

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the nine months ended 30 September 2024

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Altum

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

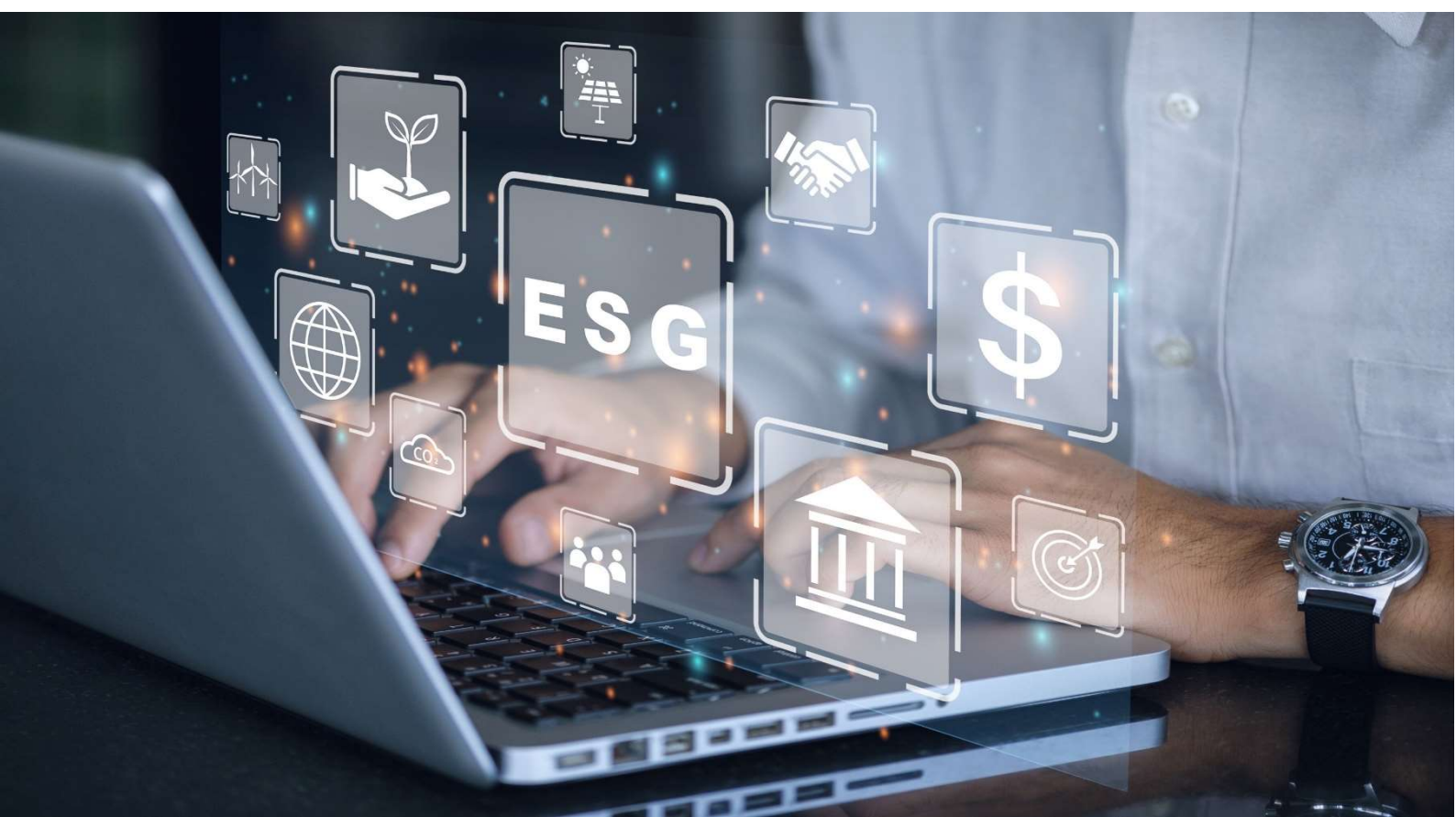
VALUES Excellence / Team / Responsibility

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 provides for execution of other government assignments stipulated and delegated by laws and regulations. Elimination of the market failures with the help of various support instruments that enhance the development of national economy is the fundamental purpose of Altum's activities.

Strategy 2022-2024

Following strategic development directions and long-term objectives are set in accordance with 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 businesses 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 developing 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 2024, the Development Finance Institution Altum (hereinafter – the Company) has ensured stable financial results and earned a profit of EUR 26.6 million.

Key financial and performance indicators

Based on data from audited financial statements for the respective years

	2024 9M (unaudited)	2023 9M (unaudited)	2023 12M (audited)
Key financial data			
Net interest income (EUR '000)	16 672	12 894	17 964
Profit for the period (EUR '000)	26 647	13 806	17 811
Cost to income ratio (CIR)	20.97%	33.15%	26.17%
Employees	258	254	255
Total assets (EUR '000)	1 391 224	1 246 138	1 316 086
Financial debt (EUR '000)	707 837	756 959	599 305
Tangible common equity (TCE) / Tangible managed assets (TMA) *	23.1%	23.9%	23.4%
Equity and reserves (EUR '000)	424 107	382 939	389 353
Total risk coverage: (EUR '000)	302 980	358 834	370 211
Risk coverage reserve	246 549	306 615 **	315 649 **
Risk coverage reserve used for provisions	(41 311)	(40 943)	(42 078)
Portfolio loss reserve (specific reserve capital)	96 462	93 413	96 587
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 280	(251)	53
Liquidity ratio for 180 days ***	248%	484%	430%
Net Cash flows from operating activities (EUR '000)	19 199	43 574	35 723
Net Cash flows from financing activities (EUR '000)	2 805	-	9 009
Net Cash flow from investing activities (EUR '000)	(170 986)	(6 440)	(18 467)
Support instruments gross value (EUR '000), of which	1 165 444	1 068 867	1 101 797
Grants	3 150	70 184	68 132
Financial instruments gross value (EUR '000) ****			
Loans (excluding sales and leaseback transactions)	450 420	338 374	359 246
Guarantees	501 345	486 464	480 025
Venture capital funds	94 054	90 403	97 456
Land Fund, of which:	116 475	83 442	96 938
- sales and leaseback transactions	39 531	26 060	28 692
- investment properties	76 944	57 382	68 246
Total	1 162 294	998 683	1 033 665
Number of transactions	37 740	36 198	35 260
Volumes issued (EUR '000) (by financial instrument) ****			
Loans (excluding sales and leaseback transactions)	154 995	93 361	141 993
Guarantees	102 058	82 199	99 440
Venture capital funds	11 890	14 676	23 920
Land Fund, of which:	25 272	7 580	17 676
- sales and leaseback transactions	15 546	3 405	7 916
- investment properties	9 726	4 175	9 760
Total	294 215	197 816	283 029
Number of transactions	4 791	3 709	4 846
Leverage for raised private funding	233%	122%	229%
Volume of support programmes funding per employee (EUR '000)	4 505	3 932	4 054
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.

** Risk Coverage Reserve in the 9 months of 2023 and the 12 months of 2023 also includes the capital rebate for large investment loans with a capital rebate, without the capital rebate, Risk Coverage Reserve in the 9 months of 2023 and the 12 months of 2023 amounts to EUR 217,385 thousand and EUR 226,793 thousand respectively.

*** 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.

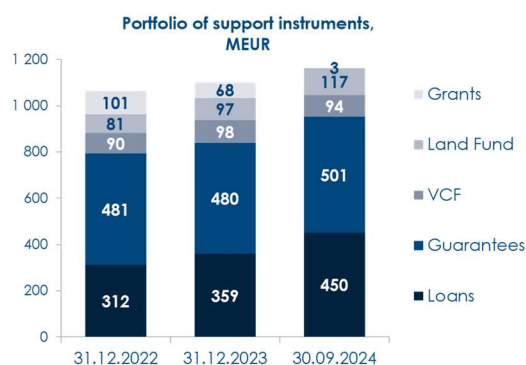
Management Report (cont'd)

Operational volumes

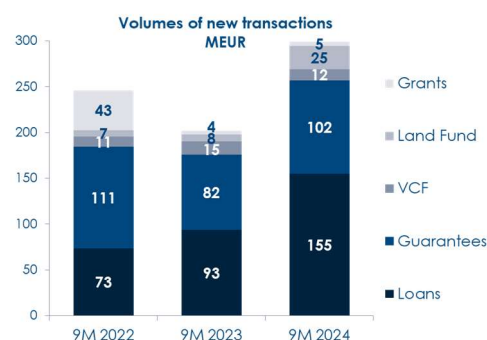
Altum's operational volumes are characterized by two dimensions: (i) support instruments that include lending, issuing of guarantees, investments in capital instruments, transactions of the Latvian Land Fund (hereinafter - the Land Fund) and servicing of grants, and (ii) segments that include SME and Midcaps, Agriculture, Individuals and Financial intermediaries.

Support instruments

In the nine months of 2024, the gross portfolio of Altum support instruments was EUR 1,166 million (31 December 2023: EUR 1,102 million), of which the gross portfolio of financial instruments (without grants) was EUR 1,162 million, which increased by EUR 128 million (+12.3%) compared to the end of 2023 and by EUR 39 million (+3.5%) in the 3rd quarter of 2024. The biggest increase was in the loan portfolio, which increased by EUR 91 million (+25.4%) during the nine month period, of which 37.8% was comprised of loans from the Resilience and Recovery Fund (RRF) and investment loans for large companies with a capital rebate, of which in the 3rd quarter they constituted more than 50% increase in the loan portfolio. The guarantees' portfolio grew to EUR 501 million (+4.4% compared to the end of 2023), for the first time exceeding the EUR half billion threshold, which was provided by support programmes for individuals – housing guarantees for families, members of the National Armed Forces and young professionals, as well as guarantees for improving the energy efficiency of multi - apartment buildings. The portfolio of Land Fund increased by EUR 20 million (+20.3%). The gross portfolio of support instruments by the number of projects increased by EUR 2,274 (+6.3%).



In the nine months of 2024, the volume of new transactions reached EUR 299 million, which was 48.4% (+97 million EUR) higher than in the corresponding period in 2023. The rapid increase was provided by loans (+ EUR 62 million compared to the corresponding period in 2023) – the biggest impact (+ EUR 31 million) was from working capital loans to farmers, as well as Resilience and Recovery Fund loans and investment loans for large companies with a capital rebate, i.e. EUR 21 million and EUR 18 million respectively. In the 9 months of 2024, the increase in the volume of new transactions in guarantees was more rapid (+ EUR 20 million) compared to 2023 – both separately in the 3rd quarter (+39%) and in total in the nine months (+24%), which was mainly attributable to the increase in the energy efficiency of multi-apartment building programme under the RRF (+ EUR 12 million) and in the housing guarantee programme (+5 EUR million). The demand for the Land Fund's products has remained steady, significantly (+ EUR 18 million) exceeding the volume of new transactions compared to the same period in 2023 (EUR 8 million).



Management Report (cont'd)

Operational volumes (cont'd)

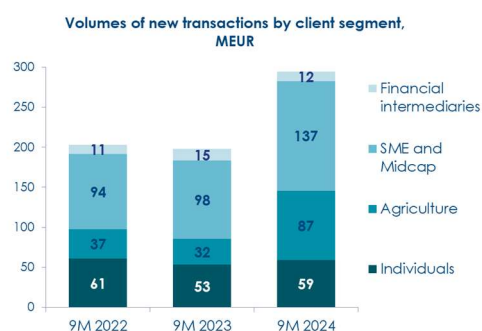
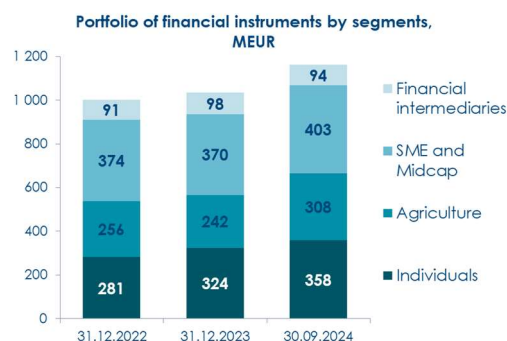
Segments

The Individuals segment accounts for 31% of the total portfolio (at the end of 2023: 31%). The largest part (86%) of the Individuals segment consists of guarantees' instruments, mainly guarantees for energy efficiency of multi - apartment buildings and housing guarantees, as well as study portfolio guarantees. In this segment, the volume of new transactions increased by 11% in the nine months of 2024 compared to the corresponding period in 2023 - the growth rate of new transactions in products of housing and study guarantees has increased compared to the same period in 2023 – EUR 38 million in the nine months of 2024 compared to EUR 33 million in the same period of 2023, which is related to increased activity in Housing guarantee programmes during the 3rd quarter, given that demand for mortgage lending services is becoming stronger, where the decrease in Euribor rates is a factor. In the nine months of this year, issuance of guarantees for energy efficiency projects of multi-apartment buildings under the RRF has commenced, which also affects growth in this segment.

The portfolio of the SMEs and Midcaps segment makes up 35% (at the end of 2023: 36%), of which the majority (55%) consists of loan instruments the loan portfolio in this segment has significantly increased (+22.9%) compared to the portfolio at end of 2023. In the nine months of 2024, the portfolio of the SMEs and Midcaps segment increased by EUR 33 million (+8.7%), which was influenced by the significant growth rate of new transactions in the programmes of the RRF – EUR 24 million in the nine months of 2024 compared to EUR 2 million in the same period in 2023, and in investment loans for large companies with a capital rebate – EUR 21 million in the nine months of 2024 compared to EUR 3 million in the same period in 2023. In the 3rd quarter, the issuance of new transactions to the RRF low-rent housing construction programme was commenced The volume of new transactions in the loan and guarantees' programmes of the new EU funding period 2021-2027 continues to grow (EUR 52 million).

The portfolio of the Agriculture segment accounts for 27% (at the end of 2023: 23%) and this segment had the largest increase in the portfolio in the nine months of 2024 – EUR 65 million (+ 26. 9 %). The growth of the portfolio was impacted by new volumes of loans (mainly working capital loans to farmers) and the volume of new transactions of the Land Fund in the nine months of 2024 (totalling EUR 87 million), which is almost three times more (+55 million EUR) than in the corresponding period in 2023. The Agriculture segment accounted for 29.4 % of all new transactions. It should be noted that in the 3rd quarter of 2024, the growth tempo of new transactions in the Agriculture segment has slowed down significantly, which is attributable to the seasonal nature of agricultural work, as well as to the fact that so far 2024 has not been as challenging for farmers as the year before.

Finally, the Financial Intermediaries formed by venture capital fund programmes account for 8 % (31 December 2023: 10%) of the total portfolio of segments. The reduction in the portfolio of Financial Intermediaries continues to be affected both by repayments from existing venture capital funds' portfolios and lower volumes of new transactions.



Management Report (cont'd)

Operational volumes (cont'd)

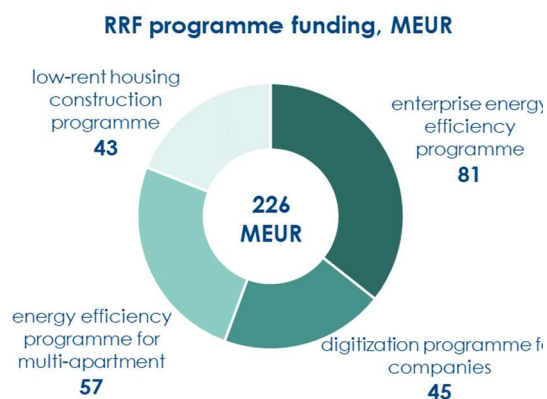
Segments (cont'd)

Altum plays an important role in ensuring the availability of financial instruments specifically in the regions, which is ensured through the development of targeted programmes for financing enterprises in the regions (small loans in rural areas, loans for the purchase of agricultural land, land fund, etc.), as well as by proactively introducing conditions encouraging lending in the regions in general programmes implemented by Altum. In 2024, the amount of guarantees to be granted to families in the regions under the Housing guarantee programme has increased, along with the maximum transaction amount permitted under the aegis of the programme. Likewise, since the start of 2024, in order to encourage lending in regions, Altum has been issuing loans of up to EUR 100 thousand to businesses with substantially reduced collateral requirements. In this portfolio, 73% of new transactions are regional transactions. Overall, the volume of new transactions in the regions has also increased in the loan portfolio in the nine months of 2024, compared to the same period in 2023 - EUR 113 million in the nine months of 2024, compared to EUR 61.5 million in the same period in 2023.

New products and increasing operational efficiency

Total transactions in amount of EUR 116.4 million have been approved in the programmes under the RRF until 30 September 2024, of which EUR 30.9 million were issued in new transactions, including the following:

- in the **enterprise energy efficiency programme**, there have been 212 transactions approved in amount of EUR 32 million, of which 158 transactions in amount of EUR 17 million new volumes were issued, including EUR 11 million in the nine months of 2024, which, together with the amounts applied for, amounts to 71% of the funding intended for this programme. Total capital rebate paid amounts to EUR 4 million,
- in the **digitization programme for companies**, there have been 56 transactions approved in amount of EUR 35 million approved, of which 28 contracts in amount of EUR 12 million new volumes were issued, including EUR 10 million in the nine months of 2024. Total capital rebate paid amounts to almost EUR 4 million. It is planned to secure additional funding in the amount of EUR 22 million, thus continuing the acceptance of new applications.
- in the **energy efficiency programme for multi-apartment buildings**, there have been 25 loan transactions approved in amount of EUR 11 million approved, of which 16 contracts in amount of EUR 4 million new volumes were issued. In the guarantee programme there have been 22 transactions in amount of EUR 12.3 million issued. No more selection rounds will take place as all funding available for this programme has been reserved, including the amounts applied for so far. In total, 168 projects have been submitted to the programme for a total project amount of EUR 88 million.
- in the **low-rent housing construction programme**, there has been 12 transactions approved in amount of EUR 39 million, which amounts to 90% of the funding intended for this programme. 2 transactions were issued in new transactions amounting to EUR 0.5 million.



Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In 2024, the review of project applications received under **the Large Investment Loan Programme offering a capital rebate for medium-sized and large enterprises** continued. Until 30 September 2024, 18 applications for granting support to projects for a total project amount of more than EUR 400 million (the amount of the attributable capital EUR 112 million) have been approved, of which contracts have already been concluded for 15 (attributable amount of capital discount EUR 92 million), while 13 applications (attributable amount of capital discount EUR 80 million) are still being evaluated by Altum. The volume of new transactions in this program in the nine months of 2024 was EUR 21 million, including EUR 9 million in the 3rd quarter. A faster increase in the volume of new transactions in this programme is expected in the following months as the pace of implementation of the financed projects increases.

By implementing the EU cohesion policy within the 2021-2027 planning period, over EUR 400 million will be available for business support in the following years in the form of financial instruments in at least 10 support programmes. Taking into account the Covid-19 pandemic and its impact on the national economy, the RRF was created to overcome this impact, which, together with the closing of the implementation of the EU 2014-2020 planning period of EU funds at the end of 2023, delayed the start of the programmes of the new planning period. Currently, EUR 86 million is available in 5 programmes. In the nine months of 2024, EUR 21 million was issued in loans, including in the SME, business sustainability and start-up loan programmes, and EUR 31 million in guarantees, including in the SME and digitization guarantee programmes. Currently, the public procurement for the selection of 5th generation venture capital fund managers has concluded in which one growth fund manager and three start-up venture capital fund managers have been selected. A contract has been signed with the manager of the growth fund and this fund plans to start investing in growth stage companies during the first half of next year. It is planned that contracts will be concluded with the three venture capital fund managers in December this year. The new venture capital fund managers will invest in promising and viable companies over the next five years, with a total of more than EUR 100 million invested in them, of which EUR 80 million will be an ALTUM investment.

ALTUM, in cooperation with the Lithuanian national development institution ILTE, **has started the creation of the Baltic capital market acceleration fund**. As a result of the selection, the selected fund manager together with private market participants will invest in SMEs and small and innovative medium-sized enterprises operating in Latvia, Lithuania and regions of the European Union prior to the IPO, IPO and IBO stages. The total planned value of the fund is EUR 48.8 million, of which ALTUM will invest EUR 20 million. The fund plans to launch investments in the second quarter of 2025.

By facilitating access to finance for entrepreneurs and ensuring an efficient guarantee granting process, **a call was announced for applications for selection of financiers for the 4th round of portfolio guarantees of businesses**, which successfully concluded in August 2024. Under the 4th round portfolio guarantees, the amount of financial services guaranteed to one performer of economic activity can reach EUR 500 thousand (previously EUR 250 thousand).

Continuing the implementation of increasing Altum's operational efficiency and the proceeding with the centralised reviewing of the applications for small loans (with the ticket size up to EUR 100 thousand) as part of the automation process, Altum since the beginning of 2024, increased the limit of the loan amount in the centralized remote evaluation from EUR 50 thousand to EUR 100 thousand, while also introducing a scoring system in the small loan segment with the aim of achieving a significant reduction in the terms of application review compared to the average indicators in previous years. In the nine months of 2024, 690 projects in amount of EUR 24 million were approved in the centralized remote evaluation, which constitutes 44% of all transactions (by the number of projects) approved in this period (in the nine months of 2023: 26%, in 2023 on average: 25%). The increase in the loan amount limit and the introduction of the scoring system have significantly increased not only the average amount of approved projects from EUR 19 thousand in 12 months of 2023 up to EUR 34 thousand in the nine months of 2024, but also reduced the application review timing from an average of 11 working days in 2023 to an average of 8 working days, the proportion of rejected applications in the nine months of 2024 amounts to an average of 23% of the received applications.

Management Report (cont'd)

Rating

On 2 February 2024, Moody's Investors Service (Moody's) affirmed Altum's Baa1 long-term issuer rating, with outlook stable, following update of rating methodology. The rating is the same as affirmed on 16 December 2022, along with updated credit opinion published on 4 September 2023. Short-term issuer rating is also affirmed at the same P-2.

At the same time, Moody's has removed the designation of Altum as a government-related issuer and has withdrawn its Baseline Credit Assessment (BCA) of Baa3, following the publication of Moody's updated Government-Related Issuers methodology on 25 January 2024. Henceforth, Altum is rated by Moody's Finance Companies Methodology only.

Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia.

Risk Management

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

To manage risks, Altum 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 Altum's operations.

In view of Altum's activities in high-risk areas when implementing the state aid programmes, as of 30 September 2024 Altum has the risk coverage of EUR 303 million (31 December 2023: EUR 370 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 and the continued tension in the geopolitical situation, Altum continues to implement the restrictions on cooperation with the Russian Federation and the Republic of Belarus set in the risk management policies, including by continuously monitoring changes in sanctions. Along with the established restrictions, Altum regularly takes measures to assess the impact of the Russian Federation's invasion of Ukraine and its consequences on the solvency of Altum's customers.

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.

Financing pace in SME segment sped up in first half of 2024, due to introduced sustainable financing product in SME segment last summer to facilitate transition towards low carbon economy – decrease CO₂ footprint of corporate's product or service, adapt to requirements of supply chain on ESG homework's. During the nine month period, the financing issued for sustainable projects in the SME segment amounts to EUR 10 million with financed projects total contribution in CO₂ annual decrease of 6.1 tonnes of CO₂. Additionally, the volume of approved loans in the SME segment under the RRF energy efficiency program during the nine month period amounts to EUR 15.7 million, with financed projects total contribution in CO₂ annual decrease by 4.7 thousand tons of CO₂e annually.

The active work on integration of ESG scoring model developed in 2023 in credit appraisal processes is continued. It will be applied in loan origination process above particular materiality threshold, as well as in monitoring of existing portfolio and collateral valuation in SME/Midcap and Agriculture segments. ESG scoring model will enable to assess the level of Transition risk at individual deal level. The implementation of ESG scoring model is step-by-step as of the year 2024 taking into consideration the customers' ability to fulfil the unified finance sector ESG questionnaire published in April 2024 to obtain information for the assessment of ESG risks and regarding the planned/actual customer sustainability KPI's data. Since the beginning of summer, employee training program has been underway to successfully integrate individual ESG assessments into the loan issuance and portfolio monitoring processes. In this quarter there is developed physical risks assessment tool to be applied on big data portfolio monitoring at individual level, for example, investment properties. An individual assessment of the financed assets is underway.

Taking into consideration the outcome of materiality analyses of ESG risks carried out earlier in the 2023, the development of ALTUM mid-term strategy for 2025 – 2027 is underway with integrated sustainability aspects into both the lending sector, with a focus on transition financing and products across various segments to support business transformation, and the risk management sector. In accordance with the hierarchy of strategic documents, ALTUM's Sustainability Strategy will be approved following the development of the medium-term strategy for 2025–2027. Among other things, the existing client portfolio will be reviewed, engaging clients to move towards sustainable development as well as phasing out the financing of projects that do not meet Altum's 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's 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. At the beginning of 2024 principal adverse impact indicators of the Fund portfolio companies were summarised for the year 2023. For note of record the principal adverse impact indicators of the Fund portfolio companies for the year 2023 do not have principal adverse impact, caused by an investment decisions, on sustainability factors.

Management Report (cont'd)

Future Outlook

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 at the end of 2023, by submitting a draft report to the European Commission. Once the draft report has been agreed upon with the European Commission, the key recommendations are identified. Currently, information has been submitted to auditors regarding the recommendation to re-evaluate the implementation status. 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.

The ALTUM mid-term Strategy for 2025-2027 is currently in the process of being coordinated. According to the strategy approval process, it is expected that final approval will be given in early 2025.

Reinis Bērziņš
Chairman of the Management Board

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Supervisory Council 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.
Ansis Grasmanis	Member of the Council	01.05.2024.	30.04.2027.
Krišjānis Znotiņš	Member of the Council	01.05.2024.	30.04.2027.
Jānis Šnore	Member of the Council	27.12.2022.	30.04.2024.
Ilze Baltābola	Member of the Council	22.03.2022.	30.04.2024.

On 29 April 2024, at the General Meeting of Shareholders, Ansis Grasmanis and Krišjānis Znotiņš were elected to the Supervisory Board as of 1 May 2024. Ilze Baltābola and Jānis Šnore do not continue to serve on the Supervisory Board.

Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	02.04.2024.	01.04.2027.
Jēkabs Krieviņš	Member of the Board	02.04.2024.	01.04.2027.
Inese Zīle	Member of the Board	02.04.2024.	01.04.2027.
Ieva Jansone-Buka	Member of the Board	18.03.2024.	17.03.2027.
Juris Jansons	Member of the Board	09.01.2023	08.01.2026

On 25 January 2024, the Supervisory Board re-appointed Ieva Jansone-Buka as a member of the Management Board for a new term from 18 March 2024 to 17 March 2027.

On 2 April 2024, the Supervisory Board re-appointed Reinis Bērziņš, Jēkabs Krieviņš, Inese Zīle as members of the Board of Altum for a new term of office until 1 April 2027. The Supervisory Board elected Reinis Bērziņš from among the members of the Management Board as Chairman of the Management Board of Development Finance Institution Altum AS.

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 financial statements and notes thereto set out on pages 17 to 79 are prepared in accordance with the source documents and give a true and fair view of the financial position of the Company as of 30 September 2024 and 31 December 2023 and the results of its operations, changes in the shareholders' equity and cash flows for the nine months periods ended 30 September 2024 and 30 September 2023.

The aforementioned financial statements are prepared on a going concern basis in conformity with IFRS Accounting 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 Company's assets, and prevention and detection of fraud and other irregularities in the Company. The Management are also responsible for operating 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

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Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	01.01.2024.- 30.09.2024. (unaudited)	01.01.2023.- 30.09.2023. (unaudited)
Interest income at effective interest rate	4	23 686	16 924
Other interest and similar income	5	5 812	4 700
Interest expense	6	(12 826)	(8 730)
Net interest income		16 672	12 894
Income from implementation of state aid programmes	7	5 966	7 719
Expenses to be compensated for implementation of state aid programmes	8	(5 283)	(5 302)
Net income for implementation of state aid programmes		683	2 417
Gains / (losses) from trading securities and foreign exchange translation	9	(1)	1
Share of gains of investment in associate and other investments	10	6 367	2 189
(Losses) of investment in associate and other investments less losses from liabilities at fair value through profit or loss	11	(414)	(1 221)
Net gain from loans at fair value through profit or loss	12	1 611	-
Other income	13	2 215	1 993
Other expense	14	(773)	(740)
Operating income before operating expenses		26 360	17 533
Staff costs		(4 172)	(4 223)
Administrative expense		(815)	(976)
Amortisation of intangible assets and depreciation of property, plant and equipment		(540)	(614)
Allowances for expected credit losses	15	5 814	2 086
Profit before corporate income tax		26 647	13 806
Profit for the period		26 647	13 806
Other comprehensive income:		2 114	(33)
Items to be reclassified to profit or loss in subsequent periods			
Net profit / (loss) from financial assets measured at fair value through other comprehensive income		2 114	(33)
Total comprehensive income for the period		28 761	13 773

The accompanying notes on pages 17 through 74 form an integral part of these financial statements.

Reinis Bērziņš
 Chairman of the Management Board

Rudīte Bērziņa
 Chief Accountant

THE DOCUMENT IS ELECTRONICALLY SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

Statement of Financial Position

All amounts in thousands of euro

	Notes	30.09.2024. (unaudited)	31.12.2023. (audited)
Assets			
Due from credit institutions and the State Treasury	16	566 800	702 788
		<i>including cash and cash equivalents</i>	<i>565 896</i>
Financial assets at fair value through other comprehensive income - investment securities	17	164 762	9 743
Financial assets at amortised cost:			
Investment securities	17	34	38
Loans and receivables	18	415 701	349 360
Financial assets at fair value through profit or loss - loans with capital rebate	19	51 641	13 088
Grants	20	3 150	67 196
Deferred expense		433	459
Accrued income	25	7 106	3 862
Other investments	21	25 365	25 398
Investments in associates	22	70 788	66 592
Investment property	23	76 944	68 246
Property, plant and equipment		4 360	4 377
Intangible assets		973	1 017
Other assets	24	3 167	3 922
Total assets		1 391 224	1 316 086
Liabilities			
Due to credit institutions	26	22 192	32 038
Due to general government entities	27	181 737	174 656
Financial liabilities at amortised cost - Issued debt securities		85 663	85 533
Deferred income		2 637	972
Accrued expense		1 250	856
Liabilities from financial guarantees	28	44 695	47 319
Provisions for off-balance sheet liabilities	29	445	344
Support programme funding	30	623 483	580 649
Other liabilities		5 015	4 366
Total liabilities		967 117	926 733
Equity			
Share capital		211 033	204 862
Reserves	32	184 591	166 959
Revaluation reserve of financial assets measured at fair value through other comprehensive income		1 836	(278)
Retained earnings		26 647	17 810
Total equity		424 107	389 353
Total equity and liabilities		1 391 224	1 316 086

The accompanying notes on pages 17 through 74 form an integral part of these financial statements.

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 Chairman of the Management Board

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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
		Specific reserves for support programmes	General reserve capital	Other specific reserves-difference recognised in reorganisation reserve			
As at 1 January 2023 (audited)	204 862	141 707	54 364	(15 935)	(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 32)	-	683	-	-	-	-	683
Decrease of reserve capital by increasing financing of support programs (Note 32)	-	(27 500)	-	-	-	-	(27 500)
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)	-
As at 30 September 2023 (unaudited)	204 862	109 644	71 094	(15 935)	(532)	13 806	382 939
Profit for the period	-	-	-	-	-	4 004	4 004
Other comprehensive income	-	-	-	-	254	-	254
Total comprehensive income	-	-	-	-	254	4 004	4 258
Increase of reserve capital (Note 32)	-	2 156	-	-	-	-	-
Reallocation of general reserves to specific reserves attributable to support programmes	-	13 829	(13 829)	-	-	-	-
As at 1 January 2024 (audited)	204 862	125 629	57 265	(15 935)	(278)	17 810	389 353
Profit for the period	-	-	-	-	-	26 647	26 647
Other comprehensive income	-	-	-	-	2 114	-	2 114
Total comprehensive income	-	-	-	-	2 114	26 647	28 761
Increase of reserve capital (Note 32)	-	5 610	-	-	-	-	5 610
Decrease of reserve capital (Note 32)	-	(5 788)	-	-	-	-	(5 788)
Distribution of Specific Reserves to General reserve capital at distribution of the profit for year 2023	-	53	(53)	-	-	-	-
Distribution of 2023 profit	-	-	17 810	-	-	(17 810)	-
Increase of share capital	6 171	-	-	-	-	-	6 171
As at 30 September 2024 (unaudited)	211 033	125 504	75 022	(15 935)	1 836	26 647	424 107

In accordance with the decision of the Shareholders' Meeting of 30 October 2023, and in compliance with the Cabinet of Ministers' Order of 12 December 2023, an increase in Altum's share capital was registered in the Register of Companies on 3 January 2024. The share capital was increased by EUR 6 171 062, setting the amount of the share capital after the increase at EUR 211 033 395, consisting of 211 033 395 shares.

The accompanying notes on pages 17 through 74 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	01.01.2024.- 30.09.2024. (unaudited)	01.01.2023.- 30.09.2023. (audited)
Cash and cash equivalents at the beginning of period		565 896	539 630
Cash flows from operating activities			
Profit before taxes		26 647	13 806
Amortisation of intangible assets and depreciation of property, plant and equipment		540	614
(Decrease) in allowances for expected credit losses	15	(5 814)	(2 086)
Revaluation of investment properties		(21)	109
Revaluation of investments in associates	22	(5 213)	(287)
Revaluation of other investment funds	18	(740)	(682)
Revaluation of loans with capital rebate		(1 611)	-
Interest income	4, 5	(29 498)	(21 586)
Interest expense	6	12 826	8 692
(Gain) / loss from exchange differences	9	1	(1)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		(2 883)	(1 421)
(Increase) of loans		(106 821)	(24 773)
(Increase) of grants	20	(3 989)	(18 274)
Increase / (Decrease) of due to credit institutions and general government entities		(2 801)	16 500
Increase in deferred income and accrued expense		1 108	83
(Increase) in deferred expense and accrued income		(8 560)	(2 303)
Increase of support programmes		121 674	117 576
Decrease of other assets		2 872	841
(Decrease) in other liabilities		(557)	(1 078)
Increase of cash and cash equivalents from operating activities after changes in operating assets and liabilities		43	87 151
Interest received		26 542	18 822
Interest paid		(7 386)	(5 206)
Net cash flows from operating activities		19 199	100 767
Cash flows from investment activities			
Financial assets at fair value through other comprehensive income - investment securities (Increase)		(152 705)	-
Term deposits (Increase)	15	(11 000)	(58 000)
Acquisition of property, plant and equipment and intangible assets		(484)	(356)
Purchase of investment properties	23	(10 564)	(4 206)
Sale of investment properties	23	2 074	168
Sale of other assets		-	19
Investments in other investment funds	21	1 717	(2 865)
Investments in associates		(24)	1 607
Net cash flows from investing activities		(170 986)	(63 633)
Cash flows from financing activities			
Increase of reserve capital		2 805	-
Net cash flows from financing activities		2 805	-
Increase / (decrease) in cash and cash equivalents		(148 982)	37 134
Cash and cash equivalents at the end of the period		416 914	576 764

The accompanying notes on pages 17 through 74 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 27 November 2024.

1 General Information

(1) Corporate Information

These unaudited interim condensed financial statements contain financial information on the joint-stock company Development Finance Institution Altum (Company).

Comparatives on the Company's financial performance for the 9 months of 2024 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 2 February 2024, the international credit rating agency Moody's Investors Service affirmed the Company's Baa1 long-term credit rating, with outlook stable, following update of rating methodology. The rating is the same as affirmed on 16 December 2022, along with updated credit opinion published on 4 September 2023. Short-term issuer rating is also affirmed at the same P-2. At the same time, Moody's has removed the designation of Altum as a government-related issuer and has withdrawn its Baseline Credit Assessment (BCA) of Baa3, following the publication of Moody's updated Government-Related Issuers methodology on 25 January 2024. Henceforth, Altum is rated by Moody's Finance Companies Methodology only. As of 2 February 2024, the Altum's standalone assessment set at current Baa3 replaces the withdrawn Baseline Credit Assessment. 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 16 September 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 as at 30 September 2024 amounted to EUR 40.5 million (the Company's share EUR 19.8 million).

1 General Information (cont'd)

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

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

* The term of venture capital funds' operations is 31 December 2024 followed by commencement of funds' liquidation. During the liquidation process, the fund managers will continue the exit in remaining portfolio investments at the most favourable terms and conditions.

Altum's 5th Generation Venture Capital Investment Programme aims to invest in several new venture capital funds. Through a public procurement process, three pre-seed and seed-stage fund managers were selected (with Altum's share representing 90% of the fund's capital) and one growth-stage fund manager (with Altum's share representing 60% of the fund's capital). The agreement with the growth-stage fund manager of FlyCap Mezzanine Fund III has already been signed, and the fund is currently being established. Agreements with the three pre-seed and seed-stage fund managers are expected to be concluded soon. For financial reporting purposes, these four funds will be classified as either subsidiaries controlled by Altum or associates over which Altum has significant influence. The venture capital funds classified as subsidiaries following the control assessment will be consolidated into Altum's Group during 2025.

2 Accounting Policies

(1) Basis of presentation

The Company's financial statements are prepared in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS), on a going concern basis. In preparation of these financial statements on a going concern basis the management considered the Company's financial position, access to financial resources and analysed the impact of the external factors on future operations of the Company.

The Company's financial statements are prepared under the historical cost convention as modified by the fair valuation of investment securities measured at fair value through other comprehensive income, investments in associates measured at fair value through profit or loss, investment properties measured at fair value, support programme financing measured at fair value and loans with capital rebate measured at fair value.

The preparation of financial statements in accordance with IFRS 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. Although these estimates are based on the Management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

According to IFRS 9, interest income includes all interest income, including for programmes where the Company acts as an agent. Such interest income, where the ultimate beneficiary is public funding, is of "a pass-through arrangement" sign and is also reflected in the Note "Interest Expense" under item "Pass-through arrangement – agent interest", thus leaving the overall result under "Net Interest Income" unchanged. In order to ensure transparency and comparability of the information provided, the comparative data for *Interest Income* and *Interest Expense* respectively have been clarified.

In the financial statements the amounts are presented in thousands of euros, unless specified otherwise. The functional and presentation currency of the Company is euro.

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

The adoption of new or amended IFRSs or Interpretations implemented in 2024 had no impact on the disclosures or amounts presented in these financial statements.

Other new or amended IFRSs or interpretations issued and not yet endorsed for use in the EU as at 30 September 2024 are not expected to have an impact on the Company's financial position, performance, cash flows or disclosures.

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 2023.

(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	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Financial assets at AC										
Due from credit institutions and the Treasury	566 898	702 885	-	-	-	-	-	-	566 898	702 885
Allowances for expected credit losses	(98)	(97)	-	-	-	-	-	-	(98)	(97)
Total net due from credit institutions and the Treasury	566 800	702 788	-	-	-	-	-	-	566 800	702 788
Investment securities	-	-	-	-	3 735	3 788	-	-	3 735	3 788
Allowances for expected credit losses	-	-	-	-	(3 701)	(3 750)	-	-	(3 701)	(3 750)
Total net investment securities	-	-	-	-	34	38	-	-	34	38
Loans and receivables	353 703	300 035	55 318	43 965	29 265	30 779	24	71	438 310	374 850
Allowances for expected credit losses*,**	(7 812)	(8 644)	(4 208)	(5 559)	(10 565)	(11 217)	(24)	(70)	(22 609)	(25 490)
Total net loans and receivables	345 891	291 391	51 110	38 406	18 700	19 562	-	-	415 701	349 360
Other financial assets	3 092	3 957	-	-	1 076	1 128	-	-	4 168	5 085
Allowances for expected credit losses	(20)	(22)	-	-	(981)	(1 141)	-	-	(1 001)	(1 163)
Total net other financial assets	3 072	3 935	-	-	95	(13)	-	-	3 167	3 922
Total financial assets at AC	923 693	1 006 877	55 318	43 965	34 076	35 695	24	71	1 013 111	1 086 608
Allowances for expected credit losses	(7 930)	(8 763)	(4 208)	(5 559)	(15 247)	(16 108)	(24)	(70)	(27 409)	(30 500)
Total net financial assets at AC	915 763	998 114	51 110	38 406	18 829	19 587	-	1	985 702	1 056 108

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	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Financial assets at FVOCI										
Investment securities	164 762	9 743	-	-	-	-	-	-	164 762	9 743
Allowances for expected credit losses	-	-	-	-	-	-	-	-	-	-
Total net investment securities	164 762	9 743	-	-	-	-	-	-	164 762	9 743
Total financial assets at FVOCI	164 762	9 743	-	-	-	-	-	-	164 762	9 743
Allowances for expected credit losses	-	-	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	164 762	9 743	-	-	-	-	-	-	164 762	9 743
Off-balance sheet items and contingent liabilities										
Outstanding guarantees	478 544	455 628	15 748	19 015	7 053	5 382	-	-	501 345	480 025
Allowances for expected credit losses*, **	(35 406)	(37 076)	(2 230)	(3 006)	(3 341)	(3 478)	-	-	(40 977)	(43 560)
Total net outstanding guarantees	443 138	418 552	13 518	16 009	3 712	1 904	-	-	460 368	436 465
Loan commitments	163 546	88 730	410	88	-	28	-	-	163 956	88 846
Allowances for expected credit losses *	(409)	(309)	(11)	(4)	-	(6)	-	-	(420)	(319)
Total net loan commitments	163 137	88 421	399	84	-	22	-	-	163 536	88 527
Total off-balance items and contingent liabilities	642 090	544 358	16 158	19 103	7 053	5 410	-	-	665 301	568 871
Allowances for expected credit losses	(35 815)	(37 385)	(2 241)	(3 010)	(3 341)	(3 484)	-	-	(41 397)	(43 879)
Total net off-balance items and contingent liabilities	606 275	506 973	13 917	16 093	3 712	1 926	-	-	623 904	524 992

* Includes total net impairment allowances of EUR 1,431 thousand covered by Portfolio Loss Reserve (Specific Reserves) upon approval of the 2024 annual report. Additional information available in Note 32.

** Includes impairment provision of EUR 3 852 thousand (31 December 2023: EUR 3,877 thousand) for interest rate discounts and as such not to be treated as allowance for ECL.

*** Includes impairment provision of EUR 133 thousand (31 December 2023: EUR: 680 thousand) for interest rate discounts - and as such not to be treated as a allowance for ECL.

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				Total	Gross carrying amount				Total
	Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI	
As at 31 December 2023	4 792	5 559	11 217	70	21 638	300 035	43 965	30 779	71	374 850
Transfers between stages:										
from Stage 1 to Stage 2	(577)	1 145	-	-	568	(26 633)	29 898	-	-	3 265
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(24)	(184)	1 414	-	1 206	(2 090)	(4 458)	6 034	-	(514)
from Stage 3 to Stage 2	-	22	(262)	-	(240)	-	796	(1 195)	-	(399)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	23	(103)	-	-	(80)	4 257	(5 269)	-	-	(1 012)
New originated or purchased	766	-	-	-	766	97 778	-	-	-	97 778
Derecognised during the period	(235)	(826)	(1 165)	(22)	(2 248)	(17 358)	(5 804)	(3 344)	(22)	(26 528)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	144	54	-	-	198	-	-	-	-	-
Changes in ECL impairment overlay	(486)	(1 027)	(10)	-	(1 523)	-	-	-	-	-
Decrease in the allowance for mortgage interest refunds	(25)	-	-	-	(25)	-	-	-	-	-
Write-offs	-	-	(188)	(19)	(207)	-	-	(188)	(19)	(207)
Change of outstanding balance **	(418)	(432)	(441)	(5)	(1 296)	(2 286)	(3 810)	(2 821)	(6)	(8 923)
As at 30 September 2024	3 960	4 208	10 565	24	18 757*	353 703	55 318	29 265	24	438 310

* Includes the ECL impairment overlay of EUR 1,380 thousand (31 December 2023: EUR 1,955 thousand) for the Small, Medium and Medium-Sized Enterprises (SME and Large) portfolio to take into account the ongoing high uncertainty stemming from the consequences of the Russian invasion of Ukraine as well as the impact of rising interest rates on borrowers' credit risk of EUR 1,114 thousand (31 December 2023: EUR 2,063 thousand). *Changes in ECL impairment overlay* includes conversion of impairment overlay from general to individual provisions in amount of EUR 726 thousand and reversed provisions due to portfolio amortisation of EUR 797 thousand.

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

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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 2023	36 396	3 006	3 478	42 880	455 628	19 015	5 382	480 025
Transfers between stages:								
from Stage 1 to Stage 2	(358)	561	-	203	(3 338)	3 555	-	217
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(280)	(183)	1 332	869	(1 811)	(1 827)	3 547	(91)
from Stage 3 to Stage 2	-	33	(133)	(100)	-	216	(235)	(19)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	76	(136)	(34)	(94)	856	(883)	(35)	(62)
New originated or purchased	5 740	-	-	5 740	91 117	-	-	91 117
Derecognised during the period	(2 715)	(497)	(815)	(4 027)	(46 360)	(3 422)	(1 095)	(50 877)
Changes to ECL measurement model assumptions (PD, LGD)	(12)	(1)	(65)	(78)	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	26	3	-	29	-	-	-	-
Changes in impairment overlay for interest rate discounts	-	-	-	-	-	-	-	-
Paid-out guarantees	(39)	-	(131)	(170)	(109)	-	(235)	(344)
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance *	(3 561)	(556)	(291)	(4 408)	(17 439)	(906)	(276)	(18 621)
As at 30 September 2024	35 273	2 230	3 341	40 844	478 544	15 748	7 053	501 345

* 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:

	30.09.2024.	31.12.2023.
Performing	395 245	339 826
Past due up to 30 days	25 979	20 618
Past due from 31 to 60 days	5 372	5 432
Past due from 61 to 90 days	496	421
Past due over 90 days	11 218	8 553
Total gross loans, without interest accrued on the loans	438 310	374 850
Impairment allowances	(22 609)	(25 490)
Total net loans	415 701	349 360

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:

	30.09.2024.	31.12.2023.
Real estate (loans)	234 619	198 677
Real estate (leaseback)	39 531	28 692
Movable property	68 802	61 868
Guarantees	1 964	2 632
Total collateral	344 916	291 869
Loan portfolio, gross	438 309	374 850
Impairment allowances	(22 609)	(25 490)
Loan portfolio, net *	415 700	349 360
Exposed	17.03%	16.46%

* The item Loan portfolio net includes loans for which no pledge of immovable or movable property is required as collateral, but the credit risk is fully covered by the risk cover, such as the energy efficiency programme for multi-apartment buildings and the renovation loan programme. The balance of these programmes as of 30 September 2024 amounts to EUR 44,562 thousand (31 December 2023: EUR 42,225 thousand). In 2024, the issuance of loans with ticket size up to EUR 100 thousand with lowered collateral requirements was started and the outstanding balance of these loans as of 30 September 2024 amounted to EUR 14,081 thousand

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:

	30.09.2024.	31.12.2023.
<i>Assets exposed to credit risk</i>		
Due from credit institutions and the Treasury	566 800	702 788
Financial assets at fair value through other comprehensive income - investment securities	164 762	9 743
Financial assets at amortised cost:		
Investment securities	34	38
Loans	415 701	349 360
Financial assets at fair value through profit or loss - Loans with capital discount	51 641	13 088
Other investments	25 365	25 398
Investments in associates	70 788	66 592
Other assets	3 167	3 922
Total	1 298 258	1 170 929
<i>Off-balance sheet items exposed to credit risk</i>		
Contingent liabilities	501 345	480 025
Financial commitments	237 428	173 102
Total	738 773	653 127

Part of subitem "Loans and receivables" are loans to agriculture segment (see Note 18) that are secured by agricultural land with a cautious valuation. Loans to other segments are secured mostly by real estate, to a lesser extent – by other types of assets or commercial pledges. The expected cash flows from collateral are taken into account when estimating impairment allowances for expected credit losses. Risk Coverage Reserve and Specific Reserve Capital is available to the Company to cover expected credit losses arising from deterioration of quality of loan portfolio. For more detailed information on Risk Coverage Reserve and Specific Reserve Capital see Note 30 and Note 32.

As of 30 September 2024, part of the Company's assets in amount of EUR 241,652 thousand (31 December 2023: EUR 209,544 thousand) were pledged. Detailed information on the Company's outstanding loan agreement as of 30 September 2024 is provided in Note 26 and Note 27.

Article 49 of the Law on State Budget 2024 provides that guarantees issued by the Company in amount of EUR 260 000 thousand is backed by the state according to the Agriculture and Rural Development Law and the Development Finance Institution Law. Actual amount of guarantees issued under these conditions as at 30 September 2024 was EUR 228,111 thousand (31 December 2023: EUR 226,839 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 2024, 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	15 225	7 763	-	-	-	22 988
Due to general governments	19 136	77 713	62 031	39 840	54 219	252 939
Issued debt securities	66 084	20 077	-	-	-	86 161
Support programme funding **	30 628	16 308	128 478	133 260	314 809	623 483
Other liabilities	4 477	538	-	-	-	5 015
Total financial liabilities	135 550	122 399	190 509	173 100	369 028	990 586
Off-balance sheet items and contingent liabilities	511 552	67 899	159 322	-	-	738 773
Total financial liabilities, off-balance items and contingent liabilities ***	647 102	190 298	349 831	173 100	369 028	1 729 359
Due from credit institutions and the Treasury	566 800	-	-	-	-	566 800
Investment securities	74 636	90 160	-	-	-	164 796
Liquid assets	641 436	90 160	-	-	-	731 596

* 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 2024 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 234,711 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 2024, 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	1 467	5 625	1 265	6 868	15 225
Due to general governments	1 995	1 794	5 880	9 467	19 136
Issued debt securities	20 330	112	45 598	44	66 084
Support programme funding	-	2 460	-	28 168	30 628
Other liabilities	4 267	-	31	179	4 477
Total financial liabilities	28 059	9 991	52 774	44 726	135 550
Off-balance sheet items and contingent liabilities *	463 691	5 882	33 902	8 077	511 552
Total financial liabilities, off-balance items and contingent liabilities	491 750	15 873	86 676	52 803	647 102
Due from credit institutions and the Treasury **	464 717	32 197	59 826	10 060	566 800
Investment securities	144	-	23 533	50 959	74 636
Liquid assets	464 861	32 197	83 359	61 019	641 436

* Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 33.

** includes the contractual expected cash flows from term deposits with credit institutions, which are available within 1 month for the purpose of liquidity management in accordance with the signed agreements, therefore in the calculation of the liquidity ratio is included in the maturity group up to 1 month.

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

Outstanding financial guarantees in amount of EUR 299,022 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 30) and Specific reserve capital (see Note 32). 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 163,956 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 26 and 27) and respective loan support programme funding (see Note 30).

Grant commitments in amount of EUR 1,544 thousand (up to 1 year) – from respective grant support programme funding (see Note 30).

Commitments to investments in associates in amount of EUR 16,143 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 30).

Commitments to AIF "Altum capital fund" in amount of EUR 28,926 thousand (up to 1 year) – from specific reserve capital (see Note 32).

Commitments to other investments in amount of EUR 3,505 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 30) 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 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	17 157	15 919	-	-	-	33 076
Due to general governments	17 918	74 553	64 567	40 688	52 807	250 533
Issued debt securities	20 550	65 304	-	-	-	85 854
Support programme funding **	77 796	37 343	100 712	122 544	242 246	580 641
Other liabilities	3 645	720	-	-	-	4 365
Total financial liabilities	137 066	193 839	165 279	163 232	295 053	954 469
Off-balance sheet items and contingent liabilities	416 889	89 329	148 484	-	-	654 702
Total financial liabilities, off-balance items and contingent liabilities ***	553 955	283 168	313 763	163 232	295 053	1 609 171
Due from credit institutions and the Treasury	702 788	-	-	-	-	702 788
Investment securities	75	9 706	-	-	-	9 781
Liquid assets	702 863	9 706	-	-	-	712 569

* 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 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 165,804 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 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	1	3 045	5 627	8 484	17 157
Due to general governments	4 585	354	3 638	9 341	17 918
Issued debt securities	-	-	498	20 052	20 550
Support programme funding	1 074	8 976	-	67 746	77 796
Other liabilities	3 604	32	-	9	3 645
Total financial liabilities	9 264	12 407	9 763	105 632	137 066
Off-balance sheet items and contingent liabilities *	385 161	11 361	8 540	10 252	415 314
Total financial liabilities, off-balance items and contingent liabilities	394 425	23 768	18 303	115 884	552 380
Due from credit institutions and the Treasury	565 798	34 835	11 250	90 905	702 788
Investment securities	38	37	-	-	75
Liquid assets	565 836	34 872	11 250	90 905	702 863

* Split of off-balance sheet items and contingent liabilities by type of financial instrument – outstanding financial guarantees, loan commitments as well as commitments to AIF "Altum capital fund", investments in associates and other investments, are presented in Note 32.

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

Outstanding financial guarantees in amount of EUR 293,471 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 29) and Specific reserve capital (see Note 31). 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 88,846 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 25 and 26) and respective loan support programme funding (see Note 29).

Grant commitments in amount of EUR 1,575 thousand (up to 1 year) – from respective grant support programme funding (see Note 29).

Commitments to investments in associates in amount of EUR 25,662 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 29).

Commitments to AIF "Altum capital fund" in amount of EUR 3,343 thousand (up to 1 year) – from specific reserve capital (see Note 31).

Commitments to other investments in amount of EUR 3,992 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 29) 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 2024 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 *	464 717	32 197	59 826	10 060	-	-	566 800
Investment securities	144	-	23 533	50 959	90 160	-	164 796
Loans **	13 051	26 053	27 987	31 523	201 420	167 308	467 342
Grants	438	372	271	197	1 872	-	3 150
Deferred expense and accrued income	-	3 102	1 420	556	2 132	329	7 539
Other investments	-	-	-	-	-	25 365	25 365
Investments in associates	5 920	1 495	-	-	63 373	-	70 788
Investment property	-	-	-	-	-	76 944	76 944
Property, plant and equipment	-	-	-	-	-	4 360	4 360
Intangible assets	-	-	-	-	-	973	973
Other assets	942	12	15	566	1 616	16	3 167
Total assets	485 212	63 231	113 052	93 861	360 573	275 295	1 391 224
Liabilities							
Due to credit institutions	1 289	5 625	1 111	6 736	7 431	-	22 192
Due to general governments	-	1 794	3 939	5 940	54 604	115 460	181 737
Issued debt securities	20 252	-	45 430	-	19 981	-	85 663
Deferred income and accrued expense	237	1 031	160	367	2 092	-	3 887
Provisions	22 895	269	332	477	5 055	16 112	45 140
Support programme funding	-	2 460	-	28 168	16 308	576 547	623 483
Other liabilities	4 267	-	31	179	538	-	5 015
Total liabilities	48 940	11 179	51 003	41 867	106 009	708 119	967 117
Net liquidity	436 272	52 052	62 049	51 994	254 564	(432 824)	424 107

* Includes term deposits with credit institutions, split by the remaining maturity according to the contracts, but for the purpose of liquidity management, they are available within 1 month in accordance with the signed contracts, therefore, they are included in the calculation of the liquidity ratio in the maturity group up to 1 month.

** 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 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 *	565 798	34 835	11 250	90 905	-	-	702 788
Investment securities	38	37	-	-	9 706	-	9 781
Loans **	11 780	12 198	13 258	29 759	147 420	148 033	362 448
Grants	1 237	64 146	155	230	1 428	-	67 196
Deferred expense and accrued income	451	8	-	3 862	-	-	4 321
Other investments	-	-	-	-	-	25 398	25 398
Investments in associates	3 018	-	3 517	-	37 940	22 117	66 592
Investment property	-	-	-	-	-	68 246	68 246
Property, plant and equipment	-	-	-	-	-	4 377	4 377
Intangible assets	-	-	-	-	-	1 017	1 017
Other assets	1 219	79	111	17	2 481	15	3 922
Total assets	583 541	111 303	28 291	124 773	198 975	269 203	1 316 086
Liabilities							
Due to credit institutions	-	2 837	5 625	8 299	15 277	-	32 038
Due to general governments	2 730	354	1 773	5 625	49 552	114 622	174 656
Issued debt securities	-	-	498	20 052	64 983	-	85 533
Deferred income and accrued expense	63	951	126	688	-	-	1 828
Provisions	43 380	302	714	804	1 679	784	47 663
Support programme funding	1 074	8 976	-	67 746	37 213	465 640	580 649
Other liabilities	3 604	32	-	9	721	-	4 366
Total liabilities	50 851	13 452	8 736	103 223	169 425	581 046	926 733
Net liquidity	532 690	97 851	19 555	21 550	29 550	(311 843)	389 353

* Includes term deposits with credit institutions, split by the remaining maturity according to the contracts, but for the purpose of liquidity management, they are available within 1 month in accordance with the signed contracts, therefore, they are included in the calculation of the liquidity ratio in the maturity group up to 1 month.

** 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) Russian military incursion into Ukraine and the impact of related sanctions

The ongoing war in Ukraine and related sanctions against the Russian Federation and Belarus have not had a significant impact on the book value of the Company's assets and liabilities during this year. See the Company's assessment and mitigation of the direct and indirect impacts of these events below.

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.

The Company may be directly affected by the military invasion of Ukraine only for export credit guarantees issued in the Guarantee Portfolio to cover political and buyer risk losses in trade transactions where the counterparties of the Company's customers are residents of Ukraine. As at September 30, 2024, the Company's exposure where the customers' counterparties are located in Ukraine amounted to EUR 153 thousand. The Company has already stopped issuing new export guarantees to the Russian Federation and Belarus since 25 February 2022.

The Company has invested EUR 19.0 million 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 where 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.

The companies most affected by the direct and indirect consequences of the war and the related sanctions took timely action to stop cooperating with the aggressor countries and the volume lost in Russia has now largely been replaced by new markets, but financial results have not fully returned to prewar levels. Overall, the impact of the war on the value of the Fund's portfolio at the end of the reporting period is assessed to have been insignificant. The cumulative direct impact of the war of the Russian Federation in Ukraine as at 30 September 2024 was EUR 23 thousand (Company's share).

3 Risk Management (cont'd)

(3) Russian military incursion into Ukraine and the impact of related sanctions (cont'd)

To assess the indirect impact of the invasion of Ukraine by the Russian Federation, the Company analyses and, in case of significant changes, revises the forward-looking macroeconomic forecasts used to calculate expected losses on a quarterly basis, setting out three economic scenarios, including an adverse scenario and an optimistic scenario:

- 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;
- the adverse scenario, which envisages a less likely but potentially negative change, reflecting a larger and more persistent impact of the geopolitical crisis and sanctions, a slower inflation retreat compared to the baseline scenario;
- the optimistic scenario, which foresees a less likely but possibly more favourable change compared to the baseline scenario.

Weaker than expected, the growth of Latvia's gross domestic product (GDP) in the 9 months of 2024 indicates that Latvia's economic growth will be slower this year than previously forecasted. The main factors hindering Latvia's economic development are high inflation in previous years, weaker than expected external demand in Latvia's trade partner countries, still high interest rates and geopolitical uncertainty. The deterioration of macroeconomic forecasts, compared to December 2023, has resulted in an increase of the ECL of savings by EUR 219 thousand for loans and liabilities for the issuance of loans, and by EUR 29 thousand for guarantees. For guarantees, the impact of changes in macroeconomic projections was limited given that for guarantees, provisions are made at the highest value of the estimated expected credit risk losses and fair value. Changes in macroeconomic projections have a lesser impact on the fair value of guarantees.

Macroeconomic forecasts to September 30, 2024:

	2024	2025	2026
GDP annual growth rate, in %			
Base case scenario *	1.6	3.1	3.3
Adverse scenario	0.4	1.8	2.8
Optimistic scenario	2.7	4.3	3.7
Weighted average **	1.5	3.0	3.2

* The baseline scenario combines two external scenarios, using the information available by 1 October 2024:

(i) Macroeconomic development scenario of the Ministry of Finance (published on 13 June 2024) forecasting slow growth of Latvia's GDP at 1.4% in 2024 (forecast in December 2023 was 2.5%). Acceleration of economic growth of up to 2.9% (December: 2.9%) is forecasted from 2025 onwards remaining nearly similar in 2026 – 2.8% (December: 2.9%).

(ii) Macroeconomic development scenario of the Bank of Latvia (published on 10 June 2024) forecasting weak growth in 2024 at 1.8% (forecast in December 2023 was 2.0%), while forecasting growth for 2025 and 2026 at 3.3% and 3.8% respectively (December: 3.6% and 3.8%). The external scenarios of the Ministry of Finance and Bank of Latvia were each applied the 50% probability of occurrence of the scenario.

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

Macroeconomic forecasts to 31 December 2023:

	2024	2025	2026
GDP annual growth rate, in %			
Base case scenario *	2.3	3.3	3.4
Adverse scenario	0.3	1.8	2.9
Optimistic scenario	4.0	4.5	3.8
Weighted average *	2.0	3.1	3.1

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

3 Risk Management (cont'd)

(3) Russian military incursion into Ukraine and the impact of related sanctions (cont'd)

In order to better assess the direct and indirect impact of the geopolitical situation as well as to identify potentially 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.

The Company has carried out an assessment to determine how the loan and guarantee portfolio has been or could be affected directly and indirectly by the high level of energy prices and the sanctions imposed against the Russian Federation and Belarus. For the loan portfolio, the assessment was carried out on a sectoral basis, based on individual customer assessment data (as at September 30, 2024, individually assessed customer exposures accounted for 68.91% of the loan portfolio, and 89.6% of the assessed exposures were assessed during the last year (from October 1, 2023 to September 30, 2024)). For the assessment of the increase in energy prices, the sectors were divided into 3 groups (severely affected sectors, moderately affected sectors and less affected sectors), while for the assessment of the sanctions against the Russian Federation and Belarus they were divided into 2 groups (affected, not affected). For the guarantee portfolio, the potential impact was assessed based on the assessment provided by the Company's experts on energy-intensive sectors and sectors most affected by rising costs, as well as the financial data of the largest customers of the sectors' portfolio. The potential impact of the sanctions imposed on the Russian Federation and the Republic of Belarus was assessed on the basis of business specificity data of clients in the sectors' portfolio (including, but not limited to, analysis of raw materials and production markets, supply chains, opportunities to reorient activities, a.o.). In order to assess the guarantee portfolio, all sectors were divided into 3 groups: sectors severely affected, sectors moderately affected and sectors less affected. According to the assessment as at 31 December 2023, the general provision reserve for loans was assessed at EUR 1,955 thousand, while the impact on the guarantees had been assessed as non-material, since the portfolio did not contain the severely affected sectors and hence provisioning reserve was unnecessary. In the 3rd quarter of 2024, the general provision reserve for loans was reduced from EUR 1,510 thousand (as at 30 June 2024) to EUR 1,380 thousand, i.e., by 56 thousand, in order to compensate for the provisioning expenses for loans which were reclassified either to Stage 2 or Stage 3 and for 74 thousand fully repaid loans (see Note 3 (1)). In the 4th quarter of 2024, it is planned to re-evaluate the general provisioning reserve on the basis of a renewed assessment of the indirect impact of energy prices and sanction risks on the loan and guarantee portfolio.

The potential impact on the loan portfolio brought about by the rising interest rates when the EURIBOR rates peaked in 2023 is reflected in the impact of changes in macroeconomic indicators; also, as the interest rates rise, the expected losses' estimates take into account the changes in the payment schedules of financial instruments. As to more significant loan and guarantee exposures, the Company analyses on a quarterly and individual basis the ability to meet the assumed commitments due to the high interest rates, in particular assessing those exposures where the operational performance indicators of the customers give grounds for concerns about the ability to meet the commitments in due course and in full as the burden of commitments increases. In 2023, taking into account the upsurging interest rates, the Company carried out an additional assessment of the impact of the increase in interest rates on customers' ability to service their debts alongside increasing of costs and set up the general provision reserve of EUR 2,063 thousand. The provision reserve was established for individually significant items with low commitment servicing indicators as well as for floating rate loans by calculating the expected increase in credit losses when EURIBOR rates increase. In the 2nd quarter of 2024, the general provision reserve was reduced from EUR 1,375 thousand (as at 30 June 2024) to EUR 1,114 thousand, i.e., by EUR 238 thousand, in order to compensate for the provisioning expenses for the loans which were reclassified either to Stage 2 or Stage 3 and by EUR 23 thousand for fully repaid loans (see Note 3 (1)). In the 4th quarter of 2024, it is planned to reassess the general savings reserve based on a renewed assessment of the level of the debt burden of customers for the exposures of significant loans.

3 Risk Management (cont'd)

(3) Russian military incursion into Ukraine and the impact of related sanctions (cont'd)

In previous periods, household spending rose due to high inflation as well as high interest rates. As from the first quarter of this year, mortgage borrowers are supported by the compensation of calculated interest payments, and in view of the macroeconomic forecasts, including decrease in interest rates, no significant increase in defaults in the housing guarantee portfolio is expected.

Altum co-financed venture capital funds operate in accordance with the current sanctions framework and actively monitor changes in the relevant legislation. On a quarterly basis, Altum organizes quarterly discussions with fund managers and carries out an assessment of the investments of the venture capital funds, assessing all investments of the venture capital funds individually and taking into account the specific situation of each investment. Assessment of the VCF investments is based on Altum's conservative approach. When assessing the investments, Altum takes into account future prospects and the fair value of the companies is adjusted in a timely manner. The fair value (Company's share) of the VCF portfolio fell by EUR 254 thousand in the 3rd quarter of 2024.

In the 3rd quarter of 2024 during discussions with fund managers and reassessment of the investment value of Altum's portfolio companies, there were no new companies identified as exposed to the effects of war. The fair value of the companies that have been able to successfully adapt to market developments is starting to rise again. However, for individual companies in industries where operation has been affected for a long period of time, a larger fall in fair value as originally estimated was found.

The cumulative impact of the war of the Russian Federation in Ukraine as of 30 September 2024 was EUR 5.0 million (31 December 2023: EUR 6.5 million), of which the direct impact was EUR 1.6 million (31 December 2023: EUR 1.7 million) and the indirect impact EUR 3.4 million (31 December 2023: EUR 4.8 million).

4 Interest income at effective interest rate

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Interest income on loans *	19 678	15 760
Interest income on deposits	4 008	1 164
Total interest income	23 686	16 924

* Sub-item *Interest income on loans* includes path-through arrangement for the agent programmes, which amounted to EUR 3,465 thousand in 9 months 2024 (EUR 1,937 thousand in 9 months 2023). The pass-through arrangement for the agents' programs includes interest income, other interest and similar income, and income from investments in securities generated by state aid programs, where the Company acts as an Agent and attributed to public funding under the conditions of the programs. According to IFRS 9 requirements such income is recognized in the Comprehensive Income Statement – under Interest income (in this Note) or Other interest and similar income (see Note 5) or under Interest expense (see Note 6).

* 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.295 of 22 May 2018 "Procedures for Granting State Aid for Purchase of Agricultural Land for Production of Agricultural Products", interest rate difference compensated by the Ministry of Agriculture in 9 months of 2024 amounted to EUR 154 thousand (EUR 131 thousand in 9 months 2023).

5 Other interest and similar income

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Income of loans *	1 565	1 299
Income of guarantees **	2 788	3 255
Income from investment securities revalued in other comprehensive income ***	1 420	108
Income from securities issued	39	38
Total interest income	5 812	4 700

* Sub-item *Income of loans* includes path-through arrangement for the agent programmes, which amounted to EUR 421 thousand in 9 months 2024 (EUR 296 thousand in 9 months 2023). Note 4 and 6.

** Based on the amendments to the Cabinet Regulation No 95 of 22 December 2023, which provide that the guarantee fee is established in the price list approved by the guarantor's Management Board and decision of the Management Board dated 22 November 2023, the annual amount of the fee is set at 2.4% of the remaining guarantee amount (until 31 December 2023 - 4.8%) as of 1 January 2024. In 2023 the provision reserve was created to cover the reduction of guarantee premiums, the aforementioned reduction is compensated from the created provision reserve, which in 9 months of 2024 amounted to EUR 547 thousand.

** Sub-item *Income of guarantees* includes path-through arrangement for the agent programmes, which amounted to EUR 641 thousand in 9 months 2024 (EUR 895 thousand in 9 months 2023). Note 4 and 6.

*** Sub-item *Income from investment securities revalued in other comprehensive income* includes path-through arrangement for the agent programmes, which amounted to EUR 749 thousand in 9 months 2024 (9 months 2023: EUR 0 thousand). Note 4 and 6.

6 Interest expense

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Interest expense on liabilities to General Governments	5 907	4 381
Interest on balances due to credit institutions	403	180
Interest on issued debt securities	701	716
Allocation of state support programmes profit to support programme funding *	535	316
Path-through arrangement - agent interest (Note 4, 6)	5 276	3 128
Other commission expense	4	9
Total interest expense	12 826	8 730

* 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).

7 Income from implementation of state aid programmes

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Compensation of expenses for management of state support programmes	5 044 *	5 626 **
Compensated administrative expense	553	1 579
Compensated venture capital fund management fees	369	514
Total income from implementation of state support programmes	5 966	7 719

* Item *Compensation of expenses for management of state support programmes* includes revenues calculated on the volumes of support programmes (portfolio, new transactions, funding), applying the management fee rate in accordance with the relevant regulations of the Cabinet of Ministers and concluded agreements on support programmes with funding providers. Part of the revenues were generated in previous periods, but were not recognized, because of changes in the calculation approach of revenues, approval for them was received from the support programmes funding providers in the reporting period, therefore the revenues in amount of EUR 314 thousand were recognized in 2024.

** Item *Compensation of expenses for management of state support programmes* includes revenues calculated on the volumes of support programmes (portfolio, new transactions, funding), applying the management fee rate in accordance with the relevant regulations of the Cabinet of Ministers and concluded agreements on support programmes with funding providers. Part of the revenues were generated in previous periods, but were not recognized as approval for them was received from the support programmes funding providers in the reporting period, therefore the revenues in amount of EUR 1,910 thousand were recognized in 2023.

8 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Compensated staff costs	3 717	2 932
Compensated administrative expense	1 013	790
Compensated venture capital fund management fees	553	1 580
Total compensated expense for implementation of state support programmes	5 283	5 302

9 Gains/(losses) from trading securities and foreign exchange transactions

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Gains/(losses) from revaluation of foreign currencies	(1)	1
Total gains/(losses) from debt securities and foreign exchange transactions	(1)	1

10 Share of gain / loss of investment in associate and other investments

All amounts in thousands of euro

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Three Seas Initiatives Investment Fund		Total	
	01.01.2024.-30.09.2024	01.01.2023.-31.12.2023.	01.01.2024.-30.09.2024	01.01.2023.-31.12.2023.	01.01.2024.-30.09.2024	01.01.2023.-31.12.2023.	01.01.2024.-30.09.2024	01.01.2023.-31.12.2023.
Share of net gain / (loss) of investment in associate	2 325	703	895	287	-	-	3 220	990
Net income / (expense), excluding revaluation gain / (loss)	2 407	517	-	-	-	-	2 407	517
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	740	682	740	682
Share of net gain / (loss) of investment in associate and other investments at September 30	4 732	1 220	895	287	740	682	6 367	2 189
Share of net gain / (loss) of investment in associate	-	(247)	-	126	-	-	-	(121)
Net income / (expense), excluding revaluation gain / (loss)	-	885	-	-	-	-	-	885
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	-	628	-	628
Share of net gain / (loss) of investment in associate and other investments at December 31	-	1 858	-	413	-	1 310	-	3 581

11 Gain/(loss) less losses from liabilities at fair value through profit or loss

All amounts in thousands of euro

	01.01.2024.-30.09.2024.	01.01.2023.-30.09.2023.
Revaluation (loss) on investments in 2nd and 3rd generation venture capital funds, net	(425)	1 264
Realised gain on investments in 2nd and 3rd generation venture capital funds, net	860	(1 633)
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	792	471
Revaluation (loss) on investments in 4th generation venture capital funds, net	(1 568)	(560)
Realised gain on investments in 4th generation venture capital funds	-	477
Mezzanine interest received from investments in 4th generation venture capital funds	755	1 202
Total gain/(loss) less losses from liabilities at fair value through profit or loss at September 30	414	1 221
Revaluation (loss) on investments in 2nd and 3rd generation venture capital funds, net		(179)
Realised gain on investments in 2nd and 3rd generation venture capital funds, net		-
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds		12
Revaluation (loss) on investments in 4th generation venture capital funds, net		(380)
Realised gain on investments in 4th generation venture capital funds		-
Mezzanine interest received from investments in 4th generation venture capital funds		208
Total gain/(loss) less losses from liabilities at fair value through profit or loss at December 31		882

12 Net gain from loans at fair value through profit or loss

All amounts in thousands of euro

	Change in fair value 01.01.2024- 30.09.2024	Path-through arrangement 01.01.2024- 30.09.2024	Net profit/ (loss) 01.01.2024- 30.09.2024
Decrease in fair value of the capital rebate component	(1 105)	830	(275)
Decrease in fair value of the loan component	(886)	445	(441)
Increase in fair value of the loan component for interest income to be gained in future	2 718	(391)	2 327
Total	727	884	1 611

13 Other income

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Income from lease payments for land operating leases	1 909	1 627
Income from payments for financial leases	-	97
Unrealised gain from investment property revaluation	21	(109)
Profit from sale of investment property	84	138
Profit from sale of repossessed collateral	1	18
Other commission income	1	13
Income from management of the AIF "Altum capital fund"	151	153
Other operating income	48	56
Total other income	2 215	1 993

14 Other expense

All amounts in thousands of euro

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Maintenance and service costs of Land Fund	326	302
Debt collection costs	43	84
Maintenance costs of repossessed collateral	1	1
Depreciation of right-of-use assets	124	128
Commission expense on investments in securities	124	69
AIF "Altum capital fund" management costs	151	153
Other commission expense	4	3
Total other expense	773	740

15 Allowances for expected credit losses

Analysis of expected credit loss movements for the period from 1 January 2024 till 30 September 2024, in thousands of euro:

	Loss/(income) on expected credit losses and recoveries of written-off credit risk assets	incl. impairment losses covered by Portfolio Loss Reserve	impairment losses covered by Risk Coverage Reserve	a reduction in the provision for revenue recognised over 90 days	Total
Impairment losses on:	15 448	1 713	(11 807)	(209)	3 432
Loans	4 333	508	(2 089)	(209)	2 035
Other assets	27	-	(27)	-	-
Financial assets related to loan agreements	2	-	-	-	2
Guarantees	10 425	1 205	(9 076)	-	1 349
Loan commitments	661	-	(615)	-	46
Reversal of impairment on:	(20 883)	(2 807)	12 293	-	(8 590)
Loans	(7 261)	(1 198)	2 142	-	(5 119)
Disbursed guarantee compensations	(317)	(181)	23	-	(294)
Grants	(905)	-	-	-	(905)
Guarantees	(12 118)	(1 424)	9 885	-	(2 233)
Loan commitments	(282)	(4)	243	-	(39)
Total impairment losses / (reversal), net	(5 435)	(1 094)	486	(209)	(5 158)
(Income) from the recovery of written-down assets	(937)	(337)	281	-	(656)
Total impairment allowance and (income) from recovery of written down assets	(6 372)	(1 431)	767	(209)	(5 814)

Analysis of expected credit loss movements for the period from 1 January 2023 till 30 September 2023, in thousands of euro:

	Loss/(income) on expected credit losses and recoveries of written-off credit risk assets	incl. impairment losses covered by Portfolio Loss Reserve	impairment losses covered by Risk Coverage Reserve	a reduction in the provision for revenue recognised over 90 days	Total
Impairment losses on:	19 228	4 538	(12 967)	135	6 396
Loans	6 046	1 974	(2 504)	135	3 677
Financial assets related to loan agreements	8	-	-	-	8
Guarantees	12 656	2 482	(10 097)	-	2 559
Loan commitments	518	82	(366)	-	152
Reversal of impairment on:	(18 024)	(5 319)	9 954	-	(8 070)
Loans	(5 239)	(2 256)	1 462	-	(3 777)
Disbursed guarantee compensations	(375)	-	338	-	(37)
Guarantees	(11 971)	(2 940)	7 871	-	(4 100)
Loan commitments	(439)	(123)	283	-	(156)
Total impairment losses / (reversal), net	1 204	(781)	(3 013)	135	(1 674)
(Income) from the recovery of written-down assets	(429)	(66)	17	-	(412)
Total impairment allowance and (income) from recovery of written down assets	775	(847)	(2 996)	135	(2 086)

16 Due from credit institutions and the State Treasury

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Due from credit institutions and State Treasury	566 898	702 886
<i>cash and cash equivalents</i>	416 914	565 896
<i>term deposits</i>	146 000	135 000
Allowances for expected credit losses	(98)	(98)
Net due from credit institutions and State Treasury	566 800	702 788

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

Breakdown of 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	-	33 706	654 307	14 775	-	-	-	-	702 788
Total gross as at 31 December 2023	-	33 706	654 307	14 775	-	-	-	-	702 788
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	24 327	510 501	31 972	-	-	-	-	566 800
Total gross as at 30 September 2024	-	24 327	510 501	31 972	-	-	-	-	566 800

As at 30 September 2024, 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 2024 was 3.87% (31 December 2023: 3.83%).

17 Investment securities

All amounts in thousands of euro:

	30.09.2024.	31.12.2023
<i>Investment securities valued at amortised cost</i>		
OECD corporate bonds	3 735	3 788
Total investment securities valued at amortised cost	3 735	3 788
Impairment allowances	(3 701)	(3 750)
Net investment securities valued at amortised cost	34	38
<i>Investment securities valued at fair value through other comprehensive income</i>		
Latvian Treasury bills and government bonds	164 762	9 743
Total investment securities valued at fair value through other comprehensive income	164 762	9 743
Total gross investment securities	168 497	13 531
Total net investment securities	164 796	9 781

18 Loans

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

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

	30.09.2024.	31.12.2023.
SME and Midcaps	173 732	167 686
Agriculture	178 363	133 622
Private individuals	46 661	44 770
Financial Intermediaries	23	80
Land Fund	39 531	28 692
Total gross loans	438 310	374 850
Impairment allowances	(22 609)	(25 490)
Total net loans	415 701	349 360

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

	30.09.2024.	31.12.2023.
Agriculture and forestry	239 812	189 424
Manufacturing	47 893	51 330
Electricity, gas and water utilities	32 993	27 646
Retail and wholesale	16 309	12 368
Health and social care	8 274	9 168
Construction	7 729	6 750
Real estate	7 304	5 838
Professional, science and technical services	5 779	5 832
Transport, warehousing and communications	5 350	4 364
Hotels and restaurants	4 872	4 555
Municipal authorities	3 964	3 134
Fishing	1 855	1 675
Information technologies and communication	833	810
Other industries	8 683	5 831
Households	46 660	46 125
Total gross loans	438 310	374 850
Impairment allowances	(22 609)	(25 490)
Total net loans	415 701	349 360

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

	30.09.2024.	31.12.2023.
Number of customers	53	49
Total credit exposure of customers (EUR '000)	95 618	81 703
Percentage of total gross portfolio of loans	21.8%	21.8%

18 Loans (cont'd)

(4) Analysis of loan portfolio by client segments as at 30 September 2024, 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	23	-	-	-	-	-	-	-	23	-
Agriculture	156 508	(355)	17 848	(189)	4 007	(906)	-	-	178 363	(1 450)
SME and Midcaps	117 000	(2 355)	32 215	(2 290)	24 493	(9 551)	24	(24)	173 732	(14 220)
Private individuals	40 952	(217)	5 166	(264)	543	(107)	-	-	46 661	(588)
Land Fund	39 220	(3)	89	-	222	(1)	-	-	39 531	(4)
Total segments, gross	353 703	(2 930)	55 318	(2 743)	29 265	(10 565)	24	(24)	438 310	(16 262)
Impairment overlay	-	(1 030)	-	(1 465)	-	-	-	-	-	(2 495)
Impairment overlay for interest rate discounts	-	(3 852)	-	-	-	-	-	-	-	(3 852)
Total segments, net	353 703	(7 812)	55 318	(4 208)	29 265	(10 565)	24	(24)	438 310	(22 609)

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

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Impairment allowances at the beginning of the period	25 490	21 074
Increase in impairment allowances (Note 15: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)	2 035	3 677
Impairment losses covered by Risk Coverage Reserve (Note 15)	2 089	2 504
Decrease in impairment allowances (Note 15: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)	(5 119)	(3 777)
Reversal of impairment covered by Risk Coverage Reserve (Note 15)	(2 142)	(1 462)
Loan interest overdue for more than 90 days	209	135
Write-off of loans covered by Portfolio Loss Reserve	(50)	(858)
Write-off of loans covered by Risk Coverage Reserve	(45)	(110)
Write-off of loans Company's share of impairment allowances	(111)	(813)
Decrease in the allowance for mortgage interest refunds	(25)	-
Increase of impairment allowances due to changes in off-balance sheet and balance sheet	278	656
Impairment allowances at the end of the period ended 30 September	22 609 *	21 026
<i>Company's share of impairment allowances</i>	13 421	9 968
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	2 862	5 223
<i>Impairment allowances covered by Risk Coverage Reserve</i>	6 326	5 835
Impairment allowances at the beginning of the period		21 026
Increase in impairment allowances (Note 15: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)		8 137
Impairment losses covered by Risk Coverage Reserve (Note 15)		838
Decrease in impairment allowances (Note 15: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)		(2 016)
Reversal of impairment covered by Risk Coverage Reserve (Note 15)		(467)
Loan interest overdue for more than 90 days		64
Write-off of loans covered by Portfolio Loss Reserve		(1 447)
Write-off of loans covered by Risk Coverage Reserve		(286)
Write-off of loans Company's share of impairment allowances		(642)
Increase of impairment allowances due to changes in off-balance sheet and balance sheet		283
Impairment allowances at the end of the period ended 31 December (audited)		25 490 *
<i>Company's share of impairment allowances</i>		15 719
<i>Impairment allowances covered by Portfolio Loss Reserve</i>		3 582
<i>Impairment allowances covered by Risk Coverage Reserve</i>		6 189

* Includes impairment provision of EUR 3 852 thousand (31 December 2023: EUR 3,877 thousand) for interest rate discounts and as such not to be treated as allowance for ECL.

As at 30 September 2024 the average annual interest rate for the loan portfolio of the Company was 5.76% (31 December 2023: 6.40%).

19 Loans with capital rebate

All amounts in thousands of euro

	Loans with capital rebate		Fair value correction		Loans with capital rebate in fair value	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Investment loans with capital rebate	27 450	6 773	1 611	674	29 061	7 447
RRF energy efficiency loans	10 797	3 117	(204)	(101)	10 593	3 016
RRF digitization loans	8 859	2 609	(86)	16	8 773	2 625
RRF Energy Efficiency Loans for Multi-apartment Buildings	2 890	-	(5)	-	2 885	-
RRF Loans for construction of affordable housing	329	-	-	-	329	-
Total	50 325	12 499	1 316	589	51 641	13 088

20 Grants

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Energy Efficiency Programme for Multi-apartment Buildings	90	65 060
Housing grant programme "Balsts"	1 854	1 438
Grants for development of energy efficiency projects	386	692
Social Entrepreneurship Programme	-	511
Grants for energy efficiency improvement of family buildings	671	431
PFI Multi-apartment buildings grants with consecutive grant payments	180	-
Total grants, gross	3 181	68 132
Impairment allowances	(31)	(936)
Total grants, net	3 150	67 196

Movement in net book value of grants in 9 months of 2024, in thousands of euro:

	30.09.2024.	31.12.2023.
Carrying amount		
Carrying amount at the beginning of period	68 132	58 716
Grants paid to clients	3 746	41 861
Reclassification to Other assets	(426)	-
Repayment of approved grants from the funding	(68 271)	(29 957)
Carrying amount at the end of period	3 181	70 620
Impairment allowances		
At the beginning of period	(936)	(436)
(Increase) / decrease of provisions	905	-
Carrying amount at the end of period	(31)	(436)
Grants net book value at the beginning of the period	67 196	58 280
Grants net book value at the end of the period ended 30 September	3 150	70 184
Grants paid to clients		6 071
Repayment of approved grants from the funding		(8 559)
Carrying amount at the end of period		68 132
(Increase) of provisions		(261)
(Increase) of impairment allowances due to changes in off-balance sheet and balance sheet		(239)
Carrying amount at the end of period		(936)
Grants net book value at the beginning of the period		70 184
Grants net book value at the end of the period		67 196

21 Other Investments

Total cost of Other investments on 30 September 2024 was EUR 22,993 thousand (31 December 2023: EUR 23,766 thousand). The total cost of the investment includes the management fees paid to the funds' managers.

All amounts in thousands of euro

	Investments in Baltic Innovation Fund 2		Three Seas Initiatives Investment Fund		Total	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Carrying amount at the beginning of period	7 739	4 478	17 659	11 263	25 398	15 741
Invested	2 944	2 685	-	862	2 944	3 547
Refunded	(127)	-	(3 590)	-	(3 717)	-
Revaluation	(14)	-	754	682	740	682
Net carrying amount at the period ended at 30 September	10 542	7 163	14 823	12 807	25 365	19 970
Invested		743		4 224		4 967
Refunded		(167)		-		(167)
Revaluation		-		628		628
Net carrying amount at the period		7 739		17 659		25 398

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 supports 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 2024 (31 December 2023: 2.15%) of the total committed capital the Three Seas Initiative Investment Fund (30 September 2024: EUR 928.1 million, 31 December 2023: EUR 928.1 million). The amount of capital investment paid by the Company to the Three Seas Initiative Investment Fund on 30 September 2024 was EUR 12.4 million (31 December 2023: EUR 16.03 million).

22 Investments in Associates

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

Company or venture capital fund generation	Country of incorporation	Net asset value, VCF		Net asset value, Altum	
		30.09.2024.	31.12.2023	30.09.2024.	31.12.2023
The 2nd generation VCFs	LV	8 516	9 328	5 920	6 534
The 3rd generation VCFs	LV	2 741	5 023	1 495	3 668
The 4th generation VCFs	LV	39 856	35 230	27 540	24 562
AIF "Altum capital fund" *	LV	33 616	33 381	16 442	16 327
Baltic Innovation Fund *	LU	96 955	92 147	19 391	15 501
Total investments in associates		181 684	175 109	70 788	66 592

* Investments in associates are carried at fair value through profit or loss.

(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	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Carrying amount at the beginning of period	34 764	33 525	16 327	16 888	15 501	14 232	66 592	64 645
Invested	5 974	5 837	1 457	110	660	1 056	8 091	7 003
Refunded	(3 791)	(9 847)	(2 237)	(1 073)	(1 088)	-	(7 116)	(10 920)
Revaluation	(1 992)	3 300	895	287	4 318	-	3 221	3 587
Net carrying amount at the period ended at 30 September	34 955	32 815	16 442	16 212	19 391	15 288	70 788	64 315
Invested		2 548		521		325		3 394
Refunded		2 555		(532)		(423)		1 600
Revaluation		(3 154)		126		311		(2 717)
Net carrying amount at the end of the period		34 764		16 327		15 501		66 592

As at 30 September 2024 the total venture capital fund's portfolio value at cost value was EUR 72,004 thousand (31 December 2023: EUR 73,690 thousand).

(3) Venture capital funds management fees in the 9 months of 2024, expenses included:

- Management fees for the 4th generation venture capital funds amounted to EUR 553 thousand (9 months of 2023: EUR 1,311 thousand) which were 100% compensated by public funding (see Note 30 (2));
- Management fees for the AIF "Altum capital fund" amounted to EUR 151 thousand (9 months of 2023: EUR 153 thousand).

23 Investment Properties

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Carrying amount at the beginning of period	68 246	53 453
Acquired during the reporting period *	10 564	8 879
New Exposures after Expiry of Reverse Leases	186	-
Sold during the reporting period	(2 073)	(202)
Revaluation gains	21	6 487
Revaluation losses	-	(371)
Carrying amount at the end of the period	76 944	68 246

* 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.

Real estate (including investment property) owned by Altum is revalued annually in accordance with accounting requirements and on disposal.

The revaluation of Altum's real estate in 2023 was carried out by certified real estate appraisers on the basis of an outsourcing contract resulting from procurement.

24 Other Assets

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Other financial assets	4 168	5 085
Total other assets, gross	4 168	5 085
Impairment allowances for financial assets	(1 001)	(1 163)
	<i>Company's share of provisions</i>	<i>(201)</i>
	<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>(45)</i>
	<i>Provisions covered by risk coverage</i>	<i>(755)</i>
Total other financial assets, net	3 167	3 922

Movement in the net book value of other financial assets in 9 months of 2024, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 023	190	3 872	5 085
Increase (decrease)	(186)	328	(1 059)	(917)
At the end of period	837	518	2 813	4 168
Impairment provision				
At the beginning of period	(1 023)	(116)	(24)	(1 163)
Increase (decrease)	186	4	(28)	162
At the end of period	(837)	(112)	(52)	(1 001)
Net book value at the beginning of period	-	74	3 848	3 922
Net book value as the end of period	-	406	2 761	3 167

Movement in the net book value of other financial assets in 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
Increase (decrease)	(846)	(58)	2 458	1 554
At the end of period	1 023	190	3 872	5 085
Impairment provision				
At the beginning of period	1 869	(151)	(9)	1 709
Increase (decrease)	(2 892)	35	(15)	(2 872)
At the end of period	(1 023)	(116)	(24)	(1 163)
Net book value at the beginning of period	-	97	1 405	1 502
Net book value as the end of period	-	74	3 848	3 922

25 Accrued Income

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Compensation for management expenses of state support programs *	6 673	3 222
Other accrued income	433	640
Total accrued income	7 106	3 862

* Deferred expense and accrued income with remaining maturity from 1 month to 3 months includes accrued income for compensation of expenses for management of state support programmes in the amount of EUR 2,669 thousand, which were generated and recognized in previous periods, and which will be reduced after receiving approval from the providers of support programmes funding.

26 Due to Credit Institutions

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Due to credit institutions registered in OECD countries	22 192	32 038
Total due to credit institutions	22 192	32 038

Balances due to credit institutions registered in the OECD countries include loan received by the Company from the European Investment Bank (EIB) of EUR 22,192 thousand (31 December 2023: EUR 32,038 thousand), of which EUR 178 thousand (31 December 2023: EUR 164 thousand) constitutes accrued interest expenses.

The agreement signed on October 2, 2009, with the EIB for a loan in amount of EUR 100,000 thousand with a repayment date of August 20, 2024, has been fully repaid and the comfort on the loan provided by the Ministry of Finance of the Republic of Latvia has been released.

On July 8, 2020, the Company 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 2024 the principal amount of the loan was EUR 22,014 thousand (31 December 2023: EUR 28,750 thousand), the final repayment date 3 April 2028. On 10 December 2021, the Company 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 final availability date of which is 10 December 2024 (will be prolonged for twelve months) and which had not been started until 30 September 2024. The volume and the pace of disbursement under this agreement depends on further pace of new lending transactions. Both loans are unsecured.

The average interest rate for the balances Due to credit institutions as of 30 September 2024 was 1.30% (31 December 2023: 1.82%).

27 Due to General Governments

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Loans received from Rural Support Service	569	3 311
Loans received from the Treasury	181 168	171 345
Total due to general governments	181 737	174 656

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 of 30 September 2024, the Company liabilities to Rural Support Service consist of the principal amount of EUR 336 thousand (31 December 2023: EUR 3,072 thousand) and accrued interest – EUR 233 thousand (31 December 2023: EUR 240 thousand). The final repayment date is 31 December 2025. The loan from Rural Support Service is unsecured.

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

- Loan programme for acquisition of agricultural land: as of 30 September 2024, the principal amount of the loan EUR 94,250 thousand (31 December 2023: EUR 87,636 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 2024, according to the loan agreement the Company is available the financing in the amount of EUR 5,750 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As of 30 September 2024, the amount of the secured claim was EUR 113,113 thousand (31 December 2023: EUR 105,175 thousand).
- Loan programme for SME development: as of 30 September 2024, the principal amount of the loan EUR 59,508 thousand (31 December 2023: EUR 64,617 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 of 30 September 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 50,492 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As of 30 September 2024, the amount of the secured claim was EUR 71,416 thousand (31 December 2023: EUR 77,547 thousand).

27 Due to General Governments (cont'd)

- Parallel loan programme: as of 30 September 2024, the principal amount of the loan EUR 4,600 thousand (31 December 2023: 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 of 30 September 2024, 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 of 30 September 2024, the amount of the secured claim was EUR 5,524 thousand (31 December 2023: EUR 5,524 thousand).
- Micro Loans Programme for Rural Areas: as of 30 September 2024, the principal amount of the loan EUR 1,386 thousand (31 December 2023: EUR 1,733 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 of 30 September 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 4,614 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 30 September 2024, the amount of the secured claim was EUR 1,664 thousand (31 December 2023: EUR 2,080 thousand).
- Latvian Land Fund (the financing for the Fund's transactions): the loan amount has been used in 2020 and as of 30 September 2024 the principal amount of the loan EUR 6,022 thousand (31 December 2023: EUR 7,085 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 of 30 September 2024, the amount of registered mortgage was EUR 9,261 thousand (31 December 2023: EUR 9,261 thousand).
- Loan programme for reconstruction works of multi-apartment buildings and improvement of their territories: as of 30 September 2024, the principal amount of the loan EUR 8,542 thousand (31 December 2023: EUR 5,654 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 of 30 September 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 21,458 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 30 September 2024, the amount of the secured claim was EUR 10,251 thousand (31 December 2023: EUR 6,786 thousand).
- Working capital loan programme for farmers: as of 30 September 2024, the principal amount of the loan EUR 6,859 thousand (31 December 2023: 0), the final repayment date 30 June 2031. 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 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 18,753 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 30 September 2024, the amount of the secured claim was EUR 8,232 thousand (31 December 2023: 0).

As of 30 September 2024, the accrued interest on the loans received from the Treasury amounts to EUR 21 thousand (31 December 2023: EUR 20 thousand). The average interest rate for the Loans received from the Treasury as of 30 September 2024 was 4.25% (31 December 2023: 4.33%).

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until 30 September 2024:

- 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.
- Latvian Land Fund: after the end of reporting period, a new loan agreement was concluded on November 1, 2024, which will be used to finance the fund's transactions. The amount of the loan agreement is EUR 85,000 thousand, the final repayment date 20 July 2041, to ensure the fulfilment of obligations, a commercial pledge has been registered on the Company's claim rights for the fund's transactions, to be financed by this loan. The loan is available until July 20, 2031 and the pace of its disbursement is subject to set annual threshold. The maximum amount of the secured claim is EUR 102,000 thousand.

28 Liabilities from financial guarantees

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

	30.09.2024.	31.12.2023.
Provisions at the beginning of the period	47 319	45 852
Increase in provisions (Note 15: the sum of <i>impairment losses</i> and <i>impairment losses covered by Portfolio Loss Reserve</i>)	1 349	2 559
Impairment losses covered by Risk Coverage Reserve (Note 15)	9 076	10 097
Decrease in provisions (Note 15: the sum of <i>reversal of impairment</i> and <i>reversal impairment losses covered by Portfolio Loss Reserve</i>)	(2 233)	(4 100)
Reversal of impairment covered by Risk Coverage Reserve (Note 15)	(9 885)	(7 871)
Reclassification (Disbursed guarantee)	(343)	(258)
Compensation for guarantee premium	(547)	-
Fair value component - guarantee premiums	(41)	(188)
Provisions at the end of the period ended 30 September	44 695	46 091
<i>Fair value component - guarantee premiums</i>	3 718	3 846
<i>Company's share of provisions</i>	437	1 598
<i>Provisions covered by Portfolio Loss Reserve</i>	6 653	7 005
<i>Provisions covered by Risk Coverage Reserve</i>	33 887	33 642
Increase in provisions (Note 15: the sum of <i>impairment losses</i> and <i>impairment losses covered by Portfolio Loss Reserve</i>)		1 918
Impairment losses covered by Risk Coverage Reserve (Note 15)		3 956
Decrease in provisions (Note 15: the sum of <i>reversal of impairment</i> and <i>reversal impairment losses covered by Portfolio Loss Reserve</i>)		(1 319)
Reversal of impairment covered by Risk Coverage Reserve (Note 15)		(2 480)
Reclassification (Disbursed guarantee)		(760)
Fair value component - guarantee premiums		(87)
Provisions at the end of the period ended 31 December		47 319
<i>Fair value component - guarantee premiums</i>		3 759
<i>Company's share of provisions</i>		1 649
<i>Provisions covered by Portfolio Loss Reserve</i>		6 907
<i>Provisions covered by Risk Coverage Reserve</i>		35 004

29 Provisions for contingent liabilities

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

	30.09.2024.	31.12.2023.
Provisions for loan commitments	420	319
<i>Company's share of provisions</i>	32	43
<i>Provisions covered by Portfolio Loss Reserve</i>	5	29
<i>Provisions covered by Risk Coverage Reserve</i>	383	247
Provisions for grant commitments	25	25
<i>Company's share of provisions</i>	25	25
Total provisions	445	344
<i>Company's share of provisions</i>	57	68
<i>Provisions covered by Portfolio Loss Reserve</i>	5	29
<i>Provisions covered by Risk Coverage Reserve</i>	383	247

30 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 2024, in thousands of euro:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Loans						
ERDF II	6 273	-	-	-	-	6 273
ESF II	860	-	-	-	-	860
Microcredits of Swiss programme (closed programme)	335	-	-	-	-	335
ERDF I	234	-	-	-	-	234
ESF I	236	-	-	-	-	236
ERDF II (second round)	1 189	5	-	-	-	1 189
ERDF II 2 Public fund	226	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 635	456	-	(47)	(50)	2 538
Fund of Funds programme – Microcredits	291	5	-	(2)	-	289
Fund of Funds programme – Parallel loans	4 012	1 914	-	(116)	(387)	3 509
Energy Efficiency Loans for Multi-apartment Buildings (I)	16 814	15 864	-	(140)	(216)	16 458
Start-up State Aid Cumulation Lending Programme	1 886	1 886	-	(564)	(249)	1 073
Other loans to start-ups	313	4	-	-	-	313
Mezzanine Programme – Loans	3 688	3 520	-	-	(534)	3 154
Guarantees and interest grants programme	4 287	4 287	-	(1 175)	-	3 112
SME energy efficiency loans	3 723	3 723	-	(109)	(1 141)	2 473
SME growth loans	3 000	3 000	-	-	(353)	2 647
ERAF SME growth loans	24 585	1 388	-	-	(746)	23 839
ERAF loans for business sustainability	24 402	5 172	-	-	(1 182)	23 220
Parallel loans	2 000	2 000	-	(43)	(113)	1 844
Parallel loans 2	3 730	1 315	-	-	(502)	3 228
Loans for enterprises in rural territories	7 808	7 808	-	(595)	(122)	7 091
Start-up loans to innovative entrepreneurs	7 923	1 532	-	-	(251)	7 672
Multi-apartment building improvement loans	4 500	4 500	-	(97)	(109)	4 294
Energy Efficiency Loans for Multi-apartment Buildings (II)	9 070	511	-	-	(87)	8 983
Cultural industry support programme **	277	-	-	-	-	277
ELFLA Agricultural and rural development loans	20 289	4 794	-	-	(109)	20 180
Working capital loans to Agriculture	8 544	860	-	-	-	8 544
Co-funding loans for the construction of affordable housing	2 611	-	-	-	-	2 611
RRF energy efficiency loans*	42 700	5 545	7 003	-	-	42 700
RRF digitization loans*	23 612	3 596	6 150	-	-	23 612
RRF Energy Efficiency Loans for Multi-apartment Buildings*	7 265	412	2 070	-	-	7 265
RRF housing construction loans*	12 791	2 235	324	-	-	12 791
Investment Loans with capital rebate *	161 054	10 667	23 141	-	-	161 054
Investment Loans with capital rebate – co-funding loans	21 011	1 464	-	-	-	21 011
Loans for sustainability	1 000	1 000	-	-	(25)	975
PF1 Start-up and Micro ERDF loans	4 793	583	-	-	(271)	4 522
PF1 Productivity growth loans	7 944	1 163	-	-	(116)	7 828
PF1 Business sustainability loans	7 852	1 163	-	-	(146)	7 706
PF1 Innovation loans	9 507	1 412	-	-	-	9 507
Total loans	465 270	93 792	38 688	(2 888)	(6 709)	455 673

30 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 2024, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Guarantees						
Fund of Funds programme – Guarantees	49 239	48 331	-	-	(7 026)	42 213
Energy Efficiency Guarantees for Multi-apartment Buildings	12 066	10 566	-	-	(1 268)	10 798
Housing Guarantee Programme	26 134	26 134	-	(2 472)	(18 081)	5 581
Housing Guarantee Programme for NAF soldiers	512	512	-	(105)	(401)	6
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	-	(2 529)	(759)	5 465
Mezzanine Programme – Guarantees	1 099	1 049	-	-	(196)	903
Portfolio Guarantee Fund	9 619	8 819	-	(1 789)	(3 665)	4 165
Export credit guarantees	5 460	5 461	-	(990)	(639)	3 831
Study and student portfolio guarantees ***	849	-	-	-	-	849
Agricultural Guarantees	1 388	1 388	-	(309)	(996)	83
ELFLA Agricultural and rural development guarantees	1 001	997	-	-	(104)	897
RRM energy car guarantees	1 501	128	113	-	(6)	1 495
RRM Energy efficiency guarantees for multi-apartment buildings *	7 931	397	7 075	-	(264)	7 667
PF1 Individual guarantees for digitalisation and automation	1 495	669	-	-	(12)	1 483
PF1 Guarantees for full-cycle business	7 501	3 346	-	-	(1 185)	6 316
PF1 Portfolio guarantees for full-cycle business	2 990	1 339	-	-	-	2 990
Total guarantees	137 538	117 889	7 188	(8 194)	(34 602)	94 742
Grants						
Energy Efficiency Grants for Multi-apartment Buildings	17	-	-	-	-	17
Housing grant programme "Balsts"	2 248	-	-	-	-	2 248
Grants for energy efficiency improvement of family buildings	1 166	-	-	-	-	1 166
Social Entrepreneurship Programme II	500	-	-	-	-	500
Energy efficiency project grant	428	-	-	-	-	428
Grants for improving energy efficiency of family buildings	776	-	-	-	-	776
PF1 Multi-apartment buildings grants with consecutive grant payments	253	-	-	-	-	253
Total grants	5 285	-	-	-	-	5 285
Venture Capital Funds						
Fund of Funds and venture capital funds	28 886	16 082	-	-	-	28 886
Investment Fund Activity	7 606	6 845	-	-	-	7 606
Baltic Innovation Fund	2 000	600	-	(440)	-	1 560
Baltic Innovation Fund II	2 573	772	-	(452)	-	2 121
PF1 Contingent equity investments (5G)	27 595	10 577	-	-	-	27 595
Total venture capital funds	68 660	34 876	-	(892)	-	67 768
Other Activities						
Energy Efficiency Fund	16	-	-	-	-	16
Total other activities	16	-	-	-	-	16
Funding allocated to increase reserve capital	-	-	-	-	-	-
Total support programme funding	676 769 ****	246 549	45 876	(11 974)	(41 311)	623 484

* Combined financial instrument.

** Combined financial instrument. Risk coverage (Portfolio Loss Reserve) of EUR 810 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 5,610 thousand has been included in the reserve, which is part of the specific reserves attributable to support programs (see Note 32 (2))

**** Support programme funding contains EUR 21,538 thousand allocated for management costs of the Company to be compensated from support programme funding.

30 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 2023, in thousands of euro:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Loans					
ERDF II	8 301	69	-	-	8 301
ESF II	860	-	-	-	860
Microcredits of Swiss programme (closed programme)	565	6	-	(2)	563
ERDF I	234	-	-	-	234
ESF I	236	-	-	-	236
ERDF II (second round)	2 252	24	-	(7)	2 245
Incubators (from ESF II)	82	-	-	-	82
ERDF II 2 Public fund	226	-	-	-	226
Fund of Funds programme – Start-up loans	2 632	891	(47)	(75)	2 510
Fund of Funds programme – Microcredits	291	14	(2)	(1)	288
Fund of Funds programme – Parallel loans	4 012	3 590	(116)	(931)	2 965
Energy Efficiency Loans for Multi-apartment Buildings (I)	19 401	-	(140)	(206)	19 055
Start-up State Aid Cumulation Lending Programme	1 840	1 840	(564)	(272)	1 004
Other loans to start-ups	1 758	19	-	(1)	1 757
Mezzanine Programme – Loans	3 629	3 556	-	(594)	3 035
Guarantees and interest grants programme	4 287	4 287	(1 175)	-	3 112
SME energy efficiency loans	3 723	3 723	(109)	(1 351)	2 263
ERAF SME growth loans	22 000	1 320	-	(509)	21 491
ERAF loans for business sustainability	25 864	5 625	-	(1 125)	24 739
Parallel loans	2 000	2 000	(43)	(200)	1 757
Parallel loans 2	3 553	1 315	-	(538)	3 015
Loans for enterprises in rural territories	7 803	7 803	(595)	(128)	7 080
Start-up loans to innovative entrepreneurs	8 017	1 603	-	(258)	7 759
Multi-apartment building improvement loans	1 000	1 000	(97)	(49)	854
Energy Efficiency Loans for Multi-apartment Buildings (II)	13 939	818	-	(57)	13 882
Cultural industry support programme **	300	-	-	-	300
ELFLA Agricultural and rural development loans	11 975	2 874	-	(84)	11 891
RRF energy efficiency loans*	21 340	15 404	-	-	21 340
RRF digitization loans*	13 573	10 970	-	-	13 573
RRF Energy Efficiency Loans for Multi-apartment Buildings*	17 185	11 170	-	-	17 185
RRF housing construction loans*	12 791	4 652	-	-	12 791
Investment Loans with capital rebate *	127 739	103 266	-	-	127 739
PF1 Start-up and Micro ERDF loans	4 699	583	-	-	4 699
Advance payment 2021-2027 in the Participation Fund No 1 loan segment	15 424	-	-	-	15 424
Total loans	363 531	188 422	(2 888)	(6 388)	354 255

30 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 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 Reserve	Net programme funding
Guarantees					
Fund of Funds programme – Guarantees	48 363	48 363	-	(9 941)	38 422
Energy Efficiency Guarantees for Multi-apartment Buildings	8 227	7 539	-	(1 419)	6 808
Housing Guarantee Programme	26 134	26 134	(2 472)	(18 017)	5 645
Housing Guarantee Programme for NAF soldiers	512	512	(105)	(315)	92
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	(2 529)	(794)	5 430
Mezzanine Programme – Guarantees	1 034	1 014	-	(200)	834
Portfolio Guarantee Fund	9 721	9 145	(1 789)	(3 403)	4 529
Export credit guarantees	5 474	5 168	(990)	(452)	4 032
Study and student portfolio guarantees ***	729	-	-	-	729
Agricultural Guarantees	1 388	1 388	(309)	(938)	141
ELFLA Agricultural and rural development guarantees	2 997	2 997	-	(165)	2 832
RRM energy car guarantees	1 500	1 500	-	-	1 500
PF1 Individual guarantees for digitalisation and automation	1 480	669	-	-	1 480
PF1 Guarantees for full-cycle business	402	182	-	-	402
PF1 Portfolio guarantees for full-cycle business	2 961	1 339	-	-	2 961
Advance payment 2021-2027 in the Participation Fund No 1 guarantee segment	9 961	-	-	-	9 961
Total guarantees	129 636	114 703	(8 194)	(35 644)	85 798
Grants					
Energy Efficiency Grants for Multi-apartment Buildings	65 094	-	-	-	65 094
Housing grant programme "Balsts"	4 828	-	-	-	4 828
Grants for energy efficiency improvement of family buildings	1 450	-	-	-	1 450
Social Entrepreneurship Programme	511	-	-	-	511
Grants for development of energy efficiency project	1 164	-	-	-	1 164
Grants for improving energy efficiency of family buildings	503	-	-	-	503
Grants for Cultural industry support *	108	-	-	-	108
Total grants	73 658	-	-	-	73 658
Venture Capital Funds					
Fund of Funds and venture capital funds	33 597	-	-	-	33 597
Investment Fund Activity	5 982	5 545	-	(46)	5 936
Baltic Innovation Fund	2 000	477	(440)	-	1 560
Baltic Innovation Fund II	1 629	489	(452)	-	1 177
Advance payment 2021-2027 in the Participation fund No 1 venture capital funds segment	15 654	6 013	-	-	15 654
Total venture capital funds	58 862	12 524	(892)	(46)	57 924
Other Activities					
Energy Efficiency Fund	38	-	-	-	38
Regional Creative Industries Alliance	-	-	-	-	-
Total other activities	38	-	-	-	38
Funding allocated to increase reserve capital	8 976	-	-	-	8 976
Total support programme funding	634 701 ****	315 649	(11 974)	(42 078)	580 649

* 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 31 (2))

**** Support programme funding contains EUR 14,336 thousand allocated for management costs of the Company to be compensated from support programme funding.

30 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 2024, in thousands of euro:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants/capital rebate	Compensated income and expense	Change in FV of Venture capital / Capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2023.									30.09.2024.
Loans										
ERDF II	8 301	-	(2 028)	-	-	-	-	-	-	6 273
ESF II	860	-	-	-	-	-	-	-	-	860
Microcredits of Swiss programme (closed programme)	563	-	(225)	-	-	-	-	(5)	2	335
ERDF I	234	-	-	-	-	-	-	-	-	234
ESF I	236	-	-	-	-	-	-	-	-	236
ERDF II (second round)	2 245	-	(1 050)	-	-	-	-	(13)	7	1 189
Incubators (from ESF II)	82	-	(82)	-	-	-	-	-	-	-
ERDF II 2 Public fund	226	-	-	-	-	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 510	-	-	-	-	-	-	3	25	2 538
Fund of Funds programme – Microcredits	288	-	-	-	-	-	-	-	1	289
Fund of Funds programme – Parallel loans	2 965	-	-	-	-	-	-	-	544	3 509
Energy Efficiency Loans for Multi-apartment Buildings (I)	19 055	-	(2 551)	-	(33)	-	-	(3)	(10)	16 458
Start-up State Aid Cumulation Lending Programme	1 004	-	-	-	-	-	-	46	23	1 073
Other loans to start-ups	1 757	-	(1 450)	-	-	-	6	(1)	1	313
Mezzanine Programme – Loans	3 035	-	(58)	-	-	-	117	-	60	3 154
Guarantees and interest grants programme	3 112	-	-	-	-	-	-	-	-	3 112
SME energy efficiency loans	2 263	-	-	-	-	-	-	-	210	2 473
SME growth loans	-	-	3 000	-	-	-	-	-	(353)	2 647
ERDF SME growth loans	21 491	-	1 135	-	-	-	1 450	-	(237)	23 839
ERDF loans for business sustainability	24 739	-	(2 047)	-	(39)	-	624	-	(57)	23 220
Parallel loans	1 757	-	-	-	-	-	-	-	87	1 844
Parallel loans 2	3 015	-	-	-	-	-	177	-	36	3 228
Loans for enterprises in rural territories	7 080	-	-	-	-	-	-	5	6	7 091
Start-up loans to innovative entrepreneurs	7 759	-	(358)	-	-	-	264	-	7	7 672
Multi-apartment building improvement loans	854	-	3 500	-	-	-	-	-	(60)	4 294
Energy Efficiency Loans for Multi-apartment Buildings (II)	13 882	-	(4 597)	-	(532)	-	260	-	(30)	8 983

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 9 months of 2024, 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	Change in FV of Venture capital / Capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2023.									30.09.2024.
Cultural industry support programme *	300	-	108	-	-	-	-	(131)	-	277
ELFLA Agricultural and rural development loans	11 891	6 000	2 000	-	-	-	314	-	(25)	20 180
Working capital loans to agriculture**	-	8 544	-	-	-	-	-	-	-	8 544
Co-funding loans for the construction of affordable housing	-	-	2 611	-	-	-	-	-	-	2 611
RRF energy efficiency loans*	21 340	24 176	-	(2 726)	(189)	(103)	202	-	-	42 700
RRF digitization loans*	13 573	13 543	-	(3 614)	-	(102)	212	-	-	23 612
RRF Energy Efficiency Loans for Multi-apartment Buildings*	17 185	-	(8 885)	(31)	(1 037)	(5)	38	-	-	7 265
RRF housing construction loans*	12 791	-	-	-	-	-	-	-	-	12 791
Investment Loans with capital rebate	127 739	55 000	(21 011)	-	-	(674)	-	-	-	161 054
Investment Loans with capital rebate – co-funding loans	-	-	21 011	-	-	-	-	-	-	21 011
Loans for sustainability	-	-	1 000	-	-	-	-	-	(25)	975
PF1 Start-up and Micro ERDF loans	4 699	-	-	-	-	-	94	-	(271)	4 522
PF1 Productivity growth loans	-	-	7 831	-	-	-	113	-	(116)	7 828
PF1 Business sustainability loans	-	-	7 831	-	-	-	21	-	(146)	7 706
PF1 Innovation loans	-	-	9 507	-	-	-	-	-	-	9 507
Advance payment 2021-2027 in the Participation Fund No 1 loan segment	15 424	9 746	(25 170)	-	-	-	-	-	-	-
Total loans	354 255	117 009	(9 978)	(6 371)	(1 830)	(884)	3 892	(99)	(321)	455 673

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 9 months of 2024, 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	Change in FV of Venture capital / Capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2023.									30.09.2024.
Guarantees										
Fund of Funds programme - Guarantees	38 422	-	-	-	-	-	909	(33)	2 915	42 213
Energy Efficiency Guarantees for Multi-apartment Buildings	6 808	-	3 649	-	(73)	-	263	-	151	10 798
Housing Guarantee Programme	5 645	-	-	-	-	-	-	-	(64)	5 581
Housing Guarantee Programme for NAF soldiers	92	-	-	-	-	-	-	-	(86)	6
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	5 430	-	-	-	-	-	-	-	35	5 465
Mezzanine Programme - Guarantees	834	-	58	-	-	-	7	-	4	903
Portfolio Guarantee Fund	4 529	-	-	-	-	-	-	(102)	(262)	4 165
Export credit guarantees	4 032	-	-	-	-	-	-	(14)	(187)	3 831
Study and student portfolio guarantees	729	-	120	-	-	-	-	-	-	849
Agricultural Guarantees	141	-	-	-	-	-	-	-	(58)	83
ELFLA Agricultural and rural development guarantees	2 832	-	(2 000)	-	-	-	4	-	61	897
RRM energy car guarantees	1 500	-	-	(5)	-	-	6	-	(6)	1 495
RRM Multi-apartment building energy efficiency guarantees	-	-	8 885	-	(954)	-	-	-	(264)	7 667
PF1 Individual guarantees for digitalisation and automation	1 480	-	-	-	-	-	15	-	(12)	1 483
PF1 Guarantees for full-cycle business	402	-	7 000	-	-	-	99	-	(1 185)	6 316
PF1 Portfolio guarantees for full-cycle business	2 961	-	-	-	-	-	29	-	-	2 990
Advance payment 2021-2027 in the Participation Fund No 1 guarantee segment	9 961	7 000	(16 961)	-	-	-	-	-	-	-
Total guarantees	85 798	7 000	751	(5)	(1 027)	-	1 332	(149)	1 042	94 742

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 9 months of 2024, 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	Change in FV of Venture capital / Capital rebate	Programmes' income/profit distribution	Other changes	Changes in provisions covered by Risk Coverage Reserve	Financing, net
	31.12.2023.									30.09.2024.
Grants										
Energy Efficiency Grants for Multi-apartment Buildings	65 094	45	-	(64 545)	(305)	-	-	(272)	-	17
Housing grant programme "Balsts"	4 828	-	-	(2 580)	-	-	-	-	-	2 248
Grants for energy efficiency improvement of family buildings *	1 450	-	224	(194)	(314)	-	-	-	-	1 166
Social Entrepreneurship Programme	511	-	-	(511)	-	-	-	-	-	-
Social Entrepreneurship Programme II	-	574	-	-	(74)	-	-	-	-	500
Energy efficiency grants for enterprises 2 RRM	503	-	-	(75)	-	-	-	-	-	428
Grants for improving energy efficiency of family buildings	1 164	-	-	(316)	(72)	-	-	-	-	776
Grants for Cultural industry support *	108	-	(108)	-	-	-	-	-	-	-
PF1 Multi-apartment Buildings grants with consecutive grant payments	-	381	-	(50)	(181)	-	-	-	-	150
Total grants	73 658	1 000	116	(68 271)	(946)	-	-	(272)	-	5 285
Venture Capital Funds										
Fund of Funds and venture capital funds	33 597	-	(730)	-	(1 485)***	(1 568)	755 ****	(1 683)	-	28 886
Investment Fund Activity	5 936	-	-	-	-	(425)	1 652*****	397	46	7 606
Baltic Innovation Fund	1 560	-	-	-	-	-	-	-	-	1 560
Baltic Innovation Fund II	1 177	-	-	-	-	-	-	944	-	2 121
PF1 Contingent equity investments (5G)	-	-	27 536	-	-	-	59	-	-	27 595
Advance payment 2021-2027 in the Participation fund No 1 venture capital funds segment	15 654	1 921	(17 575)	-	-	-	-	-	-	-
Total venture capital funds	57 924	1 921	9 231	-	(1 485)	(1 993)	2 466	(342)	46	67 768
Other Activities										
Energy Efficiency Fund	38	-	-	-	(22)	-	-	-	-	16
Regional Creative Industries Alliance	-	274	-	(243)	(31)	-	-	-	-	-
Total other activities	38	274	-	(243)	(53)	-	-	-	-	16
Funding allocated to increase reserve capital	8 976	2 925	(120)	-	-	-	-	(11 781)	-	-
Total support programme funding	580 649	130 129	-	(74 890)	(5 341)	(2 877)	7 690	(12 643)	767	623 484

* Combined financial instrument.

** include EUR 5,788 thousand reallocated funding from the special reserve capital (Note 32)

*** include EUR 553 thousand management fees for the 4th generation venture capital funds.

**** include EUR 755 thousand mezzanine interest received in 9 months of 2024.

***** include EUR 792 thousand mezzanine interest received and EUR 860 thousand net profit on investments in 2nd and 3rd generation venture capital funds in 9 months of 2024.

31 Issued Debt Securities

All bonds are listed on the Baltic bond list by Nasdaq Riga.

All amounts in thousands of euro

ISIN	Currency	Number of initially issued securities	Par Value	Date of issuance	Maturity Date	Discount / Coupon Rate	30.09.2024.	31.12.2023.
LV0000802353	EUR	20 000	1 000	17.10.2017	17.10.2024	1.37%	20 251	20 031
LV0000880037	EUR	10 000	1 000	07.03.2018	07.03.2025	1.30%	10 038	10 098
LV0000880037	EUR	15 000	1 000	05.06.2019	07.03.2025	1.30%	15 086	15 224
LV0000880037	EUR	20 000	1 000	15.04.2020	07.03.2025	1.30%	20 075	20 192
LV0000870095	EUR	20 000	1 000	08.10.2021	08.10.2026	0.44%	20 041	19 988
Total issued debt securities at the end of period ended 31 December							85 491	85 533

Proceeds of Green bonds are used to support sustainable projects in Latvia, while providing the Company capacity to diversify the Company's funding sources and contribute to development of the Baltic Bond market.

At the end of reporting period the Company has made 5 bond issues totalling EUR 85 million. The entry in regulated capital markets was made back in October 2017 by issue of Green bonds with tenor of 7 years. EUR 20 million Green Bond was issued under Green Bond Framework 2017 which received a Medium Green shading from CICERO. Revised Green Bond Framework 2021 follows the recommendations outlined in the 2021 edition of the Green Bond Principles by ICMA (International Capital Markets Association) and received CICERO Medium Green in December 2021. The proceeds raised by Green bond issue are eligible for the following segments – Energy efficiency, Renewables, Sustainable transportation and Passive housing. There are no KPI's nor covenants linked to Green bonds issue.

For further details on Green Bond Framework 2017 and 2021 and respective second party opinions issued by CICERO see <https://www.altum.lv/investoriem/obligacijas/programma-17-7-gadu-zalas-obligacijas/par-zalajam-obligacijam/>. For Investor report on Altum Green Bonds see https://www.altum.lv/wp-content/uploads/2024/09/ALTUM_Green-Bonds-Investor-report-30-June-2024-1.pdf

On October 17, 2024, the Green Bonds were redeemed at maturity.

Movements in issued debt securities, in thousands of euro:

	30.09.2024.	31.12.2023.
At the beginning of period	85 533	85 513
Accrued coupon	701	933
Coupon pay-out	(585)	(933)
Discount amortisation	(23)	(30)
Commission amortisation	37	50
Total issued debt securities at the end of period	85 663	85 533

32 Reserves

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

	Specific reserves for support programmes	Other specific reserves-difference recognised in reorganisation reserve	General reserve capital	Total reserves
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	-
Decrease of reserve capital	(27 500)	-	-	(27 500)
2022 profit of the Company	-	-	11 484	11 484
Reserves as of 30 September 2023	109 644	(15 935)	71 094	164 803
Increase of reserve capital	2 156	-	-	2 156
Reallocation of general reserves to specific reserves attributable to support programmes	13 829	-	(13 829)	-
Reserves as of 31 December 2023	125 629	(15 935)	57 265	166 959
Increase of reserve capital	5 610	-	-	5 610
Reduction of reserve capital due to increased funding of Support Programmes	(5 788)	-	-	(5 788)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	2 821	-	(2 821)	-
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	(2 768)	-	2 768	-
2023 profit of the Company	-	-	17 810	17 810
Reserves as of 30 September 2024	125 504	(15 935)	75 022	184 591

32 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	Baltic SME Initial Public Offering Fund	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
Increase of specific reserves	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	-	(1 906)	-	(482)	-	-	-	(1 914)	(537)	(471)	(5 310)
Reserve capital redistribution	-	-	-	-	21 500	12 500	-	(21 500)	(12 500)	-	-
Decrease of reserve capital, directing funds to risk coverage of program Loans with capital discount	-	-	-	-	-	-	-	(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
Increase of specific reserves	2 156	-	-	-	-	-	-	-	-	-	2 156
Reallocation of general reserves to specific reserves attributable to support programmes	-	-	-	-	-	-	13 829	-	-	-	13 829
Specific reserves as of 31 December 2023	21 977	1 402	5 788	4 018	21 500	12 500	13 829	15 551	5 157	23 907	125 629
of which:											
Portfolio Loss Reserve (Specific Reserves)	21 977	1 402	5 788	4 018	21 234	12 500	1 018	15 551	5 157	7 942	96 587

32 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	Baltic SME Initial Public Offering Fund	Working capital loans	Loan holiday guarantees		
Increase of reserve capital	-	5 610	-	-	-	-	-	-	-	-	5 610
Reduction of reserve capital due to increased funding of Support Programmes	-	-	(5 788)	-	-	-	-	-	-	-	(5 788)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	-	-	-	-	-	-	717	2 030	73	2 820
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	(1 402)	-	(718)	(647)	-	-	-	-	-	(2 767)
Specific reserves as of 30 September 2024	21 977	5 610	-	3 300	20 853	12 500	13 829	16 268	7 187	23 980	125 504
of which:											
Portfolio Loss Reserve (Specific Reserves)	21 977	5 610	-	3 300	20 587	12 500	1 018	16 268	7 187	8 015	96 462

The item Reserve capital for non-Covid-19 programs includes an increase in the special reserve capital in 2024 for Portfolio Guarantees for Studies and Students for the total amount of EUR 5,610 thousand in accordance with the decision of the Extraordinary Shareholders' Meeting of 28 June 2024, which has been taken on the basis of the Cabinet Regulation No.231 of 21 April 2020 Regulations regarding Loans for Studies and Students for Studying in Latvia from the Resources of Credit Institutions Guaranteed by the State Budget's Resources, and the Agreement of 10 August 2020 (with amendments of 14 December 2023) concluded with the Ministry of Education and Science regarding funding, implementation, co-operation, monitoring and information exchange of the Guarantee Program for Studies and Student Loans.

Item Reserve capital for non-Covid-19 programs includes reduction of the special reserve capital for the program Guarantees for Agriculture, Fisheries and Rural Development for the total amount of EUR 5,788 thousand that increases the financing of support programs in accordance with the decision of the Extraordinary Shareholders' Meeting of 29 April 2024, which was taken on the basis of the Cabinet Order No.737 of 8 November 2023 On Use of the Funding Granted to the Joint Stock Company Development Financial institution Altum (Minutes No.56 § 22) and the agreement of 18 December 2023 concluded with the Ministry of Agriculture On Granting of Loans for Funding of Working Capital in the Agriculture, Forestry, Fisheries and Aquaculture Sectors.

32 Reserves (cont'd)

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

The reallocation of the funds resulting from the reduction in the specific capital reserve will be redirected to the financing of the Working capital loans to Agriculture. 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 5,788 thousand for the financing of the Working capital loans to Agriculture 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 result in a corresponding reduction of the Portfolio loss reserve by EUR 5,788 thousand. The Risk coverage reserve in liabilities increase by EUR 860 thousand, considering estimated expected credit losses.

On the basis of the Cabinet Regulation No.626 of 31 October 2023 "On the recognition as null and void of Cabinet Regulation No.377 of 21 June 2022, *Regulations regarding the Guarantee Programme for the reduction of the economic consequences of Russian military aggression against Ukraine*", it is intended to reduce the reserve capital in the Guarantee Programme for the reduction of the consequences of the war in Ukraine by increasing the financing of support programmes for the Investment loans Programme with capital discount by EUR 12,500 thousand.

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 12,500 thousand 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 12,500 thousand. The Risk coverage reserve in liabilities will increase, considering estimated expected credit losses.

On the basis of Cabinet Regulation No.95 of 20 February 2018, "*Regulations regarding State aid for the purchase or construction of residential space*", in the 4th quarter of 2024, following a shareholders' resolution it is intended to increase the reserve capital in the housing Guarantee Programme by EUR 1,743 thousand.

On the basis of the agreement of 27 September 2024 No.2 with the Ministry of Defence on a contract to transfer funding to the programme for State aid to soldiers of the national Armed Forces for the purchase of residential space, in the 4th quarter of 2024, following a shareholders' resolution it is planned to increase reserve capital in the housing Guarantee Programme by EUR 32 thousand.

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

32 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	Baltic SME Initial Public Offering Fund	Working capital loans	Loan holiday guarantees		
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:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2022 annual report</i>	-	(1 906)	-	(482)	-	-	-	(1 914)	(473)	(471)	(5 246)
Increase of specific reserves	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	-	(1 906)	-	(482)	-	-	-	(1 914)	(537)	(471)	(5 310)
Decrease of reserve capital, directing funds to risk coverage of program Loans with capital discount	-	-	-	-	-	-	-	(17 500)	(10 000)	-	(27 500)
Reserve capital redistribution	-	-	-	-	21 234	12 500	-	(5 737)	(12 500)	-	15 497
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:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2023 annual report</i>	(87)	(767)	-	(699)	(825)	-	-	707	2 016	(596)	(251)

32 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	Baltic SME Initial Public Offering Fund	Working capital loans			Loan holiday guarantees
Increase of reserve capital	2 156	-	-	-	-	-	-	-	-	-	2 156
Reallocation of general reserves to specific reserves to be allocated to support programmes	-	-	-	-	-	-	1 018	-	-	-	1 018
Portfolio Loss Reserve as of 31 December 2023	21 977	1 402	5 788	4 018	21 234	12 500	1 018	15 551	5 157	7 942	96 587
of which:											
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2023 annual report	-	(1 402)	-	(718)	(647)	-	-	717	2 030	73	53
Increase of reserve capital	-	5 610	-	-	-	-	-	-	-	-	5 610
Reduction of reserve capital due to increased funding of Support Programmes	-	-	(5 788)	-	-	-	-	-	-	-	(5 788)
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	-	-	-	-	-	-	717	2 030	73	2 820
Reduction of Specific Reserves from General reserve capital at distribution of the profit for year 2023	-	(1 402)	-	(718)	(647)	-	-	-	-	-	(2 767)
Portfolio Loss Reserve as of 30 September 2024	21 977	5 610	-	3 300	20 587	12 500	1 018	16 268	7 187	8 015	96 462
of which:											
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2024 annual report	(45)	(842)	-	171	97	-	-	935	1 115	(151)	1 280

33 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	30.09.2024.	31.12.2023.
Contingent liabilities:		
Outstanding guarantees	501 345	480 025
Financial commitments:		
Loan commitments	163 956	88 846
Commitments to AIF "Altum capital fund" *	29 122	30 578
Commitments to investments in associates **	21 637	32 555
Commitments to other investments	22 713	21 123
Grant commitments	1 544	1 575
Total contingent liabilities and financial commitments	740 317	654 702

* Considering the investments made by AIF Altum capital fund as of 30 September 2024 (EUR 19.8 million), as well as scheduled contributions to cover management fee EUR 0.6 million, the position "Commitments to AIF Altum capital fund" could decrease by EUR 27.1 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 1.7 million.

Impairment allowances for loan commitments, in thousands of euro:

	30.09.2024.	31.12.2023.
Unutilised loan facilities	163 956	88 846
Impairment allowances	(420)	(319)
Total unutilized loan facilities, net	163 536	88 527

Impairment allowances for grant commitments, in thousands of euro:

	30.09.2024.	31.12.2023.
Grant commitments	1 544	1 575
Impairment allowances	(25)	(25)
Total grant commitments, net	1 519	1 550

Analysis of the guarantee portfolio by client segments as at 30 September 2024, 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	12 332	(1 083)	344	(17)	-	-	12 676	(1 100)
SME and Midcaps	160 835	(9 133)	13 394	(1 944)	6 421	(2 767)	180 650	(13 844)
Private individuals	305 377	(25 057)	2 010	(269)	632	(574)	308 019	(25 900)
Total segments, gross	478 544	(35 273)	15 748	(2 230)	7 053	(3 341)	501 345	(40 844)
Impairment overlay for interest rate decrease	-	(133)	-	-	-	-	-	(133)
Total segments, net	478 544	(35 406)	15 748	(2 230)	7 053	(3 341)	501 345	(40 977)

33 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 2024, 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	297 886 *	-	19	1 117	52 933	149 390	501 345
Financial commitments							
Loan commitments	163 956	-	-	-	-	-	163 956
Commitments to AIF "Altum capital fund"***	8	506	28 361	51	196	-	29 122
Commitments to investments in associates***	1 549	4 792	4 646	5 156	5 494	-	21 637
Commitments to other investments	292	584	876	1 753	9 276	9 932	22 713
Total financial commitments	165 805	5 882	33 883	6 960	14 966	9 932	237 428
Grant commitments	1 544	-	-	-	-	-	1 544
Total contingent liabilities and financial commitments	465 235	5 882	33 902	8 077	67 899	159 322	740 317

* 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 30 September 2024 (EUR 19.8 million) as well as scheduled contributions to cover management fee EUR 0.6 million, the position "Commitments to AIF Altum capital fund" could decrease by EUR 27.1 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 1.7 million.

Breakdown of off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 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	293 468 *	-	-	3	45 121	141 433	480 025
Financial commitments							
Loan commitments	88 846	-	-	-	-	-	88 846
Commitments to AIF "Altum capital fund"***	279	557	836	1 671	27 235	-	30 578
Commitments to investments in associates***	2 235	10 139	6 706	6 582	6 723	170	32 555
Commitments to other investments	333	665	998	1 996	10 250	6 881	21 123
Total financial commitments	93 268	11 361	8 540	10 249	44 208	7 051	174 677
Grant commitments	1 575	-	-	-	-	-	1 575
Total contingent liabilities and financial commitments	386 736	11 361	8 540	10 252	89 329	148 484	654 702

* 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.

34 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 shareholders	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Investments in venture capital funds	-	-	54 347	47 680	-	-
Investments in AIF "Altum capital fund"	-	-	16 442	17 701	-	-
Due to general governments	-	-	-	-	569	3 318
Support programme funding	515 986	228 737	-	-	107 497	86 327
Off-balance sheet financial liabilities for venture capital funds	-	-	21 637	44 130	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	29 122	31 209	-	-

Transactions with related parties, in thousands of euro:

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	18 532	1 281	(11 450)	-
Ministry of Agriculture of the Republic of Latvia	-	-	-	-
Ministry of Economics of the Republic of Latvia	92 719	67 773	-	(1 792)
Associates				
Venture capital funds	8 094	3 719	(7 119)	(520)
Other companies owned by the shareholders				
Rural Support Service	6 000	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	19 093	26 515	(2 008)	-
Ministry of Education and Science of the Republic of Latvia	2 925	-	-	-
Ministry of Culture of the Republic of Latvia	-	-	(132)	-
Ministry of Wealth Fair of the Republic of Latvia	500	242	-	(500)

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 9 months of 2024 amounted to EUR 584 thousand (9 months of 2023: EUR 574 thousand), including social insurance tax.

	01.01.2024.- 30.09.2024.	01.01.2023.- 30.09.2023.
Remuneration to the Supervisory Council and the Management Board	473	465
<i>to the Supervisory Council</i>	69	69
<i>to the Management Board</i>	368	362
<i>to the Audit Committee</i>	36	34
Social insurance tax	111	109
Total	584	574

35 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:

	Total carrying amount		Total fair value incl.		Level 2		Level 3	
	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.	30.09.2024.	31.12.2023.
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	164 762	9 743	164 762	9 743	164 762	9 743	-	-
Other investments	25 365	25 398	25 365	25 398	-	-	25 365	25 398
Investments in associates	70 788	66 592	70 788	66 592	-	-	70 788	66 592
Investment properties	76 944	68 246	76 944	68 246	-	-	76 944	68 246
Loans with capital rebate	51 641	13 088	51 641	13 088	-	-	51 641	13 088
Assets with fair values disclosed								
Due from credit institutions and the Treasury	566 800	702 788	566 343	702 765	566 343	702 765	-	-
Financial assets at amortised cost:								
Investment securities	34	38	34	38	-	-	34	38
Loans	415 701	349 360	387 758	335 975	-	-	387 758	335 975
Other financial assets	3 167	3 922	3 167	3 922	-	-	3 167	3 922
Total assets	1 375 202	1 239 175	1 346 802	1 225 767	731 105	712 508	615 697	513 259
Liabilities measured at fair value								
Support programme funding	623 483	580 649	623 483	580 649	-	-	623 483	580 649
Liabilities with fair value disclosed								
Due to credit institutions	22 192	32 038	22 192	32 038	-	-	22 192	32 038
Due to general governments	181 737	174 656	172 741	174 656	-	-	172 741	174 656
Liabilities from financial guarantees	44 695	47 319	44 695	47 319	-	-	44 695	47 319
Financial liabilities at amortised cost - Issued debt securities	85 663	85 533	82 677	82 127	-	-	82 677	82 127
Total liabilities	957 770	920 195	945 788	916 789	-	-	945 788	916 789

Loans with capital rebate

The fair value of loans with capital rebate is determined separately for (a) the planned capital rebate and (b) the component of the loan for which no capital rebate will be applied. The fair value is determined based on a discounted cash flow method using inputs that are primarily unobservable in an active market, which are based on the Company's assumptions and estimates and are regularly reviewed and adjusted based on the most recent information available.

The maximum amount of the capital rebate is determined at the time the loan is granted, but the actual amount of the capital rebate will depend on the performance of the financed project in the post-monitoring phase, taking into account the degree of achievement of the project's stated objectives, so the fair value calculation estimates the expected amount of the capital rebate based on assumptions about the timing and probability of the capital rebate being applied, allowing for the possibility that not all borrowers will achieve the stated project objectives to qualify for the capital rebate. The probability of the capital allowance being applied is determined by assessing the likelihood of each major project financed achieving its stated objectives or by using historical data on the amount of capital rebate applied. The expected amount of the capital rebate is discounted at a risk-free interest rate determined using the yield curve for AAA-rated euro area government bonds published by the European Central Bank.

The fair value measurement of the component of the loan to which the capital rebate will not be applied is based on assumptions about the expected future cash flows of the loan until maturity. The cash flows include the expected repayments of principal, reduced by the expected capital rebate at the date of application of the capital rebate, as well as interest payments and related costs (e.g. applicable administrative costs). To determine the fair value of future cash flows, the cash flows are reduced by the expected loss given default of the borrower's probability of default (PD) and loss given default (LGD) measures and discounted by the WACC (Weighted Average Cost of Capital). The WACC is determined using publicly available data (Aswath Damodaran database) on the average cost of capital in the banking sector.

35 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.

35 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.

36 Segment Information

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

- Loan,
- Guarantee,
- Venture capital fund,
- Grant,
- Land Fund,
- 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.

36 Segment Information (cont'd)

Analysis of the operating segments for the period from 1 January 2024 till 30 September 2024, in thousands of euro:

	Loans *	Guarantees*	Venture capital funds	Grants	Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate (Note 4)	19 264	2 044	110	-	2 177	-	91	23 686
of which from loans:	17 501	-	-	-	2 177	-	-	19 678
of which path-through arrangement from loans	3 465	-	-	-	-	-	-	3 465
of which from deposits	-	-	-	-	-	-	-	-
Other interest and similar income (Note5):	1 828	3 841	62	-	78	-	3	5 812
of which from loans:	1 525	-	-	-	40	-	-	1 565
of which path-through arrangement from loans	421	-	-	-	-	-	-	421
of which from guarantees:	-	2 788	-	-	-	-	-	2 788
of which path-through arrangement from guarantees	-	641	-	-	-	-	-	641
of which from investment securities:	-	-	-	-	-	-	-	-
of which path-through arrangement from investment securities	-	690	59	-	-	-	-	749
Interest expense (Note 6):	(10 659)	(1 395)	(85)	-	(666)	-	(21)	(12 826)
of which path-through arrangement	(3 886)	(1 331)	(59)	-	-	-	-	(5 276)
Income for implementation of state aid programmes	2 954	1 153	949	791	-	-	119	5 966
Expenses to be compensated for implementation of state aid programmes	(2 901)	(885)	(902)	(476)	-	-	(119)	(5 283)
Gains from debt securities and foreign exchange translation	(1)	1	-	-	-	-	(1)	(1)
Share of profit/(losses) of investment in associates	-	-	6 367	-	-	-	-	6 367
Gains less losses from liabilities at fair value through profit or loss	-	-	(414)	-	-	-	-	(414)
Net gain on loans at fair value through profit or loss:	1 611	-	-	-	-	-	-	1 611
of which path-through arrangement from loans at fair value	893	-	-	-	-	-	-	893
Other income	-	-	-	1	2 014	151	49	2 215
Other expense	(160)	(54)	(9)	(16)	(376)	(151)	(7)	(773)
Staff costs	(2 159)	(658)	(194)	(520)	(235)	-	(406)	(4 172)
Administrative expense	(383)	(162)	(22)	(138)	(66)	-	(44)	(815)
Amortisation of intangible assets and depreciation of property, plant and equipment	(274)	(106)	(44)	(67)	(26)	-	(23)	(540)
Allowance for expected credit-losses, net	2 844	1 330	31	907	(1)	-	47	5 158
Profit or (loss) from assets held for sale revaluation	656	-	-	-	-	-	-	656
Total segment profit/(loss)	12 620	5 109	5 849	482	2 899	-	(312)	26 647
Financial assets at fair value through profit or loss	-	-	70 788	-	-	-	-	70 788
Other investments	-	-	25 365	-	-	-	-	25 365
Additions of property and equipment, intangible assets and investment property	272	83	25	51	10 580	-	30	11 041
Total segment assets	858 676	183 325	204 418	7 152	116 084	-	21 569	1 391 224
Total segment liabilities	676 442	117 457	10 170	7 234	97 167	-	58 647	967 117
Total off-balance	163 956	501 345	73 472	1 544	-	-	-	740 317
Assets under management (AUM)	-	-	-	-	-	33 597	-	33 597

* 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.

36 Segment Information (cont'd)

Analysis of the operating segments for the period from 1 January 2023 till 30 September 2023, in thousands of euro:

	Loans*	Guarantees*	Venture capital funds	Grants	Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate (Note 4):	15 523	-	-	-	1 401	-	-	16 924
of which from loans:	15 760	-	-	-	1 401	-	-	17 161
of which path-through arrangement from loans	1 937	-	-	-	-	-	-	1 937
of which from deposits	1 164	-	-	-	-	-	-	1 164
Other interest and similar income (Note5):	1 415	3 255	21	1	6	-	2	4 700
of which from loans:	1 298	-	-	-	-	-	1	1 299
of which path-through arrangement from loans	296	-	-	-	-	-	-	296
of which from guarantees:	-	3 255	-	-	-	-	-	3 255
of which path-through arrangement from guarantees	-	895	-	-	-	-	-	895
of which from investment securities:	117	-	21	1	6	-	1	146
of which path-through arrangement from investment securities	38	-	-	-	-	-	-	38
Interest expense (Note 6):	(7 248)	(949)	(4)	(529)	-	-	-	(8 730)
of which path-through arrangement	(2 271)	(895)	-	-	-	-	-	(3 166)
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)
Gains from debt securities and foreign exchange translation	1	-	-	-	-	-	-	1
Share of profit/(losses) of investment in associates	-	-	2 189	-	-	-	-	2 189
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)
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)
Allowance for expected credit-losses, net	53	1 620	-	-	1	-	-	1 674
Profit or (loss) from assets held for sale revaluation	412	-	-	-	-	-	-	412
Total segment profit/(loss)	4 719	3 181	610	(190)	2 425	-	(105)	10 640
Financial assets at fair value through profit or loss	-	-	49 027	-	-	-	-	49 027
Other investments	-	-	15 268	-	-	-	-	15 268
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

37 Events after the reporting date

There are no events outside the normal course of business since the last day of the reporting year, which would have a significant effect on the financial position of the Company.

OTHER NOTES TO Unaudited interim condensed report

Key financial and performance indicators

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Definitions of indicators

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OTHER NOTES TO THE INTERIM CONDENSED REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2024 9M	2024 6M	2024 3M
Key financial data			
Net interest income (EUR '000)	16 672	10 651	5 069
Profit for the period (EUR '000)	26 647	12 808	5 808
Cost to income ratio (CIR)	20.97%	32.58%	34.67%
Employees	258	258	257
Total assets (EUR '000)	1 391 224	1 310 745	1 343 756
Financial debt (EUR '000)	707 837	493 751	599 285
Tangible common equity (TCE) / Tangible managed assets (TMA) *	23.1%	23.4%	23.6%
Equity and reserves (EUR '000)	424 107	407 543	401 150
Total risk coverage: (EUR '000)	302 980	454 686	387 572
Risk coverage reserve	246 549	399 020	333 363
Risk coverage reserve used for provisions	(41 311)	(41 006)	(42 994)
Portfolio loss reserve (specific reserve capital)	96 462	96 462	96 587
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 280	210	616
Liquidity ratio for 180 days **	248%	285%	382%
Net Cash flows from operating activities (EUR '000)	19 199	(13 135)	7 374
Net Cash flows from financing activities (EUR '000)	2 805	2 805	-
Net Cash flow from investing activities (EUR '000)	(170 986)	(163 300)	(64 914)
Support instruments gross value (EUR '000), of which	1 165 444	1 123 052	1 141 335
Grants	3 150	3 048	67 131
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	450 420	415 639	384 240
Guarantees	501 345	496 237	482 478
Venture capital funds	94 054	92 163	97 402
Land Fund, of which:	116 475	115 965	110 084
- sales and leaseback transactions	39 531	39 521	35 022
- investment properties	76 944	76 444	75 062
Total	1 162 294	1 120 004	1 074 204
Number of transactions	37 740	36 814	36 616
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	154 995	99 687	47 451
Guarantees	102 058	61 920	29 180
Venture capital funds	11 890	6 921	3 347
Land Fund, of which:	25 272	22 413	14 933
- sales and leaseback transactions	15 546	13 312	7 386
- investment properties	9 726	9 101	7 547
Total	294 215	190 941	94 911
Number of transactions	4 791	3 504	2 040
Leverage for raised private funding	233%	219%	213%
Volume of support programmes funding per employee (EUR '000)	4 505	4 341	4 180
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

	2023	2022	2021	2020	2019	2018
Key financial data						
Net interest income (EUR '000) *	17 765	16 974	16 717	14 572	11 569	11 302
Operating profit (EUR '000)	17 810	11 484	13 829	5 539	8 131	4 092
Profit for the period (EUR '000)	17 810	11 484	13 829	5 539	8 131	4 092
Cos to income ratio (CIR) **	26.34%	38.26%	39.46%	47.51%	52.58%	74.84%
Employees	255	234	226	211	203	222
Total assets (EUR '000)	1 316 086	1 099 588	976 204	850 704	560 061	495 939
Financial debt (EUR '000)	599 305	458 382	360 909	342 490	217 943	177 249
Tangible common equity (TCE) / Tangible managed assets (TMA) ***	23.4%	27.01%	33.82%	33.56%	29.40%	31.70%
Equity and reserves (EUR '000)	389 353	395 983	440 736	382 594	232 738	221 590
Total risk coverage: (EUR '000)	370 211	297 218	285 954	180 205	87 456	77 815
Risk coverage reserve	315 649 ****	230 524	159 196	112 567	99 778	85 276
Risk coverage reserve used for provisions	(42 078)	(38 039)	(29 496)	(28 197)	(27 829)	(19 268)
Portfolio loss reserve (specific reserve capital)	96 587	109 979	159 700	102 264	15 507	11 807
Portfolio loss reserve used to compensate provisions upon approval of the annual report	53	(5 246)	(3 446)	(6 429)	-	-
Liquidity ratio for 180 days *****	430%	366%	518%	464%	582%	227%
Net Cash flows from operating activities (EUR '000)	35 724	89 534	49 555	21 966	39 813	7 997
Net Cash flows from financing activities (EUR '000)	9 009	3 526	43 768	165 800	18 700	12 013
Net Cash flow from investing activities (EUR '000)	(18 467)	(8 437)	4 553	(4 016)	(11 230)	8 307
Support instruments gross value (EUR '000), of which	1 101 797	1 064 821	979 130	872 302	667 649	553 628
Grants	68 132	58 280	45 397	31 107	17 186	22 561
Financial instruments gross value (EUR '000) ***						
Loans (excluding sales and leaseback transactions)	359 246	311 844	315 674	302 481	225 144	210 208
Guarantees	480 025	481 013	414 978	359 605	284 232	236 895
Venture capital funds	97 456	90 277	85 973	73 165	68 331	59 698
Land Fund, of which:	96 938	80 542	79 163	68 258	39 634	21 717
- sales and leaseback transactions	28 692	27 089	32 999	31 500	15 268	6 923
- investment properties	68 246	53 453	46 164	36 758	24 366	14 794
Total	1 033 665	963 676	895 788	803 509	617 341	528 518
Number of transactions	35 260	33 976	30 978	26 578	22 437	18 603
Volumes issued (EUR '000) (by financial instrument) *****						
Loans (excluding sales and leaseback transactions)	141 993	95 820	100 966	138 238	64 320	59 608
Guarantees	99 440	153 067	126 997	137 425	98 240	88 765
Venture capital funds	23 920	18 526	29 158	14 014	9 022	4 149
Land Fund, of which	17 676	7 414	10 595	28 191	16 384	10 823
- sales and leaseback transactions	7 916	3 105	3 254	16 796	7 239	6 835
- investment properties	9 760	4 309	7 341	11 395	9 145	3 988
Total	283 029	274 827	267 716	317 868	187 966	163 345
Number of transactions	4 846	6 539	6 579	6 147	5 559	5 590
Leverage for raised private funding	229%	123%	177%	114%	142%	162%
Volume of support programmes funding per employee (EUR '000)	4 054	4 118	3 964	3 808	3 041	2 381
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1

* 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.

**** Risk Coverage Reserve in the 9 months of 2023 and the 12 months of 2023 also includes the capital rebate for large investment loans with a capital rebate, without the capital rebate, Risk Coverage Reserve in the 9 months of 2023 and the 12 months of 2023 amounts to EUR 217,385 thousand and EUR 226,793 thousand respectively.

***** 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 interest income</i>	<p>"Net interest income" 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 "Net 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 "Allowance for expected credit losses" 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 allowance for expected credit losses 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 financial assets measured at fair value through Other Comprehensive Income.</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" and "Other assets".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from Altum Financial statements: Statement of Financial Position and 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, Assets and Liabilities 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 support 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 credit losses are estimated before implementation of the respective support programme and part of the public funding received under respective support programme for coverage of expected credit losses 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 allowance for expected credit losses 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 - 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 months with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage Altum's liquidity risk in line with Altum funding management objectives and risk framework. Risk, Assets and Liabilities Management Committee of Altum monitors its level on a quarterly basis.</p>
<i>Support instruments gross value</i>	<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>
<i>Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period</i>	<p>"Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period" is calculated by adding the financing provided by the private co-financier and the project promoter to the volumes issued by Altum.</p>
<i>Leverage for raised private funding</i>	<p>"Leverage for raised private funding" indicates the amount of additional private funding 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>
<i>Employees</i>	<p>Average number of full time employees in the report period excluding members of the Supervisory Board and the Audit Committee.</p>
<i>Volume of support programmes funding per employee</i>	<p>"Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by "Employees".</p>
<i>Venture capital</i>	<p>The Venture Capital Funds presented at their gross value.</p>