

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the twelve months ended 31 December 2024

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Altum

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

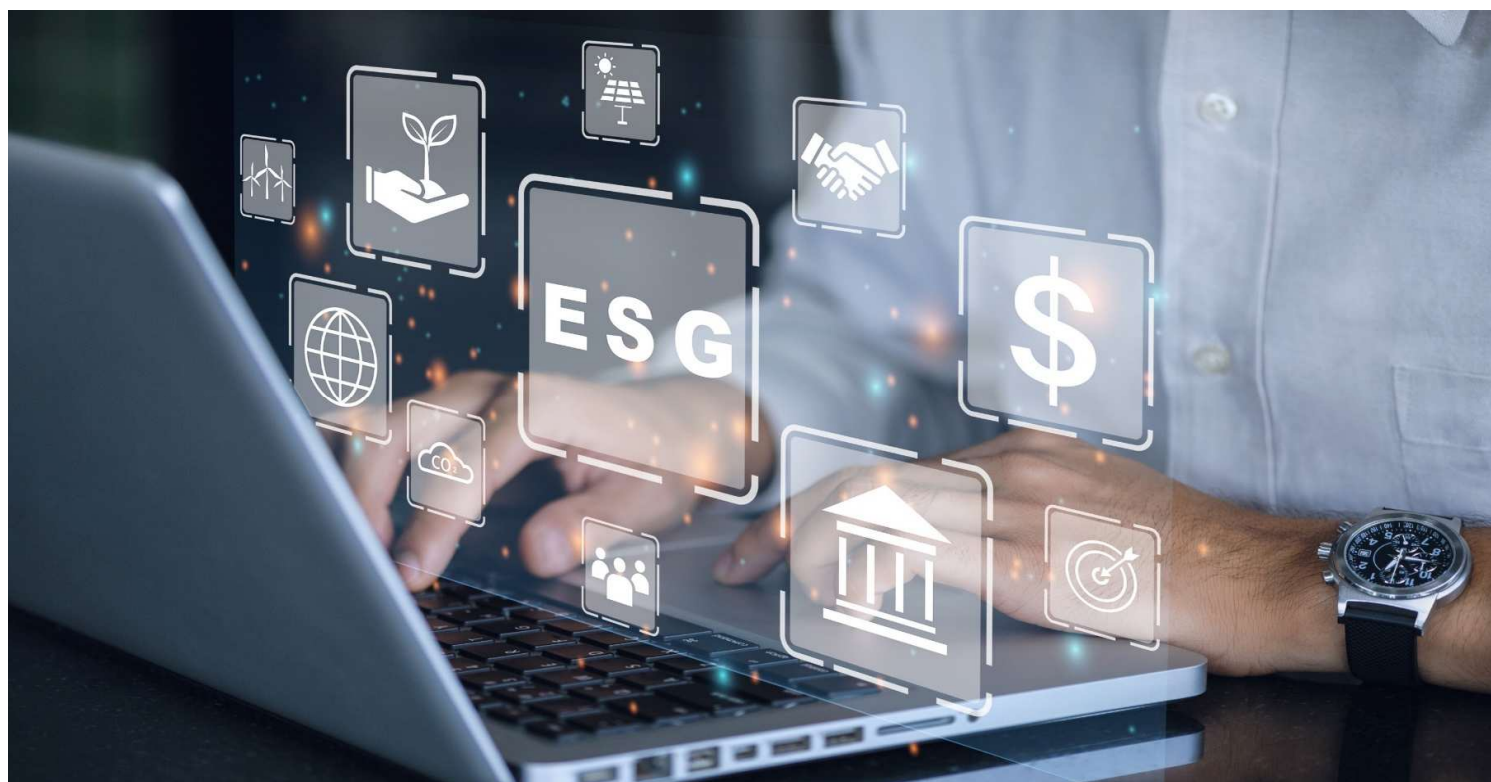
VALUES Excellence / Team / Responsibility

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 2025-2027

In accordance with the strategy of JSC Development Finance Institution Altum for the period 2025–2027, currently in the final approval stage, the following strategic development directions and most significant long-term objectives have been set:

- The main financial objective in the implementation of the state aid programs 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, embracing solutions for climate change mitigation including implementation of energy efficiency programmes in both the residential building and corporate segment, promoting the availability of housing and lending in the regions, launching new projects, and developing the range of financial instruments in areas such as innovation, research and development, the promotion of productivity and digitalization, as well as the development of the Latvian Land Fund.
- Altum's priority areas include the issuance and servicing of guarantees and loans focusing on increase of Altum's role in direct lending during the strategy period through the offered financial instruments.
- Among ALTUM's priority areas are venture capital instruments, during the strategy period increasing the role of venture capital instruments in business financing by actively introducing 5th generation venture capital funds and the Baltic Capital Markets Acceleration Fund.
- In order to enhance and develop the service of financial instruments and customers, and to ensure the highest service standards, modernization and efficiency improvements of IT systems have been initiated.



Management Report

Activity during the reporting period

In the 12 months of 2024, the Development Finance Institution Altum (hereinafter – the Company) has ensured stable financial results and earned a profit of EUR 33.3 million.

Key financial and performance indicators

Based on data from audited financial statements for the respective years

	2024 12M (unaudited)	2023 12M (audited)
Key financial data		
Net interest income (EUR '000)	23 026	17 765
Operating profit (EUR '000)	33 258	17 810
Profit for the period (EUR '000)	33 258	17 810
Cost to income ratio (CIR)	20.29%	26.34%
Employees	254	255
Total assets (EUR '000)	1 511 445	1 316 086
Financial debt (EUR '000)	816 475	599 305
Tangible common equity (TCE) / Tangible managed assets (TMA) *	21.2%	23.4%
Equity and reserves (EUR '000)	420 650	389 353
Return on average equity (ROE)	8.2%	4.5%
Total risk coverage: (EUR '000)	299 888	281 355 **
Risk coverage reserve	259 356	226 793 **
Risk coverage reserve used for provisions	(46 585)	(42 078)
Portfolio loss reserve (specific reserve capital)	85 736	96 587
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 381	53
Liquidity ratio for 180 days ***	325%	430%
Net Cash flows from operating activities (EUR '000) ****	135 234	35 724
Net Cash flows from financing activities (EUR '000)	4 579	9 009
Net Cash flows from investing activities (EUR '000) ****	(249 994)	(18 467)
Support instruments gross value (EUR '000), of which	1 235 546	1 101 797
Grants	3 128	68 132
Financial instruments gross value (EUR '000) *****		
Loans (excluding sales and leaseback transactions)	475 768	359 246
Guarantees	523 538	480 025
Venture capital funds	97 999	97 456
Latvian Land Fund, of which:	135 113	96 938
- sales and leaseback transactions	42 137	28 692
- investment properties	92 976	68 246
Total	1 232 418	1 033 665
Number of transactions	38 730	35 260
Volumes issued (EUR '000) (by financial instrument) *****		
Loans (excluding sales and leaseback transactions)	221 741	141 993
Guarantees	142 902	99 440
Venture capital funds	15 745	23 920
Latvian Land Fund, of which:	40 506	17 676
- sales and leaseback transactions	19 692	7 916
- investment properties	20 814	9 760
Total	420 894	283 029
Number of transactions	6 710	4 846
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	978 319	946 008
Leverage for raised private funding	129%	229%
Volume of support programmes funding per employee (EUR '000)	4 852	4 054
Long-term rating assigned by Moody's Ratings	Baa1	Baa1

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

Management Report (cont'd)

Key financial and performance indicators (cont'd)

** As of Q3 2024 Risk Coverage Reserve excludes the public funding for full coverage of potential capital rebate component. Thus 1) restated comparatives for Risk Coverage Reserve as at 31 December 2023 are EUR 226 793 thousand instead of EUR 315 649 thousand and 2) restated comparatives for Total Risk Coverage as at 31 December 2023 are EUR 281 355 thousand instead of EUR 370 211 thousand.

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

**** As of Q2 2024 Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. Thus restated comparatives for Net cash flows from operating activities as at 31 December 2023 should be EUR 138 724 thousand instead of EUR 35 724 thousand and restated comparatives for Net cash flows from investing activities as at 31 December 2023 should be EUR (121 467) thousand instead of EUR (18 467) thousand.

***** Taking into account the significance of the volume, Latvian 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 Latvian Land Fund portfolio.

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

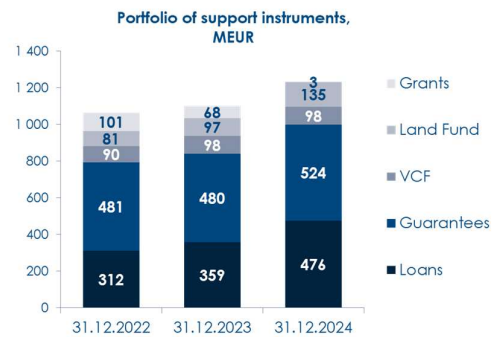
Management Report (cont'd)

Operational volumes

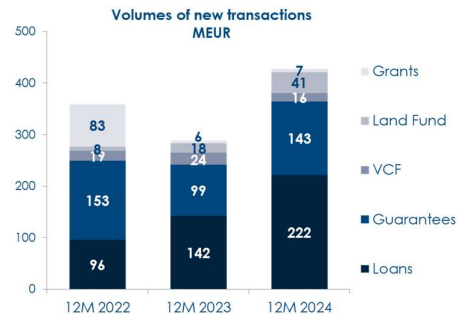
Altum's operational volumes are characterized by two dimensions: (i) support instruments that include lending, issuing of guarantees, investments in capital instruments, transactions of the Latvian Land Fund (hereinafter - the Land Fund) and servicing of grants, and (ii) segments that include SME and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

Support instruments

In the twelve months of 2024, the gross portfolio of Altum support instruments was EUR 1,236 million (31 December 2023: EUR 1,102 million), of which the gross portfolio of financial instruments (without grants) was EUR 1,232 million, that increased by EUR 198 million (+19.1%) compared to the end of 2023 and by EUR 70 million (+6%) in the 4th quarter of 2024. The biggest increase was in the loan portfolio, that increased by EUR 117 million (+32.4%) during the twelve-month period, of which 60% were of loans from the Resilience and Recovery Fund (RRF) and investment loans for large companies with a capital rebate. The guarantees' portfolio grew to EUR 524 million (+9.1% compared to the end of 2023); it came from 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 38 million (+39.4%). The gross portfolio of support instruments by the number of projects increased by EUR 3,257 (+9%).



In the twelve months of 2024, the volume of new transactions reached EUR 428 million, which was 48.2% (+EUR 139 million) higher than in the corresponding period in 2023. The rapid increase was mainly provided by loans and guarantees (+EUR 80 million and +EUR 44 million respectively compared to the corresponding period in 2023). As to loans, the biggest increase was due to Resilience and Recovery Fund loans and investment loans for large companies with a capital rebate amounting to EUR 41 million and EUR 25 million respectively. Among the RRF programmes, the highest demand was for loans for digital transformation and energy efficiency. Working capital loans for farmers also had a big impact in early 2024, with demand falling sharply in the 3rd and 4th quarters, and overall, in 2024, new transactions in this portfolio was EUR 26 million higher than in 2023. In the twelve months of 2024, the increase in new transactions in guarantees was mainly driven by the increase in the energy efficiency of multi-apartment building programme under the RRF (+EUR 17 million) and in the housing guarantee programme (+EUR 11 million), while in the 4th quarter - also the increase in guarantees for businesses (+ EUR 14 million). The Land Fund saw a sharp increase in 2024, with new transactions significantly exceeding (+EUR 23 million) those of 2023.



Management Report (cont'd)

Operational volumes (cont'd)

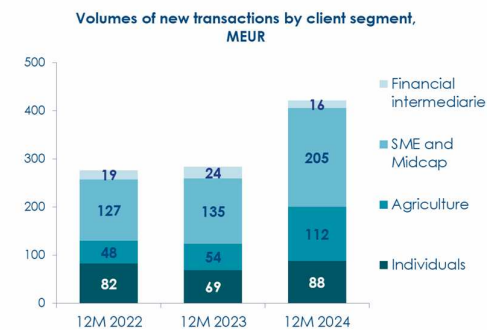
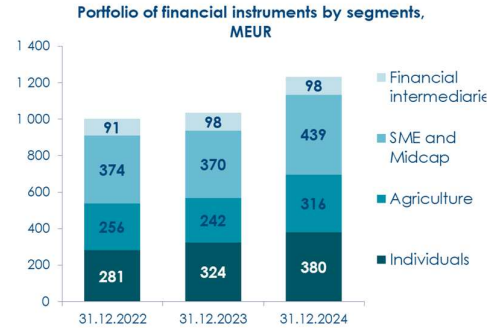
Segments

The Individuals segment accounts for 31% of the total portfolio (at the end of 2023: 31%). The largest part (85%) of the Individuals segment consists of guarantees' instruments, mainly, housing guarantees and guarantees for energy efficiency of multi - apartment buildings, as well as study portfolio guarantees. In this segment, the volume of new transactions increased by 27 % in the twelve months of 2024 compared to the corresponding period in 2023. The growth rate of new transactions in products of housing and study guarantees increased compared to the same period in 2023 – EUR 51 million in the twelve months of 2024 compared to EUR 39 million in the same period of 2023, which is related to increased activity in the Housing guarantee programmes in the 3rd and 4th quarter, with a stronger demand for mortgage lending services, impacted by the actual decline in Euribor rates. In 2024, there started issuance of guarantees for energy efficiency projects of multi-apartment buildings under the RRF and it also contributed to the growth in this segment where new transactions reached EUR 17 million. The RRF low-rent housing construction programme also saw an increase in new transactions in the 4th quarter, with EUR 6 million disbursed.

The portfolio of the SMEs and Midcaps segment makes up 35% (at the end of 2023: 36%), of which the majority (57%) consists of loan instruments. The loan portfolio in this segment has significantly increased (+38%) compared to the portfolio at end of 2023. In the twelve months of 2024, the portfolio of the SMEs and Midcaps segment increased by EUR 39 million (+19%), which was influenced by the significant growth rate of new transactions in the digital transformation and energy efficiency programmes of the RRF – reaching EUR 36 million in the twelve months of 2024 compared to EUR 7 million in the same period in 2023. New transactions in investment loans for large companies with a capital rebate also continued to increase reaching EUR 32 million in the twelve months of 2024 compared to EUR 7 million in the same period in 2023. There is also a growth in the volume of new transactions in the loan and guarantee programmes of the new EU programming period 2021-2027 (EUR 75 million).

The portfolio of the Agriculture segment accounted for 26% (at the end of 2023: 23%) and this segment had the largest increase in the portfolio in the twelve months of 2024, namely, EUR 74 million (+ 30 %). At the beginning of the year, the growth of the portfolio was especially driven by new loan volumes (mainly working capital loans to farmers) and a significantly larger volume of new Land Fund transactions. In 2024, the new transactions in this segment reached EUR 112 million, which is twice more (+EUR 58 million) than in 2023. Although the growth rate of new transactions in the Agriculture segment increased in the 4th quarter of 2024 compared to the 3rd quarter, it did not reach the high demand seen at the beginning of 2024.

Finally, the Financial Intermediaries formed by venture capital fund programmes account for 8 % (31 December 2023: 10%) of the total segments portfolio. The portfolio of Financial Intermediaries increased slightly in the 4th quarter of 2024, breaking the downward trend observed in the previous months.



Management Report (cont'd)

Operational volumes (cont'd)

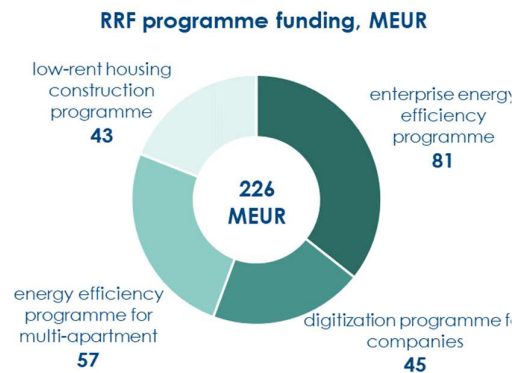
Segments (cont'd)

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, 70% of new transactions are regional transactions. Overall, the volume of new transactions in the regions has also increased in the loan portfolio in the twelve months of 2024, compared to the same period in 2023 - EUR 158 million in the twelve months of 2024, compared to EUR 98 million in the same period in 2023.

New products and increasing operational efficiency

As at 31 December 2024, transactions amounting to EUR 151.7 million were approved under the RRF programmes, of which EUR 55.2 million were issued in new transactions, including the following:

- in under the **Energy Efficiency Programme for Enterprises**, 251 loan transactions worth EUR 37 million were approved, of which 188 were new transactions totalling EUR 22 million, including EUR 17 million in of 2024. Transactions of EUR 0.3 million were made under the Programme for Guarantees with capital rebate for electric car purchases. No more selection rounds will take place. In total, EUR 6 million of capital discounts were paid out.
- under the **Business Digitalisation Support Programme** 93 transactions worth EUR 49 million were approved, of which 45 were new transactions totalling EUR 21 million, including EUR 19 million in 2024. Total capital rebate paid out exceeded EUR 5 million. Together with the amounts applied for, currently all public funding for this programme is reserved.
- under the **Energy Efficiency Programme for Multi-Apartment Buildings**, 45 transactions worth EUR 22 million were approved, of which 23 were new transactions totalling EUR 6 million. Under the Guarantee Programme 31 transactions worth EUR 17 million were made. No more selection rounds will take place as together with the amounts applied for all the funding available for this programme is reserved.
- under the **Low-Rent Housing Construction Programme**, 14 transactions worth EUR 45 million were approved, which accounts for 91% of the funding earmarked for this programme. EUR 6 million was issued under 5 new contracts.



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 31 December 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 115 million) have been approved, of which contracts have already been concluded for 14 (attributable amount of capital discount EUR 86 million), while 12 applications (attributable amount of capital discount EUR 79 million) are still being evaluated by Altum. The volume of new transactions in this program in the twelve months of 2024 was EUR 32 million, including EUR 11 million in the 4th 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.

As part of the implementation of the **EU Cohesion Policy under the programming period 2021-2027**, starting with 2024, more than EUR 400 million in the form of financial instruments will be available to support entrepreneurship 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 programming period 2014-2020 at the end of 2023, delayed the start of the programmes of the new programming period. In 2024, EUR 86 million was available for 5 programmes under the EU Cohesion Policy actions in the programming period 2021-2027, while at least four new programmes are planned to be launched in 2025, with terms of reference approved at the end of 2024 and in January 2025 (energy efficiency improvement in multi-apartment buildings, productive loans for business innovation, use of the renewable energy resources and energy efficiency improvement in district heating and cooling, promotion of renewable energy – biomethane) (total funding of more than EUR 300 million). In April and July 2024, the **public tenders for the selection of the 5th generation venture capital fund managers** were finalised with the selection of one growth fund and three start-up venture capital fund managers. All selected fund managers (both growth and venture capital funds) signed contracts in late 2024 and early 2025. The new venture capital fund managers will invest in promising and viable companies over the next five years, investing more than EUR 100 million in total, of which EUR 80 million will come from ALTUM. The growth fund and start-up funds plan to start investing in companies in the 2nd quarter of 2025.

ALTUM, in cooperation with the Lithuanian national development institution ILTE, **has started the creation of the Baltic Capital Markets Acceleration Fund**, where currently the selection process of the fund manager is nearing completion. 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 volume of the Fund is EUR 48.8 million, of which ALTUM will contribute EUR 20 million. The Fund plans to launch investments in the 2nd half of 2025.

In order to increase access to financing for entrepreneurs and to ensure an efficient process of granting guarantees, **the 4th round of the Portfolio Guarantee Programme for Businesses** was launched, under which agreements have been concluded and cooperation has been initiated with 6 financiers, including non-bank lenders, for loans of at least EUR 100 million and the first guarantees have already been granted. Under the 4th round of the Portfolio Guarantee Programme, the amount of guaranteed financial services for one economic operator can reach up to EUR 500 thousand (previously EUR 250 thousand).

On 25 October 2024, the Ministry of Economics submitted to the European Commission a draft notification on commencing Altum's activities in mortgage lending in segments where, according to the study of the Bank of Latvia, mortgage lending is significantly lower - primarily outside Riga and its suburbs. Several correspondences and meetings were held with the European Commission on the market gaps and the need for intervention. A decision of the European Commission is expected in the 2nd quarter of 2025. The launch of the programme requires a licence issued by the Consumer Rights Protection Centre as well as the Cabinet Regulation on the programme.

Management Report (cont'd)

Rating

On 28 January 2025, Moody's Ratings (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 2 February 2024. The short-term issuer rating is also affirmed at the same P-2. Altum's credit rating is based on Moody's Finance Companies Methodology of July 2024. Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia.

The high rating allows Altum to better pursue its long-term strategy of raising finance by being a regular capital market participant and issuing bonds.

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 31 December 2024 Altum has the risk coverage of EUR 300 million (31 December 2023: EUR 281 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.

Transitional financing product in SME segment to facilitate the transition towards low carbon economy – decrease CO2 footprint of corporate's product or service life cycle, adapt to requirements of supply chain on ESG homework's, strengthen adaptation to physical climate risks introduced in summer 2023 has triggered to speed up the transitional financing pace in SME segment during 2024. More information on Altum new loan volumes contributing to ESG targets see below.

ALTUM New loan volumes contribution to environmental and social aspects of ESG targets 2023-2024.

The new loan volumes for projects contributing to environmental goals accounted for 23% of the total loans issued during 2024. This includes sustainability loans provided to the SME segment, amounting to EUR 36 million (an increase of EUR 7 million compared to 2023), with financing primarily directed towards energy efficiency, renewable energy and green building segments. Annual increase in new loan volumes in the SME segment was largely driven by significant demand under the RRF energy efficiency program.

In the residential segment, the total volume of loans issued amounted to EUR 14 million (a decrease of EUR 15 million compared to 2023). These loans were primarily allocated for improving the energy efficiency of multi-apartment residential buildings. The decline in financing volumes in the residential segment can be attributed to changes in the product offering for multi-apartment building energy efficiency projects in 2024, placing a greater emphasis on guarantee instruments alongside traditional loan products. Additionally, the new RRF program for multi-apartment buildings energy efficiency is still in the initial stages of implementation, and loan issuance volumes are expected to increase in coming months.

Overall, in 2024, the new loan volume targeting environment aspects has financed projects expected to deliver a sustainability contribution by estimated annual reduction in GHG emissions of 15.3 thousand tons. That in turns corresponds to an annual reduction of 308 tons of CO2e on total project impact basis per EUR 1 million invested. Due to the characteristics of projects financed in 2024, as well as the green building projects contribution yet to be included the CO2e reduction calculations, this represents a decrease of 79 tons of CO2e p.a. per EUR 1 million invested compared to 2023.

The volume of loans issued for projects contributing to social aspects increased by EUR 5 million in 2024. Growth was mainly driven by more active lending to small businesses in regions and the new RRF affordable rental housing program.



Management Report (cont'd)

Contribution to Sustainability (cont'd)

The active work on integration of ESG scoring model in credit appraisal processes is continued in 2024. 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. A physical climate risk assessment tool has been developed to enable large-scale portfolio monitoring at the individual asset level, such as for investment properties. In the Q4 2024, the individual assessment of mapped financed assets was initiated using the newly developed tool.

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 years 2023 as well as for 2024 do not have principal adverse impact, caused by an investment decisions, on sustainability factors.

Future Outlook

To prepare for the implementation of the new InvestEU programme of the European Union, in 2023, in cooperation with the selected independent auditor, Altum conducted the Pillar Assessment. Pillar assessment is a prerequisite for ALTUM to apply for the role of the InvestEU implementing partner 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 companies in Latvia. The first phase of the assessment was completed at the end of 2023 with the submission of a draft report to the European Commission. After coordinating the draft report with the European Commission, key recommendations were identified. The recommendations were implemented and a repeated assessment by independent auditors received. The assessment is submitted to the European Commission for consideration and providing opinion. The assessment is planned to be completed in the 2nd quarter of 2025 after the European Commission, on the basis of the information provided by Altum and the auditors' opinion, has obtained reasonable assurance on the implementation of the recommendations. The decision on submitting the application for the role of the InvestEU implementing partner has not yet been made.

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

Reinis Bērziņš
Chairman of the Management Board

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

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 Management 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 JSC Development Finance Institution Altum.

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 the Interim Condensed Report.

The financial statements and notes thereto set out on pages 17 to 85 are prepared in accordance with the source documents and give a true and fair view of the financial position of the Company as of 31 December 2024 and 31 December 2023 and the results of its operations, changes in the shareholders' equity and cash flows for the twelve months periods ended 31 December 2024 and 31 December 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

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

Statement of Comprehensive Income

All amounts in thousands of euros

	Notes	01.01.2024.- 31.12.2024. (unaudited)	01.01.2023.- 31.12.2023. (unaudited)
Interest income at effective interest rate	4	32 036	24 043
Other interest and similar income	5	8 134	6 174
Interest expense	6	(17 144)	(12 452)
Net interest income		23 026	17 765
Income from implementation of state aid programmes	7	7 926	9 824
Expenses to be compensated for implementation of state aid programmes	8	(7 478)	(7 141)
Net income for implementation of state aid programmes		448	2 683
Gains / (losses) from trading securities and foreign exchange translation	9	6	(3)
Share of gains of investment in associate and other investments	10	7 433	3 064
(Losses) of investment in associate and other investments less losses from liabilities at fair value through profit or loss	11	(62)	(882)
Net gain from loans at fair value through profit or loss	12	(2 612)	-
Other income	13	8 188	8 997
Other expense	14	(1 034)	(1 016)
Operating income before operating expenses		35 393	30 608
Staff costs		(5 345)	(5 765)
Administrative expense		(1 107)	(1 478)
Amortisation of intangible assets and depreciation of property, plant and equipment		(731)	(818)
Allowances for expected credit losses	15	5 048	(4 737)
Profit before corporate income tax		33 258	17 810
Profit for the period		33 258	17 810
Other comprehensive income:		2 772	221
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		2 772	221
Total comprehensive income for the period		36 030	18 031

The accompanying notes on pages 17 through 78 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 euros

	Notes	31.12.2024. (unaudited)	31.12.2023. (audited)
Assets			
Due from credit institutions and the State Treasury	16	627 769	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	183 572	9 743
Financial assets at amortised cost:			
Investment securities	17	-	38
Loans and receivables	18	412 249	349 360
Financial assets at fair value through profit or loss - loans with capital rebate	19	82 660	13 088
Grants	20	3 128	67 196
Deferred expense		522	459
Accrued income	25	723	3 862
Other investments	21	28 617	25 398
Investments in associates	22	71 059	66 592
Investment property	23	92 976	68 246
Property, plant and equipment		4 287	4 377
Intangible assets		946	1 017
Other assets	24	2 937	3 922
Total assets		1 511 445	1 316 086
Liabilities			
Due to credit institutions	26	40 366	32 038
Due to general government entities	27	207 634	174 656
Financial liabilities at amortised cost - Issued debt securities		65 491	85 533
Deferred income		5 440	972
Accrued expense		785	856
Liabilities from financial guarantees	28	49 262	47 319
Provisions for off-balance sheet liabilities	29	609	344
Support programme funding	30	715 755	580 649
Other liabilities		5 453	4 366
Total liabilities		1 090 795	926 733
Equity			
Share capital		211 033	204 862
Reserves	32	173 865	166 959
Revaluation reserve of financial assets measured at fair value through other comprehensive income		2 494	(278)
Retained earnings		33 258	17 810
Total equity		420 650	389 353
Total equity and liabilities		1 511 445	1 316 086

The accompanying notes on pages 17 through 78 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 Changes in Equity

All amounts in thousands of euros

	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	-	-	-	-	-	17 810	17 810
Other comprehensive income	-	-	-	-	221	-	221
Total comprehensive income	-	-	-	-	221	17 810	18 031
Increase of reserve capital (Note 32)	-	2 839	-	-	-	-	2 839
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)	-
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	-	-	-	-	-	33 258	33 258
Other comprehensive income	-	-	-	-	2 772	-	2 772
Total comprehensive income	-	-	-	-	2 772	33 258	36 030
Increase of reserve capital (Note 32)	-	7 384	-	-	-	-	7 384
Decrease of reserve capital (Note 32)	-	(18 288)	-	-	-	-	(18 288)
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 31 December 2024 (unaudited)	211 033	114 778	75 022	(15 935)	2 494	33 258	420 650

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 78 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euros

	Notes	01.01.2024.- 31.12.2024. (unaudited)	01.01.2023.- 31.12.2023. (audited)
Cash and cash equivalents at the beginning of period		565 896	539 630
Cash flows from operating activities			
Profit before taxes		33 258	17 810
Amortisation of intangible assets and depreciation of property, plant and equipment		731	818
(Decrease) in allowances for expected credit losses	15	(5 048)	4 737
Revaluation of investment properties		(5 139)	(6 116)
Revaluation of support programmes		-	8
Revaluation of Investments in associates	22	(5 562)	(870)
Revaluation of other investment funds	18	(1 810)	(1 310)
Revaluation of loans with capital rebate	19	2 612	-
Interest income at the effective interest rate		(32 036)	(24 043)
Interest and similar income	4, 5	(8 134)	(6 174)
Interest expense	6	17 144	12 452
(Gain) / loss from exchange differences	9	(6)	3
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		(3 990)	(2 685)
(Increase) of loans		(138 020)	(53 892)
(Increase) of grants	20	(5 722)	(9 416)
Increase / (Decrease) of due to credit institutions and general government entities		41 359	16 803
Increase in deferred income and accrued expense		(69)	150
(Increase) in deferred expense and accrued income		(5 961)	(3 050)
Increase of support programmes		218 764	224 489
Decrease of other assets		1 075	(2 951)
(Decrease) in other liabilities		(662)	(46 333)
Increase of cash and cash equivalents from operating activities after changes in operating assets and liabilities		106 774	123 115
Interest received		38 363	23 679
Interest paid		(9 903)	(8 070)
Net cash flows from operating activities		135 234	138 724
Cash flows from investment activities			
Financial assets at fair value through other comprehensive income - investment securities (Increase)		(170 609)	137
Redemption of financial liabilities at amortized cost – issued debt securities		(20 000)	-
Term deposits (Increase)	15	(35 000)	(103 000)
Acquisition of property, plant and equipment and intangible assets		(612)	(529)
Purchase of investment properties	23	(21 711)	(8 879)
Sale of investment properties	23	2 308	202
Sale of other assets		-	28
Investments in other investment funds	21	(1 409)	(8 347)
Investments in associates		(2 961)	(1 079)
Net cash flows from investing activities		(249 994)	(121 467)
Cash flows from financing activities			
Increase of reserve capital		4 579	2 839
Share capital increase		-	6 170
Net cash flows from financing activities		4 579	9 009
Increase / (decrease) in cash and cash equivalents		(110 181)	26 266
Cash and cash equivalents at the end of the period		455 715	565 896

The accompanying notes on pages 17 through 78 form an integral part of these financial statements.

Approval of the Financial Statements

The Management of the Company has approved these unaudited interim condensed financial statements on 28 February 2025.

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 12 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 28 January 2025, Moody's Ratings (Moody's) affirmed Altum's Baa1 long-term issuer rating, with outlook stable. The rating is the same as affirmed on 2 February 2024. The short-term issuer rating is also affirmed at the same P-2. Altum is rated by Moody's Finance Companies Methodology, published in July 2024. Altum's standalone assessment set at Baa3 is same as before. Altum's long-term credit rating Baa1 is one of the highest credit ratings assigned to a corporate entity in Latvia.

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

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

The Company holds investment in alternative investment fund "Altum Capital Fund" (the Fund) registered on 31 July 2020. The Fund is created with the aim to support well-managed, perspective Mid-cap companies to overcome the effect of Covid-19 that as a result of the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. The Fund's committed capital was fully subscribed on 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 31 December 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	Lastādijas iela 12/3, 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	Lastādijas iela 12/3, Rīga, Latvija, LV-1050	4	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija, LV-1006	4	80
KS ZGI-4	Robertā Hirša iela 1, Rīga, Latvija, LV-1045	4	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, Latvija, LV-1048	4	60
KS Balticap 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 (fund is in the process of liquidation)*	Robertā Hirša iela 1, Rīga, Latvija, LV-1045	3	95
KS FlyCap investment Fund (fund is in the process of liquidation)*	Matrožu iela 15A, Rīga, Latvija, LV-1048	3	95
KS Expansion Capital Fund (fund is in the process of liquidation)*	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 3rd generation venture capital funds' Expansion Capital Fund, FlyCap investment Fund and ZGI-3 operations was 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 in 2024, three pre-seed and seed-stage fund managers were selected and one growth-stage fund manager. To start setting up the funds and provide other necessary conditions for launching the funds, agreements with fund managers have been signed in late 2024 and early 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.

Details of the quantitative impact on the Statement of Comprehensive Income of clarified comparatives for the year ended 2023 are presented below, in thousands of euros:

Clarified items of the Statement of Comprehensive Income	Original amount 12m 2023	Reclassification	Clarified amount 12m 2023
Interest income at effective interest rate	18 675	2 966	21 641
Other interest and similar income	6 996	1 580	8 576
Interest expense	7 906	4 546	12 452

Clarified items of the Statement of Comprehensive Income	Original amount 12m 2023	Reclassification	Clarified amount 12m 2023
Interest income at effective interest rate	21 641	2 402	24 043
Other interest and similar income	8 576	(2 402)	6 174

Clarified items of the Statement of Cash Flows	Original amount 12m 2023	Reclassification	Clarified amount 12m 2023
Interest income at effective interest rate	(18 675)	(5 368)	(24 043)
Calculated interest income and similar income	(6 996)	822	(6 174)
Calculated interest expense	7 906	4 546	12 452

2 Accounting Policies (cont'd)

(1) Basis of presentation (cont'd)

in the Statement of Cash Flows the item Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. In order to ensure transparency and comparability of the information provided, the comparative data for Net cash flows from operating activities and Net cash flows from investing activities respectively have been clarified.

Details of the quantitative impact on the Statement of Cash flows of clarified comparatives for the year ended 2023 are presented below, in thousands of euros:

Clarified items of the Statement of Cash Flows	Original amount 12m 2023	Reclassification	Clarified amount 12m 2023
Term deposits (Increase)			
Increase / (Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities	20 115	103 000	123 115
Net cash flows from operating activities	35 724	103 000	138 724
Net cash flows from investing activities	(18 467)	(103 000)	(121 467)

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 31 December 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 euros:

	Stage 1		Stage 2		Stage 3		POCI		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Financial assets at AC										
Due from credit institutions and the Treasury	627 797	702 885	-	-	-	-	-	-	627 797	702 885
Allowances for expected credit losses	(28)	(97)	-	-	-	-	-	-	(28)	(97)
Total net due from credit institutions and the Treasury	627 769	702 788	-	-	-	-	-	-	627 769	702 788
Investment securities	-	-	-	-	4 023	3 788	-	-	4 023	3 788
Allowances for expected credit losses	-	-	-	-	(4 023)	(3 750)	-	-	(4 023)	(3 750)
Total net investment securities	-	-	-	-	-	38	-	-	-	38
Loans and receivables	326 523	300 035	74 685	43 965	34 037	30 779	24	71	435 245	374 850
Allowances for expected credit losses**	(7 177)	(8 644)	(4 520)	(5 559)	(11 299)	(11 217)	(24)	(70)	(22 996)	(25 490)
Total net loans and receivables	319 346	291 391	70 165	38 406	22 738	19 562	-	-	412 249	349 360
Other financial assets	3 018	3 957	-	-	841	1 128	-	-	3 859	5 085
Allowances for expected credit losses	(176)	(22)	-	-	(746)	(1 141)	-	-	(922)	(1 163)
Total net other financial assets	2 842	3 935	-	-	95	(13)	-	-	2 937	3 922
Total financial assets at AC	957 338	1 006 877	74 685	43 965	38 901	35 695	-	71	1 070 924	1 086 608
Allowances for expected credit losses	(7 381)	(8 763)	(4 520)	(5 559)	(16 068)	(16 108)	-	(70)	(27 969)	(30 500)
Total net financial assets at AC	949 957	998 114	70 165	38 406	22 833	19 587	-	1	1 042 955	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 euros: (cont'd)

	Stage 1		Stage 2		Stage 3		POCI		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Financial assets at FVOCI										
Investment securities	183 943	9 743	-	-	-	-	-	-	183 943	9 743
Allowances for expected credit losses	(371)	-	-	-	-	-	-	-	(371)	-
Total net investment securities	183 572	9 743	-	-	-	-	-	-	183 572	9 743
Total financial assets at FVOCI	183 943	9 743	-	-	-	-	-	-	183 943	9 743
Allowances for expected credit losses	(371)	-	-	-	-	-	-	-	(371)	-
Total net financial assets at FVOCI	183 572	9 743	-	-	-	-	-	-	183 572	9 743
Off-balance sheet items and contingent liabilities										
Outstanding guarantees	496 051	455 628	21 993	19 015	5 494	5 382	-	-	523 538	480 025
Allowances for expected credit losses*, **	(39 859)	(37 076)	(3 241)	(3 006)	(2 424)	(3 478)	-	-	(45 524)	(43 560)
Total net outstanding guarantees	456 192	418 552	18 752	16 009	3 070	1 904	-	-	478 014	436 465
Loan commitments	169 889	88 730	156	88	-	28	-	-	170 045	88 846
Allowances for expected credit losses*	(551)	(309)	(3)	(4)	-	(6)	-	-	(554)	(319)
Total net loan commitments	169 338	88 421	153	84	-	22	-	-	169 491	88 527
Total off-balance items and contingent liabilities	665 940	544 358	22 149	19 103	5 494	5 410	-	-	693 583	568 871
Allowances for expected credit losses	(40 410)	(37 385)	(3 244)	(3 010)	(2 424)	(3 484)	-	-	(46 078)	(43 879)
Total net off-balance items and contingent liabilities	625 530	506 973	18 905	16 093	3 070	1 926	-	-	647 505	524 992

* Includes total net impairment allowances of EUR 1,560 thousand covered by Portfolio Loss Reserve (Specific Reserves) upon approval of the 2024 annual report. Additional information available in Note 32.

** Includes an impairment provision allowance of EUR 3,841 thousand (31 December 31, 2023: EUR 3,877 thousand) for an interest rate discounts - and as such should not be treated interpreted as an allowance for ECL credit losses. Decrease of the recognized decrease in the impairment provision allowance in 2024, in the amount of EUR 36 thousand during 2024, includes interest compensation paid to customers for a portion of the interest income received in 2024. The remaining amount of impairment provision allowances will be used for actual settlements with customers in early 2025 for interest income paid in 2024.

*** On 31 December 2023 included impairment provision of EUR 680 thousand for interest rate discounts - and as such not be treated as allowance for ECL. During 2024, the impairment provision in the amount of EUR 680 thousand was used to reduce guarantee premiums for the year 2024. See Note 28.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Changes in credit loss allowance and gross carrying amount for loans, in thousands of euros:

	Credit loss allowance					Gross carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
As at 31 December 2023	8 644	5 559	11 217	70	25 490	300 035	43 965	30 779	71	374 850
Transfers between stages:										
from Stage 1 to Stage 2	(470)	1 507	-	-	1 037	(44 649)	56 724	-	-	12 075
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(74)	(294)	3 179	-	2 811	(5 322)	(7 273)	12 595	-	-
from Stage 3 to Stage 2	-	18	(288)	-	(270)	-	693	(1 259)	-	(566)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	60	(190)	-	-	(130)	6 009	(7 888)	-	-	(1 879)
New originated or purchased	1 031	-	-	-	1 031	113 263	-	-	-	113 263
Derecognised during the period	(478)	(903)	(1 302)	(22)	(2 705)	(27 609)	(7 717)	(3 650)	(22)	(38 998)
Changes to ECL measurement model assumptions (PD, LGD)	(265)	116	(202)	-	(351)	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	100	47	1	-	148	-	-	-	-	-
Changes in ECL impairment overlay	(770)	(894)	(10)	-	(1 674)	-	-	-	-	-
Decrease in the allowance for mortgage interest refunds	(36)	-	-	-	(36)	-	-	-	-	-
Write-offs	-	-	(1 049)	(44)	(1 093)	-	-	(1 049)	(44)	(1 093)
Change of outstanding balance **	(565)	(446)	(247)	(4)	(1 262)	(15 204)	(3 819)	(3 379)	(5)	(22 407)
As at 31 December 2024	7 177	4 520	11 299	-	22 996*	326 523	74 685	34 037	-	435 245

* Includes the expected credit loss (ECL) impairment overlay of EUR 988 thousand (31 December 2023: EUR 1,955 thousand) for the portfolio of Small and Medium-Sized Enterprises and Midcaps (SMEs and Large) to take in to account the ongoing high uncertainty stemming from the consequences of the Russia's invasion of Ukraine, as well as the impact of rising interest rates on borrowers' credit risk of EUR 1,356 thousand (31 December 2023: EUR 2,063 thousand), see Annex 3 (3). Net decrease in the ECL impairment overlay of EUR 1,674 thousand includes the conversion of impairment overlay from the general to individual provisions in amount of EUR 992 thousand, the reversed provisions due to portfolio amortization of EUR 819 thousand and the net increase in the provisions by EUR 137 thousand due to the revaluation of the impairment overlay in 2024.

** 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 euros:

	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	37 076	3 006	3 478	43 560	455 628	19 015	5 382	480 025
Transfers between stages:								
from Stage 1 to Stage 2	(1 010)	1 710	-	700	(11 050)	11 209	-	159
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(290)	(184)	1 294	820	(1 492)	(1 830)	3 196	(126)
from Stage 3 to Stage 2	-	22	(149)	(127)	-	216	(251)	(35)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	97	(188)	(34)	(125)	1 251	(1 331)	(35)	(115)
New originated or purchased	10 626	-	-	10 626	130 613	-	-	130 613
Derecognised during the period	(3 278)	(581)	(1 737)	(5 596)	(58 016)	(4 515)	(2 490)	(65 021)
Changes to ECL measurement model assumptions (PD, LGD)	(60)	5	(240)	(295)	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	(21)	(2)	-	(23)	-	-	-	-
Changes in impairment overlay for interest rate discounts	(680)	-	-	(680)	-	-	-	-
Paid-out guarantees	(78)	-	(140)	(218)	(459)	-	(250)	(709)
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance *	(2 523)	(547)	(48)	(3 118)	(20 424)	(771)	(58)	(21 253)
As at 31 December 2024	39 859	3 241	2 424	45 524	496 051	21 993	5 494	523 538

* 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 euros:

	31.12.2024.	31.12.2023.
Performing	387 723	339 826
Past due up to 30 days	32 503	20 618
Past due from 31 to 60 days	3 090	5 432
Past due from 61 to 90 days	1 749	421
Past due over 90 days	10 180	8 553
Total gross loans, without interest accrued on the loans	435 245	374 850
Impairment allowances	(22 996)	(25 490)
Total net loans	412 249	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 euros:

	31.12.2024.	31.12.2023.
Real estate (loans)	228 503	198 677
Real estate (leaseback)	42 137	28 692
Movable property	66 454	61 868
Guarantees	1 640	2 632
Total collateral	338 734	291 869
Loan portfolio, gross	435 244	374 850
Impairment allowances	(22 996)	(25 490)
Loan portfolio, net *	412 248	349 360
Exposed	17.83%	16.46%

* The item *Loan portfolio, net* includes loans for which, according to the terms of the support programme, 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 31 December 2024 amounts to EUR 46,424 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 31 December 2024 amounted to EUR 16,665 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 euros:

	31.12.2024.	31.12.2023.
Assets exposed to credit risk		
Due from credit institutions and the Treasury	627 769	702 788
Financial assets at fair value through other comprehensive income - investment securities	183 572	9 743
Financial assets at amortised cost:		
Investment securities	-	38
Loans	412 249	349 360
Financial assets at fair value through profit or loss - Loans with capital rebate	82 660	13 088
Other investments	28 617	25 398
Investments in associates	71 059	66 592
Other assets	2 937	3 922
Total	1 408 863	1 170 929
Off-balance sheet items exposed to credit risk		
Contingent liabilities	523 538	480 025
Financial commitments	238 700	173 102
Total	762 238	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 December 2024, part of the Company's assets in amount of EUR 250,464 thousand (31 December 2023: EUR 209,544 thousand) were pledged. In accordance with the agreements the Company ensures, that assets in amount of EUR 121, 097 thousand (31 December 2023: EUR 86,569 thousand) are free from any security. Detailed information on the Company's outstanding loan agreement as of 31 December 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 31 December 2024 was EUR 239,350 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 31 December 2024, in thousands of euros:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	13 414	29 561	-	-	-	42 975
Due to general governments	21 163	95 537	66 210	39 381	53 000	275 291
Issued debt securities	45 736	20 046	-	-	-	65 782
Support programme funding **	40 214	154 523	54 613	78 772	387 633	715 755
Other liabilities	5 023	430	-	-	-	5 453
Total financial liabilities	125 550	300 097	120 823	118 153	440 633	1 105 256
Off-balance sheet items and contingent liabilities	495 317	109 965	156 956	-	-	762 238
Total financial liabilities, off-balance items and contingent liabilities ***	620 867	410 062	277 779	118 153	440 633	1 867 494
Due from credit institutions and the Treasury	627 769	-	-	-	-	627 769
Investment securities	88 475	95 097	-	-	-	183 572
Liquid assets	716 244	95 097	-	-	-	811 341

* 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 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 233,375 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 2024, in thousands of euros:

	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	-	1 264	5 895	6 255	13 414
Due to general governments	5 584	354	3 658	11 567	21 163
Issued debt securities	56	45 619	20	41	45 736
Support programme funding	2 207	609	1 850	35 548	40 214
Other liabilities	4 461	534	-	28	5 023
Total financial liabilities	12 308	48 380	11 423	53 439	125 550
Off-balance sheet items and contingent liabilities *	486 911	792	1 492	6 122	495 317
Total financial liabilities, off-balance items and contingent liabilities	499 219	49 172	12 915	59 561	620 867
Due from credit institutions and the Treasury **	505 411	55 912	46 235	20 211	627 769
Investment securities	23 388	765	295	64 027	88 475
Liquid assets	528 799	56 677	46 530	84 238	716 244

* 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 318,634 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 170,045 thousand (up to 1 year) – from financial facilities (either received by the Company or available upon request), in accordance with loan agreements concluded with financial institutions and the State Treasury (see Notes 26 and 27) and respective loan support programme funding (see Note 30), as well as corresponding financing of loan support programs.

Grant commitments in amount of EUR 1,922 thousand (up to 1 year) – from respective grant support programme funding (see Note 30).

Commitments to investments in associates in amount of EUR 3,070 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 100 thousand (up to 1 year) – from specific reserve capital (see Note 32).

Commitments to other investments in amount of EUR 3,468 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 euros:

	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	37 213	100 821	122 621	242 198	580 649
Other liabilities	3 645	721	-	-	-	4 366
Total financial liabilities	137 066	193 710	165 388	163 309	295 005	954 478
Off-balance sheet items and contingent liabilities	415 314	89 329	148 484	-	-	653 127
Total financial liabilities, off-balance items and contingent liabilities ***	552 380	283 039	313 872	163 309	295 005	1 607 605
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 euros:

	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 31 December 2024 based on the time remaining from the reporting date to their contractual maturity, in thousands of euros:

	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 *	505 411	55 912	46 235	20 211	-	-	627 769
Investment securities	23 388	765	295	64 027	95 097	-	183 572
Loans **	20 414	12 224	17 394	54 607	227 522	162 748	494 909
Grants	827	480	192	238	1 391	-	3 128
Deferred expense and accrued income	522	-	-	723	-	-	1 245
Other investments	-	-	-	-	-	28 617	28 617
Investments in associates	6 570	-	-	-	64 489	-	71 059
Investment property	-	-	-	-	-	92 976	92 976
Property, plant and equipment	-	-	-	-	-	4 287	4 287
Intangible assets	-	-	-	-	-	946	946
Other assets	667	37	82	533	1 602	16	2 937
Total assets	557 799	69 418	64 198	140 339	390 101	289 590	1 511 445
Liabilities							
Due to credit institutions	-	1 199	5 625	5 764	27 778	-	40 366
Due to general governments	3 607	354	1 773	7 896	72 702	121 302	207 634
Issued debt securities	-	45 508	-	-	19 983	-	65 491
Deferred income and accrued expense	857	622	688	874	3 860	(676)	6 225
Provisions	27 771	257	324	477	5 087	15 955	49 871
Support programme funding	2 207	609	1 850	35 548	154 523	521 018	715 755
Other liabilities	4 461	534	-	28	430	-	5 453
Total liabilities	38 903	49 083	10 260	50 587	284 363	657 599	1 090 795
Net liquidity	518 896	20 335	53 938	89 752	105 738	(368 009)	420 650

* 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 euros:

	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	532 689	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 December 31, 2024, the Company's exposure where the customers' counterparties are located in Ukraine amounted to EUR 153 thousand, with an established provision of 52 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 19.8 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 31 December 2024 was EUR 25 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 favorable change compared to the baseline scenario.

Macroeconomic forecasts to December 31, 2024:

	2024	2025	2026	2027
GDP annual growth rate, in %				
Base case scenario *	0.8	2.5	2.9	3.0
Adverse scenario	0.4	1.8	2.8	2.6
Optimistic scenario	1.1	3.1	3.0	3.3
Weighted average **	0.7	2.4	2.9	2.9

* The baseline scenario combines two external scenarios, using the information available by 20 December 2024:

(i) The Ministry of Finance's Macroeconomic Development Scenario (the latest, published on June 13, 2024) forecasts slow growth, with GDP expected to increase by 1.4% in 2024 (in December 2023 the forecast was 2.5%), followed by an acceleration to 2.09% in 2025 (in December 2023: 2.9%). Economic growth is then projected to slow slightly to 2.8%-2.6% in 2026 and 2027 (December 2023: 2.9% in 2026).

(ii) the macroeconomic development scenario of the Bank of Latvia (published on 13 December 2024), which forecasts weak growth in 2024 at 0.1% (forecast in December 2023 was 2.0%), while forecasting growth for 2025 and 2026 at 2.1% and 3.0% respectively (December: 3.6% and 3.8%) and by 3.3% in 2027.

** 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:

	2023	2024	2025	2026
GDP annual growth rate, in %				
Base case scenario *	0.3	2.3	3.3	3.4
Adverse scenario	-0.4	0.3	1.8	2.9
Optimistic scenario	0.9	4.0	4.5	3.8
Weighted average *	0.2	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.

The deterioration of macroeconomic projections compared to December 2023, has led to a EUR 162 thousand increase in ECL allowances for loans and liabilities related to loan issuance, and EUR 22 thousand increase for guarantees. The changes in macroeconomic projections had a limited impact on the guarantees, as provisioning for guarantees is based on higher of the estimated expected credit losses and fair value. The fair value of guarantees was less impacted by changes in macroeconomic projections.

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.

In Q4 of 2024, the Company updated the 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 (at the time of the assessment, 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). 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, the general provision reserve for loans was decreased by EUR 135 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 Q4 2024, the total decrease of general provision reserve amounted to EUR 393 thousand and the general provisioning reserve balance as at 31 December 2024 was EUR 988 thousand.

Additionally, in order to assess the indirect impact of the Russia-Ukraine war, ALTUM 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 a downside scenario and an upside scenario. Indirect cumulative impact of forward-looking macroeconomic forecasts used to calculate expected credit losses for loans, loan commitments and guarantees was EUR 919 thousand as at 31 December 2024, by EUR 161 thousand higher than the provision provided as at 31 December 2023.

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, in particular assessing those exposures where there are concerns about the ability of customers to meet their obligations when due and in full, based on their performance, resulting in an assessment of 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 Q4 2024, the general provision reserve was revaluated on the basis of an updated assessment of the level of customer exposure to material loans, resulting in an increase of the reserve by EUR 273 thousand to EUR 541 thousand. Taking into account the decline in euribor rates in 2024, the amount of the general provision reserve for other variable-rate loans was kept unchanged at EUR 845 thousand to compensate for a possible increase in credit risk expenses in Q4 2024, the total increase in the provision reserve amounted to EUR 242 thousand and the reserve balance as at 31 December 2024 was EUR 1,356 thousand.

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. In 2024, mortgage borrowers were 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. Altum's assessment of the investments of the VCFs is based on Altum's conservative approach. Altum takes into account future prospects when valuing investments and the fair value of companies is adjusted in a timely manner.

The discussions with fund managers and the reassessment of the value of investments in Altum's portfolio companies in Q4 2024 did not re-identify companies exposed to the impact of the war. The fair value of companies that have been able to adapt successfully to market changes remains stable. However, for some companies that have been affected for a longer period of time, obstacles to their successful development remain. It should be noted that the sale of the existing investments of the venture capital funds is significantly more difficult in the current high-interest rate environment and geopolitical situation, that make the buyers cautious. Under such market conditions, the investments' exit options are limited, and it requires patience and flexibility to adapt to the dynamic changes in the market.

The cumulative impact of the war of the Russian Federation in Ukraine as of 31 December 2024 was EUR 4.7 million (31 December 2023: EUR 6.5 million), of which the direct impact was EUR 1.4 million (31 December 2023: EUR 1.7 million) and the indirect impact EUR 3.3 million (31 December 2023: EUR 4.8 million).

4 Interest income at effective interest rate

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Interest income on loans *	26 690	21 641
Interest income on deposits	5 346	2 402
Total interest income	32 036	24 043

* Sub-item *Interest income on loans* includes pass-through arrangement for the agent programmes, which amounted to EUR 4,767 thousand in 12 months 2024 (EUR 2,966 thousand in 12 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 12 months of 2024 amounted to EUR 200 thousand (EUR 170 thousand in 12 months 2023).

5 Other interest and similar income

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Income of loans *	2 219	1 928
Income of guarantees **	3 723	4 101
Income from investment securities revalued in other comprehensive income ***	2 140	93
Income from securities issued	52	52
Total interest income	8 134	6 174

* Sub-item *Income of loans* includes pass-through arrangement for the agent programmes, which amounted to EUR 614 thousand in 12 months 2024 (EUR 423 thousand in 12 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 12 months of 2024 amounted to EUR 547 thousand.

** Sub-item *Income of guarantees* includes pass-through arrangement for the agent programmes, which amounted to EUR 837 thousand in 12 months 2024 (EUR 1,157 thousand in 12 months 2023). Note 4 and 6.

*** Sub-item *Income from investment securities revalued in other comprehensive income* includes pass-through arrangement for the agent programmes, which amounted to EUR 1,118 thousand in 12 months 2024 (12 months 2023: EUR 0 thousand). Note 4 and 6.

6 Interest expense

All amounts in thousands of euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Interest expense on liabilities to General Governments	7 907	6 068
Interest on balances due to credit institutions	526	524
Interest on issued debt securities	879	903
Allocation of state support programmes profit to support programme funding *	489	398
Pass-through arrangement - agent interest (Note 4, 6)	7 336	4 546
Other commission expense	7	13
Total interest expense	17 144	12 452

* 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 euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Compensation of expenses for management of state support programmes	6 626 *	7 064 **
Compensated administrative expense	798	2 019
Compensated venture capital fund management fees	449	741
Income on compensated placement expenses of unrestricted funds	52	-
Total income from implementation of state support programmes	7 926	9 824

* 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 euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Compensated staff costs	5 169	3 937
Compensated administrative expense	1 510	1 107
Compensated fee for other agents	-	79
Compensated venture capital fund management fees	799	2 018
Total compensated expense for implementation of state support programmes	7 478	7 141

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

All amounts in thousands of euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Gains/(losses) from debt securities revaluation	2	(1)
Gains/(losses) from revaluation of foreign currencies	4	(2)
Total gains/(losses) from debt securities and foreign exchange transactions	6	(3)

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

All amounts in thousands of euros

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Three Seas Initiatives Investment Fund		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Share of net gain / (loss) of investment in associate	1 172	456	1 285	413	-	-	2 457	869
Net income / (expense), excluding revaluation gain / (loss)	3 166	885	-	-	-	-	3 166	885
Share of net gain / (loss) of investment in Three Seas Initiatives Investment Fund	-	-	-	-	1 810	1 310	1 810	1 310
Share of net gain / (loss) of investment in associate and other investments at December 31	4 338	1 341	1 285	413	1 810	1 310	7 433	3 064

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

All amounts in thousands of euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Revaluation (loss) on investments in 2nd and 3rd generation venture capital funds, net	(1 231)	1 085
Realised gain on investments in 2nd and 3rd generation venture capital funds, net	1 333	(1 633)
Mezzanine interest received from investments in 2nd and 3rd generation venture capital funds	799	483
Revaluation (loss) on investments in 4th generation venture capital funds, net	(1 875)	(940)
Realised gain on investments in 4th generation venture capital funds	9	477
Mezzanine interest received from investments in 4th generation venture capital funds	1 027	1 410
Total gain/(loss) less losses from liabilities at fair value through profit or loss at December 31	62	882

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

All amounts in thousands of euros

	Change in fair value	Pass-through arrangement	Deferred change in fair value *	Net profit/ (loss)
	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.	01.01.2024.- 31.12.2024.
(Decrease) in fair value of potential future capital rebate component	(3 582)	970 **	-	(2 612)
Increase in fair value of the loan component	5 416	-	(5 416)	-
Total	1 834	970	(5 416)	(2 612)

For details on valuation of the loans at fair value see Note 35 Loans with capital rebate.

* When determining the fair value of loans with capital rebate to be recognised through profit or loss, the fair value measurement of the loan component for which no capital rebate will be applied is based on discounted expected future cash flows of the loan until maturity. By this measurement the difference between the fair value of financial asset and the transaction price at initial recognition is deferred and recognised within Deferred income since the fair value can't be measured using a quoted price in an active market for identical asset (i.e., a Level 1 in the Fair value hierarchy). The deferred difference is amortised over the life of respective individual loan on a linear basis.

** See Note 30 (2) Movement in the Company's support programme funding in 12 months of 2024.

13 Other income

All amounts in thousands of euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Income from lease payments for land operating leases	2 605	2 195
Income from payments for financial leases	-	100
Net unrealised gain from investment property revaluation	5 140	6 116
Net profit from sale of investment property	206	190
Profit from sale of repossessed collateral	-	85
Other commission income	4	14
Income from management of the AIF "Altum capital fund"	179	206
Other operating income	54	91
Total other income	8 188	8 997

14 Other expense

All amounts in thousands of euros

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Maintenance and service costs of Latvian Land Fund	417	389
Debt collection costs	79	144
Maintenance costs of repossessed collateral	-	1
Depreciation of right-of-use assets	163	170
Commission expense on investments in securities	184	93
AIF "Altum capital fund" management costs	179	206
Other commission expense	12	5
Revaluation in fair value of support programme funding	-	8
Total other expense	1 034	1 016

15 Allowances for expected credit losses

Analysis of expected credit loss movements for the period from 1 January 2024 till 31 December 2024, in thousands of euros:

	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:	28 436	2 963	(21 153)	(269)	7 014
Loans	7 958	885	(3 697)	(269)	3 992
Grants	16	-	-	-	16
Investment securities	402	-	-	-	402
Other assets	151	-	(27)	-	124
Due from credit institutions and the Treasury	2	-	-	-	2
Financial assets related to loan agreements	71	-	-	-	71
Guarantees	18 734	2 078	(16 436)	-	2 298
Loan commitments	1 048	-	(993)	-	55
Grants commitments	54	-	-	-	54
Reversal of impairment on:	(26 913)	(3 888)	15 947	-	(10 966)
Loans	(9 701)	(1 611)	3 075	-	(6 626)
Disbursed guarantee compensations	(338)	(181)	44	-	(294)
Grants	(925)	-	-	-	(925)
Due from credit institutions and the Treasury	(72)	-	-	-	(72)
Financial assets related to loan agreements	(41)	-	-	-	(41)
Guarantees	(15 380)	(2 088)	12 463	-	(2 917)
Loan commitments	(435)	(8)	365	-	(70)
Grants commitments	(21)	-	-	-	(21)
Total impairment losses / (reversal), net	1 523	(925)	(5 206)	(269)	(3 952)
(Income) from the recovery of written-down assets	(1 222)	(635)	126	-	(1 096)
Total impairment allowance and (income) from recovery of written down assets	301	(1 560)	(5 080)	(269)	(5 048)

15 Allowances for expected credit losses (cont'd)

Analysis of expected credit loss movements for the period from 1 January 2023 till 31 December 2023, in thousands of euros:

	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:	35 571	6 260	(17 963)	(199)	17 409
Loans	15 355	2 922	(3 342)	(199)	11 814
Grants	717	-	-	-	717
Other assets	24	-	(13)	-	11
Due from credit institutions and the Treasury	83	-	-	-	83
Financial assets related to loan agreements	84	-	-	-	84
Guarantees	18 530	3 230	(14 053)	-	4 477
Loan commitments	754	108	(555)	-	199
Grants commitments	24	-	-	-	24
Reversal of impairment on:	(25 211)	(6 718)	13 096	-	(12 115)
Loans	(7 722)	(3 403)	1 929	-	(5 793)
Disbursed guarantee compensations	(505)	-	468	-	(37)
Grants	(428)	(3)	-	-	(428)
Other assets	(9)	-	-	-	(9)
Securities valued at amortized cost	(3)	-	-	-	(3)
Financial assets related to loan agreements	(66)	-	-	-	(66)
Guarantees	(15 770)	(3 140)	10 351	-	(5 419)
Loan commitments	(572)	(172)	348	-	(224)
Grants commitments	(136)	-	-	-	(136)
Total impairment losses / (reversal), net	10 360	(458)	(4 867)	(199)	5 294
(Income) from the recovery of written-down assets	(577)	(11)	20	-	(557)
Total impairment allowance and (income) from recovery of written down assets	9 783	(469)	(4 847)	(199)	4 737

16 Due from credit institutions and the State Treasury

All amounts in thousands of euros

	31.12.2024.	31.12.2023.
Due from credit institutions and State Treasury	627 797	702 886
<i>cash and cash equivalents</i>	455 715	565 896
<i>term deposits</i>	170 000	135 000
Allowances for expected credit losses	(28)	(98)
Net due from credit institutions and State Treasury	627 769	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 euros:

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	-	39 249	553 927	34 593	-	-	-	-	627 769
Total gross as at 31 December 2024	-	39 249	553 927	34 593	-	-	-	-	627 769

As at 31 December 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 31 December 2024 was 3.21% (31 December 2023: 3.83%).

17 Investment securities

All amounts in thousands of euros:

	31.12.2024.	31.12.2023.
<i>Investment securities valued at amortised cost</i>		
OECD corporate bonds	4 023	3 788
Total investment securities valued at amortised cost	4 023	3 788
Impairment allowances	(4 023)	(3 750)
Net investment securities valued at amortised cost	-	38
<i>Investment securities valued at fair value through other comprehensive income</i>		
Latvian Treasury bills and government bonds	183 943	9 743
Total investment securities valued at fair value through other comprehensive income	183 943	9 743
Impairment allowances	(371)	
Total net investment securities valued at fair value through other comprehensive income	183 572	9 743
Total gross investment securities	187 966	13 531
Total net investment securities	183 572	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:

	31.12.2024.	31.12.2023.
SME and Midcaps	177 043	167 686
Agriculture	167 666	133 622
Private individuals	48 379	44 770
Financial Intermediaries	20	80
Latvian Land Fund	42 137	28 692
Total gross loans	435 245	374 850
Impairment allowances	(22 996)	(25 490)
Total net loans	412 249	349 360

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

	31.12.2024.	31.12.2023.
Agriculture and forestry	231 199	189 424
Manufacturing	49 404	51 330
Electricity, gas and water utilities	30 286	27 646
Retail and wholesale	17 336	12 368
Health and social care	8 071	9 168
Construction	7 414	6 750
Real estate	8 765	5 838
Professional, science and technical services	6 634	5 832
Transport, warehousing and communications	5 527	4 364
Hotels and restaurants	5 034	4 555
Municipal authorities	5 081	3 134
Fishing	1 937	1 675
Information technologies and communication	863	810
Other industries	9 315	5 831
Households	48 379	46 125
Total gross loans	435 245	374 850
Impairment allowances	(22 996)	(25 490)
Total net loans	412 249	349 360

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

	31.12.2024.	31.12.2023.
Number of customers	53	49
Total credit exposure of customers (EUR '000)	87 426	81 703
Percentage of total gross portfolio of loans	19.9%	21.8%

18 Loans (cont'd)

(4) Analysis of loan portfolio by client segments as at 31 December 2024, in thousands of euros:

	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	20	-	-	-	-	-	-	-	20	-
Agriculture	120 865	(408)	38 810	(760)	7 991	(1 737)	-	-	167 666	(2 905)
SME and Midcaps	120 046	(2 009)	31 808	(1 980)	25 189	(9 451)	-	-	177 043	(13 440)
Private individuals	44 180	(168)	3 649	(183)	550	(108)	-	-	48 379	(459)
Latvian Land Fund	41 412	(5)	418	-	307	(2)	-	-	42 137	(7)
Total segments, gross	326 523	(2 590)	74 685	(2 923)	34 037	(11 298)	-	-	435 245	(16 811)
Impairment overlay	-	(735)	-	(1 598)	-	-	-	-	-	(2 333)
Impairment overlay for interest rate discounts	-	(3 852)	-	-	-	-	-	-	-	(3 852)
Total segments, net	326 523	(7 177)	74 685	(4 521)	34 037	(11 298)	-	-	435 245	(22 996)

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

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
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)	7 689	15 156
Decrease in impairment allowances (Note 15: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)	(9 701)	(7 722)
Loan interest overdue for more than 90 days	(876)	(2 305)
Write-off of loans covered by Portfolio Loss Reserve	(47)	(396)
Write-off of loans covered by Risk Coverage Reserve	(170)	(1 455)
Write-off of loans Company's share of impairment allowances	(36)	-
Decrease in the allowance for mortgage interest refunds	269	199
Increase of impairment allowances due to changes in off-balance sheet and balance sheet	378	939
Impairment allowances at the end of the period ended 31 December (audited)	22 996 *	25 490
<i>Company's share of impairment allowances</i>	13 900	15 719
<i>Impairment allowances covered by Portfolio Loss Reserve</i>	2 000	3 582
<i>Impairment allowances covered by Risk Coverage Reserve</i>	7 096	6 189

* Includes impairment provision of EUR 3,841 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 31 December 2024 the average annual interest rate for the loan portfolio of the Company was 5.46% (31 December 2023: 6.40%).

19 Loans with capital rebate

All amounts in thousands of euros

	Potential future capital rebate component		Loan component		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Investment loans with capital rebate	38 503	6 773	2 448	674	40 951	7 447
RRF energy efficiency loans	15 759	3 117	(115)	(101)	15 644	3 016
RRF digitization loans	16 101	2 609	104	16	16 205	2 625
RRF Energy Efficiency Loans for Multi-apartment Buildings	5 715	-	(263)	-	5 452	-
RRF Loans for construction of affordable housing	5 006	-	(598)	-	4 408	-
Total	81 084	12 499	1 576	589	82 660	13 088

Movement in fair value of loans with capital rebate in 12 months of 2024, in thousands of euros:

	Potential future capital rebate component *	Loan component *	Total
Fair value at 31 December 2023	9 883	3 205	13 088
Net increase at nominal value	61 104	17 902	79 006
Compensated capital rebate in the reporting period**	(10 421)	-	(10 421)
Increase in fair value	-	3 864	3 864
(Decrease) in fair value	(2 877)	-	(2 877)
Total fair value at 31 December 2024	57 689	24 971	82 660

* For details on valuation of the loans at fair value see Note 35 Loans with capital rebate.

** See Note 30 (2) Movement in the Company's support programme funding in 12 months of 2024.

20 Grants

All amounts in thousands of euros

	31.12.2024.	31.12.2023.
Energy Efficiency Programme for Multi-apartment Buildings	80	65 060
Housing grant programme "Balsts"	1 822	1 438
Grants for development of energy efficiency projects	264	692
Social Entrepreneurship Programme	94	511
Grants for energy efficiency improvement of family buildings	547	431
PFI Multi-apartment buildings grants with consecutive grant payments	352	-
Total grants, gross	3 159	68 132
Impairment allowances	(31)	(936)
Total grants, net	3 128	67 196

20 Grants (cont'd)

Movement in net book value of grants in 12 months of 2024, in thousands of euros:

	31.12.2024.	31.12.2023.
Carrying amount		
Carrying amount at the beginning of period	68 132	58 716
Grants paid to clients	5 483	47 932
Reclassification to Other assets	(424)	-
Repayment of approved grants from the funding	(70 032)	(38 516)
Carrying amount at the end of period	3 159	68 132
Impairment allowances		
At the beginning of period	(936)	(436)
(Increase) / decrease of provisions	909	(261)
(Increase) of impairment allowances due to changes in off-balance sheet and balance sheet	(4)	(239)
Carrying amount at the end of period	(31)	(936)
Grants net book value at the beginning of the period	67 196	58 280
Grants net book value at the end of the period	3 128	67 196

21 Other Investments

Total cost of Other investments on 31 December 2024 was EUR 23,766 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 euros

	Investments in Baltic Innovation Fund 2		Three Seas Initiatives Investment Fund		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Carrying amount at the beginning of period	7 739	4 478	17 659	11 263	25 398	15 741
Invested	3 294	3 428	1 832	5 086	5 126	8 514
Refunded	(127)	(167)	(3 590)	-	(3 717)	(167)
Revaluation	637	-	1 173	1 310	1 810	1 310
Net carrying amount at the period	11 543	7 739	17 074	17 659	28 617	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 31 December 2024 (31 December 2023: 2.15%) of the total committed capital the Three Seas Initiative Investment Fund (31 December 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 31 December 2024 was EUR 14.3 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 euros:

Company or venture capital fund generation	Country of incorporation	Net asset value, VCF		Net asset value, Altum	
		31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
The 2nd generation VCFs	LV	7 615	9 328	5 260	6 534
The 3rd generation VCFs	LV	2 547	5 023	1 309	3 668
The 4th generation VCFs	LV	41 778	35 230	28 747	24 562
AIF "Altum capital fund" *	LV	33 515	33 381	16 392	16 327
Baltic Innovation Fund *	LU	96 755	92 147	19 351	15 501
Total investments in associates		182 210	175 109	71 059	66 592

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

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

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Baltic Innovation Fund		Total	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	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	7 517	8 385	1 482	631	660	1 381	9 659	10 397
Refunded	(3 860)	(7 292)	(2 702)	(1 605)	(1 087)	(423)	(7 649)	(9 320)
Revaluation	(3 105)	146	1 285	413	4 277	311	2 457	870
Net carrying amount at the end of the period	35 316	34 764	16 392	16 327	19 351	15 501	71 059	66 592

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

(3) Venture capital funds management fees in the 12 months of 2024, expenses included:

- Management fees for the 4th generation venture capital funds amounted to EUR 798 thousand (12 months of 2023: EUR 1,659 thousand) which were 100% compensated by public funding (see Note 30 (2));
- Management fees for the AIF "Altum capital fund" amounted to EUR 112 thousand (12 months of 2023: EUR 206 thousand).

23 Investment Properties

All amounts in thousands of euros

	31.12.2024.	31.12.2023.
Carrying amount at the beginning of period	68 246	53 453
Acquired during the reporting period *	21 712	8 879
New Exposures after Expiry of Reverse Leases	186	-
Sold during the reporting period	(2 308)	(202)
Revaluation gains	5 162	6 487
Revaluation losses	(22)	(371)
Carrying amount at the end of the period	92 976	68 246

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

Latvian 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 Latvian Land Fund. The Law "On Land Privatisation in Rural Areas" stipulated establishment of Latvian Land Fund. Latvian Land Fund 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 2024 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 euros

	31.12.2024.	31.12.2023.
Other financial assets	3 859	5 085
Total other assets, gross	3 859	5 085
Impairment allowances for financial assets	(922)	(1 163)
	<i>Company's share of provisions</i>	<i>(319)</i>
	<i>Impairment allowances covered by Portfolio Loss Reserve</i>	<i>(10)</i>
	<i>Provisions covered by risk coverage</i>	<i>(589)</i>
Total other financial assets, net	2 937	3 922

Movement in the net book value of other financial assets in 12 months of 2024, in thousands of euros:

	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)	(347)	296	(1 175)	(1 226)
At the end of period	676	486	2 697	3 859
Impairment provision				
At the beginning of period	(1 023)	(116)	(24)	(1 163)
Increase (decrease)	347	6	(112)	241
At the end of period	(676)	(110)	(136)	(922)
Net book value at the beginning of period	-	74	3 848	3 922
Net book value as the end of period	-	376	2 561	2 937

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 euros

	31.12.2024.	31.12.2023.
Compensation for management expenses of state support programs *	723	3 222
Other accrued income	-	640
Total accrued income	723	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 euros

	31.12.2024.	31.12.2023.
Due to credit institutions registered in OECD countries	40 366	32 038
Total due to credit institutions	40 366	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 40,366 thousand (31 December 2023: EUR 32,038 thousand), of which EUR 88 thousand (31 December 2023: EUR 164 thousand) constitutes accrued interest expenses.

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 31 December 2024 the principal amount of the loan was EUR 40,278 thousand (31 December 2023: EUR 28,750 thousand), the final repayment date 20 December 2029. The loan was received in several tranches, with each tranche having its own final repayment date:

Principal amount, in thousands of euros	Final repayment date
3,750	20 May 2025
3,750	11 November 2025
7,778	3 April 2028
25,000	20 December 2029

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 9 December 2025 and which had not been started until 31 December 2024. The volume and pace of drawdown under this agreement is subordinated to the further volume of new lending transactions. Both loans are unsecured.

The average interest rate for the balances *Due to credit institutions* as of 31 December 2024 was 2.51% (31 December 2023: 1.82%).

27 Due to General Governments

All amounts in thousands of euros

	31.12.2024.	31.12.2023.
Loans received from Rural Support Service	1 978	3 311
Loans received from the Treasury	205 656	171 345
Total due to general governments	207 634	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 31 December 2024, the Company liabilities to Rural Support Service consist of the principal amount of EUR 1,748 thousand (31 December 2023: EUR 3,072 thousand) and accrued interest – EUR 230 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 31 December 2024, the principal amount of the loan EUR 93,291 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 31 December 2024, according to the loan agreement the Company is available the financing in the amount of EUR 6,709 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As of 31 December 2024, the amount of the secured claim was EUR 111,962 thousand (31 December 2023: EUR 105,175 thousand).
- Loan programme for SME development: as of 31 December 2024, the principal amount of the loan EUR 59,047 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 31 December 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 50,953 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As of 31 December 2024, the amount of the secured claim was EUR 70,862 thousand (31 December 2023: EUR 77,547 thousand).
- Parallel loan programme: as of 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 2024, the amount of the secured claim was EUR 1,664 thousand (31 December 2023: EUR 2,080 thousand).

27 Due to General Governments (cont'd)

- Latvian Land Fund (the financing for the Fund's transactions): the loan amount has been used in 2020 and as of 31 December 2024 the principal amount of the loan EUR 5,668 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 31 December 2024, the value of the collateral was EUR 10,451 thousand (31 December 2023: EUR 9,261 thousand).
- Loan programme for reconstruction works of multi-apartment buildings and improvement of their territories: as of 31 December 2024, the principal amount of the loan EUR 11,770 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 31 December 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 18,230 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 31 December 2024, the amount of the secured claim was EUR 14,125 thousand (31 December 2023: EUR 6,786 thousand).
- Working capital loan programme for farmers: as of 31 December 2024, the principal amount of the loan EUR 9,477 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 31 December 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 16,135 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 31 December 2024, the amount of the secured claim was EUR 11,374 thousand (31 December 2023: 0).
- Latvian Land Fund: a new loan agreement was concluded on November 1, 2024, which is used to finance the fund's transactions, as of 31 December 2024 the principal amount of the loan EUR 20,417 thousand, the final repayment date 20 July 2041. As a collateral serves the commercial pledge to the right of the Company's claims resulting from transactions carried out by the fund. As of 31 December 2024, according to the loan agreement the Company still is available the financing in the amount of EUR 64,583 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As of 31 December 2024, the amount of the secured claim was EUR 24,502 thousand

As of 31 December 2024, the accrued interest on the loans received from the Treasury amounts to EUR 22 thousand (31 December 2023: EUR 20 thousand). The average interest rate for the *Loans received from the Treasury* as of 31 December 2024 was 3.76% (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 31 December 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.

28 Liabilities from financial guarantees

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

	31.12.2024.	31.12.2023.
Provisions at the beginning of the period	47 319	45 852
Increase in provisions (Note 15: the sum of impairment losses and impairment losses covered by Portfolio Loss Reserve)	2 298	4 477
Impairment losses covered by Risk Coverage Reserve (Note 15)	16 436	14 053
Decrease in provisions (Note 15: the sum of reversal of impairment and reversal impairment losses covered by Portfolio Loss Reserve)	(2 917)	(5 419)
Reversal of impairment covered by Risk Coverage Reserve (Note 15)	(12 463)	(10 351)
Reclassification (Disbursed guarantee)	(655)	(1 018)
Compensation for guarantee premium	(735)	-
Fair value component - guarantee premiums	(21)	(275)
Provisions at the end of the period	49 262	47 319
<i>Fair value component - guarantee premiums</i>	3 739	3 759
<i>Company's share of provisions</i>	305	1 649
<i>Provisions covered by Portfolio Loss Reserve</i>	6 862	6 907
<i>Provisions covered by Risk Coverage Reserve</i>	38 357	35 004

29 Provisions for contingent liabilities

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

	31.12.2024.	31.12.2023.
Provisions for loan commitments	554	319
<i>Company's share of provisions</i>	11	43
<i>Provisions covered by Portfolio Loss Reserve</i>	-	29
<i>Provisions covered by Risk Coverage Reserve</i>	543	247
Provisions for grant commitments	55	25
<i>Company's share of provisions</i>	55	25
Total provisions	609	344
<i>Company's share of provisions</i>	66	68
<i>Provisions covered by Portfolio Loss Reserve</i>	-	29
<i>Provisions covered by Risk Coverage Reserve</i>	543	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 31 December 2024, in thousands of euros:

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed liability for reserved capital rebate	Programme funding fair Value Correction	Provisions covered by Risk Coverage Reserve	Net programme funding
Loans						
ERDF II	6 275	-	-	-	-	6 275
ESF II	897	-	-	-	-	897
Microcredits of Swiss programme (closed programme)	335	-	-	-	-	335
ERDF I	33	-	-	-	-	33
ESF I	154	-	-	-	-	154
ERDF II (second round)	1 199	5	-	-	-	1 199
ERDF II 2 Public fund	226	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 635	411	-	(47)	(37)	2 551
Fund of Funds programme – Microcredits	292	3	-	(2)	-	290
Fund of Funds programme – Parallel loans	4 012	1 877	-	(116)	(431)	3 465
Energy Efficiency Loans for Multi-apartment Buildings (I)	17 351	15 842	-	(140)	(178)	17 033
Start-up State Aid Cumulation Lending Programme	1 886	1 886	-	(564)	(230)	1 092
Other loans to start-ups	320	2	-	-	-	320
Mezzanine Programme – Loans	3 609	3 536	-	-	(621)	2 988
Guarantees and interest grants programme	4 287	4 287	-	(1 175)	-	3 112
SME energy efficiency loans	3 723	3 723	-	(109)	(1 005)	2 609
SME growth loans	3 000	3 000	-	-	(349)	2 651
ERAF SME growth loans	23 045	1 383	-	-	(995)	22 050
ERAF loans for business sustainability	23 732	5 162	-	-	(963)	22 769
Parallel loans	2 000	2 000	-	(43)	(117)	1 840
Parallel loans 2	3 548	1 313	-	-	(513)	3 035
Loans for enterprises in rural territories	9 298	9 298	-	(595)	(146)	8 557
Start-up loans to innovative entrepreneurs	7 781	1 556	-	-	(224)	7 557
Multi-apartment building improvement loans	4 500	4 500	-	(97)	(73)	4 330
Energy Efficiency Loans for Multi-apartment Buildings (II)	9 125	510	-	-	(47)	9 078
Cultural industry support programme **	245	-	-	-	-	245
ELFLA Agricultural and rural development loans	18 432	4 424	-	-	(154)	18 278
Working capital loans to Agriculture	12 535	921	-	-	(682)	11 853
Co-funding loans for the construction of affordable housing	2 611	338	-	-	(278)	2 333
RRF energy efficiency loans*	40 610	5 257	9 242	-	-	40 610
RRF digitization loans*	40 041	6 123	9 335	-	-	40 041
RRF Energy Efficiency Loans for Multi-apartment Buildings*	19 762	1 148	3 088	-	-	19 762
RRF housing construction loans*	42 531	4 615	3 905	-	-	42 531
Investment Loans with capital rebate *	161 054	10 667	32 119	-	-	161 054
Investment Loans with capital rebate – co-funding loans	33 511	2 334	-	-	-	33 511
Loans for sustainability	1 000	1 000	-	-	(42)	958
PF1 Start-up and Micro ERDF loans	9 299	1 128	-	-	(330)	8 969
PF1 Productivity growth loans	14 200	2 080	-	-	(103)	14 097
PF1 Business sustainability loans	8 725	1 288	-	-	(122)	8 603
PF1 Innovation loans	8 474	1 258	-	-	-	8 474
Total loans	546 293	102 875	57 689	(2 888)	(7 640)	535 765

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 2024, in thousands of euros (cont'd):

Financial Instrument / Programme	Programme funding	Of which, Risk Coverage Reserve	Of which, committed 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	45 870	45 870	-	-	(7 610)	38 260
Energy Efficiency Guarantees for Multi-apartment Buildings	12 083	10 492	-	-	(1 289)	10 794
Housing Guarantee Programme	29 672	29 672	-	(2 472)	(18 360)	8 840
Housing Guarantee Programme for NAF soldiers	1 061	1 061	-	(105)	(490)	466
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	8 753	8 753	-	(2 529)	(1 471)	4 753
Mezzanine Programme – Guarantees	1 158	1 135	-	-	(186)	972
Portfolio Guarantee Fund	9 394	8 594	-	(1 789)	(3 408)	4 197
Export credit guarantees	5 199	5 199	-	(990)	(391)	3 818
Study and student portfolio guarantees ***	794	-	-	-	-	794
Agricultural Guarantees	1 388	1 388	-	(309)	(893)	186
ELFLA Agricultural and rural development guarantees	984	984	-	-	(228)	756
RRM energy car guarantees	1 504	128	319	-	(14)	1 490
RRM Energy efficiency guarantees for multi-apartment buildings *	11 092	555	9 898	-	(297)	10 795
PFI Individual guarantees for digitalisation and automation	1 460	649	-	-	(11)	1 449
PFI Guarantees for full-cycle business	11 374	5 065	-	-	(4 297)	7 077
PFI Portfolio guarantees for full-cycle business	2 838	1 262	-	-	-	2 838
Total guarantees	144 624	120 807	10 217	(8 194)	(38 945)	97 485
Grants						
Energy Efficiency Grants for Multi-apartment Buildings	6	-	-	-	-	6
Housing grant programme "Balsts"	4 704	-	-	-	-	4 704
Grants for energy efficiency improvement of family buildings	809	-	-	-	-	809
Social Entrepreneurship Programme II	586	-	-	-	-	586
Energy efficiency project grant	846	-	-	-	-	846
Grants for improving energy efficiency of family buildings	543	-	-	-	-	543
PFI Multi-apartment buildings grants with consecutive grant payments	294	-	-	-	-	294
Total grants	7 788	-	-	-	-	7 788
Venture Capital Funds						
Fund of Funds and venture capital funds	34 899	18 011	-	-	-	34 899
Investment Fund Activity	7 220	6 498	-	-	-	7 220
Baltic Innovation Fund	1 956	587	-	(440)	-	1 516
Baltic Innovation Fund II	2 531	759	-	(452)	-	2 079
PFI Contingent equity investments (5G)	25 656	9 819	-	-	-	25 656
Total venture capital funds	72 262	35 674	-	(892)	-	71 370
Other Activities						
Energy Efficiency Fund	6	-	-	-	-	6
Total other activities	6	-	-	-	-	6
2021-2027 Participation fund No 1	3 341	-	-	-	-	3 341
Total support programme funding	774 671 ****	259 356	67 906	(11 974)	(46 585)	715 755

* 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 24,649 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 euros:

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
PFI 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 euros (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 12 months of 2024, in thousands of euros:

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.									31.12.2024.
Loans										
ERDF II	8 301	-	(2 028)	-	-	-	2	-	-	6 275
ESF II	860	-	-	-	-	-	37	-	-	897
Microcredits of Swiss programme (closed programme)	563	-	(225)	-	-	-	-	(5)	2	335
ERDF I	234	-	-	-	-	-	(201)	-	-	33
ESF I	236	-	-	-	-	-	(82)	-	-	154
ERDF II (second round)	2 245	-	(1 050)	-	-	-	10	(13)	7	1 199
Incubators (from ESF II)	82	-	(82)	-	-	-	-	-	-	-
ERDF II 2 Public fund	226	-	-	-	-	-	-	-	-	226
Fund of Funds programme – Start-up loans	2 510	-	-	-	-	-	-	3	38	2 551
Fund of Funds programme – Microcredits	288	-	-	-	-	-	-	1	1	290
Fund of Funds programme – Parallel loans	2 965	-	-	-	-	-	-	-	500	3 465
Energy Efficiency Loans for Multi-apartment Buildings (I)	19 055	-	(2 552)	-	(55)	-	559	(2)	28	17 033
Start-up State Aid Cumulation Lending Programme	1 004	-	-	-	-	-	-	46	42	1 092
Other loans to start-ups	1 757	-	(1 450)	-	-	-	13	(1)	1	320
Mezzanine Programme – Loans	3 035	-	(129)	-	(41)	-	150	-	(27)	2 988
Guarantees and interest grants programme	3 112	-	-	-	-	-	-	-	-	3 112
SME energy efficiency loans	2 263	-	-	-	-	-	-	-	346	2 609
SME growth loans	-	-	3 000	-	-	-	-	-	(349)	2 651
ERDF SME growth loans	21 491	-	1 090	-	(45)	-	-	-	(486)	22 050
ERDF loans for business sustainability	24 739	-	(2 047)	-	(85)	-	-	-	162	22 769
Parallel loans	1 757	-	-	-	-	-	-	-	83	1 840
Parallel loans 2	3 015	-	-	-	(5)	-	-	-	25	3 035
Loans for enterprises in rural territories	7 080	2 900	(1 410)	-	-	-	-	5	(18)	8 557
Start-up loans to innovative entrepreneurs	7 759	-	(231)	-	(5)	-	-	-	34	7 557
Multi-apartment building improvement loans	854	-	3 500	-	-	-	-	-	(24)	4 330
Energy Efficiency Loans for Multi-apartment Buildings (II)	13 882	-	(4 597)	-	(560)	-	343	-	10	9 078

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 12 months of 2024, in thousands of euros: (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.									31.12.2024.
Cultural industry support programme *	300	-	108	-	(32)	-	-	(131)	-	245
ELFLA Agricultural and rural development loans	11 891	6 000	500	-	(493)	-	450	-	(70)	18 278
Working capital loans to agriculture**	-	10 134	2 910	-	(509)	-	-	-	(682)	11 853
Co-funding loans for the construction of affordable housing	-	-	2 611	-	-	-	-	-	(278)	2 333
RRF energy efficiency loans*	21 340	24 176	-	(4 803)	(329)	(81)	307	-	-	40 610
RRF digitization loans*	13 573	31 600	-	(5 176)	-	(282)	326	-	-	40 041
RRF Energy Efficiency Loans for Multi-apartment Buildings*	17 185	17 185	(12 385)	(442)	(1 395)	(486)	100	-	-	19 762
RRF housing construction loans*	12 791	30 030	-	-	-	(294)	4	-	-	42 531
Investment Loans with capital rebate	127 739	55 000	(21 011)	-	-	(674)	-	-	-	161 054
Investment Loans with capital rebate – co-funding loans	-	12 500	21 011	-	-	-	-	-	-	33 511
Loans for sustainability	-	-	1 000	-	-	-	-	-	(42)	958
PF1 Start-up and Micro ERDF loans	4 699	-	4 718	-	(317)	-	199	-	(330)	8 969
PF1 Productivity growth loans	-	-	14 404	-	(395)	-	191	-	(103)	14 097
PF1 Business sustainability loans	-	-	8 755	-	(84)	-	54	-	(122)	8 603
PF1 Innovation loans	-	-	8 484	-	(10)	-	-	-	-	8 474
Advance payment 2021-2027 in the Participation Fund No 1 loan segment	15 424	-	(15 424)	-	-	-	-	-	-	-
Total loans	354 255	189 525	7 470	(10 421) *****	(4 360)	(1 817) *****	2 462	(97)	(1 252)	535 765

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 12 months of 2024, in thousands of euros: (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.									31.12.2024.
Guarantees										
Fund of Funds programme - Guarantees	38 422	-	(2 177)	-	(285)	-	-	(31)	2 331	38 260
Energy Efficiency Guarantees for Multi-apartment Buildings	6 808	-	3 649	-	(146)	-	353	-	130	10 794
Housing Guarantee Programme	5 645	3 538	-	-	-	-	-	-	(343)	8 840
Housing Guarantee Programme for NAF soldiers	92	549	-	-	-	-	-	-	(175)	466
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	5 430	-	-	-	-	-	-	-	(677)	4 753
Mezzanine Programme - Guarantees	834	-	129	-	(13)	-	8	-	14	972
Portfolio Guarantee Fund	4 529	-	-	-	(69)	-	-	(258)	(5)	4 197
Export credit guarantees	4 032	-	-	-	-	-	-	(275)	61	3 818
Study and student portfolio guarantees	729	-	120	-	(55)	-	-	-	-	794
Agricultural Guarantees	141	-	-	-	-	-	-	-	45	186
ELFLA Agricultural and rural development guarantees	2 832	-	(2 000)	-	(19)	-	6	-	(63)	756
RRM energy car guarantees	1 500	-	-	(5)	-	-	9	-	(14)	1 490
RRM Multi-apartment building energy efficiency guarantees	-	-	12 385	(10)	(1 284)	-	-	1	(297)	10 795
PF1 Individual guarantees for digitalisation and automation	1 480	-	(33)	-	(11)	-	24	-	(11)	1 449
PF1 Guarantees for full-cycle business	402	-	11 085	-	(285)	-	172	-	(4 297)	7 077
PF1 Portfolio guarantees for full-cycle business	2 961	-	(148)	-	(21)	-	46	-	-	2 838
Advance payment 2021-2027 in the Participation Fund No 1 guarantee segment	9 961	-	(9 961)	-	-	-	-	-	-	-
Total guarantees	85 798	4 087	13 049	(15)	(2 188)	-	618	(563)	(3 301)	97 485

30 Support programme funding (cont'd)

(2) Movement in the Company's support programme funding in 12 months of 2024, in thousands of euros: (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.									31.12.2024.
Grants										
Energy Efficiency Grants for Multi-apartment Buildings	65 094	45	-	(64 556)	(305)	-	-	(272)	-	6
Housing grant programme "Balsts"	4 828	3 600	-	(3 724)	-	-	-	-	-	4 704
Grants for energy efficiency improvement of family buildings *	1 450	-	225	(457)	(409)	-	-	-	-	809
Social Entrepreneurship Programme	511	-	-	(511)	-	-	-	-	-	-
Social Entrepreneurship Programme II	-	877	-	(130)	(161)	-	-	-	-	586
Energy efficiency grants for enterprises 2 RRM	503	608	-	(96)	(169)	-	-	-	-	846
Grants for improving energy efficiency of family buildings	1 164	-	-	(508)	(113)	-	-	-	-	543
Grants for Cultural industry support *	108	-	(108)	-	-	-	-	-	-	-
PF1 Multi-apartment Buildings grants with consecutive grant payments	-	581	-	(50)	(237)	-	-	-	-	294
Total grants	73 658	5 711	117	(70 032)	(1 394)	-	-	(272)	-	7 788
Venture Capital Funds										
Fund of Funds and venture capital funds	33 597	-	1 365	-	(2 146)***	(1 875)	5 632 ****	(1 674)	-	34 899
Investment Fund Activity	5 936	-	-	-	(59)	(1 230)	2 133*****	394	46	7 220
Baltic Innovation Fund	1 560	-	-	-	(44)	-	-	-	-	1 516
Baltic Innovation Fund II	1 177	-	-	-	(42)	-	-	944	-	2 079
PF1 Contingent equity investments (5G)	-	-	25 608	-	(45)	-	93	-	-	25 656
Advance payment 2021-2027 in the Participation fund No 1 venture capital funds segment	15 654	-	(15 654)	-	-	-	-	-	-	-
Total venture capital funds	57 924	-	11 319	-	(2 336)	(3 105)	7 858	(336)	46	71 370
Other Activities										
Energy Efficiency Fund	38	-	-	-	(32)	-	-	-	-	6
Regional Creative Industries Alliance	-	274	-	(243)	(31)	-	-	-	-	-
Total other activities	38	274	-	(243)	(63)	-	-	-	-	6
2021-2027 Participation fund No 1	-	35 849	(31 835)	-	(673)	-	-	-	-	3 341
Funding allocated to increase reserve capital	8 976	2 925	(120)	-	-	-	-	(11 781)	-	-
Total support programme funding	580 649	238 371	-	(80 711)	(11 014)	(4 922)	10 938	(13 049)	(4 507)	715 755

* Combined financial instrument.

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

*** include EUR 798 thousand management fees for the 4th generation venture capital funds.

**** include EUR 1,027 thousand mezzanine interest received in 12 months of 2024.

***** include EUR 800 thousand mezzanine interest received and EUR 1,333 thousand net profit on investments in 2nd and 3rd generation venture capital funds in 12 months of 2024.

***** Includes (i) changes in the fair value of the pass-through arrangement's potential capital rebate component for the Agent Programs, amounting to EUR (970) thousand, (ii) changes in the fair value of the potential capital rebate component for Principal programs, amounting EUR 705 thousand and (iii) the recognition of changes in the fair value of the loan component in Deferred income, totalling EUR (1,552) thousand.

***** See Note 19 Loans with capital rebate

31 Issued Debt Securities

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

All amounts in thousands of euros

ISIN	Currency	Number of initially issued securities	Par Value	Date of issuance	Maturity Date	Discount / Coupon Rate		
							31.12.2024.	31.12.2023.
LV0000802353	EUR	20 000	1 000	17.10.2017	17.10.2024	1.37%	-	20 031
LV0000880037	EUR	10 000	1 000	07.03.2018	07.03.2025	1.30%	10 106	10 098
LV0000880037	EUR	15 000	1 000	05.06.2019	07.03.2025	1.30%	15 172	15 224
LV0000880037	EUR	20 000	1 000	15.04.2020	07.03.2025	1.30%	20 213	20 192
LV0000870095	EUR	20 000	1 000	08.10.2021	08.10.2026	0.44%	20 000	19 988
Total issued debt securities at the end of period ended 31 December							65 491	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.

To date, 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, as a result the nominal value of the bonds issued at the end of the reporting period to EUR 65 million.

Movements in issued debt securities, in thousands of euros:

	31.12.2024.	31.12.2023.
At the beginning of period	85 533	85 513
Redemption of bonds	(20 000)	-
Accrued coupon	879	933
Coupon pay-out	(933)	(933)
Discount amortisation	(33)	(30)
Commission amortisation	45	50
Total issued debt securities at the end of period	65 491	85 533

Information about bondholders structure according to holders groups and total number of bondholders:

Bondholders group	Number		%	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Pension funds and investment funds	45	34	42%	61%
Financial institutions	9	8	8%	15%
Other legal entities	7	3	7%	5%
Insurance companies	8	8	8%	15%
Private individuals	37	2	35%	4%
Total	106	55	100%	100%

32 Reserves

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

	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
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	7 384	-	-	7 384
Reduction of reserve capital due to increased funding of Support Programmes	(18 288)	-	-	(18 288)
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 31 December 2024	114 778	(15 935)	75 022	173 865

32 Reserves (cont'd)

(2) Breakdown of the Company's "Specific reserves for support programmes", in thousands of euros:

	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	2 839	-	-	-	-	-	-	-	-	-	2 839
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)
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", in thousands of euros (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	1 774	5 610	-	-	-	-	-	-	-	7 384	
Reduction of reserve capital due to increased funding of Support Programmes	-	-	(5 788)	-	-	(12 500)	-	-	-	(18 288)	
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 31 December 2024	23 751	5 610	-	3 300	20 853	-	13 829	16 268	7 187	23 980	114 778
of which:											
Portfolio Loss Reserve (Specific Reserves)	23 751	5 610	-	3 300	20 587	-	1 018	16 268	7 187	8 015	85 736

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", in thousands of euros (cont'd):

The reallocation of the funds resulting from the reduction in the specific capital reserve have been 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, ensures 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 increased by EUR 860 thousand, considering estimated expected credit losses.

Item Reserve capital for non-Covid-19 programs includes a reduction in the special capital reserve allocated to The Guarantees for Mitigating the Consequences of the Ukrainian war program by a total amount of EUR 12,500 thousand. This adjustment increases the funding for financing support programs for the Loans with a capital rebate program, in accordance with the decision of the shareholders' meeting of December 2, 2024. The decision was adopted based 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 on the guarantee program for mitigating the economic consequences of Russia Federation's military aggression against Ukraine "".

The reallocation of the funds resulting from the reduction in the special capital reserve have been redirected to the financing of the (Investment) 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, ensures 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 resulted in a corresponding reduction of the Portfolio loss reserve by EUR 12,500 thousand and the Risk coverage reserve in liabilities increased, considering estimated expected credit losses.

Item Reserve capital for non-Covid-19 programs includes an increase in specific capital reserve for the Housing Guarantee Program in 2024, totalling amount of 32 thousand euros. This adjustment follows the decision of the shareholders' meeting of December 2, 2024, which was adopted based on the agreement of 27 September 2024 No.2 with the Ministry of Defence on the contract to transfer funding to the program for State aid to soldiers of the national Armed Forces for the purchase of residential space.

Item Reserve capital for non-Covid-19 programs includes an increase in specific capital reserve for the Housing Guarantee Program in 2024, for a total amount of 1,742 thousand euros in accordance with the decision of the shareholders' meeting of December 2, 2024, adopted based of the agreement of December 10, 2022 on the financing of the program for state assistance for the purchase or construction of residential premises, as well as agreement No.3 concluded on October 18, 2024

Based on the Cabinet of Ministers Regulation, No.628 of October 31, 2023 "Amendments to the Cabinet of Ministers Regulation No.503 of July 6, 2021, Regulations Regarding Loans with a capital rebate for Investment Projects for Promoting Projects of Merchants for Facilitating Competitiveness " clause 7, in 2025, it is planned to reduce the reserve capital in the program Loans for Mitigating the consequences of the Ukrainian war by EUR 5,000 thousand. This adjustment will increase the funding for Support programs for the Loans with a capital rebate program.

The reallocation of the funds resulting from the reduction in the specific capital reserve will be redirected to the financing of the (Investment) 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 5,000 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 5,000 thousand and the Risk coverage reserve in liabilities will increase, considering estimated expected credit losses.

The funding included in the Specific Reserves will be used to cover the expected credit losses of the programs 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 euros:

	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:											
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2022 annual report	-	(1 906)	-	(482)	-	-	-	(1 914)	(473)	(471)	(5 246)
Increase of specific reserves	2 839	-	-	-	-	-	-	-	-	-	2 839
Increase of Specific Reserves from General reserve capital at distribution of the profit for year 2022	9	-	-	-	-	-	-	-	64	-	73
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	-	-	-	-	-	-	1 018	(17 500)	(10 000)	-	(26 482)
Reserve capital redistribution	-	-	-	-	21 234	12 500	-	(5 737)	(12 500)	-	15 497
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

32 Reserves (cont'd)

(3) Analysis of portfolio loss reserve movements, in thousands of euros (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	-	5 610	-	-	-	-	-	-	-	-	5 610
Reduction of reserve capital due to increased funding of Support Programmes	1 774	-	(5 788)	-	-	(12 500)	-	-	-	-	(16 514)
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 31 December 2024	23 751	5 610	-	3 300	20 587	-	1 018	16 268	7 187	8 015	85 736
of which:											
<i>Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2024 annual report</i>	-	(1 558)	-	75	63	-	-	1 305	1 675	(179)	1 381

33 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	31.12.2024.	31.12.2023.
Contingent liabilities:		
Outstanding guarantees	523 538	480 025
Financial commitments:		
Loan commitments	170 045	88 846
Commitments to AIF "Altum capital fund" *	29 096	30 578
Commitments to investments in associates **	19 027	32 555
Commitments to other investments	20 532	21 123
Grant commitments	1 992	1 575
Total contingent liabilities and financial commitments	764 230	654 702

* Considering the investments made by AIF Altum capital fund as of 31 December 2024 (EUR 19.8 million), as well as scheduled contributions to cover management fee EUR 0.3 million, the position "Commitments to AIF Altum capital fund" could decrease by EUR 28.8 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 0.9 million.

Impairment allowances for loan commitments, in thousands of euros:

	31.12.2024.	31.12.2023.
Unutilised loan facilities	170 045	88 846
Impairment allowances	(554)	(319)
Total unutilized loan facilities, net	169 491	88 527

Impairment allowances for grant commitments, in thousands of euros:

	31.12.2024.	31.12.2023.
Grant commitments	1 992	1 575
Impairment allowances	(55)	(25)
Total grant commitments, net	1 937	1 550

Analysis of the guarantee portfolio by client segments as at 31 December 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	11 159	(920)	2 111	(201)	-	-	13 270	(1 121)
SME and Midcaps	166 951	(12 942)	16 940	(2 710)	4 786	(1 750)	188 677	(17 402)
Private individuals	317 941	(25 997)	2 942	(330)	708	(674)	321 591	(27 001)
Total segments, gross	496 051	(39 859)	21 993	(3 241)	5 494	(2 424)	523 538	(45 524)
Impairment overlay for interest rate decrease	-	-	-	-	-	-	-	-
Total segments, net	496 051	(39 859)	21 993	(3 241)	5 494	(2 424)	523 538	(45 524)

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 31 December 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	316 338 *	-	305	1 991	55 040	149 864	523 538
Financial commitments							
Loan commitments	170 045	-	-	-	-	-	170 045
Commitments to AIF "Altum capital fund"***	8	17	25	50	28 996	-	29 096
Commitments to investments in associates***	231	197	295	2 347	15 957	-	19 027
Commitments to other investments	289	578	867	1 734	9 972	7 092	20 532
Total financial commitments	170 573	792	1 187	4 131	54 925	7 092	238 700
Grant commitments	1 992	-	-	-	-	-	1 992
Total contingent liabilities and financial commitments	488 903	792	1 492	6 122	109 965	156 956	764 230

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

** Considering the investments made by AIF Altum capital fund as of 31 December 2024 (EUR 19.8 million) as well as scheduled contributions to cover management fee EUR 0.3 million, the position "Commitments to AIF Altum capital fund" could decrease by EUR 28.8 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 0.9 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, Ministry of Agriculture, 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 euros:

	Transactions with shareholders		Associates		Other companies owned by the shareholders	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Investments in venture capital funds	-	-	54 667	50 266	-	-
Investments in AIF "Altum capital fund"	-	-	16 392	16 327	-	-
Due to general governments	-	-	-	-	1 978	3 312
Support programme funding	589 688	421 510	-	-	126 422	139 139
Off-balance sheet financial liabilities for venture capital funds	-	-	19 027	32 555	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	29 096	30 578	-	-

Transactions with related parties, in thousands of euros:

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	44 794	28 726	(16 375)	(7 886)
Ministry of Agriculture of the Republic of Latvia	18	-	-	(1 212)
Ministry of Economics of the Republic of Latvia	166 871	85 174	-	-
Associates				
Venture capital funds	9 665	10 397	(7 653)	(11 350)
Other companies owned by the shareholders				
Rural Support Service	11 902	7 500	-	-
Central Finance and Contracting Agency of the Republic of Latvia	36 475	128 154	(2 008)	-
Ministry of Education and Science of the Republic of Latvia	2 925	2 925	-	-
Ministry of Culture of the Republic of Latvia	-	-	(132)	(1 892)
Ministry of Defence of the Republic of Latvia	581	528	-	-
Ministry of Wealth Fair of the Republic of Latvia	846	1 688	-	(629)

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 12 months of 2024 amounted to EUR 889 thousand (12 months of 2023: EUR 802 thousand), including social insurance tax.

	01.01.2024.- 31.12.2024.	01.01.2023.- 31.12.2023.
Remuneration to the Supervisory Council and the Management Board	720	650
to the Supervisory Council		92
to the Management Board		558
to the Audit Committee		46
Social insurance tax	169	152
Total	889	802

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 euros:

	Total carrying amount		Total fair value incl.		Level 2		Level 3	
	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.	31.12.2024.	31.12.2023.
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	183 572	9 743	183 572	9 743	183 572	9 743	-	-
Other investments	28 617	25 398	28 617	25 398	-	-	28 617	25 398
Investments in associates	71 059	66 592	71 059	66 592	-	-	71 059	66 592
Investment properties	92 976	68 246	92 976	68 246	-	-	92 976	68 246
Loans with capital rebate	82 660	13 088	82 660	13 088	-	-	82 660	13 088
Assets with fair values disclosed								
Due from credit institutions and the Treasury	627 769	702 788	627 168	702 765	627 168	702 765	-	-
Financial assets at amortised cost:								
Investment securities	-	38	-	38	-	-	-	38
Loans	412 249	349 360	377 187	335 975	-	-	377 187	335 975
Other financial assets	2 937	3 922	2 937	3 922	-	-	2 937	3 922
Total assets	1 501 839	1 239 175	1 466 176	1 225 767	810 740	712 508	655 436	513 259
Liabilities measured at fair value								
Support programme funding	715 755	580 649	715 755	580 649	-	-	715 755	580 649
Liabilities with fair value disclosed								
Due to credit institutions	40 366	32 038	40 366	32 038	-	-	40 366	32 038
Due to general governments	207 634	174 656	196 654	174 656	-	-	196 654	174 656
Liabilities from financial guarantees	49 262	47 319	49 262	47 319	-	-	49 262	47 319
Financial liabilities at amortised cost - Issued debt securities	65 491	85 533	63 139	82 127	-	-	63 139	82 127
Total liabilities	1 078 508	920 195	1 065 176	916 789	-	-	1 065 176	916 789

Loans with capital rebate

The fair value of loans with capital rebate is determined separately for (a) for a potential future 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 at respective loans interest rate.

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.

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

Investments in venture capital funds

The Company have a number of investments in venture capital funds.

Investments in venture capital funds, except for investment in Baltic Innovation Fund, Baltic Innovation Fund 2, the Three Seas Fund, and the Altum Capital Fund, are measured using the equity method at the Company level. Investments in Baltic Innovation Fund, Baltic Innovation Fund 2, the Three Seas Fund, and the Altum Capital Fund are measured at fair value through profit or loss.

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,
- Latvian 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 31 December 2024, in thousands of euro:

	Loans *	Guarantees*	Venture capital funds	Grants	Latvian Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate (Note 4)	26 203	2 581	110	-	3 051	-	91	32 036
of which from loans:	23 639	-	-	-	3 051	-	-	26 690
of which pass-through arrangement from loans	4 767	-	-	-	-	-	-	4 767
of which from deposits	2 563	2 581	110	-	-	-	91	5 345
Other interest and similar income (Notes5):	2 635	5 293	102	-	101	-	3	8 134
of which from loans:	2 170	-	-	-	49	-	-	2 219
of which pass-through arrangement from loans	614	-	-	-	-	-	-	614
of which from guarantees:	-	3 723	-	-	-	-	-	3 723
of which pass-through arrangement from guarantees	-	-	837	-	-	-	-	837
of which from investment securities:	464	1 570	102	-	52	-	3	2 191
of which pass-through arrangement from investment securities	-	-	1 019	99	-	-	-	1 118
Interest expense (Note 6):	(14 093)	(1 920)	(125)	-	(985)	-	(21)	(17 144)
of which pass-through arrangement	(5 381)	(1 856)	(99)	-	-	-	-	(7 336)
Income for implementation of state aid programmes	3 972	1 526	1 307	995	-	-	126	7 926
Expenses to be compensated for implementation of state aid programmes	(4 271)	(1 164)	(1 237)	-	(681)	-	(125)	(7 478)
Gains from debt securities and foreign exchange translation	4	1	-	-	-	-	1	6
Share of profit/(losses) of investment in associates	-	-	7 433	-	-	-	-	7 433
Gains less losses from liabilities at fair value through profit or loss	-	-	(62)	-	-	-	-	(62)
Net gain on loans at fair value through profit or loss:	(2 612)	-	-	-	-	-	-	(2 612)
of which pass-through arrangement from loans at fair value	893	-	-	-	-	-	-	893
Other income	-	-	-	4	7 954	179	51	8 188
Other expense	(228)	(86)	(23)	(24)	(487)	(179)	(7)	(1 034)
Staff costs	(2 662)	(833)	(269)	(635)	(343)	-	(603)	(5 345)
Administrative expense	(524)	(200)	(44)	(194)	(99)	-	(46)	(1 107)
Amortisation of intangible assets and depreciation of property, plant and equipment	(395)	(135)	(54)	(89)	(34)	-	(24)	(731)
Allowance for expected credit-losses, net	2 044	943	36	879	(3)	-	53	3 952
Profit or (loss) from assets held for sale revaluation	1 096	-	-	-	-	-	-	1 096
Total segment profit/(loss)	11 169	6 006	7 174	936	8 474	-	(501)	33 258
Financial assets at fair value through profit or loss	-	-	71 059	-	-	-	-	71 059
Other investments	-	-	28 617	-	-	-	-	28 617
Additions of property and equipment, intangible assets and investment property	361	105	33	67	21 733	-	24	22 323
Total segment assets	614 978	162 114	199 183	9 583	507 826	-	17 761	1 511 445
Total segment liabilities	778 717	151 669	9 172	8 984	76 312	-	65 941	1 090 795
Total off-balance	170 015	523 538	68 655	1 992	30	-	-	764 230
Assets under management (AUM)	-	-	-	-	-	33 533	-	33 533

* 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 31 December 2023, in thousands of euro:

	Loans*	Guarantees*	Venture capital funds	Grants	Latvian Land Fund	Management of AIF "Altum capital fund"	Other services	Total
Interest income at effective interest rate (Note 4):	22 642	-	-	-	1 401	-	-	24 043
of which from loans:	21 641	-	-	-	1 401	-	-	23 042
of which pass-through arrangement from loans	2 966	-	-	-	-	-	-	2 966
of which from deposits	2 402	-	-	-	-	-	-	2 402
Other interest and similar income (Notes):	2 044	4 101	21	1	6	-	1	6 174
of which from loans:	1 927	-	-	-	-	-	1	1 928
of which pass-through arrangement from loans	423	-	-	-	-	-	-	423
of which from guarantees:	-	4 101	-	-	-	-	-	4 101
of which pass-through arrangement from guarantees	-	1 157	-	-	-	-	-	1 157
of which from investment securities:	117	-	21	1	6	-	-	145
of which pass-through arrangement from investment securities	-	-	-	-	-	-	-	-
Interest expense (Note 6):	(10 364)	(1 365)	(16)	(707)	-	-	-	(12 452)
of which pass-through arrangement	(3 389)	(1 157)	-	-	-	-	-	(4 546)
Income for implementation of state aid programmes	2 810	2 101	2 202	2 666	-	-	45	9 824
Expenses to be compensated for implementation of state aid programmes	(2 177)	(1 172)	(2 138)	(1 609)	-	-	(45)	(7 141)
Gains from debt securities and foreign exchange translation	(2)	-	-	-	-	-	(1)	(3)
Share of profit/(losses) of investment in associates	-	-	3 064	-	-	-	-	3 064
Gains less losses from liabilities at fair value through profit or loss	-	-	(882)	-	-	-	-	(882)
Other income	-	-	-	14	8 503	210	270	8 997
Other expense	75	(171)	(209)	(40)	(448)	(210)	(13)	(1 016)
Staff costs	(3 462)	(478)	(434)	(688)	(266)	-	(437)	(5 765)
Administrative expense	(733)	(290)	(134)	(161)	(92)	-	(68)	(1 478)
Amortisation of intangible assets and depreciation of property, plant and equipment	(341)	(158)	(81)	(155)	(48)	-	(35)	(818)
Allowance for expected credit-losses, net	(6 138)	1 031	-	(177)	(10)	-	-	(5 294)
Profit or (loss) from assets held for sale revaluation	557	-	-	-	-	-	-	557
Total segment profit/(loss)	4 911	3 599	1 393	(856)	9 046	-	(283)	17 810
Financial assets at fair value through profit or loss	-	-	66 592	-	-	-	-	66 592
Other investments	-	-	25 398	-	-	-	-	25 398
Additions of property and equipment, intangible assets and investment property	313	94	25	121	8 898	-	22	9 473
Total segment assets	742 941	171 153	172 046	79 217	97 551	-	53 178	1 316 086
Total segment liabilities	507 752	192 120	38 124	72 016	81 361	-	35 360	926 733
Total off-balance	88 682	480 025	53 678	1 575	164	30 578	-	654 702
Assets under management (AUM)	-	-	-	-	-	33 381	-	33 381

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

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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 12M	2024 9M	2024 6M
Key financial data			
Net interest income (EUR '000)	23 026	16 672	10 651
Operating profit (EUR '000)	33 258	26 647	12 808
Profit for the period (EUR '000)	33 258	26 647	12 808
Cost to income ratio (CIR)	20.29%	20.97%	32.58%
Employees	254	258	258
Total assets (EUR '000)	1 511 445	1 391 224	1 310 745
Financial debt (EUR '000)	816 475	707 837	493 751
Tangible common equity (TCE) / Tangible managed assets (TMA) *	21.2%	23.1%	23.4%
Equity and reserves (EUR '000)	420 650	424 107	407 543
Return on average equity (ROE)	8.2%	8.7%	6.4%
Total risk coverage: (EUR '000)	299 888	302 980	308 155 ****
Risk coverage reserve	259 356	246 549	252 489 ****
Risk coverage reserve used for provisions	(46 585)	(41 311)	(41 006)
Portfolio loss reserve (specific reserve capital)	85 736	96 462	96 462
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 381	1 280	210
Liquidity ratio for 180 days **	325%	248%	285%
Net Cash flows from operating activities (EUR '000) *****	135 234	19 199	(13 135)
Net Cash flows from financing activities (EUR '000)	4 579	2 805	2 805
Net Cash flows from investing activities (EUR '000) *****	(249 994)	(170 986)	(163 300)
Support instruments gross value (EUR '000), of which	1 235 546	1 165 444	1 123 052
Grants	3 128	3 150	3 048
Financial instruments gross value (EUR '000) ***			
Loans (excluding sales and leaseback transactions)	475 768	450 420	415 639
Guarantees	523 538	501 345	496 237
Venture capital funds	97 999	94 054	92 163
Latvian Land Fund, of which:	135 113	116 475	115 965
- sales and leaseback transactions	42 137	39 531	39 521
- investment properties	92 976	76 944	76 444
Total	1 232 418	1 162 294	1 120 004
Number of transactions	38 730	37 740	36 814
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	221 741	154 995	99 687
Guarantees	142 902	102 058	61 920
Venture capital funds	15 745	11 890	6 921
Latvian Land Fund, of which:	40 506	25 272	22 413
- sales and leaseback transactions	19 692	15 546	13 312
- investment properties	20 814	9 726	9 101
Total	420 894	294 215	190 941
Number of transactions	6 710	4 791	3 504
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	978 319		
Leverage for raised private funding	129%	233%	219%
Volume of support programmes funding per employee (EUR '000)	4 852	4 505	4 341
Long-term rating assigned by Moody's Ratings	Baa1	Baa1	Baa1

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

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

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

** 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, Latvian 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 Latvian Land Fund portfolio.

**** As of Q3 2024 Risk Coverage Reserve excludes the public funding for full coverage of potential capital rebate component. Thus 1) restated comparatives for Risk Coverage Reserve as at 30 June 2024 are EUR 252 489 thousand instead of EUR 399 020 thousand and 2) restated comparatives for Total Risk Coverage as at 30 June 2024 are EUR 308 155 thousand instead of EUR 454 686 thousand.

***** As of Q2 2024 Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. Thus restated comparatives for Net cash flows from operating activities as at 31 December 2023 should be EUR 138 724 thousand instead of EUR 35 724 thousand and restated comparatives for Net cash flows from investing activities as at 31 December 2023 should be EUR (121 467) thousand instead of EUR (18 467) thousand.

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

	2024	2023	2022	2021	2020	2019
Key financial data						
Net interest income (EUR '000)	23 026	17 765	16 974	16 717	14 572	11 569
Operating profit (EUR '000)	33 258	17 810	11 484	13 829	5 539	8 131
Profit for the period (EUR '000)	33 258	17 810	11 484	13 829	5 539	8 131
Cost to income ratio (CIR)	20.29%	26.34%	38.26%	39.46%	47.51%	52.58%
Employees	254	255	234	226	211	203
Total assets (EUR '000)	1 511 445	1 316 086	1 099 588	976 204	850 704	560 061
Financial debt (EUR '000)	816 475	599 305	458 382	360 909	342 490	217 943
Tangible common equity (TCE) / Tangible managed assets (TMA) *	21.2%	23.4%	27.01%	33.82%	33.56%	29.40%
Equity and reserves (EUR '000)	420 650	389 353	395 983	440 736	382 594	232 738
Return on average equity (ROE)	8.2%	4.5%	2.7%	3.4%	1.8%	3.6%
Total risk coverage: (EUR '000)	299 888	281 355**	297 218	285 954	180 205	87 456
Risk coverage reserve	259 356	226 793**	230 524	159 196	112 567	99 778
Risk coverage reserve used for provisions	(46 585)	(42 078)	(38 039)	(29 496)	(28 197)	(27 829)
Portfolio loss reserve (specific reserve capital)	85 736	96 587	109 979	159 700	102 264	15 507
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	1 381	53	(5 246)	(3 446)	(6 429)	-
Liquidity ratio for 180 days ***	325%	430%	366%	518%	464%	582%
Net Cash flows from operating activities (EUR '000) ****	135 234	35 724	89 534	49 555	21 966	39 813
Net Cash flows from financing activities (EUR '000)	4 579	9 009	3 526	43 768	165 800	18 700
Net Cash flows from investing activities (EUR '000) ****	(249 994)	(18 467)	(8 437)	4 553	(4 016)	(11 230)
Support instruments gross value (EUR '000), of which	1 235 546	1 101 797	1 064 821	979 130	872 302	667 649
Grants	3 128	68 132	58 280	45 397	31 107	17 186
Financial instruments gross value (EUR '000)						
Loans (excluding sales and leaseback transactions)	475 768	359 246	311 844	315 674	302 481	225 144
Guarantees	523 538	480 025	481 013	414 978	359 605	284 232
Venture capital funds	97 999	97 456	90 277	85 973	73 165	68 331
Latvian Land Fund, of which:*****	135 113	96 938	80 542	79 163	68 258	39 634
- sales and leaseback transactions	42 137	28 692	27 089	32 999	31 500	15 268
- investment properties	92 976	68 246	53 453	46 164	36 758	24 366
Total	1 232 418	1 033 665	963 676	895 788	803 509	617 341
Number of transactions	38 730	35 260	33 976	30 978	26 578	22 437
Volumes issued (EUR '000) (by financial instrument)						
Loans (excluding sales and leaseback transactions)	221 741	141 993	95 820	100 966	138 238	64 320
Guarantees	142 902	99 440	153 067	126 997	137 425	98 240
Venture capital funds	15 745	23 920	18 526	29 158	14 014	9 022
Latvian Land Fund, of which:*****	40 506	17 676	7 414	10 595	28 191	16 384
- sales and leaseback transactions	19 692	7 916	3 105	3 254	16 796	7 239
- investment properties	20 814	9 760	4 309	7 341	11 395	9 145
Total	420 894	283 029	274 827	267 716	317 868	187 966
Number of transactions	6 710	4 846	6 539	6 579	6 147	5 559
Total contribution to economy by volumes issued in the reporting period, including the participation of the final recipients (EUR '000)	978 319	946 008	765 577	791 646	696 306	531 661
Leverage for raised private funding	129%	229%	123%	177%	114%	142%
Volume of support programmes funding per employee (EUR '000)	4 852	4 054	4 118	3 964	3 808	3 041
Long-term rating assigned by Moody's Ratings	Baa1	Baa1	Baa1	Baa1	Baa1	Baa1

* TMA includes off-balance sheet item outstanding guarantees.

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

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

** As of Q3 2024 Risk Coverage Reserve excludes the public funding for full coverage of potential capital rebate component. Thus 1) restated comparatives for Risk Coverage Reserve as at 31 December 2023 are EUR 226 793 thousand instead of EUR 315 649 thousand and 2) restated comparatives for Total Risk Coverage as at 31 December 2023 are EUR 281 355 thousand instead of EUR 370 211 thousand.

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

**** As of Q2 2024 Term deposits increase is reclassified within Cash flows from investment activities from Cash flows from operating activities. Thus restated comparatives for Net cash flows from operating activities as at 31 December 2023 should be EUR 138 724 thousand instead of EUR 35 724 thousand and restated comparatives for Net cash flows from investing activities as at 31 December 2023 should be EUR (121 467) thousand instead of EUR (18 467) thousand.

***** Taking into account the significance of the volume, Latvian 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 Latvian 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>Return on average equity (ROE)</i>	<p>"Return on average equity" (ROE) is calculated by dividing the "Profit for the period" of the relevant period, converted into annual terms, by the average amount of "Equity and reserves" at the beginning and end of the period.</p>

Definition of ratios (cont'd)

<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>
<i>180-day liquidity ratio</i>	<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 Latvian 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.</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>