability management, are concluded only with financial institutions registered in the Republic of Latvia.

In the guarantee portfolio, a direct impact is possible from the export credit guarantees issued by the Company for the compensation of losses of political and buyer risks in trade transactions where the business partners of the Company's clients are residents of Ukraine. As of 30 September 2023, the Company's risk exposure where the customer's business partners are in Ukraine, EUR 76.5 thousand. Since 25 February 2022, the company suspended the issuance of new export guarantees to the Russian Federation and Belarus.

The Company has made investments in AIF Altum Capital Fund. In the context of the Russian Federation 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 Federation war in Ukraine on each of the five portfolio companies is therefore different.

Similarly, as in previous periods, the two portfolio companies had the most significant impact from the direct and indirect consequences of the war and related sanctions. Even though both companies ended 2022 with a drop in volumes, which is directly related to leaving the Russian market, at the same time they were able to adapt to the situation and ensure stable or even improve profitability. Companies continue to look for new ways to reduce this impact, and so far they have succeeded either by replacing the decline with new markets or new product categories, as well as by reviewing operational expenses. The portfolio companies explained that the situation with disruptions in the supply chains improved at the beginning of 2023, but the uncertainty remains. As of 30 September 2023, the cumulative direct impact of the Russian Federation war is EUR 122 thousand (Altum's contribution).

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 several of scenarios used to calculate expected losses on a quarterly basis.

3 Risk Management (cont'd)

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

With the Latvian economy developing slightly better in late 2022 and early 2023 than previously projected, the most recent forecasts for Latvia's economic growth have improved slightly compared to 4th quarter of 2022, when a moderate economic slowdown was forecasted. Slow but positive growth is now projected for 2023, with a corresponding reduction in the growth rate forecasts for the following years. However, it should be noted that due to the continuation of hostilities in Ukraine, there is still great uncertainty regarding the future development and consequences of the geopolitical situation, fluctuations in energy resource prices and their limited availability. Therefore, the Company used three economic scenarios in the loss estimations, including the negative and optimistic scenario:

- a baseline scenario, which forecasts the most likely future economic development, taking into account the impact of the Russian Federation invasion of Ukraine, high inflation, rising interest rates, as well as the impact on Latvia's economic growth rates of sanctions imposed against Russian Federation 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, a slower retreat of inflation compared to the baseline scenario;
- an optimistic scenario, which is less likely but potentially more favourable than the baseline scenario.

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:

	2023	2024	2025
GDP annual growth rate, in %			
Base case scenario *	0.8	2.8	3.3
Adverse scenario	-0.4	0.3	1.8
Optimistic scenario	1.9	4.9	4.5
Weighted average **	0.7	2.5	3.1

* The baseline scenario combines two external scenarios, using the information available until 27 June 2023:

(i) the macroeconomic development scenario of the Ministry of Finance (published on 10 August 2023 in the Ministry of Finance's information report "On forecasts of macroeconomic indicators, revenues and general government budget balance in 2024, 2025 and 2026"), which forecasts slow GDP growth of 1% in 2023 due to sanctions against the Russian Federation and Belarus, difficulties in dealing with Ukraine, and high inflation (the December 2022 forecast was -0.6%). The GDP growth in 2024 and 2025 is forecasted 2.5% and 2.9% respectively (in December: 3% per year).

(ii) the Bank of Latvia's macroeconomic scenario (published on 29 September 2023) which forecasts slow GDP growth of 0.6% in 2023 (December 2022: -0.3%) and an acceleration to 3.0% in 2024 (December: 4.4%) and to 3.6% in 2025. 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.

A slight improvement in macroeconomic scenario forecasts compared to December 2022 has resulted in a decrease in the provisions for ECL by EUR 452 thousand for loans and loan commitments and by EUR 98 thousand for guarantees. For guarantees, the impact of changes in the macroeconomic scenario projections was small, given that for guarantees provisions are made at the higher value of the estimated expected credit losses and the fair value. Changes in macroeconomic forecasts have a smaller impact on the fair value of 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 key 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 client's ability to pay.

In addition to the above, the decision-making procedure and the internal information accounting system were improved during the 2022 to ensure the identification and assessment of these impacts on the loan portfolio at the transaction level.

3 Risk Management (cont'd)

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

Until sufficient historical data has been accumulated at the transaction level, the Company carried out an assessment of the portfolio of loans and guarantees by industries, separately assessing how the industries will be directly and indirectly affected by the increase in the prices of energy resources and how the industries will be directly or indirectly affected by the imposed sanctions against the Russian Federation and Belarus. The industries were divided into 3 groups: heavily affected industries, moderately affected industries and less affected industries. The possible impact of the increase in the prices of energy resources was assessed based on the assessment of the Company's experts on energy-intensive industries and industries that are most affected by rising costs, as well as by evaluating the financial data of the largest customers in the portfolio of industry. The possible impact of the sanctions against the Russian Federation and the Republic of Belarus was assessed taking into account the data of the Central Statistical Office on foreign trade with the Russian Federation and the Republic of Belarus, as well as data on the business specifics of the customers in the portfolio of industry (including, but not limited to, analysing the export markets, markets of raw materials, supply chains, opportunities to reorient operations, etc.). As a result of this assessment, the Company has made the general impairment overlay for loans in the amount of EUR 1,902 thousand and guarantees in the amount of EUR 856 thousand as of 30 September 2023, and this has not changed since 31 December 2022.

Potential impact upon loan portfolio triggered by interest rate increase due to steep rise of Euribor rates is covered by changes in the forecasts for macroeconomic indicators. Changes in amortisation terms of respective financial instruments due to increasing interest rates are considered when estimated ECL allowances. For key loan and guarantee exposures the client's capacity for debt service when interest rates are increasing is analysed by the Company on a quarterly basis. Particular attention is paid to such exposures where concerns for not meeting debt service in respective terms and at full amount due to increasing debt burden are in place based on clients' reported operational ratios. The impact of future interest rate increases on borrowers' debt servicing costs and expected credit losses will be reflected in the statement for the 12-month period to 31 December 2023.

Given the state support to partially compensate for the increase in energy prices during the last heating season, there was no significant increase in credit risk for households. However, given the macroeconomic outlook, including continued high inflation and rising interest rates, household spending on housing is expected to remain high and 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 as 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.

The venture capital funds co-financed by Altum operate in accordance with the current sanctions regulation and actively monitor changes in the binding regulatory acts. Every quarter, Altum conducts an evaluation of venture capital fund investments, performing an individual assessment of each venture capital investment and considering the specific situation of each investment. When evaluating investments, Altum takes into account future perspectives, and the fair value of companies is adjusted in time.

The quarterly revaluation of investments in Altum's portfolio companies did not re-identify companies exposed to the impact of the war in discussions with fund managers. Discussions revealed that previously affected companies have successfully adapted to the changes and continue their business activities in other markets. The cumulative impact of the war of the Russian Federation in Ukraine as of 30 September 2023 was EUR 5.7 million (31 December 2022: EUR 7.2 million), of which EUR 1.6 million (31 December 2022: EUR 2.5 million) was the direct impact and EUR 4.1 million (31 December 2022: EUR 4.7 million) the indirect impact.

4 Interest income

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Interest on loans *	14 826	11 970
Interest on guarantees **	2 360	2 312
Interest on securities at fair value cost	108	192
Interest income from term deposits	1 164	-
Total interest income	18 458	14 474

* The Company's sub-item *Interest income on loans* :

- does not include interest income from loans 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 9 months of 2023 amounts to EUR 2,233 thousand (9 months of 2022: EUR 547 thousand).

- includes interest income on loans compensated by the Ministry of Agriculture, in accordance with Paragraph 22 of the Regulation of the Cabinet of Ministers of the Republic of Latvia No.381 of 29 May 2012 "Procedures for Granting State Aid for Purchase of Agricultural Land for Production of Agricultural Products". The interest rate difference compensated by the Ministry of Agriculture in 9 months of 2023 amounted to EUR 131 thousand (9 months of 2022: EUR 0 thousand euro).

** The Company's sub-item *Interest income on guarantees* does not include 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 9 months of 2023 amounts to EUR 895 thousand (9 months of 2022: EUR 837 thousand).

5 Interest expense

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Interest on balances due to credit institutions	4 561	966
Interest on issued debt securities	678	680
Allocation of state support programmes profit to support programme funding *	316	318
Other commission expense	9	52
Total interest expense	5 564	2 016

* 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

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Compensation of expenses for management of state support programmes	3 723	2 280
Compensation of venture capital fund management fees	1 579	1 360
Compensation of expenses for management of state support programmes of the previous years	1 903	485
Compensation of expenses of capital congestion	514	318
Total income from implementation of state support programmes	7 719	4 443

7 Expenses to be compensated for implementation of state support programmes

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Compensated staff costs	2 932	1 319
Compensated administrative expense	790	476
Compensated venture capital fund management fees	1 580	1 845
Total compensated expense for implementation of state support programmes	5 302	3 640

8 Other income

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Income from lease payments for operating leases	1 627	1 368
Income from payments for financial leases	97	2
Profit / (Loss) from investment property revaluation	(109)	9
Profit from sale of investment property	138	237
Profit from sale of repossessed collateral	18	7
Other commission income	13	3
Income from management of the AIF "Altum capital fund"	153	372
Other operating income	56	1 020
Total other income	1 993	3 018

9 Other expense

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Maintenance and service costs of Land Fund	302	396
Debt collection costs	84	117
Maintenance costs of repossessed collateral	1	1
Depreciation of right-of-use assets	128	115
Commission expense on investments in securities	69	69
AIF "Altum capital fund" management costs	153	390
Other commission expense	3	2
Total other expense	740	1 090

10 Impairment losses, net

All amounts in thousands of euro

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Impairment losses on:	6 396	9 898
Loans, net	3 677	4 889
<i>impairment losses</i>	4 207	3 207
<i>impairment losses covered by Portfolio Loss Reserve</i>	1 974	2 572
<i>impairment losses covered by Risk Coverage Reserve</i>	(2 504)	(890)
Other assets	-	-
<i>impairment losses</i>	-	67
<i>impairment losses covered by Risk Coverage Reserve</i>	-	(67)
Financial assets related to loan agreements	8	2
Guarantees, net	2 559	4 739
<i>impairment losses</i>	10 174	11 838
<i>impairment losses covered by Portfolio Loss Reserve</i>	2 482	2 762
<i>impairment losses covered by Risk Coverage Reserve</i>	(10 097)	(9 861)
Loan commitments, net	152	268
<i>impairment losses</i>	436	791
<i>impairment losses covered by Portfolio Loss Reserve</i>	82	83
<i>impairment losses covered by Risk Coverage Reserve</i>	(366)	(606)
Reversal of impairment on:	(8 070)	(7 119)
Loans, net	(3 777)	(2 753)
<i>reversal of impairment</i>	(2 983)	(2 389)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(2 256)	(1 382)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	1 462	1 018
Disbursed guarantee compensations	(37)	-
<i>reversal of impairment</i>	(375)	(33)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	-	-
<i>reversal of impairment covered by Risk Coverage Reserve</i>	338	33
Other assets	-	-
<i>impairment losses</i>	-	(40)
<i>impairment losses covered by Risk Coverage Reserve</i>	-	40
Financial assets related to loan agreements	-	(90)
Guarantees, net	(4 100)	(4 075)
<i>reversal of impairment</i>	(9 031)	(8 609)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(2 940)	(1 423)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	7 871	5 957
Loan commitments, net	(156)	(201)
<i>reversal of impairment</i>	(316)	(171)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(123)	(127)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	283	97
Total impairment losses / (reversal), net	(1 674)	2 779
Recovery of loans written off in previous periods	(412)	(559)
Total impairment losses and (income) from recovery of loans written-off	(2 086)	2 220

Additional information including on impairment allowances used to increase / decrease Portfolio Loss Reserve (Special Reserve Capital) available in Note 3 (1).

11 Due from credit institutions and the Treasury

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Due from credit institutions and State Treasury	667 979	571 682
cash and cash equivalent	576 764	539 630
term deposits	90 000	32 000
Impairment allowances	(15)	(15)
Net due from credit institutions and State Treasury	667 964	571 667

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 for the implementation of new state aid programmes (from the European Union Recovery and Resilience Facility), as well as for the implementation of active state aid programmes of the Central Finance and Contracting Agency (CFCA).

Breakdown of 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	-	-	559 156	12 511	-	-	-	-	571 667
Total gross as at 31 December 2022	-	-	559 156	12 511	-	-	-	-	571 667
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	25 418	629 075	13 471	-	-	-	-	667 964
Total gross as at 30 September 2023	-	25 418	629 075	13 471	-	-	-	-	667 964

As at 30 September 2023, the Company held accounts with 5 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 2023 was 2.71% (31 December 2022: 0.08%).

12 Investments in Associates

(1) Investments in associates, in thousands of euro:

Company or venture capital fund generation	Country of incorporation	Equity of venture capital fund		Carrying Amount	
		30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
The 2nd generation VCFs	LV	9 650	9 778	6 828	6 855
The 3rd generation VCFs	LV	4 923	9 230	3 572	7 653
The 4th generation VCFs	LV	32 513	30 313	22 415	19 017
AlF "Altum capital fund"	LV	33 146	34 529	16 212	16 888
Baltic Innovation Fund *	LU	88 864	88 534	15 288	14 232
Total investments in associates		169 096	172 384	64 315	64 645

* 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 2023 the total venture capital fund's portfolio value at cost value was EUR 71,362 thousand (31 December 2022: EUR 74,858 thousand).

(2) Movement in investments in associates, in thousands of euro:

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Baltic Innovation Fund		Total	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Carrying amount at the beginning of period	33 525	36 729	16 888	14 998	14 232	13 222	64 645	64 949
Invested	5 837	3 660	110	1 365	1 056	1 836	7 003	6 861
Refunded	(9 847)	(1 370)	(1 073)	(532)	-	(858)	(10 920)	(2 760)
Mezzanine interest received and realised gain on exit	2 597	493	779	532	-	-	3 376	1 025
Realised gain from refunded	-	-	-	-	-	48	-	48
Share of net gain / (loss) of investment in associate *	703	(2 444)	(492)	(573)	-	-	211	(3 017)
Gain from investment in associate at fair value through profit or loss	-	-	-	-	-	-	-	-
Net carrying amount at the period ended at 30 September	32 815	37 068	16 212	15 790	15 288	14 248	64 315	67 106
Invested		3 829		875		864		5 568
Refunded		(7 923)		(413)		(941)		(9 277)
Mezzanine interest received and realised gain on exit		1 182		413		-		1 595
Realised gain from refunded		-		-		13		13
Share of net gain / (loss) of investment in associate *		(631)		223		-		(408)
Loss from investment in associate at fair value through profit or loss		-		-		48		48
Net carrying amount at the period ended at 31 December	-	33 525	-	16 888	-	14 232	-	64 645

* includes changes in revaluation of investment.

(3) 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	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Net share of gain / (loss) of investment in associates	703	(3 552)	(492)	(315)	-	-	211	(3 867)
Net income / (expense), excluding revaluation gain / (loss)	517	1 265	779	596	-	-	1 296	1 861
Share of net gain / (loss) of investment in Three Seas Initiative Investment Fund	-	-	-	-	682	156	682	156
Share of net gain / (loss) of investment in associate	1 220	(2 287)	287	281	682	156	2 189	(1 850)
Net share of gain / (loss) of investment in associates		477		-		-		477
Net income / (expense), excluding revaluation gain / (loss)		-		-		-		-
Share of net gain / (loss) of investment in Three Seas Initiative Investment Fund		-		595		544		1 139
Total on 31 December	-	(1 810)	-	876	-	700	-	(234)

12 Investments in Associates (cont'd)

(4) Venture capital funds management fees in the 9 months of 2023, expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds: contributions for fund management are not made (9 months of 2022: EUR 340 thousand) which were compensated from the risk coverage reserve (see Note 21 (2));
- Management fees for the 4th generation venture capital funds amounted EUR 1,311 thousand (9 months of 2022: EUR 1,308 thousand) which were compensated from the risk coverage reserve (see Note 21 (2));
- Management fees for the Baltic Innovation Fund (BIF) amounted EUR 103 thousand (9 months of 2022: EUR: 64 thousand), which were compensated from the risk coverage reserve (see Note 21 (2));
- Management fees for the AIF "Altum capital fund" amounted EUR 153 thousand (9 months of 2022: EUR 390 thousand) (see Note 9).

13 Other Investments

Total cost of other investments on 30 September 2023 was EUR 18,966 thousand (31 December 2022: EUR 15,419 thousand). The initial cost of the investment of the Three Seas Initiative Investment Fund also includes the management fees. Baltic Innovation Fund 2 management fee (in the 3rd quarter of 2023 was EUR 163 thousand, 31 December 2022: EUR 840.2 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

	30.09.2023.	31.12.2022.
Baltic Innovation Fund 2	7 163	4 478
Three Seas Initiatives Investment Fund	12 807	11 263
Total other investments	19 970	15 741

Baltic Innovation Fund 2 (BIF 2) is a EUR 156 million 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 26.5 million thus arriving at the ownership rate 16.99% of the total committed capital of the BIF 2 (EUR 156 million).

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 million thus arriving at the ownership rate of 2.15% on 30 September 2023 (31 December 2022: 2.15%) of the total committed capital the Three Seas Initiative Investment Fund (30 September 2023: EUR 928.1 million, 31 December 2022: EUR 928.1 million). The amount of capital investment paid by the Company to the Three Seas Initiative Investment Fund on 30 September 2023 was EUR 10.9 million (31 December 2022: EUR 10.9 million).

14 Loans

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

(1) Loans by the borrower profile, in thousands of euro:

	30.09.2023.	31.12.2022.
SME and Midcaps	128 103	147 369
Agriculture	167 262	159 509
Private individuals	38 238	4 920
Financial Intermediaries	36	46
Land Fund	26 060	27 089
Total gross loans	359 699	338 933
Impairment allowances	(21 026)	(21 074)
Total net loans	338 673	317 859

(2) Breakdown of loans by industries, in thousands of euro:

	30.09.2023.	31.12.2022.
Agriculture and forestry	186 610	173 937
Manufacturing	53 238	58 511
Electricity, gas and water utilities	17 574	8 744
Retail and wholesale	13 572	16 968
Health and social care	8 695	7 408
Construction	8 568	10 554
Transport, warehousing and communications	6 060	7 025
Professional, science and technical services	5 340	3 592
Real estate	5 317	15 790
Hotels and restaurants	4 762	5 910
Municipal authorities	2 815	7 767
Fishing	1 666	2 095
Information technologies and communication	1 056	1 986
Other industries	6 187	13 724
Private individuals	38 239	4 922
Total gross loans	359 699	338 933
Impairment allowances	(21 026)	(21 074)
Total net loans	338 673	317 859

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

	30.09.2023.	31.12.2022.
Number of customers	44	40
Total credit exposure of customers (EUR '000)	69 059	59 416
Percentage of total gross portfolio of loans	19.20%	17.53%

(4) Analysis of loan portfolio by client segments as at 30 September 2023, in thousands of euro:

	Stage 1		Stage 2		Stage 3		POCI		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	36	-	-	-	-	-	-	-	36	-
Agriculture	147 489	(577)	12 446	(218)	7 327	(2 001)	-	-	167 262	(2 796)
SME and Midcaps	75 044	(2 408)	30 968	(3 029)	21 792	(10 114)	299	(280)	128 103	(15 831)
Private individuals	33 694	(125)	3 283	(94)	1 261	(275)	-	-	38 238	(494)
Land Fund	25 607	(2)	198	-	255	(1)	-	-	26 060	(3)
Total segments, gross	281 870	(3 112)	46 895	(3 341)	30 635	(12 391)	299	(280)	359 699	(19 124)
Impairment overlay	-	(1 206)	-	(696)	-	-	-	-	-	(1 902)
Total segments, net	281 870	(4 318)	46 895	(4 037)	30 635	(12 391)	299	(280)	359 699	(21 026)

14 Loans (cont'd)

(5) Movement in impairment allowances, in thousands of euro:

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Impairment allowances at the beginning of the period	21 074	18 143
Increase in impairment allowances (Note 10: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)	6 181	5 779
Decrease in impairment allowances (Note 10: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)	(5 239)	(3 771)
Write-off of loans covered by Portfolio Loss Reserve	(858)	(121)
Write-off of loans covered by Risk Coverage Reserve	(110)	(22)
Write-off of loans Company's share of impairment allowances	(813)	(60)
Loan interest overdue for more than 90 days	135	-
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	656	996
Impairment allowances at the end of the period ended 30 September	21 026	20 944
Company's share of impairment allowances	9 968	10 389
Impairment allowances covered by Portfolio Loss Reserve	5 223	5 321
Impairment allowances covered by Risk Coverage Reserve	5 835	5 234
Impairment allowances at the beginning of the period		20 944
Increase in impairment allowances (Note 10: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)		4 365
Decrease in impairment allowances (Note 10: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)		(3 576)
Write-off of loans covered by Portfolio Loss Reserve		(120)
Write-off of loans covered by Risk Coverage Reserve		(133)
Write-off of loans Company's share of impairment allowances		(661)
Loan interest overdue for more than 90 days		55
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)		200
Impairment allowances at the end of the period ended 31 December (audited)		21 074
Company's share of impairment allowances		10 497
Impairment allowances covered by Portfolio Loss Reserve		5 999
Impairment allowances covered by Risk Coverage Reserve		4 578

As at 30 September 2023 the average annual interest rate for the loan portfolio of the Company was 6.42% (31 December 2022: 5.59%).

15 Grants

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Energy Efficiency Programme for Multi-apartment Buildings	66 992	55 582
Social Entrepreneurship Programme	636	892
Grants for development of energy efficiency projects	243	188
Housing grant programme "Balsts"	1 636	1 384
Grants for private house renovation	368	-
Grants for energy efficiency improvement of family buildings	457	1
Grants for cultural industry support programme *	288	669
Total grants, gross	70 620	58 716
Impairment allowances	(436)	(436)
Total grants, net	70 184	58 280

* The grant component of the combined financial instrument.

15 Grants (cont'd)

Movement in net book value of grants in 9 months of 2023, in thousands of euro:

	30.09.2023.	31.12.2022.
Carrying amount		
Carrying amount at the beginning of period	58 716	45 729
Changes	11 904	4 228
Carrying amount at the end of period	70 620	49 957
Impairment allowances		
At the beginning of period	(436)	(332)
Carrying amount at the end of period	(436)	(332)
Grants net book at the beginning of the period	58 280	45 397
Grants net book value at the end of the period ended 30 September	70 184	58 392
Carrying amount		
Carrying amount at the beginning of period		58 724
Changes		(8)
Carrying amount at the end of period		58 716
Impairment allowances		
At the beginning of period		(332)
Changes		(102)
Reclassification		(2)
Carrying amount at the end of period		(436)
Grants net book at the beginning of the period		58 392
Grants net book value at the end of the period ended 31 December		58 280

16 Investment Properties

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Carrying amount at the beginning of period	53 453	46 164
Acquired during the reporting period *	4 206	5 758
Recognized on termination of reverse leases	-	164
Disposals during the reporting period	(168)	(954)
Net gain/ (loss) from fair value adjustment	(109)	2 321
Carrying amount at the end of the period	57 382	53 453

* 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

	30.09.2023.	31.12.2022.
Other financial assets	4 859	3 531
Other assets (repossessed collateral)	9	28
Total other assets, gross	4 868	3 559
Impairment allowances for financial assets	(1 803)	(2 029)
Company's share of provisions	(525)	(582)
Impairment allowances covered by Portfolio Loss Reserve	(203)	(273)
Provisions covered by risk coverage	(1 075)	(1 174)
Total financial assets, net	3 056	1 502
Total other assets, net	3 065	1 530

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 net book value of other financial assets in 9 months of 2023, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 869	248	1 414	3 531
Changes	(207)	3	1 532	1 328
As at 30 September	1 662	251	2 946	4 859
Impairment provision				
At the beginning of period	(1 869)	(151)	(9)	(2 029)
Changes in impairment allowances	207	19	-	226
As at 30 September	(1 662)	(132)	(9)	(1 803)
Net book value at the beginning of period	-	97	1 405	1 502
Net book value as the end of period	-	119	2 937	3 056

Movement in the net book value of other financial assets in 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	279	(622)	(1 291)	(1 634)
As at 31 December	1 869	248	1 414	3 531
Impairment provision				
At the beginning of period	(1 590)	(330)	(31)	(1 951)
Changes in impairment allowances	(279)	179	22	(78)
As at 31 December	(1 869)	(151)	(9)	(2 029)
Net book value at the beginning of period	-	540	2 674	3 214
Net book value as at 31 December	-	97	1 405	1 502

18 Due to Credit Institutions

	30.09.2023.	31.12.2022.
Compensation for management expenses of state support programs	4 171	503
Other accrued income	413	424
Total accrued income	4 584	927

19 Due to Credit Institutions

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Due to credit institutions registered in OECD countries	37 690	36 290
Total due to credit institutions	37 690	36 290

Balances due to credit institutions registered in the OECD countries include loan received by the Company from the European Investment Bank (EIB) of EUR 37,690 thousand (31 December 2022: EUR 36,290 thousand), of which EUR 191 thousand constitutes accrued interest expenses (31 December 2022: EUR 40 thousand).

On October 2, 2009, an agreement was signed with the EIB for a loan of EUR 100,000 thousand to finance projects under the SMEs Growth Loan Programme. As at 30 September 2023 the principal amount of the loan EUR 3,125 thousand (31 December 2022: EUR 6,250 thousand), the accrued interest on the loan amounts to EUR 18 thousand (31 December 2022: EUR 40 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 2023, the amount of the secured claim was EUR 3,142 thousand (31 December 2022: EUR 6,290 thousand).

On July 8, 2020, Altum signed an agreement with the EIB for a loan of EUR 80,000 thousand to finance working capital and investment loans to small and medium-sized enterprises, including those affected by the Covid-19 pandemic. As at 30 September 2023 the principal amount of the loan was EUR 24,375 thousand (31 December 2022: EUR 30,000 thousand), the final repayment date 20 November 2025. As at 30 September 2023, according to the loan agreement, the Company is available the financing for working capital and investment loans in the amount of EUR 25,000 thousand, final availability date January 05, 2024. On 10 December 2021, Altum signed an agreement with the EIB for an additional loan of EUR 40,000 thousand to finance working capital and investment loans to small and medium-sized enterprises, the absorption of which had not been started until 30 September 2023. Final availability date is 10 December 2023. The volume and pace of drawdown under both agreements is subordinated to the further volume of new lending transactions. The loans are unsecured.

The average interest rate for the balances *Due to credit institutions* as of 30 September 2023 was 1.27% (31 December 2022: 0.30%).

20 Due to General Governments

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Loans received from Rural Support Service	3 314	3 318
Loans received from the Treasury	170 918	150 466
Total due to general governments	174 232	153 784

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 2023 the Company liabilities to Rural Support Service consist of the principal amount of EUR 3,072 thousand (31 December 2022: EUR 3,072 thousand) and accrued interest – EUR 242 thousand (31 December 2022: EUR 246 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 2023 the principal amount of the loan EUR 88,595 thousand (31 December 2022: EUR 81,718 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 of 30 September 2023, according to the loan agreement the Company is available the financing in the amount of EUR 11,405 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As of 30 September 2023, the amount of the secured claim was EUR 106,326 thousand (31 December 2022: EUR 98,070 thousand).

20 Due to General Governments (cont'd)

- SME development programme: as at 30 September 2023 the principal amount of the loan EUR 65,077 thousand (31 December 2022: EUR 53,555 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 2023, according to the loan agreement the Company still is available the financing in the amount of EUR 44,923 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2023, the amount of the secured claim was EUR 78,099 thousand (31 December 2022: EUR 64,271 thousand).
- Parallel loan programme: as at 30 September 2023 the principal amount of the loan EUR 4,600 thousand (31 December 2022: 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 2023, 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 2023, the amount of the secured claim was EUR 5,524 thousand (31 December 2022: EUR 5,521 thousand).
- Programme of Small Loans for Rural Areas: as at 30 September 2023 the principal amount of the loan EUR 1,733 thousand (31 December 2022: EUR 2,079 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 2023, according to the loan agreement the Company still is available the financing in the amount of EUR 4,267 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As at 30 September 2023, the amount of the secured claim was EUR 2,080 thousand (31 December 2022: EUR 2,495 thousand).
- Latvian Land Fund (the financing for the Fund's transactions): the loan amount has been used in 2020 and as at 30 September 2023 the principal amount of the loan EUR 7,439 thousand (31 December 2022: EUR 8,502 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 2023, the amount of registered mortgage was EUR 9,261 thousand (31 December 2022: EUR 10,406 thousand).
- Loan program for construction works of apartment houses and improvement of their territories: as at 30 September 2023 the principal amount of the loan EUR 3,454 thousand (31 December 2022: EUR 0 thousand), the final repayment date 20 January 2044. 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 2023, according to the loan agreement the Company still is available the financing in the amount of EUR 26,546 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As at 30 September 2023, the amount of the secured claim was EUR 4,146 thousand (31 December 2022: EUR 0 thousand).

As at 30 September 2023 the accrued interest on the loans received from the Treasury amounts to EUR 20 thousand (31 December 2022: EUR 11,4 thousand).

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until 30 September 2023:

- 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 2031, 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.

21 Support programme funding

(1) 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 2023, 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	8 265	77	-	(1)	8 264
ESF II	841	-	-	-	841
Microcredits of Swiss programme (closed programme)	565	12	-	(2)	563
ERDF I	414	-	-	-	414
ESF I	316	-	-	-	316
ERDF II (second round)	2 254	57	-	(23)	2 231
Incubators (from ESF II)	82	-	-	-	82
ERDF II 2 Public fund	226	-	-	-	226
Fund of Funds programme – Start-up loans	2 658	1 086	(104)	(117)	2 437
Fund of Funds programme – Microcredits	291	20	(2)	(2)	287
Fund of Funds programme – Parallel loans	4 012	3 658	(117)	(928)	2 967
Energy Efficiency Loans for Multi-apartment Buildings (I)	4 732	4 732	(77)	(128)	4 527
Start-up State Aid Cumulation Lending Programme	1 888	1 888	(443)	(301)	1 144
Other loans to start-ups	1 748	31	-	(2)	1 746
Mezzanine Programme – Loans	3 545	3 474	-	(597)	2 948
Guarantees and interest grants programme	4 287	4 287	(1 196)	-	3 091
SME energy efficiency loans	3 723	3 723	(142)	(1 381)	2 200
ERAF SME growth loans	21 546	1 293	-	(421)	21 125
ERAF loans for business sustainability	23 125	5 030	-	(983)	22 142
Parallel loans	2 000	2 000	(119)	(191)	1 690
Parallel loans 2	3 671	1 358	-	(370)	3 301
Loans for enterprises in rural territories	7 803	7 803	(413)	(151)	7 239
Start-up loans to innovative entrepreneurs	7 738	1 548	-	(223)	7 515
Multi-apartment building improvement loans	1 000	1 000	(7)	(45)	948
Energy Efficiency Loans for Multi-apartment Buildings (II)	12 221	733	-	(40)	12 181
Cultural industry support programme **	328	-	-	-	328
ELFLA Agricultural and rural development loans	12 179	2 923	-	(84)	12 095
RRF energy efficiency loans*	22 307	2 900	-	-	22 307
RRF digitization loans*	13 543	1 354	-	-	13 543
RRF Energy Efficiency Loans for Multi-apartment Buildings*	17 185	909	-	-	17 185
RRF housing construction loans*	12 870	1 013	-	-	12 870
Investment Loans with a capital rebate *	127 065	103 266	-	-	127 065
Total loans	324 428	156 175	(2 620)	(5 990)	315 818

21 Support programme funding (cont'd)

(1) 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 2023, 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	45 924	45 924	-	(9 193)	36 731
Energy Efficiency Guarantees for Multi-apartment Buildings	8 175	8 175	-	(1 398)	6 777
Housing Guarantee Programme	26 134	26 134	(2 532)	(17 724)	5 878
Housing Guarantee Programme for NAF soldiers	160	160	-	(160)	-
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	(2 567)	(813)	5 373
Mezzanine Programme – Guarantees	1 140	1 117	-	(227)	913
Portfolio Guarantee Fund	9 994	9 743	(2 196)	(3 463)	4 335
Export credit guarantees	3 390	3 390	(635)	(698)	2 057
Study and student portfolio guarantees ***	658	-	-	-	658
RRM energy car guarantees	1 500	-	-	-	1 500
ELFLA Agricultural and rural development guarantees	3 000	3 000	-	(57)	2 943
Agricultural Guarantees	2 741	2 741	(374)	(984)	1 383
Total guarantees	112 071	109 639	(8 304)	(34 717)	69 050
Grants					
Energy Efficiency Grants for Multi-apartment Buildings	70 078	-	-	-	70 078
Housing grant programme "Balsts"	2 645	-	-	-	2 645
Grants for energy efficiency improvement of family buildings	996	-	-	-	996
Social Entrepreneurship Programme	973	-	-	-	973
Grants for development of energy efficiency project	1 361	-	-	-	1 361
Grants for improving energy efficiency of family buildings	573	-	-	-	573
Grants for Cultural industry support *	462	-	-	-	462
Total grants	77 088	-	-	-	77 088
Venture Capital Funds					
Fund of Funds and venture capital funds	39 202	33 982	-	-	39 202
Investment Fund Activity	6 434	5 791	-	(236)	6 198
Baltic Innovation Fund	1 691	507	(511)	-	1 180
Baltic Innovation Fund II	1 738	521	(547)	-	1 191
Total venture capital funds	49 065	40 801	(1 058)	(236)	47 771
Other Activities					
Energy Efficiency Fund	157	-	-	-	157
Regional Creative Industries Alliance	-	-	-	-	-
Total other activities	157	-	-	-	157
Funding allocated to increase reserve capital	1 980	-	-	-	1 980
Total support programme funding	564 789 ****	306 615	(11 982)	(40 943)	511 864

* Combined financial instrument.

** Combined financial instrument. On 5 July 2021, risk coverage (Portfolio Loss Reserve) of EUR 788 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.

*** Risk coverage (Portfolio Loss Reserve) of EUR 1,402 thousand has been included in the reserve, which is part of the specific reserves attributable to support programs (see Note 24 (24.2))

**** Support programme funding contains EUR 12,871 thousand allocated for management costs of the Company to be compensated from support programme funding.

21 Support programme funding (cont'd)

(1) 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 2022, in thousands of euro:

Financial Instrument / Programme	Programme funding	Of which, risk coverage reserve	Fair value adjustment	Provisions covered by risk coverage	Net programme funding
Loans					
ERDF II	8 265	1 275	-	(102)	8 163
ESF II	851	30	-	(9)	842
Microcredits of Swiss programme (closed programme)	565	35	-	(2)	563
ERDF I	414	-	-	-	414
ESF I	316	5	-	(2)	314
ERDF II (second round)	2 252	115	-	(34)	2 218
Incubators (from ESF II)	82	2	-	-	82
ERDF II 2 Public fund	226	-	-	-	226
Fund of Funds programme – Start-up loans	2 698	1 830	(104)	(187)	2 407
Fund of Funds programme – Microcredits	291	53	(2)	(7)	282
Fund of Funds programme – Parallel loans	4 012	4 012	(117)	(1 205)	2 690
Energy Efficiency Loans for Multi-apartment Buildings (I)	7 245	7 245	(77)	(80)	7 088
Start-up State Aid Cumulation Lending Programme	1 888	1 888	(443)	(407)	1 038
Other loans to start-ups	1 800	116	-	(38)	1 762
Mezzanine Programme – Loans	3 630	3 558	-	(837)	2 793
Guarantees and interest grants programme	4 287	4 287	(1 196)	-	3 091
SME energy efficiency loans	3 723	3 723	(142)	(365)	3 216
ERAF SME growth loans	15 000	900	-	(213)	14 787
ERAF loans for business sustainability	15 000	3 263	-	(269)	14 731
Parallel loans	2 000	2 000	(119)	(297)	1 584
Parallel loans 2	3 286	1 216	-	(424)	2 862
Loans for enterprises in rural territories	7 803	1 707	(413)	(149)	7 241
Start-up loans to innovative entrepreneurs	6 000	1 200	-	(155)	5 845
Multi-apartment building improvement loans*	750	750	(7)	(8)	735
Rental multi-apartment building improvement loans	4 074	244	-	(36)	4 038
Energy Efficiency Loans for Multi-apartment Buildings (II)	250	250	-	-	250
ERDF Multi-apartment building improvement loans	500	14	-	-	500
Cultural industry support programme **	2 220	-	-	-	2 220
ELFLA Agricultural and rural development loans	4 996	1 199	-	(31)	4 965
Investment Loans with a capital rebate *	99 565	50 778	-	-	99 565
Total loans	203 989	91 695	(2 620)	(4 857)	196 512

21 Support programme funding (cont'd)

(1) 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 2022, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding	Of which, risk coverage reserve	Fair value adjustment	Provisions covered by risk coverage	Net programme funding
Guarantees					
Fund of Funds programme – Guarantees	45 199	45 199	-	(8 385)	36 814
Energy Efficiency Guarantees for Multi-apartment Buildings	8 238	8 214	-	(1 486)	6 752
Housing Guarantee Programme	22 114	22 114	(2 532)	(16 033)	3 549
Housing Guarantee Programme for NAF soldiers	160	160	-	-	160
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	(2 567)	(1 049)	5 137
Mezzanine Programme – Guarantees	865	848	-	(278)	587
Portfolio Guarantee Fund	9 994	9 664	(2 196)	(3 399)	4 399
Export credit guarantees	3 390	3 390	(635)	(697)	2 058
Study and student portfolio guarantees ***	658	-	-	-	658
ELFLA Agricultural and rural development guarantees	2 500	2 500	-	-	2 500
Agricultural Guarantees	2 741	2 741	(374)	(1 501)	866
Total guarantees	105 114	104 085	(8 304)	(32 828)	63 982
Grants					
Energy Efficiency Grants for Multi-apartment Buildings	60 784	-	-	-	60 784
Housing grant programme "Balsts"	4 465	-	-	-	4 465
Grants for energy efficiency improvement of family buildings	1 142	-	-	-	1 142
Social Entrepreneurship Programme	1 657	-	-	-	1 657
Grants for development of energy efficiency project	1 596	-	-	-	1 596
Grants for improving energy efficiency of family buildings	810	-	-	-	810
Grants for Cultural industry support *	1 089	-	-	-	1 089
Total grants	71 543	-	-	-	71 543
Venture Capital Funds					
Fund of Funds and venture capital funds	35 488	30 268	-	-	35 488
Investment Fund Activity	4 209	3 367	-	(354)	3 855
Baltic Innovation Fund	1 794	538	(511)	-	1 283
Baltic Innovation Fund II	1 902	571	(548)	-	1 354
Total venture capital funds	43 393	34 744	(1 059)	(354)	41 980
Other Activities					
Energy Efficiency Fund	580	-	-	-	580
Regional Creative Industries Alliance	-	-	-	-	-
Total other activities	580	-	-	-	580
Funding allocated to increase reserve capital	683 ****	-	-	-	683
Total support programme funding	425 302 *****	230 524	(11 983)	(38 039)	375 280

* 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 24 (24.2)).

*** 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 24 (24.2)).

**** The financing included in the reserve capital is intended for guarantees of the Housing Guarantee Program for NAF soldiers in the amount of 320 thousand euro and for the Housing Guarantee Support Program in the amount of 363 thousand euro.

***** Support programme funding contains EUR 12,999 thousand allocated for management costs of the Company to be compensated from support programme funding.

21 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.

(2) Movement in the Company's support programme funding in 9 months of 2023, in thousands of euro:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Revaluation of liabilities	Programmes' income/profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2022.									30.09.2023.
Loans										
ERDF II	8 163	-	-	-	-	-	-	-	101	8 264
ESF II	842	-	-	-	-	-	1	(11)	9	841
Microcredits of Swiss programme (closed programme)	563	-	-	-	-	-	-	-	-	563
ERDF I	414	-	-	-	-	-	-	-	-	414
ESF I	314	-	-	-	-	-	-	-	2	316
ERDF II (second round)	2 218	-	-	-	-	-	9	(7)	11	2 231
Incubators (from ESF II)	82	-	-	-	-	-	-	-	-	82
ERDF II 2 Public fund	226	-	-	-	-	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 407	-	-	-	-	-	-	(40)	70	2 437
Fund of Funds programme – Microcredits	282	-	-	-	-	-	-	-	5	287
Fund of Funds programme – Parallel loans	2 690	-	-	-	-	-	-	-	277	2 967
Energy Efficiency Loans for Multi-apartment Buildings (I)	7 088	5 512	(8 000)	-	(25)	-	-	-	(48)	4 527
Start-up State Aid Cumulation Lending Programme	1 038	-	-	-	-	-	-	-	106	1 144
Other loans to start-ups	1 762	-	-	-	-	-	-	(52)	36	1 746
Mezzanine Programme – Loans	2 793	-	(253)	-	-	-	168	-	240	2 948
Guarantees and interest grants programme	3 091	-	-	-	-	-	-	-	-	3 091
SME energy efficiency loans	3 216	-	-	-	-	-	-	-	(1 016)	2 200
ERDF SME growth loans	14 787	-	5 500	-	-	-	1 046	-	(208)	21 125
ERDF loans for business sustainability	14 731	-	8 000	-	(19)	-	144	-	(714)	22 142
Parallel loans	1 584	-	-	-	-	-	-	-	106	1 690
Parallel loans 2	2 862	-	267	-	-	-	118	-	54	3 301
Loans for enterprises in rural territories	7 241	-	-	-	-	-	-	-	(2)	7 239
Start-up loans to innovative entrepreneurs	5 845	-	1 458	-	-	-	280	-	(68)	7 515
Multi-apartment building improvement loans	735	-	250	-	-	-	-	-	(37)	948

21 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 9 months of 2023, in thousands of euro: (cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Revaluation of liabilities	Programmes income / profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2022.									30.09.2023.
Rental multi-apartment building improvement loans	250	-	(250)	-	-	-	-	-	-	-
Energy Efficiency Loans for Multi-apartment Buildings (II)	4 038	-	8 000	-	(3)	-	150	-	(4)	12 181
ERDF Multi-apartment building improvement loans	500	-	(500)	-	-	-	-	-	-	-
Cultural industry support programme *	2 220	-	-	-	-	-	-	(1 892)	-	328
ELFLA Agricultural and rural development loans	4 965	5 000	2 000	-	-	-	183	-	(53)	12 095
RRF energy efficiency loans*	-	24 176	(1 500)	(386)	-	-	17	-	-	22 307
RRF digitization loans*	-	13 543	-	-	-	-	-	-	-	13 543
RRF Energy Efficiency Loans for Multi-apartment Buildings*	-	17 185	-	-	-	-	-	-	-	17 185
RRF housing construction loans*	-	12 870	-	-	-	-	-	-	-	12 870
Investment Loans with a capital rebate *****	99 565	27 500	-	-	-	-	-	-	-	127 065
Kopā aizdevumi	196 512 **	105 786	14 972	(386)	(47)	-	2 116	(2 002)	(1 133)	315 818
Guarantees										
Fund of Funds programme - Guarantees	36 814	-	-	-	-	-	711	14	(808)	36 731
Energy Efficiency Guarantees for Multi-apartment Buildings	6 752	-	-	-	(225)	-	162	-	88	6 777
Housing Guarantee Programme	3 549	4 020	-	-	-	-	-	-	(1 691)	5 878
Housing Guarantee Programme for NAF soldiers	160	-	-	-	-	-	-	-	(160)	-
Portfolio guarantees for renovation of family buildings*	502	-	-	-	-	-	-	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	5 137	-	-	-	-	-	-	-	236	5 373
Mezzanine Programme - Guarantees	587	-	253	-	-	-	22	-	51	913
Portfolio Guarantee Fund	4 399	-	-	-	-	-	-	-	(64)	4 335
Export credit guarantees	2 058	-	-	-	-	-	-	-	(1)	2 057
Study and student portfolio guarantees	658	-	-	-	-	-	-	-	-	658
RRM energy car guarantees	-	-	1 500	-	-	-	-	-	-	1 500
ELFLA Agricultural and rural development guarantees	2 500	2 500	(2 000)	-	-	-	-	-	(57)	2 943
Agricultural Guarantees	866	-	-	-	-	-	-	-	517	1 383
Total guarantees	63 982	6 520	(247)	-	(225)	-	895	14	(1 889)	69 050
Grants										
Energy Efficiency Grants for Multi-apartment Buildings	60 784	35 003	-	(24 180)	(1 529)	-	-	-	-	70 078
Housing grant programme "Balsts"	4 465	-	-	(1 820)	-	-	-	-	-	2 645
Grants for energy efficiency improvement of family buildings *	1 142	-	-	(146)	-	-	-	-	-	996
Social Entrepreneurship Programme	1 657	1 788	-	(2 385)	(88)	-	-	1	-	973
Grants for development of energy efficiency project	1 596	-	400	(562)	(73)	-	-	-	-	1 361
Grants for improving energy efficiency of family buildings	810	-	-	(237)	-	-	-	-	-	573
Grants for Cultural industry support *	1 089	-	-	(627)	-	-	-	-	-	462
Total grants	71 543	36 791	400	(29 957)	(1 690)	-	-	1	-	77 088

21 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 9 months of 2023, in thousands of euro: (cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Revaluation of liabilities	Programmes income / profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2022.									30.09.2023.
Venture Capital Funds										
Fund of Funds and venture capital funds	35 488	18 962	(14 725)	-	(1 759)***	(560)	1 796 ****	-	-	39 202
Investment Fund Activity	3 855	-	-	-	-	1 251	1 164 *****	-	(72)	6 198
Baltic Innovation Fund	1 283	-	-	-	(103)	-	-	-	-	1 180
Baltic Innovation Fund II	1 354	-	-	-	(163)	-	-	-	-	1 191
Total venture capital funds	41 980	18 962	(14 725)	-	(2 025)	691	2 960	-	(72)	47 771
Other Activities										
Energy Efficiency Fund	580	-	(400)	-	(23)	-	-	-	-	157
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-	-	-
Total other activities	580	-	(400)	-	(23)	-	-	-	-	157
Funding allocated to increase reserve capital	683	-	-	-	-	-	-	1 297	-	1 980
Total support programme funding	375 280	168 059	-	(30 343)	(4 010)	691	5 971	(690)	(3 094)	511 864

* Combined financial instrument.

** Support programme funding includes funding that had to be reallocated between the programmes, partly done in 2022 (from the Microcredits of Swiss programme), to be continued in 2023

*** include EUR 1,311 thousand management fees for the 4th generation venture capital funds.

**** include EUR 1,202 thousand mezzanine interest received and EUR 477 thousand realised gain on investments in 4th generation venture capital funds in 9 months of 2023.

***** include EUR 105 thousand mezzanine interest received and EUR 813 thousand realised gain on investments in 2nd and 3rd generation venture capital funds in 9 months of 2023.

***** Combined financial instrument. Reallocated funding from the special reserve capital (Note 24 (2))

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

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Revaluation of investments in 2nd and 3rd generation venture capital funds	1 264	(2 250)
Realised gain on investments in 2nd and 3rd generation venture capital funds	(1 633)	667
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	471	186
Revaluation of investments in 4th generation venture capital funds	(560)	(1 302)
Realised gain on investments in 4th generation venture capital funds	477	26
Mezzanine interest received from investments in 4th generation venture capital funds	1 202	385
Gains/(losses) of investment in associate and other investments less losses from liabilities at fair value through profit or loss	1 221	(2 288)

22 Provisions for off-balance sheet liabilities

Provisions for impairment of off-balance sheet liabilities, in thousands of euro:

	30.09.2023.	31.12.2022.
Provisions for loan commitments	501	1 077
<i>Company's share of provisions</i>	53	432
<i>Provisions covered by Portfolio Loss Reserve</i>	57	12
<i>Provisions covered by Risk Coverage Reserve</i>	391	633
Provisions for grant commitments	376	376
<i>Company's share of provisions</i>	376	376
Total provisions	877	1 453
<i>Company's share of provisions</i>	429	808
<i>Provisions covered by Portfolio Loss Reserve</i>	57	12
<i>Provisions covered by Risk Coverage Reserve</i>	391	633

23 Liabilities from financial guarantees

Movement of Liabilities from financial guarantees, in thousands of euro:

	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Provisions at the beginning of the period	45 852	37 373
Increase in provisions (Note 10: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)	12 656	14 601
Decrease in provisions (Note 10: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)	(11 971)	(10 031)
Reclassification (Disbursed guarantee)	(258)	(535)
Fair value component - guarantee premiums	(188)	224
Provisions at the end of the period ended 30 June	46 091	41 632
<i>Fair value component - guarantee premiums</i>	3 846	3 993
<i>Company's share of provisions</i>	1 598	5 184
<i>Provisions covered by Portfolio Loss Reserve</i>	7 005	4 418
<i>Provisions covered by Risk Coverage Reserve</i>	33 642	25 834
Increase in provisions (Note 10: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)		9 463
Decrease in provisions (Note 10: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)		(5 283)
Reclassification (Disbursed guarantee)		(1)
Fair value component - guarantee premiums		41
Provisions at the end of the period ended 31 December		45 852
<i>Fair value component - guarantee premiums</i>		4 034
<i>Company's share of provisions</i>		2 683
<i>Provisions covered by Portfolio Loss Reserve</i>		7 481
<i>Provisions covered by Risk Coverage Reserve</i>		31 654

24 Reserves

(1) 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	Total reserves
Reserves as of 1 January 2022	200 193	(15 935)	37 089	221 347
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2021	(3 446)	-	3 446	-
Distribution of 2021 year profit of the Company	-	-	13 829	13 829
Increase of reserve capital	3 525	-	-	3 525
Decrease of reserve capital	(58 565)	-	-	(58 565)
Reserves as of 30 September 2022	141 707	(15 935)	54 364	180 136
Reserves as of 1 January 2023	141 707	(15 935)	54 364	180 136
Increase of reserve capital	683	-	-	683
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2022	64	-	(64)	-
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2022	(5 310)	-	5 310	-
Distribution of 2022 year profit of the Company	-	-	11 484	11 484
Decrease of reserve capital	(27 500)	-	-	(27 500)
Reserves as of 30 September 2023	109 644	(15 935)	71 094	164 803

24 Reserves (cont'd)

(2) 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 for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Loans to MidCaps	Guarantees to MidCaps	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2022	17 686	2 375	5 788	4 500	-	-	22 565	20 000	58 148	44 316	24 815	200 193
of which:												
Portfolio Loss Reserve (Specific Reserves)	17 686	2 375	5 788	4 500	-	-	13 800	20 000	42 385	44 316	8 850	159 700
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Increase of specific reserves	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	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	-	(757)	-	-	-	-	-	-	(897)	968	(573)	(1 259)

24 Reserves (cont'd)

(2) 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 for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Loans to Midcaps	Guarantees to Midcaps	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2023	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)
Increase of reserve capital*	683	-	-	-	-	-	-	-	-	-	-	683
Reserve capital redistribution **	-	-	-	-	21 500	12 500	-	-	(21 500)	(12 500)	-	-
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2022	-	-	-	-	-	-	-	-	-	64	-	64
Portfolio Loss Reserve (Specific Reserves) used to cover credit loss upon approval of the 2022 annual report	-	(1 906)	-	(482)	-	-	-	-	(1 914)	(537)	(471)	(5 310)
Decrease of reserve capital	-	-	-	-	-	-	-	-	(17 500)	(10 000)	-	(27 500)
Specific reserves as of 30 September 2023	19 821	1 402	5 788	4 018	21 500	12 500	-	-	15 551	5 157	23 907	109 644
of which:												
Portfolio Loss Reserve (Specific Reserves)	19 821	1 402	5 788	4 018	21 234	12 500	-	-	15 551	5 157	7 942	93 413
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2023 annual report	(87)	(767)	-	(699)	(825)	-	-	-	707	2 016	(596)	(251)

* Item Reserve capital for non-Covid-19 programmes includes the following increases of Special Reserve capital for non-Covid-19 programmes of EUR 683 thousand in 9 months of 2023:

- Increase of EUR 363 thousand for housing guarantees in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Agreement of 10 December 2022 on state aid for the purchase or construction of a dwelling and the Agreement concluded on 15 December 2022 with the Ministry of Economics;
- Increase of EUR 320 thousand for housing guarantees in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Agreement of 10 December 2022 on state aid for the purchase or construction of a dwelling and the Agreement concluded on 19 December 2022 with the Ministry of Defence on transfer of funding to the program on state aid to soldiers of the National Armed Forces for the purchase or construction of a dwelling.

24 Reserves (cont'd)

** Item Reserve *capital redistribution* includes a decrease of Special Reserve capital for mitigating the consequences of COVID-19 in Q1 2023 by EUR 34 million:

- EUR 21.5 million for the program Loans for the financing of working capital in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Cabinet of Ministers' Regulation No.149 of 19 March 2020 "Regulations on loans of working capital to economic operators whose operations have been affected by the spread of Covid-19";
- EUR 8.5 million for the Credit Holiday Guarantee programme in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Cabinet of Ministers' Regulation No.537 of 5 September 2017 "Regulations on portfolio guarantees for the promotion of lending to small (micro), small and medium-sized economic operators - legal entities";
- EUR 4 million for the Credit Holiday Guarantees programme in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Cabinet of Ministers' Regulations No.150 of 19 March 2020 "Regulations on guarantees for economic operators whose operations have been affected by the spread of Covid-19".

** Item Reserve *capital redistribution* includes increases of Special Reserve capital for non-COVID-19 programmes of EUR 34 million in Q1 2023;

- EUR 21.5 million for the programme *Loans for mitigating the consequences of the war in Ukraine* in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Cabinet of Ministers' Regulations No.349 (Prot. No.32 §27) "Regulations on the loan program for mitigating the economic consequences of Russia Federation's military aggression against Ukraine";
- EUR 12.5 million for the programme *Guarantees for mitigating the consequences of the war in Ukraine* in accordance with the decision of the Extraordinary Shareholders' Meeting of 10 March 2023, adopted on the basis of the Cabinet of Ministers' Regulations No.377 (Prot. No.33 §54) "Regulations on the guarantee program for mitigating the economic consequences of Russia Federation's military aggression against Ukraine".

** The item Decrease of reserve capital includes decreases of Special Reserve capital for COVID-19 reductions of EUR 27.5 million in Q3 2023:

- EUR 17.5 million for the Covid-19 loan programme, in accordance with the decision of the Extraordinary Shareholders' Meeting of 3 July 2023, adopted on the basis of Cabinet of Ministers Regulation No.662 of 6 July 2022 "Amendments to Cabinet of Ministers Regulation No.503 of 6 July 2021 "Regulations Regarding Loans with Capital Discount for Investment Projects of Merchants for Facilitating Competitiveness";
- EUR 10.0 million for the Covid-19 Guarantee Programme in accordance with the decision of the Extraordinary Shareholders' Meeting of 3 July 2023, adopted on the basis of Cabinet of Ministers Regulation No.662 of 6 July 2022 "Amendments to Cabinet Regulation No.503 of 6 July 2021 "Regulations Regarding Loans with Capital Discount for Investment Projects of Merchants for Facilitating Competitiveness".

The reallocation of the funds resulting from the reduction in the specific capital reserve will be redirected to the financing of the loans with a capital rebate program. Thus, the reduction of the specific capital reserve by reducing the funding for certain support programs and the corresponding transfer of funding to liabilities of EUR 27.5 million for the financing of the loans with a capital rebate program will ensure that the same nature of funding is maintained- funding for the implementation of a new support program and for the coverage of expected losses. The transfer of funding from the specific capital reserve will result in a corresponding reduction of the Portfolio loss reserve by EUR 27.5 million. The Risk coverage reserve in liabilities will increase by EUR 27.5 million.

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 such are disclosed separately as Portfolio Loss Reserve within respective reserve capital.

24 Reserves (cont'd)

In accordance with the Agreement No.2 of 25 September 2023 between JSC "Development Finance Institution Altum" and the Ministry of Economics to the Agreement on the financing of the programme on state assistance for the purchase or construction a dwelling and the decision of the Extraordinary Shareholders' Meeting of 30 October 2023, Altum specific capital reserve for the housing guarantee programme will be increased by EUR 1.98 million in the 4th quarter of 2023.

In accordance with the decision of the Extraordinary Shareholders' Meeting of 30 October 2023:

- increase the share capital by EUR 6.17 million in order to provide additional funding for the implementation of existing and new support programs. The decision to increase ALTUM's share capital will come into force after the adoption of the relevant decision by the Cabinet of Ministers.
- reduce the general reserve capital by EUR 13.83 million and reallocate this funding to the special reserve capital for the establishment and implementation of the Initial Public Offering Fund for Baltic SMEs.

According to the Cabinet of Ministers' regulations of 31 October 2023 No.628 "Amendments to the Cabinet of Ministers' regulations of 6 July 2021 No.503 " Regulations Regarding Loans with Capital Discount for Investment Projects of Merchants for Facilitating Competitiveness " (effective from 4 November 2023) additional financing of up to 30.5 million euros is provided for the loan program of medium and large companies with a capital discount by redistributing:

- EUR 12.5 million from the Ukrainian guarantee program in accordance with the Cabinet of Ministers' regulations of 21 June 2022 No.377 " Regulations on the guarantee program for mitigating the economic consequences of Russia Federation's military aggression against Ukraine";
- EUR 5 million from the Ukrainian loan program in accordance with the Cabinet of Ministers' regulations No.349 of 14 June 2022 " Regulations on the loan program for mitigating the economic consequences of Russia Federation's military aggression against Ukraine";
- up to EUR 13 million the repaid financing in the Covid-19 loan program in accordance with the Cabinet of Ministers' regulations of 19 March 2020 No.149 "Regulations on loans of working capital to economic operators whose operations have been affected by the spread of Covid-19".

24 Reserves (cont'd)

(3) Analysis of 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 for mitigating the consequences of the Ukrainian war	Guarantees for mitigating the consequences of the Ukrainian war	Loans to Midcaps	Guarantees to Midcaps	Working capital loans	Loan holiday guarantees		
Portfolio Loss Reserve as of 1 January 2022	17 686	2 375	5 788	4 500	-	-	13 800	20 000	42 385	44 316	8 850	159 700
of which:												
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(1 140)	-	-	-	-	-	-	(1 683)	(186)	(437)	(3 446)
Portfolio Loss Reserve (Specific Reserves) 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	-	-	-	-	-	-	(13 800)	(20 000)	-	(16 000)	-	(49 800)
Portfolio Loss Reserve as of 30 September 2022	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	-	(757)	-	-	-	-	-	-	(897)	968	(573)	(1 259)
Portfolio Loss Reserve as of 1 January 2023	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	-	(1 906)	-	(482)	-	-	-	-	(1 914)	(473)	(471)	(5 246)

24 Reserves (cont'd)

(3) Analysis of 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 for mitigating the consequences of the Ukrainian war*	Guarantees for mitigating the consequences of the Ukrainian war	Loans to Midcaps	Guarantees to Midcaps	Working capital loans	Loan holiday guarantees		
Increase of reserve capital	683	-	-	-	-	-	-	-	-	-	-	683
Reserve capital redistribution	-	-	-	-	21 234	12 500	-	-	(5 737)	(12 500)	-	15 497
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2022	-	-	-	-	-	-	-	-	-	64	-	64
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2022 annual report	-	(1 906)	-	(482)	-	-	-	-	(1 914)	(537)	(471)	(5 310)
Decrease of reserve capital, transfer to program Loans with capital discount for capital discount	-	-	-	-	-	-	-	-	(17 500)	(10 000)	-	(27 500)
Portfolio Loss Reserve as of 30 September 2023	19 821	1 402	5 788	4 018	21 234	12 500	-	-	15 551	5 157	7 942	93 413
of which:												
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2023 annual report	(87)	(767)	-	(699)	(825)	-	-	-	707	2 016	(596)	(251)

* Approved Portfolio Loss Reserve, determined at the initially larger planned volumes of new transactions and portfolio of the programme

25 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	30.09.2023.	31.12.2022.
Contingent liabilities:		
Outstanding guarantees	486 464	481 013
Financial commitments:		
Loan commitments	70 840	61 233
Grant commitments	6 987	47 824
Commitments to AIF "Altum capital fund" *	31 100	31 209
Commitments to investments in associates **	35 872	44 130
Commitments to other investments	26 202	29 859
Total contingent liabilities and financial commitments	657 465	695 268

* Considering the investments made by AIF Altum capital fund as of 31 December 2022 (EUR 34.4 million) and the planned investments of EUR 7.4 million for existing portfolio companies, as well as scheduled contributions to cover management fee, the position "Commitments to AIF Altum capital fund" could decrease by EUR 22.5 million.

** Considering the investments are realized in the 2nd and 3rd generation venture capital funds and the subsequent liquidation of the funds, the position "Commitments to investments in associates" could decrease by EUR 5.7 million.

Impairment allowances for loan commitments, in thousands of euro:

	30.09.2023.	31.12.2022.
Unutilised loan facilities	70 840	61 233
Impairment allowances	(501)	(1 076)
Total unutilized loan facilities, net	70 339	60 157

Impairment allowances for grant commitments, in thousands of euro:

	30.09.2023.	31.12.2022.
Grant commitments	6 987	47 824
Impairment allowances	(376)	(376)
Total grant commitments, net	6 611	47 448

Analysis of the guarantee portfolio by client segments as at 30 September 2023, 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	12 108	(1 316)	374	(38)	-	-	12 482	(1 354)
SME and Midcaps	168 727	(9 431)	24 593	(3 460)	5 314	(3 353)	198 634	(16 244)
Private individuals	274 563	(23 413)	448	(58)	337	(320)	275 348	(23 791)
Total segments, gross	455 398	(34 160)	25 415	(3 556)	5 651	(3 673)	486 464	(41 389)
Impairment overlay	-	-	-	(856)	-	-	-	(856)
Total segments, net	455 398	(34 160)	25 415	(4 412)	5 651	(3 673)	486 464	(42 245)

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

Breakdown of off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 30 September 2023, 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	300 655 *	2	-	1	40 179	145 627	486 464
Financial commitments							
Loan commitments	70 840	-	-	-	-	-	70 840
Grant commitments	6 987	-	-	-	-	-	6 987
Commitments to AIF "Altum capital fund"***	462	924	1 386	2 774	25 554	-	31 100
Commitments to investments in associates***	2 394	6 617	6 602	9 146	10 730	383	35 872
Commitments to other investments	633	1 267	1 900	3 800	11 636	6 966	26 202
Total financial commitments	81 316	8 808	9 888	15 720	47 920	7 349	171 001
Total contingent liabilities and financial commitments	381 971	8 810	9 888	15 721	88 099	152 976	657 465

* 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.

** Considering the investments made by AIF Altum capital fund as of 31 December 2022 (EUR 34.4 million) and the planned investments of EUR 7.4 million for existing portfolio companies, as well as scheduled contributions to cover management fee, the position "Commitments to AIF Altum capital fund" could decrease by EUR 22.5 million.

*** Considering the investments are realized in the 2nd and 3rd generation venture capital funds and the subsequent liquidation of the funds, the position "Commitments to investments in associates" could decrease by EUR 5.7 million.

Breakdown of off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 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	305 461 *	-	-	7	30 835	144 710	481 013
Financial commitments							
Loan commitments	61 233	-	-	-	-	-	61 233
Grant commitments	47 824	-	-	-	-	-	47 824
Commitments to AIF "Altum capital fund"	19	577	596	1 929	28 088	-	31 209
Commitments to investments in associates	2 622	5 243	7 694	13 669	13 461	1 441	44 130
Commitments to other investments	575	1 150	1 725	3 450	15 261	7 698	29 859
Total financial commitments	112 273	6 970	10 015	19 048	56 810	9 139	214 255
Total contingent liabilities and financial commitments	417 734	6 970	10 015	19 055	87 645	153 849	695 268

* 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.

26 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	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Investments in venture capital funds	-	-	48 103	47 680	-	-
Investments in AIF "Altum capital fund"	-	-	16 212	17 701	-	-
Due to general governments	-	-	-	-	3 314	3 318
Support programme funding	413 671	228 737	-	-	97 620	86 327
Off-balance sheet financial liabilities for venture capital funds	-	-	35 872	44 130	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	31 100	31 209	-	-

Transactions with related parties, in thousands of euro:

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.	01.01.2023.- 30.09.2023.	01.01.2022.- 30.09.2022.
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	26 526	16 865	(6 082)	(17 378)
Ministry of Economics of the Republic of Latvia	73 773	41 000	-	(2 435)
Associates				
Venture capital funds	7 003	4 453	(10 920)	(2 035)
Other companies owned by the Group's shareholders				
Rural Support Service	7 500	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	59 477	14 500	-	-
Ministry of Education and Science of the Republic of Latvia	-	2 194	-	-
Ministry of Culture of the Republic of Latvia	-	-	(1 892)	(2 185)
Ministry of Wealth Fair of the Republic of Latvia	1 336	-	(502)	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 9 months of 2023 amounted to EUR 576 thousand (9 months of 2022: EUR 525 thousand), incl. social insurance contributions.

27 Fair values of assets and liabilities

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

	Carrying Amount		Fair Value	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Assets				
Due from credit institutions and the Treasury	667 964	571 667	668 166	571 724
Financial assets at fair value through other comprehensive income - investment securities	9 452	9 515	9 452	9 515
Financial assets at amortised cost:				
Investment securities	38	39	90	90
Loans	338 673	317 859	332 082	325 250
Individuals	28 770	30 735	29 401	31 227
Companies	309 903	287 124	302 681	294 023
Financial assets at fair value through profit or loss - loans with a capital rebate	4 735	-	4 735	-
Grants	70 184	58 280	70 184	58 280
Investments in associates (investments in Baltic Innovation Fund)	15 288	14 232	15 288	14 232
Investment properties	57 382	53 453	57 382	53 453
Financial assets	3 056	1 502	3 056	1 502
Total assets	1 091 853	968 267	1 085 516	975 766
Liabilities				
Due to credit institutions	37 690	36 290	37 690	36 290
Due to general governments	174 232	153 784	169 376	153 784
Financial liabilities at amortised cost - Issued debt securities	85 643	85 513	85 643	85 513
Support programme funding	511 864	375 280	511 864	375 280
Total liabilities	809 429	650 867	804 573	650 867

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

	Level 1		Level 2		Level 3		Total	
	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.	30.09.2023.	31.12.2022.
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	-	-	9 452	9 515	-	-	9 452	9 515
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	15 288	14 232	15 288	14 232
Investment properties	-	-	-	-	57 382	53 453	57 382	53 453
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	614 168	571 724	53 998	-	668 166	571 724
Financial assets at amortised cost:								
Investment securities	-	-	90	90	-	-	90	90
Loans	-	-	-	-	336 817	325 250	336 817	325 250
Grants	-	-	-	-	70 184	70 184	70 184	70 184
Financial assets at fair value:								
Loans with capital discount	-	-	-	-	4 735	-	4 735	-
Financial assets	-	-	-	-	3 056	1 502	3 056	1 502
Total assets	-	-	623 710	581 329	541 460	464 621	1 165 170	1 045 950
Liabilities measured at fair value								
Support programme funding	-	-	-	-	511 864	375 280	511 864	375 280
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	37 690	36 290	37 690	36 290
Due to general governments	-	-	-	-	169 376	153 784	169 376	153 784
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	85 643	85 513	85 643	85 513
Total liabilities	-	-	-	-	804 573	650 867	804 573	650 867

27 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.

Investment securities

Investment securities are measured applying quoted prices or valuation techniques using observable or unobservable market inputs or combination of both. The majority of investment securities recognised at fair value are the 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.

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 at the Company level. Investments in Baltic Innovation Funds are measured at fair value through profit or loss.

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

Support programme funding

Support programme funding are liabilities used to ensure the liquidity of the support programme and to cover expected credit losses, as well as to compensate the costs of managing the support programme. Expected credit losses of the support programme throughout the life of the programme are covered by the Risk Coverage Reserve, which is part of the support programme funding. The Company determines the fair value of the support programme funding once a year using the discounted cash flow method. The discounted cash flow method is used to determine the present value of the estimated expected credit losses in the next three years after the end of the reporting period in those support programme in which the Company is a principal and new volumes are issued. The Company uses internal information to estimate the expected credit losses, which are included in the cash flows in an amount that does not exceed the amount of the Risk Coverage Reserve at the end of the reporting period. On the other hand, the discount rate used in the calculations reflects the Company's current financial market borrowing rate at the end of the reporting period. The discount rate is an unobservable input, therefore the Company performed its sensitivity analysis.

28 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.

28 Segment Information (cont'd)

Analysis of the operating segments for the period from 1 January 2023 till 30 September 2023, 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	13 994	3 033	21	1	1 407	-	2	18 458
of which, interest on loans (Note 4)	13 418	-	-	-	1 407	-	1	14 826
of which, interest on guarantees (Note 4)	-	2 360	-	-	-	-	-	2 360
Interest expense	(4 977)	(54)	(4)	-	(529)	-	-	(5 564)
Net interest income	9 017	2 979	17	1	878	-	2	12 894
Income for implementation of state aid programmes	1 873	1 732	1 782	2 297	-	-	35	7 719
Expenses to be compensated for implementation of state aid programmes	(1 366)	(896)	(1 735)	(1 271)	-	-	(34)	(5 302)
Net income for implementation of state aid programmes	507	836	47	1 026	-	-	1	2 417
Gains from debt securities and foreign exchange translation	1	-	-	-	-	-	-	1
Share of (losses) of investment in associates	-	-	2 189	-	-	-	-	2 189
Share of gain of investment in associates at fair value through profit or loss	-	-	-	-	-	-	-	-
Gains less losses from liabilities at fair value through profit or loss	-	-	(1 221)	-	-	-	-	(1 221)
Other income	-	-	-	13	1 658	153	169	1 993
Other expense	(140)	(30)	(34)	(29)	(346)	(153)	(8)	(740)
Operating income / (loss) before operating expenses	9 385	3 785	998	1 011	2 190	-	164	17 533
Staff costs	(2 766)	(366)	(257)	(432)	(198)	-	(204)	(4 223)
Administrative expense	(513)	(170)	(71)	(122)	(61)	-	(39)	(976)
Amortisation of intangible assets and depreciation of property, plant and equipment	(254)	(120)	(60)	(118)	(36)	-	(26)	(614)
(Impairment) gain, net	465	1 620	-	-	1	-	-	2 086
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	6 317	4 749	610	339	1 896	-	(105)	13 806
Financial assets at fair value through profit or loss	-	-	49 027	-	-	-	-	49 027
Other investments	-	-	15 288	-	-	-	-	15 288
Investments in associates	-	-	19 970	-	-	-	-	19 970
Additions of property and equipment, intangible assets and investment property	189	57	15	73	4 217	-	12	4 563
Total segment assets	727 498	171 173	170 576	80 836	91 908	-	4 147	1 246 138
Total segment liabilities	504 423	180 443	41 943	62 493	73 700	-	197	863 199
Total off-balance	70 840	486 464	62 074	6 987	-	31 100	-	657 465
Assets under management (AUM)	-	-	-	-	-	33 146	-	33 146

* The financial result of the segment also includes the financial result of the combined financial instruments, which are not disclosed separately in the segment analysis, but which include the component of financial instrument (such as a loan or guarantee) and the component of the capital rebate.

28 Segment Information (cont'd)

Analysis of the operating segments 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
of which, interest on loans (Note 4)	10 048	-	-	-	1 851	-	71	11 970
of which, interest on guarantees (Note 4)	-	2 312	-	-	-	-	-	2 312
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
Total off-balance	27 612	459 627	79 558	23 399	-	31 761	-	621 957
Assets under management (AUM)	-	-	-	-	-	33 357	-	33 357

29 Events after the reporting date

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

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OTHER NOTES TO THE INTERIM CONDENSED REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2023 9M (unaudited)	2023 6M (unaudited)	2023 3M (unaudited)
Key financial data			
Net interest income (EUR '000)	12 894	8 499	4 257
Operating profit (EUR '000)	13 806	7 940	3 889
Profit for the period (EUR '000)	13 806	7 940	3 889
Cos to income ratio (CIR)	33.15%	35.25%	37.25%
Employees	254	253	244
Total assets (EUR '000)	1 246 138	1 227 324	1 183 718
Financial debt (EUR '000)	756 959	687 981	643 219
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	23.92%	25.74%	26.02%
Equity and reserves (EUR '000)	382 939	404 569	400 519
Total risk coverage: (EUR '000)	358 834	318 860	287 884
Risk coverage reserve	306 615	237 638	200 651
Risk coverage reserve used for provisions	(40 943)	(38 803)	(38 475)
Portfolio loss reserve (specific reserve capital)	93 413	120 913	126 158
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(251)	(888)	(450)
Liquidity ratio for 180 days **	484%	354%	378%
Net Cash flows from operating activities (EUR '000)	43 574	50 951	42 903
Net Cash flows from financing activities (EUR '000)	-	-	-
Net Cash flow from investing activities (EUR '000)	(6 440)	(4 807)	(5 261)
Support instruments gross value (EUR '000), of which	1 069 303	1 055 017	1 030 503
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	338 374	318 909	311 719
Guarantees	486 464	481 962	477 154
Venture capital funds	90 403	90 403	92 495
Land Fund, of which:	83 442	83 330	82 679
- sales and leaseback transactions	26 060	26 740	27 228
- investment properties	57 382	56 590	55 451
Total	998 683	974 604	964 047
Number of transactions	36 198	34 558	34 558
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	93 361	54 900	27 850
Guarantees	82 199	48 139	26 973
Venture capital funds	14 676	8 952	4 470
Land Fund, of which:	7 580	5 928	2 911
- sales and leaseback transactions	3 405	2 907	830
- investment properties	4 175	3 021	2 081
Total	197 816	117 919	62 204
Number of transactions	3 709	2 369	1 566
Leverage for raised private funding	122%	126%	123%
Volume of support programmes funding per employee (EUR '000)	3 932	3 852	3 951
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

	2022	2021	2020	2019	2018	2017 (corrected) *
Key financial data						
Net interest income (EUR '000) **	16 974	16 717	14 572	11 569	11 302	11 602
Operating profit (EUR '000)	11 484	13 829	5 539	8 131	4 092	8 709
Profit for the period (EUR '000)	11 484	13 829	5 539	8 131	4 092	8 709
Cos to income ratio (CIR) ***	38.26%	39.46%	47.51%	52.58%	74.84%	50.30%
Employees	234	226	211	203	222	230
Total assets (EUR '000)	1 099 588	976 204	850 704	560 061	495 939	453 668
Financial debt (EUR '000)	458 382	360 909	342 490	217 943	177 249	146 157
Tangible common equity (TCE) / Total tangible managed assets (TMA) ****	27.01%	33.82%	33.56%	29.40%	31.70%	35.10%
Equity and reserves (EUR '000)	395 983	440 736	382 594	232 738	221 590	222 848
Total risk coverage: (EUR '000)	297 218	285 954	180 205	87 456	77 815	67 593
Risk coverage reserve	230 524	159 196	112 567	99 778	85 276	62 651
Risk coverage reserve used for provisions	(38 039)	(29 496)	(28 197)	(27 829)	(19 268)	(4 753)
Portfolio loss reserve (specific reserve capital)	109 979	159 700	102 264	15 507	11 807	9 695
Portfolio loss reserve used to compensate provisions upon approval of the annual report	(5 246)	(3 446)	(6 429)	-	-	-
Liquidity ratio for 180 days *****	366%	518%	464%	582%	227%	482%
Net Cash flows from operating activities (EUR '000)	89 534	49 555	21 966	39 813	7 997	(10 146)
Net Cash flows from financing activities (EUR '000)	3 526	43 768	165 800	18 700	12 013	22 299
Net Cash flow from investing activities (EUR '000)	(8 437)	4 553	(4 016)	(11 230)	8 307	3 891
Support instruments gross value (EUR '000), of which	1 064 821	979 130	872 302	667 649	553 628	465 724
Financial instruments gross value (EUR '000) ***						
Loans (excluding sales and leaseback transactions)	311 844	315 674	302 481	225 144	210 208	207 065
Guarantees	481 013	414 978	359 605	284 232	236 895	182 376
Venture capital funds	90 277	85 973	73 165	68 331	59 698	62 299
Land Fund, of which:	80 542	79 163	68 258	39 634	21 717	11 328
- sales and leaseback transactions	27 089	32 999	31 500	15 268	6 923	520
- investment properties	53 453	46 164	36 758	24 366	14 794	10 808
Total	963 676	895 788	803 509	617 341	528 518	463 068
Number of transactions	33 976	30 978	26 578	22 437	18 603	14 655
Volumes issued (EUR '000) (by financial instrument) *****						
Loans (excluding sales and leaseback transactions)	95 820	100 966	138 238	64 320	59 608	51 349
Guarantees	153 067	126 997	137 425	98 240	88 765	68 615
Venture capital funds	18 526	29 158	14 014	9 022	4 149	2 638
Land Fund, of which	7 414	10 595	28 191	16 384	10 823	6 359
- sales and leaseback transactions	3 105	3 254	16 796	7 239	6 835	520
- investment properties	4 309	7 341	11 395	9 145	3 988	5 839
Total	274 827	267 716	317 868	187 966	163 345	128 961
Number of transactions	6 539	6 579	6 147	5 559	5 590	4 839
Leverage for raised private funding	123%	177%	114%	142%	162%	185%
Volume of support programmes funding per employee (EUR '000)	4 118	3 964	3 808	3 041	2 381	2 013
Long-term rating assigned by Moody's Investors Service	Baa1	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 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 net income amount generated by the portfolio of financial instruments and recognised in the Statement of Comprehensive income. Altum management measures and monitors the actual performance of this indicator on a quarterly basis compared to the approved level in Altum budget.</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. "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.</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 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 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 capital position adequacy and to measure Altum tangible common equity in terms of Altum tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk 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 specific capital reserve or accounted separately as provisions for risk coverage under liabilities item "Risk Coverage Reserve". "Portfolio Loss Reserve" (specific capital reserve) is disclosed in the Note on Reserves to the Financial statements of the Altum. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of Altum. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for 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. "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.</p> <p>"Total Risk Coverage" is key indicator to be used for assessment of Altum 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 Financial statements: Statement of Financial Position and notes – Maturity profile of assets and liabilities under the section of Risk Management, Off-balance sheet items and contingent liabilities. Altum uses the "180-days-liquidity ratio" to assess and monitor Altum ability to fulfil Altum contractual and/or contingent liabilities during 6 (six) month with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage Altum Group's liquidity risk in line with Altum 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 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 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>