

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the nine months period ended 30 September 2021

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Altum Group

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), Parent Company of the Altum Group, is a Latvian state-owned company that implements the aid and development programmes by means of financial instruments and grants pursuing the state's policy in the national economy and providing for execution of other government assignments stipulated and delegated by laws and regulations. Eliminating market failures with the help of various support instruments that enhance the development of national economy is the fundamental purpose of Altum's activities.

Long-term objectives until 2021

Following strategic development directions and long-term objectives are set in the approved JSC Development Finance Institution Altum Strategy for the period 2019 – 2021:

- In the implementation of the state aid programmes, the main financial objective is to ensure positive return on Altum's capital.
- The main non-financial objective is to support and promote availability of finances to business and the development of national economy.
- Priority directions of Altum are the following: issuing of guarantees and their servicing, venture capital investments, implementation of energy efficiency programmes with regard to thermal insulation of both multi-apartment buildings and the corporate segment, development of the Latvian Land Fund as well as initiation of new projects by expanding the range of the financial instruments offered.
- The main target activities embrace support to entrepreneurs, farmers and specific categories of persons; energy efficiency; management of the Latvian Land Fund.



Management Report

Activity during the reporting period

During the nine months of 2021, the Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company) have ensured stable financial results and earned a profit of EUR 9.2 million.

Key financial and performance indicators of the Group

Based on data from audited financial statements for the respective years

	2021 9M (unaudited)	2020 9M (unaudited)	2020 (audited)
Key financial data			
Net interest income (EUR '000)	12 424	10 154	14 572
Profit for the period (EUR '000)	9 239	2 181	5 539
Cos to income ratio (CIR)	45.39%	52.03%	47.51%
Employees	224	208	211
Total assets (EUR '000)	946 981	801 326	850 704
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	34.27%	33.35%	33.56%
Equity and reserves (EUR '000)	431 063	359 765	382 594
Total risk coverage: (EUR '000)	280 573	180 399	180 205
Risk coverage reserve	158 856	111 759	112 567
Risk coverage reserve used for provisions	(29 382)	(28 228)	(28 197)
Portfolio loss reserve (specific reserve capital)	153 757	102 264	102 264
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(2 658)	(5 400)	(6 429)
Liquidity ratio for 180 days **	585%	448%	464%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	325 071	295 049	302 481
Guarantees	395 123	345 450	359 605
Venture capital funds	88 213	70 173	73 165
Land Fund, of which:	73 030	64 666	68 258
- sales and leaseback transactions	34 250	30 173	31 500
- investment properties	38 780	34 493	36 758
Total	881 437	775 338	803 509
Number of transactions	30 045	25 468	26 578
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	81 888	109 778	138 238
Guarantees	93 898	109 206	137 425
Venture capital funds	20 261	5 068	14 014
Land Fund, of which:	4 649	25 041	28 191
- sales and leaseback transactions	2 368	15 102	16 796
- investment properties	2 281	9 939	11 395
Total	200 696	249 093	317 868
Number of transactions	4 964	4 521	6 147
Leverage for raised private funding	137%	97%	114%
Volume of support programmes funding per employee (EUR '000)	3 935	3 728	3 808
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

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

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

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

Management Report (cont'd)

Operational volumes

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

As at 30 September 2021, the Group's gross portfolio amounted to EUR 973.2 million (31 December 2020: EUR 872.3 million), of which the gross portfolio of financial instruments totaled EUR 881.4 million and consisted of 30,045 projects (31 December 2020: EUR 804 million and 26,578 projects).

In the first nine months of 2021, the Group's financial instrument portfolio increased by EUR 77.9 million (+9.7%) and by 3,467 projects (+13%) and that was significantly lower than in the first nine months of 2020, when due to a sharp rise in the demand for specialised financial instruments to mitigate the negative impact of Covid-19 on the business sector it increased by EUR 158 million (+25.6%). The largest increases in the Group's financial instrument portfolio in the first nine months of 2021 were not related to the support programme for overcoming the consequences of Covid-19. That part of the Group's financial instruments portfolio increased by EUR 70.1 million, which is by EUR 4.5 million more than in the first nine months of 2020, when it increased by EUR 66.2 million.

Of all the financial instruments, the guarantee portfolio recorded the highest growth in the first nine months of 2021, increasing by EUR 35.5 million (+9.9%), which is less than in the respective period of 2020, when it increased by EUR 61.2 million (+21.5%). The number of projects in the guarantee portfolio increased by 3,101 projects (+16.1%), which is more than in the same period in 2020, when the number of projects increased by 2,509 projects (+16.1%). The large increase in the first nine months of 2021 was ensured by Housing Guarantees for Families with Children and Housing Guarantees for Young Professionals (+EUR 26.1 million), driven by a significant increase in demand in the housing market as well as by corporate loan guarantees and portfolio guarantees (+EUR 12.7 million) as companies actively invested and replenished their working capital, taking advantage of the sharp economic recovery after the downturn in 2020. Whereas in the first nine months of the year, demand for the Covid-19 crisis-related guarantee instruments fell significantly, with the portfolio declining by EUR 2.8 million.

In the first nine months of 2021, the loan portfolio increased by EUR 22.6 million (+7.5%) and by 288 projects (+4.6%), which is less than in the corresponding period in 2020, when it increased by EUR 69.9 million (+31%) by volume and by 339 (+5.6%) projects. The dynamics of the loan portfolio is also closely linked to demand for Covid-19 crisis-related loans – demand was high in 2020 with a significant drop in 2021. The loan portfolio growth in the first nine months of 2021 was driven by loan programmes not related to Covid-19 mitigation, such as loans for acquisition of agricultural land intended for agricultural production (+EUR 11.4 million), SME growth loans (+EUR 9.5 million), loans for Energy Efficiency Programme of Multi-apartment Buildings (+EUR 3.4 million). Meanwhile, the loan portfolio of support programmes established for overcoming the consequences of Covid-19 increased by only EUR 1.1 million in the first nine months of 2021.

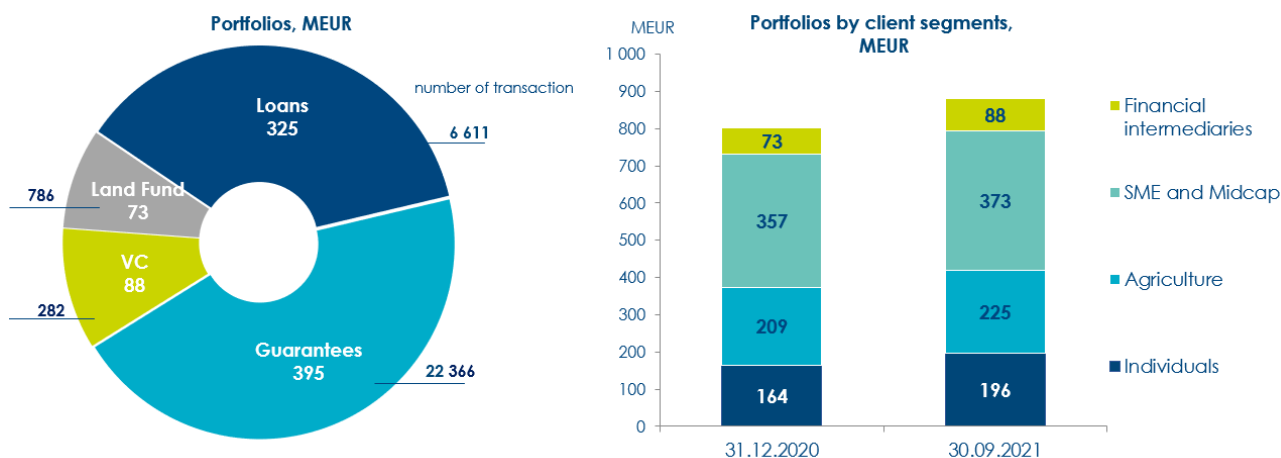
In the first nine months of 2021, the venture capital funds increased by EUR 15 million (+20.6%), which is significantly more than in the respective period of 2020, when the volume of the venture capital funds increased by EUR 1.8 million (+2.7%). This increase was ensured by investments in the AIF Altum Capital Fund, in the 4th generation venture capital funds as well as in the Baltic Innovation Fund and the Baltic Innovation Fund 2.

In the first nine months of 2021, the portfolio of the Land Fund increased by EUR 4.8 million (+7%) and by 64 projects (+8.9%), which is significantly less than in the respective period of 2020, when the Land Fund's portfolio increased by EUR 25 million (+63.2%) and by 168 projects (+31.6%). Demand for the Land Fund services has decreased as the year 2020 was favourable for farmers and provided good income, thus restoring the purchasing power of farmers themselves, which has reduced the demand for additional funding.

As at 30 September 2021, the balance sheet of the Land Fund included 1,100 properties with a total land area of 21,905 ha and amounting to EUR 73 million, including investment properties with a total area of 11,718 ha and amounting to EUR 38.8 million (31 December 2020: 10,964 ha; EUR 36.8 million), and leaseback transactions for 10,187 ha amounting to EUR 34.3 million (31 December 2020: 9,140 ha; EUR 31.5 million).

Management Report (cont'd)

Operational volumes (cont'd)



Group 30/09/2021

The largest portfolio of the Group is formed in the SMEs and Midcaps segment – 42.3%, while the Agriculture segment accounts for – 25.5%, Individuals – 22.2% and Financial intermediaries – 10%. The transactions of the Land Fund are recorded under the Agriculture segment.

In the first nine months of 2021, an increase in volume was observed in all segments. The largest growth was demonstrated by the Individuals segment, namely, by EUR 31.5 million (+19.2%), which is significantly more than in the first nine months of 2020, when the portfolio in this segment grew by EUR 18.3 million (+13.3%). The increase in the retail portfolios was mainly due to the increase in demand for Housing Guarantees, as well as guarantees under the Guarantee Programme for Improving Energy Efficiency in Multi-Apartments Buildings. In the other segments, in the first nine months of 2021 volume growth was similar - the Agriculture segment increased by EUR 15.8 million, SME and Midcap segment increased by EUR 15.6 million and the Financial Intermediaries segment grew by EUR 15.2 million.

Volume of new transactions

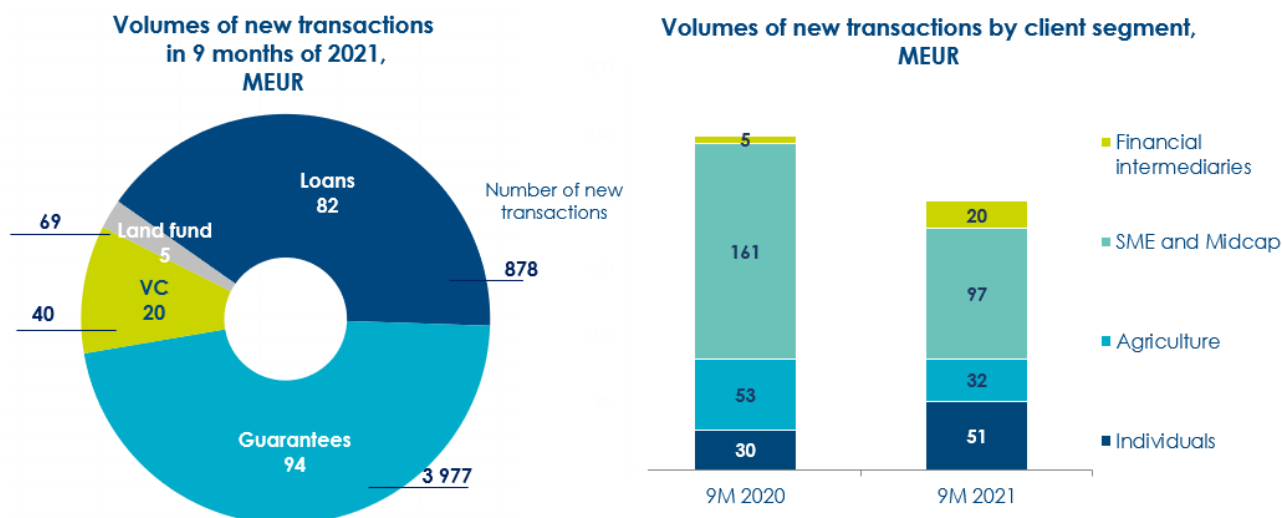
In the 9 months of 2021, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 200.7 million, breaking down as follows: 46.8% (EUR 93.9 million) for guarantee programmes, 40.8% (EUR 81.9 million) in loan programmes, 10.1% (EUR 20.3 million) in investments in the venture capital funds and 2.3% (EUR 4.6 million) in the Land Fund transactions. Totally, 4,964 projects were supported. In general, in the first nine months of 2021, the volume of the new transactions was less by 19.4% compared to the same period last year, when, reacting swiftly to the declaration of Covid-19 as a global pandemic in mid-March 2020 and the sharp downturn in the economic situation, the Group / Company actively engaged in mitigating the negative impact of Covid-19 in the business sector by creating specialised financial instruments, which resulted in a significant increase in new transactions due to the state aid programmes implemented by the Group / Company for supporting entrepreneurs in mitigating the Covid-19 effect. In 2021, there is a significant reduction in demand for specialised financial instruments to mitigate the effects of Covid-19. If in the first nine months of 2020 the volume of new transactions in the specialized financial instruments for Covid-19 effect mitigation reached EUR 92.2 million, then in the same period of this year its volume under these programmes was EUR 37.5 million. In its turn, in the first nine months of this year, the volume of new transactions under the regular programmes amounted to EUR 163.2 million, which is slightly higher than in the same period in 2020, when the volume of new transactions under the regular programmes was EUR 156.9 million.

In the reporting period, the largest volume of the new transactions was recorded in the following segments: SMEs and Midcaps –48.5%; Individuals – 25.2%; Agriculture –16.2%; and Financial Intermediaries – 10.1%.

In the first nine months of 2021, the largest increase in the volume of new transactions was recorded in the Financial Intermediaries segment, it being 4 times higher than in the first nine months of 2020. In the Individuals segment, the volume of new transactions in the first nine months of this year was 1.7 times higher as in the same period of 2020. In contrast, in such segments as SMEs and Mid-caps and Agriculture, the volume of new transactions was 1.6 times lower than in the first nine months of 2020.

Management Report (cont'd)

Volume of new transactions (cont'd)



Group 30/09/2021

In the reporting period there were issued new guarantees for EUR 93.9 million or by 14% (-EUR 15.3 million) less against the respective period in 2020, due to a significant decline in demand for the Covid-19 crisis-related guarantees. In the first nine months of 2021, the largest increase in the guarantee portfolio was in the loan guarantees for entrepreneurs (EUR 29.2 million), Housing Guarantees for Families with Children (EUR 25.7 million), the loan guarantee programmes for the Covid-19-affected businesses (EUR 10.1 million), Energy Efficiency Programme for Multi-apartment Buildings (EUR 8.5 million), Housing Guarantees for Young Professionals (EUR 6.6 million), Study loan portfolio guarantees (EUR 5.9 million) and portfolio guarantees (EUR 5 million).

In the first nine months of 2021, the volume of new loans issued amounted to EUR 81.9 million, which is by 25.4% (-EUR 27.9 million) less than in the respective period in 2020 due to a significant decline in demand for Covid-19 crisis-related loans. In the first nine months of 2021, the largest amount of new loans was issued under the SME Growth Loan Programme (EUR 24.8 million), under the Covid-19 crisis-related Loan Programme (EUR 17.4 million), loans for acquisition of agricultural land for the purpose of agricultural production (EUR 14.3 million) and working capital loans for agricultural enterprises (EUR 7.2 million).

Taking into account the business specifics, when issuing guarantees for working capital loans, for bank issued guarantees and for investment loan, a regular review and the extension of the issued guarantee are required for existing customers. This type of transaction is not attributed to newly issued guarantees because it is considered as an extension of guarantees; however, the volume of such transactions is quite significant, with EUR 50.2 million of guarantees extended in the first nine months of 2021.

As at 30 September 2021, a total of 18,560 guarantees for EUR 142.1 million of the state aid for housing acquisition was granted within the framework of the Programme for Housing Guarantees for Families with Children; out of these, guarantees worth EUR 25.7 million were issued in the first nine months of 2021, which is by 65% more against the respective period in 2020, when the economic activity of people decreased quite significantly due to the Covid-19 pandemic and national restrictions. The guarantees of the Programme help saving for the first instalment required to obtain a mortgage loan and are used by families all over Latvia. A total of 3,375 guarantees worth EUR 26.3 million were issued to young professionals; out of these, 760 guarantees worth EUR 6.6 million were issued in the first nine months of 2021.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand and the Group / Company has already supported 643 projects (COSME – 89 projects, EaSI – 554 projects) in total amount of EUR 9.1 million. If the loan is compatible with COSME or EaSI guarantee terms and conditions, the start-up and micro loans, working capital loans to farmers or small loans in rural areas are granted without additional collateral, based solely on a personal guarantee and at a lower interest rate compared to other types of unsecured loans.

In the first nine months of 2021, the Company's investments made in venture capital funds amounted to EUR 20.2 million, of which EUR 9.2 million - in the Altum Capital Fund, EUR 5.7 million - in the 4th generation venture capital funds, EUR 2.7 million - in the Three Seas Investment Fund while EUR 1.8 million and EUR 0.9 million – in the Baltic Innovation Fund and the Baltic Innovation Fund 2, respectively.

Management Report (cont'd)

Volume of new transactions (cont'd)

In the first nine months of 2021, the activity of the Land Fund was significantly lower than in the respective period of 2020, reaching only 19% of the volume of transactions performed then. This can be explained both by the relatively favourable previous year for farmers enabling them to recover their purchasing power, which has reduced the demand for additional funding and property purchase offers were made without involving the Land Fund.

Non-financial instrument portfolio

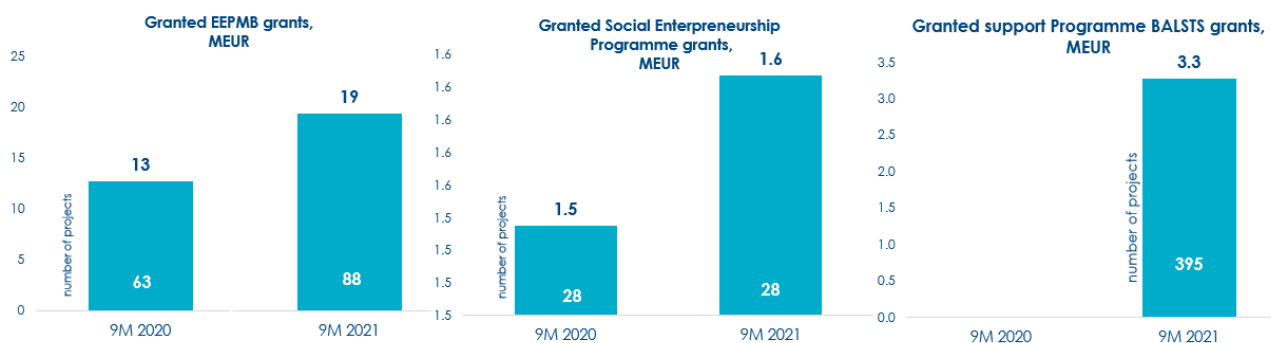
In order to make accessing to the support instruments more convenient for its clients, apart from the financial instruments, the Group / Company services some grant programmes as well, namely, the grants issued under the Energy Efficiency Programme for Multi-apartment Buildings (EEPMB), Social Entrepreneurship Programme and European Local Energy Assistance (ELENA) Programme, the grants under the support program BALSTS for the purchase or construction of housing for families with three or more children, grants under the Culture Support Programme, for which organisers of art, entertainment and recreation events can apply from 19 May this year; on May 27, accepting of applications to the Energy Efficiency Support Programme for Private Houses began. The programme gained great interest from the very start, and 392 applications from private house owners had been received by 1 July. As the amount of funding for the programme is limited and approximately 243 projects are envisaged to be supported, accepting of new project applications has been suspended as of 1 July.

As at 30 September 2021, the EEPMB programme had awarded a total of 426 grants for EUR 91.9 million, of which 88 grants for EUR 19.4 million were granted in the first nine months of 2021. As of 18 December 2020, the programme was suspended and no new applications were accepted and currently the evaluation of the projects, awarding of grants and implementation of projects are carried out.

As at 30 September 2021, a total of 131 grants for EUR 8.6 million were awarded under the Social Entrepreneurship Programme.

In order to promote and support planning of the energy efficiency projects, Altum, acting in co-operation with the European Investment Bank, provides to companies a supplementary support grant earmarked for covering the costs related to expertise and drafting of energy efficiency projects. As at 30 September 2021, there were a total of 64 grants awarded for EUR 725 thousand.

In November 2020, within the framework of the new support programme BALSTS, the Group / Company started accepting applications for the issuance of non-refundable state subsidies or grants for the purchase or construction of housing for families with three or more children. As at 30 September 2021, a total of 456 grants for EUR 3.8 million were awarded, of which 395 grants for EUR 3.3 million were granted in the first nine months of 2021.



Group 30/09/2021

New products and increasing operational efficiency

In order to continue providing support to Covid-19-affected businesses, in May the Cabinet of Ministers approved amendments to the Covid-19 crisis support programmes extending their duration to the end of the year. In addition, amendments to the Cabinet regulations for working capital loans to economic operators whose activities have been affected by the spread of Covid-19 were approved setting the duration of the programme up to 31 December 2021 thus providing for the extension of the term of commencement of repayment of the principal amount of working capital loans to the said economic operators from 18 to 24 months as well as to extend the maximum loan repayment term from 3 to 4 years and increase the maximum loan amount from EUR 1 million to EUR 1.5 million. Although the Cabinet regulations allow extending the loan repayment term, Altum follows the best practice of commercial banks in its provisioning policy. Consequently, the extension of each loan repayment term is evaluated taking into account the creditworthiness of the particular customer.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In order to mitigate the negative effects of the Covid-19 crisis on the arts, entertainment and leisure industry, from 19 May, organizers of arts, entertainment and recreation events can apply for a support programme developed by the Ministry of Culture in cooperation with the Group / Company to stimulate the organization of new events by providing support in the form of loans and grants (combined financial instrument) to entities whose core business is related to arts, entertainment and leisure activities. The total amount of support is planned to be EUR 6 million, given as a loan and a grant, where the grant does not exceed 40% of the total aid amount.

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

- the Cabinet regulations approved concerning the Programme for Multi-apartment Building Renovation Loans under which it is planned to establish a Renovation Fund for financing renovation and other related costs for Multi-apartment buildings. The programme is open for applications from 8 September and has a total funding of EUR 31 million, available as a loan to individuals. The funding is intended for repairs of common areas and improvement of the surroundings as well as for replacing water pipes or roofs, installing a children playground or a sports field, renovating the facade of the building and other works that improve the condition of the building and create a more pleasant living environment;
- the Cabinet regulations approved concerning the Energy Efficiency Support Programme for Private Houses, which envisages granting portfolio guarantees, technical assistance and grants for the renovation of private houses and increasing their energy efficiency. The maximum amount of technical assistance per beneficiary is EUR 1,000, while a grant for increasing the energy efficiency class of a residential house is expected in the amount of EUR 5,000 per beneficiary. Within the framework of the programme, on 27 May, accepting of applications for projects to increase the energy efficiency of private houses was started, but already on 1 July it was suspended due to the great interest in it (the number of received applications exceeded the available funding. Given the individuals' interest in the support the programme provides, proposals are under development to allow the continuation of the programme from the funding available in the new EU programming period;
- the amount of a loan issued under the Programme for Land Purchase Loans increased to maximum EUR 1 million;
- approval is pending of amendments to the Programme for SME Growth Loans envisaging to provide additional financing of EUR 32 million from the European Regional Development Fund (ERDF) to be used to finance SME investment loans and loans for the sustainability of enterprises;
- the ERDF funded additional allocation of EUR 10 million to the Programmes for Start-up and Micro Loans; also, the possibility to extend the maximum loan repayment term by 12 months;
- the Programme for Small Loans for Rural Areas will provide the possibility to receive a loan of up to EUR 35 thousand for the purchase of vacant/ built-up land; the maximum turnover of the applicant increased from EUR 70 thousand to EUR 100 thousand;
- amendments made to the Programme for Business Guarantees due to the additional financing of EUR 18 million for SMEs, of EUR 4.5 million for large businesses and to the Programme for Credit Guarantees for Farmers of EUR 7.7 million;
- the time limit for making pre-seed investment decisions set by the acceleration funds has been extended by one year, until 30 June 2022;
- the Cabinet regulations have been approved for a new support programme for entrepreneurs for large investment projects (at least EUR 10 million) in the form of a combined financial instrument, under which entrepreneurs will have access to a loan with a capital discount or when meeting certain criteria after the implementation of viable business projects the loan principal amount will be reduced;
- in connection with the additional funding, the Social Entrepreneurship Programme has been amended to provide additional funding of EUR 2.25 million, authorizing Altum to award grants until July 2021 to finance social enterprise projects and to support social entrepreneurship start-up projects.

In the first nine months of 2021, proceeding with the centralised reviewing of the applications for micro loans (up to EUR 25 thousand) introduced within the framework of automation and increasing of the Group's / Company's operational efficiency, 37% of the total number of the granted loans (excl. Covid-19 crisis related loans) were reviewed remotely without involving the regional employees in the application reviewing process. Compared to the performance indicators for the respective period of 2020, in the first nine months of 2021, the total amount of loans granted both under centralised reviewing and in the regions increased by 7% or EUR 3.1 million, while the number of loans granted decreased by 2%. The average loan amount in the regions increased from EUR 75.3 thousand in the first nine months of 2020 to EUR 82.7 thousand in the same period of 2021, while the average loan amount reviewed remotely on a centralised basis in the first nine months of 2021 was EUR 13.9 thousand.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

At the same time, acting in a responsible way towards the health of employees and customers and following the recommendations of the responsible institutions on actions that would help reduce the risks of virus spread, from 13 March the Group / Company continues to provide all services remotely via the customer portal mans.altum.lv, as well as through telephone and video consultations, thus ensuring continuous access to the services provided by the Group / Company.

For the third year in a row, the Group / Company participated in the Sustainability Index organised by the Institute for Corporate Sustainability and Responsibility, receiving the high platinum rating this year. The Sustainability Index rating is one of the visible manifestations of the invisible daily work that companies carry out in accordance with the principles of corporate sustainability and responsibility, balancing the interests of shareholders, employees, customers, the environment, business partners and other parties with sustainable operating conditions, thus becoming the leaders of the future.

Long-term Funding

In order to diversify the financing structure, in October 2017, the Group / Company issued the first transferable securities in the form of green bonds with a total value of EUR 20 million. As at 30 September 2021, the total amount of Altum bonds listed on the Nasdaq Riga stock exchange is EUR 65 million.

Continuing its long-term participation in the capital markets, on 1 October 2021 Altum issued 5-year bonds for a total amount of EUR 20 million with a fixed annual interest rate of 0.443% and yield to maturity of 0.443% (ISIN LV0000870095) which are the best financial conditions for bonds issued so far. The Group / Company has now launched its third bond issuance program of EUR 75 000 000. This bond issue attracted significant interest from the Baltics investors, and the bond issue was oversubscribed more than 3 times. The bonds were purchased by 15 institutional investors in the Baltics: 70% of the volume was allocated to asset management funds, 18% - to banks and 9% - to insurance companies.

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

Rating

On 12 August 2021, the International credit rating agency Moody's Investors Service (Moody's) published the updated credit analysis of the Company.

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

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

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

Risk Management

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

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

In view of the Group's / Company's activities in high-risk areas when implementing the state aid programmes, as at 30 September 2021 the Group / Company has the risk coverage of EUR 281 million (31 December 2020: EUR 180 million) to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within this programme is earmarked for the risk coverage. The latter consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less provisions for expected credit losses.

Management Report (cont'd)

Future Outlook

In the 3rd quarter of 2021, active work was carried out on the development of the Group's / Company's medium-term strategy for the period 2022-2024. Taking into account the stakeholders involved, the Group's / Company's strategy is planned to be approved in the 1st quarter of 2022.

The Group / Company continues to strengthen its role as the main government partner for the implementation of financial instrument programmes co-financed by the European Union (hereinafter - the EU). Currently, active preparations have been started so that the support of financial instruments within the framework of the new EU Cohesion Policy in the Programming Period 2021-2027 is available in 2022. Thus, the Group / Company is involved in the preparation process for the implementation of the next programming period of the European Union funds. In addition, new financial instrument programmes will have access to the funding from the European Recovery and Resilience Facility (RRF), which aims to prevent the economic and social damage caused by the Covid-19 pandemic, stimulate Europe's recovery, finance climate change mitigation projects and protect and create jobs. The total EU public investment in financial instruments planned to be implemented within the framework of the support programmes implemented by the Group / Company is at least EUR 650 million that will be directed to especially assisted areas: improving energy efficiency in multi-apartment buildings and private houses and transition to renewable energy technologies (EUR 57 million from RRF, EUR 163 million from under the Cohesion Policy in the Programming Period 2021-2027), improving energy efficiency for businesses (EUR 81 million from RRF, EUR 42 million from the EU in the Programming Period 2021-2027), Digital business transformation (EUR 45 million from RRF, EUR 5 million from the EU in the Programming Period 2021-2027), rental housing financing (EUR 43 million from RRF), promoting business productivity (EUR 164 million from the EU in the Programming Period 2021-2027), research and innovation (EUR 50 million from the EU in the Programming Period 2021-2027).

In order to prepare for the expected financing under the InvestEU Programme 2021-2027, the preparations undertaken already in 2019 for Pillar Assessment of the Group / Company were continued. ALTUM considers to apply and undertake an implementing partner role within the InvestEU Programme in Latvia, thus increasing the scope of respective InvestEU Programme's financial products (including, direct loans and guarantees) to the corporates in Latvia. To have further progress of the project, an application on the InvestEU pillars assessment was prepared in Q3 2021 and submitted to the European Commission in October 2021. The assessing of the application concluded, the responsible DG of the European Commission will provide ALTUM with a legal and financial compliance assessment; after receiving it, the selection of auditors and starting the assessment of the actual pillars are planned.



Reinis Bērziņš
Chairman of the Management Board

30 November 2021

Supervisory Board and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	28.12.2019.	27.12.2022.
Jānis Šnore	Member of the Council	28.12.2019.	27.12.2022.
Kristaps Soms	Member of the Council	28.12.2019.	28.12.2019. - 22.03.2021.
Ilze Baltābola	Member of the Council	22.03.2021.	21.03.2022. *

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

There were changes in the Supervisory Council of the Company during the reporting period. Kristaps Soms left the position of a Member of the Supervisory Council on 22 March 2021. Extraordinary shareholders' meeting approved Ilze Baltābola to the position of a Member of the Supervisory Council on 22 March 2021.

Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	27.05.2021.	26.05.2024.
Jēkabs Krieviņš	Member of the Board	27.05.2021.	26.05.2024.
Inese Zīle	Member of the Board	27.05.2021.	26.05.2024.
Aleksandrs Bimbirulis	Member of the Board	26.06.2020.	25.06.2023.
Ieva Jansone-Buka	Member of the Board	18.03.2021.	17.03.2024.

There were changes in the Management Board of the Company during the reporting period. The Supervisory Board of the Company has appointed Ieva Jansone - Buka as a Member of the Management Board on 18 March 2021.

Statement of Management's responsibility

Riga

30 November 2021

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 13 to 79 for the period 1 January 2021 to 30 September 2021. The Management confirms that the Group's and the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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



Reinis Bērziņš
Chairman of the Management Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)
Interest income	4	13 933	11 652	13 933	11 652
Interest expense	5	(1 509)	(1 498)	(1 509)	(1 498)
Net interest income		12 424	10 154	12 424	10 154
					-
Income for implementation of state aid programmes	6	3 459	4 420	4 465	4 420
Expenses to be compensated for implementation of state aid programmes	7	(2 751)	(3 940)	(3 757)	(3 940)
Net income for implementation of state aid programmes		708	480	708	480
					-
Gains from trading securities and foreign exchange translation	8	35	(25)	35	(25)
Share of gain of investment in associate and other investments	12	985	(1 690)	766	(1 690)
Gains less losses from liabilities at fair value through profit or loss	12	47	-	47	-
Gains less losses from liabilities at fair value through profit or loss	20	(929)	1 690	(710)	1 690
Other income	8	1 768	1 805	1 768	1 805
Other expense	9	(968)	(714)	(968)	(714)
Operating income before operating expenses		14 070	11 700	14 070	11 700
					-
Staff costs		(4 392)	(4 135)	(4 392)	(4 135)
Administrative expense		(1 286)	(1 287)	(1 286)	(1 287)
Amortisation of intangible assets and depreciation of property, plant and equipment		(708)	(665)	(708)	(665)
Impairment gain / (loss), net	10	1 555	(3 432)	1 555	(3 432)
Profit before corporate income tax		9 239	2 181	9 239	2 181
					-
Profit for the period		9 239	2 181	9 239	2 181
Other comprehensive income:		(316)	(906)	(316)	(906)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(316)	(906)	(316)	(906)
Total comprehensive income for the period		8 923	1 275	8 923	1 275
Profit is attributable to:					
Owners of the Company		9 239	2 181	-	-
Non-controlling interest		-	-	-	-
Profit for the period		9 239	2 181	-	-
Total comprehensive income is attributable to:					
Owners of the Company		8 923	1 275	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		8 923	1 275	-	-

The accompanying notes on pages 18 through 79 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Management Board



Kaspars Gibeiko
 Chief Accountant

30 November 2021

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Assets					
Due from credit institutions and the State Treasury	11	424 253	359 949	424 253	359 949
Financial assets at fair value through profit or loss		7 785	5 425	-	-
Financial assets at fair value through other comprehensive income - investment securities		14 306	36 958	14 306	36 958
Financial assets at amortised cost:					
Investment securities		36	441	36	441
Loans and receivables	14	338 392	313 268	338 392	313 268
Grants	15	43 757	31 107	43 757	31 107
Deferred expense		541	749	541	749
Accrued income		2 480	772	2 480	772
Other investments	13	8 664	7 503	8 664	7 503
Investments in associates					
Investments accounted for using the equity method	12	42 073	32 969	42 073	32 969
Investments accounted for using the FVTPL method	12	16 527	15 019	16 527	15 019
Investments in subsidiaries		-	-	7 204	4 879
Investment property	16	38 780	36 758	38 780	36 758
Property, plant and equipment		4 319	4 717	4 319	4 717
Intangible assets		1 295	1 398	1 295	1 398
Other assets	17	3 773	3 671	3 773	3 636
Total assets		946 981	850 704	946 400	850 123
Liabilities					
Due to credit institutions	18	57 154	65 855	57 154	65 855
Due to general government entities	19	117 627	103 520	117 627	103 520
Financial liabilities at amortised cost - Issued debt securities		65 576	65 522	65 576	65 522
Deferred income		5 175	4 991	5 175	4 991
Accrued expense		1 098	857	1 178	937
Provisions	21	31 348	32 501	31 348	32 501
Support programme funding	20	228 775	191 963	228 775	191 963
Other liabilities		9 165	2 901	9 165	2 901
Total liabilities		515 918	468 110	515 998	468 190
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	22	215 406	170 321	215 404	170 319
Revaluation reserve of financial assets measured at fair value through other comprehensive income		897	1 213	897	1 213
Retained earnings		9 239	5 539	9 239	5 539
Net assets attributable to the Company's owners		430 404	381 935	430 402	381 933
Non-controlling interest		659	659	-	-
Total equity		431 063	382 594	430 402	381 933
Total equity and liabilities		946 981	850 704	946 400	850 123

The accompanying notes on pages 18 through 79 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Management Board



Kaspars Gibeiko
 Chief Accountant

30 November 2021

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company				Non-controlling interest	Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings		
As at 1 January 2020 (audited)	204 862	16 565	2 638	8 131	542	232 738
Profit for the period	-	-	-	2 181	-	2 181
Other comprehensive income	-	-	(906)	-	-	(906)
Total comprehensive income	-	-	(906)	2 181	-	1 275
Increase of reserve capital (Note 22)	-	125 626	-	-	-	125 626
Distribution of 2019 profit of the Company (Note 22)	-	8 131	-	(8 131)	-	-
Non-controlling interest	-	-	-	-	117	117
As at 30 September 2020 (unaudited)	204 862	150 321	1 732	2 181	659	359 755
Profit for the period	-	-	-	3 358	-	3 358
Other comprehensive income	-	-	(519)	-	-	(519)
Total comprehensive income	-	-	(519)	3 358	-	2 839
Increase of reserve capital (Note 22)	-	20 000	-	-	-	20 000
Non-controlling interest	-	-	-	-	-	-
As at 31 December 2020 (audited)	204 862	170 321	1 213	5 539	659	382 594
Profit for the period	-	-	-	9 239	-	9 239
Other comprehensive income	-	-	(316)	-	-	(316)
Total comprehensive income	-	-	(316)	9 239	-	8 923
Increase of reserve capital (Note 22)	-	39 546	-	-	-	39 546
Distribution of 2020 profit of the Company (Note 22)	-	5 539	-	(5 539)	-	-
Decrease of Special Reserve Capital (Portfolio Loss Reserve) to cover impairment allowances for 2020 upon approval of the 2020 annual report	-	6 429	-	-	-	6 429
Reallocation of reserve capital from portfolio loss reserve to reserve capital within specific reserve capital	-	(6 429)	-	-	-	(6 429)
Non-controlling interest	-	-	-	-	-	-
As at 30 September 2021 (unaudited)	204 862	215 406	897	9 239	659	431 063

The accompanying notes on pages 18 through 79 form an integral part of these financial statements.

Company's Statement of Changes in Equity

All amounts in thousands of euro

	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Retained earnings	Total equity
As at 1 January 2020 (audited)	204 862	16 563	2 638	8 131	232 194
Profit for the period	-	-	-	2 181	2 181
Other comprehensive income	-	-	(906)	-	(906)
Total comprehensive income	-	-	(906)	2 181	1 275
Increase of reserve capital (Note 22)	-	125 626	-	-	125 626
Distribution of 2019 profit (Note 22)	-	8 131	-	(8 131)	-
As at 30 September 2020 (unaudited)	204 862	150 319	1 732	2 181	359 094
Profit for the period	-	-	-	3 358	3 358
Other comprehensive income	-	-	(519)	-	(519)
Total comprehensive income	-	-	(519)	3 358	2 839
Increase of reserve capital (Note 22)	-	20 000	-	-	20 000
As at 31 December 2020 (audited)	204 862	170 319	1 213	5 539	381 933
Profit for the period	-	-	-	9 239	9 239
Other comprehensive income	-	-	(316)	-	(316)
Total comprehensive income	-	-	(316)	9 239	8 923
Increase of reserve capital (Note 22)	-	39 546	-	-	39 546
Distribution of 2020 profit (Note 22)	-	5 539	-	(5 539)	-
Decrease of Special Reserve Capital (Portfolio Loss Reserve) to cover impairment allowances for 2020 upon approval of the 2020 annual report	-	6 429	-	-	6 429
Reallocation of reserve capital from portfolio loss reserve to reserve capital within specific reserve capital	-	(6 429)	-	-	(6 429)
As at 30 September 2021 (unaudited)	204 862	215 404	897	9 239	430 402

The accompanying notes on pages 18 through 79 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)
Cash and cash equivalents at the beginning of period		359 949	176 199	359 949	176 047
Cash flows from operating activities					
Profit before taxes		9 239	2 181	9 239	2 181
Amortisation of intangible assets and depreciation of property, plant and equipment		708	666	708	666
Interest income	4	(13 933)	(11 652)	(13 933)	(11 651)
Interest received		11 705	8 379	11 705	8 379
Interest expenses	5	1 509	1 498	1 509	1 498
Interests paid		(898)	(953)	(898)	(953)
(Decrease) in impairment allowances	10	(1 555)	(550)	(1 555)	(550)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		6 775	(431)	6 775	(430)
Due from credit institutions decrease		-	2 005	-	2 007
(Increase) of loans	14	(22 710)	(82 071)	(22 710)	(82 071)
(Increase) of grants	15	(12 642)	(12 874)	(12 642)	(12 874)
Increase of due to credit institutions and general government entities	18,19	5 406	25 985	5 406	25 981
Increase in deferred income and accrued expense		425	2 465	425	2 465
(Decrease) in deferred expense and accrued income		(1 501)	(329)	(1 501)	(329)
(Increase) / Decrease of other assets	17	(136)	207	(136)	207
Increase in other liabilities		65 079	65 014	65 175	65 028
Net cash flows to/ from operating activities		40 696	(29)	40 792	(16)
Cash flows from investment activities					
Sale of investment securities		23 564	12 115	23 564	12 115
Acquisition of property, plant and equipment and intangible assets		(326)	(716)	(326)	(716)
Purchase of investment properties	16	(2 232)	(10 157)	(2 232)	(10 157)
Sale of investment properties	16	210	30	210	30
Other investments	13	(942)	556	(942)	556
Investments in associates, net	12	(10 703)	394	(10 703)	394
Investments of subsidiaries in underlying undertakings		(2 358)	(1 218)	-	-
Investments in subsidiaries		-	-	(2 454)	(1 079)
Net cash flows to/ from investing activities		7 213	1 004	7 117	1 143
Cash flows from financing activities					
Issued debt securities		(585)	19 675	(585)	19 675
Increase of reserve capital	22	16 981	125 626	16 981	125 626
Net cash flow from financing activities		16 396	145 301	16 396	145 301
Increase in cash and cash equivalents		64 305	146 276	64 305	47 660
Cash and cash equivalents at the end of period		424 254	322 475	424 254	322 475

The accompanying notes on pages 18 through 79 form an integral part of these financial statements.

Approval of the Financial Statements

The Management of the Group / Company has approved these unaudited interim condensed financial statements on 30 November 2021.

1 General Information

(1) Corporate Information

These financial statements contain the financial information about joint-stock company Development Finance Institution Altum (Company) and its subsidiaries (hereinafter together — the Group). The separate financial statements of the Company are included alongside these consolidated financial statements to comply with legal requirements.

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

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

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

The Group holds investment in alternative investment fund "Altum Capital Fund" (the Fund) registered on 31 July 2020. The Fund is created with the aim to support well-managed, perspective Mid-cap companies to overcome the effect of Covid-19 that as a result of the virus impact are ready to adjust their operations by changing their business model, adjusting product development, introducing new technology and expanding to new export markets. The Fund's committed capital was fully subscribed on September 16, 2020, reaching EUR 100 million, of which the majority (EUR 51.1 million or 51.1%) were largest private pension funds and EUR 48.9 million consists of public funding invested by the Company. The Company is also the manager of the Fund registered with the Financial and Capital Market Commission on 26 May 2020.

1 General Information (cont'd)

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

Legal Title	Legal Address	Investment % in share capital
<i>Riska kapitāla fondi, kas klasificēti kā meitas uzņēmumi</i>		
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	100
KS Commercialization Reactor Pre-seed Fund	Brīvības gatve 300 -9, Rīga, Latvija	100
KS INEC 1	Krišjāņa Barona iela 32-7, Rīga, Latvijas, LV-1011	75
KS INEC 2	Krišjāņa Barona iela 32-7, Rīga, Latvijas, LV-1011	90
<i>Riska kapitāla fondi, kas klasificēti kā asociētie uzņēmumi</i>		
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīgas, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija	80
KS ZGI-4	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, LV-1048	60
KS Baltcap Latvia Venture Capital Fund	Jaunmoku iela 34, Rīga, Latvija, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	100
KS ZGI-3	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvija, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	95
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20
KS AIF "Altum kapitāla fonds"	Doma laukums 4, Rīga, LV-1050	48.9

2 Accounting Policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the 9 months period ended 30 September 2021 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted in the European Union. These financial statements are to be used together with the complete financial statements for the year 2020 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

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

Several new standards and interpretations have been published, adopted by the EU and become effective for the financial reporting periods beginning on or after 1 January 2021:

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

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

3 Risk Management

The major risks that the Group / 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 2020.

(1) Credit Risk

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

	Stage 1		Stage 2		Stage 3		Total	
	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	424 253	359 949	-	-	-	-	424 253	359 949
Impairment allowances	-	-	-	-	-	-	-	-
Total net due from credit institutions and the Treasury	424 253	359 949	-	-	-	-	424 253	359 949
Investment securities	-	407	-	-	3 627	3 433	3 627	3 840
Impairment allowances	-	-	-	-	(3 591)	(3 399)	(3 591)	(3 399)
Total net investment securities	-	407	-	-	36	34	36	441
Loans and receivables	290 285	274 294	44 759	32 012	24 277	27 675	359 321	333 981
Impairment allowances *	(6 715)	(6 967)	(4 619)	(3 506)	(9 595)	(10 240)	(20 929)	(20 713)
Total net loans and receivables	283 570	267 327	40 140	28 506	14 682	17 435	338 392	313 268
Grants	43 939	31 282	-	-	-	-	43 939	31 282
Impairment allowances	(182)	(175)	-	-	-	-	(182)	(175)
Total net grants	43 757	31 107	-	-	-	-	43 757	31 107
Other financial assets	2 996	2 507	-	-	3 374	3 096	6 370	5 603
Impairment allowances	(36)	(34)	-	-	(2 589)	(1 926)	(2 625)	(1 960)
Total net other financial assets	2 960	2 473	-	-	785	1 170	3 745	3 643
Total financial assets at AC	761 473	668 439	44 759	32 012	31 278	34 204	837 510	734 655
Impairment allowances	(6 933)	(7 176)	(4 619)	(3 506)	(15 775)	(15 565)	(27 327)	(26 247)
Total net financial assets at AC	754 540	661 263	40 140	28 506	15 503	18 639	810 183	708 408
Financial assets at FVOCI								
Investment securities	14 306	36 958	-	-	-	-	14 306	36 958
Impairment allowances	-	-	-	-	-	-	-	-
Total net investment securities	14 306	36 958	-	-	-	-	14 306	36 958
Total financial assets at FVOCI	14 306	36 958	-	-	-	-	14 306	36 958
Impairment allowances	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	14 306	36 958	-	-	-	-	14 306	36 958

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Stage 1		Stage 2		Stage 3		Total	
	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	366 384	348 115	25 953	6 995	2 786	4 495	395 123	359 605
Impairment allowances *	(26 419)	(27 769)	(2 612)	(817)	(1 749)	(2 827)	(30 780)	(31 413)
Total net outstanding guarantees	339 965	320 346	23 341	6 178	1 037	1 668	364 343	328 192
Loan commitments	23 733	36 514	691	2 834	124	-	24 548	39 348
Impairment allowances *	(435)	(949)	(19)	(65)	(27)	-	(481)	(1 014)
Total net loan commitments	23 298	35 565	672	2 769	97	-	24 067	38 334
Grant commitments	11 450	6 798	-	-	-	-	11 450	6 798
Impairment allowances	(87)	(74)	-	-	-	-	(87)	(74)
Total net grant commitments	11 363	6 724	-	-	-	-	11 363	6 724
Total off-balance items and contingent liabilities	401 567	391 427	26 644	9 829	2 910	4 495	431 121	405 751
Impairment allowances	(26 941)	(28 792)	(2 631)	(882)	(1 776)	(2 827)	(31 348)	(32 501)
Total net off-balance items and contingent liabilities	374 626	362 635	24 013	8 947	1 134	1 668	399 773	373 250

* Includes net impairment allowances of EUR 2,658 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2021 annual report. In the distribution of the 2021 profit, it will be directly attributed to the Portfolio Loss Reserve, thus the 2021 result which will be allocated to Reserves will improve. Additional information available in Note 22.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Stage 1		Stage 2		Stage 3		Total	
	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	424 253	359 949	-	-	-	-	424 253	359 949
Impairment allowances	-	-	-	-	-	-	-	-
Total net due from credit institutions and the Treasury	424 253	359 949	-	-	-	-	424 253	359 949
Investment securities	-	407	-	-	3 627	3 433	3 627	3 840
Impairment allowances	-	-	-	-	(3 591)	(3 399)	(3 591)	(3 399)
Total net investment securities	-	407	-	-	36	34	36	441
Loans and receivables	290 285	274 294	44 759	32 012	24 277	27 675	359 321	333 981
Impairment allowances *	(6 715)	(6 967)	(4 619)	(3 506)	(9 595)	(10 240)	(20 929)	(20 713)
Total net loans and receivables	283 570	267 327	40 140	28 506	14 682	17 435	338 392	313 268
Grants	43 939	31 282	-	-	-	-	43 939	31 282
Impairment allowances	(182)	(175)	-	-	-	-	(182)	(175)
Total net grants	43 757	31 107	-	-	-	-	43 757	31 107
Other financial assets	2 997	2 363	-	-	3 373	3 205	6 370	5 568
Impairment allowances	(37)	(34)	-	-	(2 588)	(1 926)	(2 625)	(1 960)
Total net other financial assets	2 960	2 329	-	-	785	1 279	3 745	3 608
Total financial assets at AC	761 474	668 295	44 759	32 012	31 277	34 313	837 510	734 620
Impairment allowances	(6 934)	(7 176)	(4 619)	(3 506)	(15 774)	(15 565)	(27 327)	(26 247)
Total net financial assets at AC	754 540	661 119	40 140	28 506	15 503	18 748	810 183	708 373
Financial assets at FVOCI								
Investment securities	14 306	36 958	-	-	-	-	14 306	36 958
Impairment allowances	-	-	-	-	-	-	-	-
Total net investment securities	14 306	36 958	-	-	-	-	14 306	36 958
Total financial assets at FVOCI	14 306	36 958	-	-	-	-	14 306	36 958
Impairment allowances	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	14 306	36 958	-	-	-	-	14 306	36 958
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	366 384	348 115	25 953	6 995	2 786	4 495	395 123	359 605
Impairment allowances *	(26 419)	(27 769)	(2 612)	(817)	(1 749)	(2 827)	(30 780)	(31 413)
Total net outstanding guarantees	339 965	320 346	23 341	6 178	1 037	1 668	364 343	328 192
Loan commitments	23 732	36 514	691	2 834	125	-	24 548	39 348
Impairment allowances *	(435)	(949)	(19)	(65)	(27)	-	(481)	(1 014)
Total net loan commitments	23 297	35 565	672	2 769	98	-	24 067	38 334
Grant commitments	11 450	6 798	-	-	-	-	11 450	6 798
Impairment allowances	(87)	(74)	-	-	-	-	(87)	(74)
Total net grant commitments	11 363	6 724	-	-	-	-	11 363	6 724
Total off-balance items and contingent liabilities	401 566	391 427	26 644	9 829	2 911	4 495	431 121	405 751
Impairment allowances	(26 941)	(28 792)	(2 631)	(882)	(1 776)	(2 827)	(31 348)	(32 501)
Total net off-balance items and contingent liabilities	374 625	362 635	24 013	8 947	1 135	1 668	399 773	373 250

* Includes net impairment allowances of EUR 2,658 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2021 annual report. In the distribution of the 2021 profit, it will be directly attributed to the Portfolio Loss Reserve, thus the 2021 result which will be allocated to Reserves will improve. Additional information available in Note 22.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020 (audited)	6 967	3 506	10 240	20 713	274 294	32 012	27 675	333 981
Movements with impact on credit loss allowance charge for the period:								
Transfers between stages:								
from Stage 1 to Stage 2	(829)	1 723	-	894	(17 961)	17 971	-	10
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(90)	(11)	1 300	1 199	(2 978)	(373)	3 149	(202)
from Stage 3 to Stage 2	-	210	(685)	(475)	-	2 673	(2 994)	(321)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	278	(228)	(19)	31	4 877	(5 237)	(80)	(440)
New originated or purchased	1 126	97	213	1 436	46 139	1 202	1 648	48 989
Derecognised during the period	(581)	(372)	(725)	(1 678)	(14 767)	(1 505)	(3 039)	(19 311)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	-	-	-	-	-	-	-	-
Other movements	453	-	-	453	-	-	-	-
Total movements with impact on credit loss allowance charge for the period:	357	1 419	84	1 860	15 310	14 731	(1 316)	28 725
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	(494)	(494)	-	-	(494)	(494)
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Change of outstanding balance **	(609)	(306)	(235)	(1 150)	681	(1 984)	(1 588)	(2 891)
Total movements without impact on credit loss allowance charge for the period:	(609)	(306)	(729)	(1 644)	681	(1 984)	(2 082)	(3 385)
As at 30 September 2021 (unaudited)	6 715	4 619	9 595	20 929	290 285	44 759	24 277	359 321

* The impairment overlay represents an additional loss reserve for SME and Midcaps portfolio

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

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020 (audited)	27 769	817	2 827	31 413	348 115	6 995	4 495	359 605
Movements with impact on credit loss allowance charge for the period:								
Transfers between stages:								
from Stage 1 to Stage 2	(2 276)	1 984	-	(292)	(19 984)	18 837	-	(1 147)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(41)	(14)	431	376	(678)	(43)	692	(29)
from Stage 3 to Stage 2	119	(141)	-	(22)	1 390	(1 324)	-	66
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	1	(9)	(8)	-	9	(9)	-
New originated or purchased	5 861	162	-	6 023	80 231	2 000	-	82 231
Derecognised during the period	(2 364)	(12)	(810)	(3 186)	(38 017)	(151)	(1 291)	(39 459)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	-	-	-	-	-	-	-	-
Other movements	(33)	-	(650)	(683)	(524)	-	(1 043)	(1 567)
Total movements with impact on credit loss allowance charge for the period:	1 266	1 980	(1 038)	2 208	22 418	19 328	(1 651)	40 095
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance *	(2 616)	(185)	(40)	(2 841)	(4 149)	(370)	(58)	(4 577)
Total movements without impact on credit loss allowance charge for the period:	(2 616)	(185)	(40)	(2 841)	(4 149)	(370)	(58)	(4 577)
As at 30 September 2021 (unaudited)	26 419	2 612	1 749	30 780	366 384	25 953	2 786	395 123

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

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

	Group	Group	Company	Company
	30.09.2021. (unaudited)	31.12.2020. (audited)	30.09.2021. (unaudited)	31.12.2020. (audited)
Performing	339 018	313 856	339 018	313 856
Past due up to 30 days	9 818	9 339	9 818	9 339
Past due from 31 to 60 days	2 251	445	2 251	445
Past due from 61 to 90 days	58	217	58	217
Past due over 90 days	8 176	10 124	8 176	10 124
Total gross loans, without interest accrued on the loans	359 321	333 981	359 321	333 981
Impairment allowances	(20 929)	(20 713)	(20 929)	(20 713)
Total net loans	338 392	313 268	338 392	313 268

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.

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020. (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020. (audited)
Real estate (loans)	187 166	178 614	187 166	178 614
Real estate (leaseback)	34 250	30 536	34 250	30 536
Movable property	53 004	52 619	53 004	52 619
Guarantees	5 203	3 048	5 203	3 048
Total collateral	279 623	264 817	279 623	264 817
Loan portfolio, gross *	359 321	333 981	359 321	333 981
Impairment allowances	(20 929)	(20 713)	(20 929)	(20 713)
Loan portfolio, net	338 392	313 268	338 392	313 268
Exposed	17.37%	15.47%	17.37%	15.47%

* includes loans in amount of EUR 65,702 thousand to mitigate the impact of Covid-19 for which no real estate or movable property is required as collateral while credit risk is covered by risk coverage (Portfolio Loss Reserve).

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020. (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020. (audited)
<i>Assets exposed to credit risk</i>				
Due from credit institutions and the Treasury	424 253	359 949	424 253	359 949
Financial assets at fair value through other comprehensive income - investment securities	14 306	36 958	14 306	36 958
Financial assets at amortised cost:				
Investment securities	36	441	36	441
Loans and receivables	338 392	313 268	338 392	313 268
Grants	43 757	31 107	43 757	31 107
Other investments	8 664	7 503	8 664	7 503
Investments in associates	58 600	47 988	58 600	47 988
Other assets	3 773	3 671	3 773	3 636
Total	891 781	800 885	891 781	800 850
<i>Off-balance sheet items exposed to credit risk</i>				
Contingent liabilities (Note 21)	395 123	359 605	395 123	359 605
Financial commitments (Note 21)	151 024	178 073	158 152	188 488
Total	546 147	537 678	553 275	548 093

As at 30 September 2021, part of the Group's / Company's assets in amount of EUR 147,818 thousand (31 December 2020: EUR 124,087 thousand) were pledged. Detailed information on the Group's / Company's outstanding loan agreement as at 30 September 2021 is provided in Note 18 and Note 19.

Article 37 of the Law on State Budget 2021 provides that guarantees issued by Altum in amount of EUR 270 000 thousand is backed by the state according to Agriculture and Rural Development Law and Development Finance Institution Law. Actual amount of issued guarantees as at 30 September 2021 was EUR 259,331 thousand (31 December 2020: EUR 251,701 thousand).

3 Risk Management (cont'd)

(2) Liquidity Risk

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 September 2021, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	13 431	43 747	-	-	-	57 178
Due to general governments	5 957	28 253	25 976	21 374	37 963	119 523
Issued debt securities	845	67 528	-	-	-	68 373
Support programme funding **	77	65 014	96 695	30 541	36 448	228 775
Other liabilities	8 285	880	-	-	-	9 165
Total financial liabilities	28 595	205 422	122 671	51 915	74 411	483 014
Off-balance sheet items and contingent liabilities	337 175	67 757	141 215	-	-	546 147
Total financial liabilities, off-balance items and contingent liabilities ***	365 770	273 179	263 886	51 915	74 411	1 029 161
Due from credit institutions and the Treasury	424 253	-	-	-	-	424 253
Investment securities	1 187	13 155	-	-	-	14 342
Liquid assets	425 440	13 155	-	-	-	438 595

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group 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 Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 30 September 2021 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 67,714 thousand are included in both the Group's financial liabilities and the Group's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 30 September 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	3 750	4 369	5 312	13 431
Due to general governments	149	1 451	502	3 855	5 957
Issued debt securities	260	-	585	-	845
Support programme funding	77	-	-	-	77
Other liabilities	8 215	1	42	27	8 285
Total financial liabilities	8 701	5 202	5 498	9 194	28 595
Off-balance sheet items and contingent liabilities *	292 127	4 754	11 375	28 919	337 175
Total financial liabilities, off-balance items and contingent liabilities	300 828	9 956	16 873	38 113	365 770
Due from credit institutions and the Treasury	424 253	-	-	-	424 253
Investment securities	149	-	1 035	3	1 187
Liquid assets	424 402	-	-	3	425 440

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

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

Outstanding financial guarantees in amount of EUR 249,944 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 24,548 thousand (up to 1 year) – from financial facilities (either received by the Group or available to the Group upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 11,450 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 7,808 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 37,798 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2021.

Commitments to other investments in amount of EUR 5,627 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2020, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	12 468	53 399	-	-	-	65 867
Due to general governments	311	4 741	9 544	-	89 553	104 149
Issued debt securities	824	68 107	-	-	-	68 931
Support programme funding **	3 444	46 655	63 006	26 521	52 337	191 963
Other liabilities	1 718	1 170	-	13	-	2 901
Total financial liabilities	18 765	174 072	72 550	26 534	141 890	433 811
Off-balance sheet items and contingent liabilities	349 731	171 663	16 284	-	-	537 678
Total financial liabilities, off-balance items and contingent liabilities ***	368 496	345 735	88 834	26 534	141 890	971 489
Due from credit institutions and the Treasury	359 949	-	-	-	-	359 949
Investment securities	22 991	14 408	-	-	-	37 399
Liquid assets	382 940	14 408	-	-	-	397 348

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group 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 Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2020 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 49,053 thousand are included in both the Group's financial liabilities and the Group's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2020, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	4 378	-	8 090	12 468
Due to general governments	123	-	140	48	311
Issued debt securities		564	260	-	824
Support programme funding	3 444	-	-	-	3 444
Other liabilities	1 693	-	-	25	1 718
Total financial liabilities	5 260	4 942	400	8 163	18 765
Off-balance sheet items and contingent liabilities *	286 738	13 777	14 532	34 684	349 731
Total financial liabilities, off-balance items and contingent liabilities	291 998	18 719	14 932	42 847	368 496
Due from credit institutions and the Treasury	359 949	-	-	-	359 949
Investment securities	2 090	20 436	-	465	22 991
Liquid assets	362 039	20 436	-	465	382 940

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

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

Outstanding financial guarantees in amount of EUR 359,605 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 39,348 thousand (up to 1 year) – from financial facilities (either received by the Group or available to the Group upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 6,798 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 7,639 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 46,117 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2021.

Commitments to other investments in amount of EUR 9,235 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 September 2021, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	13 431	43 747	-	-	-	57 178
Due to general governments	5 957	28 253	25 976	21 374	37 963	119 523
Issued debt securities	845	67 528	-	-	-	68 373
Support programme funding **	77	65 014	96 695	30 541	36 448	228 775
Other liabilities	8 285	880	-	-	-	9 165
Total financial liabilities	28 595	205 422	122 671	51 915	74 411	483 014
Off-balance sheet items and contingent liabilities	340 026	71 321	141 928	-	-	553 275
Total financial liabilities, off-balance items and contingent liabilities ***	368 621	276 743	264 599	51 915	74 411	1 036 289
Due from credit institutions and the Treasury	424 253	-	-	-	-	424 253
Investment securities	1 187	13 155	-	-	-	14 342
Liquid assets	425 440	13 155	-	-	-	438 595

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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 30 September 2021 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 67,714 thousand are included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 30 September 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	3 750	4 369	5 312	13 431
Due to general governments	149	1 451	502	3 855	5 957
Issued debt securities	260	-	585	-	845
Support programme funding	77	-	-	-	77
Other liabilities	8 215	1	42	27	8 285
Total financial liabilities	8 701	5 202	5 498	9 194	28 595
Off-balance sheet items and contingent liabilities *	292 412	5 039	11 945	30 630	340 026
Total financial liabilities, off-balance items and contingent liabilities	301 113	10 241	17 443	39 824	368 621
Due from credit institutions and the Treasury	424 253	-	-	-	424 253
Investment securities	149	-	1 035	3	1 187
Liquid assets	424 402	-	1 035	3	425 440

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

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

Outstanding financial guarantees in amount of EUR 243,685 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 24,548 thousand (up to 1 year) – from financial facilities (either received by the Company or available to the Company upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 11,450 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in subsidiaries in amount of EUR 2,851 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 7,808 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 37,798 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2021.

Commitments to other investments in amount of EUR 5,627 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2020, in thousands of euro:

	Up to 1 year *	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	12 468	53 399	-	-	-	65 867
Due to general governments	311	4 741	9 544	-	89 553	104 149
Issued debt securities	824	68 107	-	-	-	68 931
Support programme funding **	3 444	46 655	63 006	26 521	52 337	191 963
Other liabilities	1 718	1 170	-	13	-	2 901
Total financial liabilities	18 765	174 072	72 550	26 534	141 890	433 811
Off-balance sheet items and contingent liabilities	353 898	176 870	17 325	-	-	548 093
Total financial liabilities, off-balance items and contingent liabilities ***	372 663	350 942	89 875	26 534	141 890	981 904
Due from credit institutions and the Treasury	359 949	-	-	-	-	359 949
Investment securities	22 991	14 408	-	-	-	37 399
Liquid assets	382 940	14 408	-	-	-	397 348

* 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 2020 and supporting analysis is presented in table below.

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

*** Since part of off-balance sheet items and contingent liabilities is backed by funding recognized as financial liabilities, EUR 49,053 thousand are included in both the Company's financial liabilities and the Company's off-balance sheet items and contingent liabilities.

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets "Up to 1 year" as at 31 December 2020, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	4 378	-	8 090	12 468
Due to general governments	123	-	140	48	311
Issued debt securities	-	564	260	-	824
Support programme funding	3 444	-	-	-	3 444
Other liabilities	1 693	-	-	25	1 718
Total financial liabilities	5 260	4 942	400	8 163	18 765
Off-balance sheet items and contingent liabilities *	287 155	14 194	15 365	37 184	353 898
Total financial liabilities, off-balance items and contingent liabilities	292 415	19 136	15 765	45 347	372 663
Due from credit institutions and the Treasury	359 949	-	-	-	359 949
Investment securities	2 090	20 436	-	465	22 991
Liquid assets	362 039	20 436	-	465	382 940

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

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

Outstanding financial guarantees in amount of EUR 359,605 thousand (up to 1 year) – from respective guarantee support programme funding (see Note 20) and Specific reserve capital (see Note 22). Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses.

Loan commitments in amount of EUR 39,348 thousand (up to 1 year) – from financial facilities (either received by the Company or available to the Company upon request) concluded with financial institutions and the Treasury (see Notes 18 and 19) and respective loan support programme funding (see Note 20).

Grant commitments in amount of EUR 6,798 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in subsidiaries in amount of EUR 4,167 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 7,639 thousand (up to 1 year) – from respective venture capital fund support programme funding (see Note 20).

Commitments to AIF "Altum capital fund" in amount of EUR 46,117 thousand (up to 1 year) – from specific reserve capital (see Note 22) and additional funding from shareholders expected in 2021.

Commitments to other investments in amount of EUR 9,235 thousand (up to 1 year) – for Baltic Innovation Fund 2 from support programme funding and repayments on different support programmes (see Note 20) and the Group's / Company's own funding for Three Seas Initiatives Investment Fund.

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 30 September 2021 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	424 253	-	-	-	-	-	424 253
Financial assets at fair value through profit or loss	-	-	-	-	-	7 785	7 785
Investment securities	149	-	1 035	3	13 155	-	14 342
Loans *	20 284	156 994	24 094	33 997	8 059	94 964	338 392
Grants	474	8 246	295	218	27 004	7 520	43 757
Deferred expense and accrued income	3 021	-	-	-	-	-	3 021
Other investments	-	-	-	-	-	8 664	8 664
Investments in associates	-	14 116	4 555	7 419	792	31 718	58 600
Investment property	-	-	-	-	-	38 780	38 780
Property, plant and equipment	-	-	-	-	-	4 319	4 319
Intangible assets	-	-	-	-	-	1 295	1 295
Other assets	1 439	155	112	200	1 867	-	3 773
Total assets	449 620	179 511	30 091	41 837	50 877	195 045	946 981
Liabilities							
Due to credit institutions	-	3 750	4 345	5 312	43 747	-	57 154
Due to general governments	-	1 421	354	3 697	27 785	84 370	117 627
Issued debt securities	252	(1)	(4)	336	64 993	-	65 576
Deferred income and accrued expense	238	366	389	1 467	2 994	819	6 273
Provisions	31 348	-	-	-	-	-	31 348
Support programme funding	77	-	-	-	65 014	163 684	228 775
Other liabilities	8 215	1	42	27	880	-	9 165
Total liabilities	40 130	5 537	5 126	10 839	205 413	248 873	515 918
Net liquidity	409 490	173 974	24 965	30 998	(154 536)	(53 828)	431 063

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 31 December 2020 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	359 949	-	-	-	-	-	359 949
Financial assets at fair value through profit or loss	-	-	-	-	-	5 425	5 425
Investment securities	2 090	20 436	-	465	14 408	-	37 399
Loans *	10 563	13 112	16 717	35 212	152 416	85 248	313 268
Grants	64	66	18	7 121	18 524	5 314	31 107
Deferred expense and accrued income	1 521	-	-	-	-	-	1 521
Other investments	-	-	-	-	-	7 503	7 503
Investments in associates	-	-	7 587	16 375	5 366	18 660	47 988
Investment property	-	-	-	-	-	36 758	36 758
Property, plant and equipment	-	-	-	-	-	4 717	4 717
Intangible assets	-	-	-	-	-	1 398	1 398
Other assets	971	208	81	259	2 117	35	3 671
Total assets	375 158	33 822	24 403	59 432	192 831	165 058	850 704
Liabilities							
Due to credit institutions	-	4 367	-	8 090	53 398	-	65 855
Due to general governments	-	-	-	-	4 422	99 098	103 520
Issued debt securities	-	484	(2)	53	64 987	-	65 522
Deferred income and accrued expense	488	357	401	967	2 916	719	5 848
Provisions	32 501	-	-	-	-	-	32 501
Support programme funding	3 444	-	-	-	46 655	141 864	191 963
Other liabilities	1 693	-	-	25	1 170	13	2 901
Total liabilities	38 126	5 208	399	9 135	173 548	241 694	468 110
Net liquidity	337 032	28 614	24 004	50 297	19 283	(76 636)	382 594

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 30 September 2021 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	424 253	-	-	-	-	-	424 253
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	149	-	1 035	3	13 155	-	14 342
Loans *	20 284	156 994	24 094	33 997	8 059	94 964	338 392
Grants	474	8 246	295	218	27 004	7 520	43 757
Deferred expense and accrued income	3 021	-	-	-	-	-	3 021
Other investments	-	-	-	-	-	8 664	8 664
Investments in associates	-	14 116	4 555	7 419	792	31 718	58 600
Investments in subsidiaries	-	-	-	-	-	7 204	7 204
Investment property	-	-	-	-	-	38 780	38 780
Property, plant and equipment	-	-	-	-	-	4 319	4 319
Intangible assets	-	-	-	-	-	1 295	1 295
Other assets	1 439	155	112	200	1 867	-	3 773
Total assets	449 620	179 511	30 091	41 837	50 877	194 464	946 400
Liabilities							
Due to credit institutions	-	3 750	4 345	5 312	43 747	-	57 154
Due to general governments	-	1 421	354	3 697	27 785	84 370	117 627
Issued debt securities	252	(1)	(4)	336	64 993	-	65 576
Deferred income and accrued expense	238	366	389	1 547	2 994	819	6 353
Provisions	31 348	-	-	-	-	-	31 348
Support programme funding	77	-	-	-	65 014	163 684	228 775
Other liabilities	8 215	1	42	27	880	-	9 165
Total liabilities	40 130	5 537	5 126	10 919	205 413	248 873	515 998
Net liquidity	409 490	173 974	24 965	30 918	(154 536)	(54 409)	430 402

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

3 Risk Management (cont'd)

(2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 December 2020 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	359 949	-	-	-	-	-	359 949
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	2 090	20 436	-	465	14 408	-	37 399
Loans *	10 563	13 112	16 717	35 212	152 416	85 248	313 268
Grants	64	66	18	7 121	18 524	5 314	31 107
Deferred expense and accrued income	1 521	-	-	-	-	-	1 521
Other investments	-	-	-	-	-	7 503	7 503
Investments in associates	-	-	7 587	16 375	5 366	18 660	47 988
Investments in subsidiaries	-	-	-	-	-	4 879	4 879
Investment property	-	-	-	-	-	36 758	36 758
Property, plant and equipment	-	-	-	-	-	4 717	4 717
Intangible assets	-	-	-	-	-	1 398	1 398
Other assets	971	208	81	259	2 117	-	3 636
Total assets	375 158	33 822	24 403	59 432	192 831	164 477	850 123
Liabilities							
Due to credit institutions	-	4 367	-	8 090	53 398	-	65 855
Due to general governments	-	-	-	-	4 422	99 098	103 520
Issued debt securities	-	484	(2)	53	64 987	-	65 522
Deferred income and accrued expense	488	357	401	967	2 916	799	5 928
Provisions	32 501	-	-	-	-	-	32 501
Support programme funding	3 444	-	-	-	46 655	141 864	191 963
Other liabilities	1 693	-	-	25	1 170	13	2 901
Total liabilities	38 126	5 208	399	9 135	173 548	241 774	468 190
Net liquidity	337 032	28 614	24 004	50 297	19 283	(77 297)	381 933

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

3 Risk Management (cont'd)

(3) Covid-19 impact

(i) Covid-19 impact on loan portfolio

Analysis of the Group's / Company's loan portfolio by client segments as at 30 September 2021, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	1 039	7	-	-	604	344	1 643	351
Agriculture	120 996	956	9 856	280	5 771	1 352	136 623	2 588
SME and Midcaps	131 543	4 942	32 859	4 332	15 491	7 066	179 893	16 340
of which,								
Covid-19 crisis related working capital loans	53 526	1 628	9 601	368	2 575	1 236	65 702	3 232
Daily loan products	78 017	3 314	23 258	3 964	12 916	5 830	114 191	13 108
Private individuals	4 575	29	287	6	2 050	831	6 912	866
Land Fund	32 132	18	1 757	1	361	2	34 250	21
Total segments, gross	290 285	5 952	44 759	4 619	24 277	9 595	359 321	20 166
Impairment overlay *	-	763	-	-	-	-	-	763
Total segments, net	290 285	6 715	44 759	4 619	24 277	9 595	359 321	20 929

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

Analysis of the Group's / Company's loan portfolio by client segments as at 31 December 2020, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total gross loans	Total impairment allowance
	Gross loans	Impairment allowance	Gross loans	Impairment allowance	Gross loans	Impairment allowance		
Financial Intermediaries	1 245	10	-	-	638	351	1 883	361
Agriculture	107 189	841	10 258	300	6 863	1 491	124 310	2 632
SME and Midcaps	129 745	5 755	21 007	3 195	17 509	7 443	168 261	16 393
of which,								
Covid-19 crisis related working capital loans	60 665	1 984	3 569	219	326	155	64 560	2 358
Daily loan products	69 081	3 771	17 438	2 976	17 183	7 288	103 702	14 035
Private individuals	5 224	34	490	10	2 311	953	8 025	997
Land Fund	30 889	17	256	-	355	2	31 500	19
Total segments, gross	274 292	6 657	32 011	3 505	27 676	10 240	333 979	20 402
Impairment overlay *	-	309	-	-	-	-	-	309
Total segments, net	274 292	6 966	32 011	3 505	27 676	10 240	333 979	20 711

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

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

3 Risk Management (cont'd)

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

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

Split of specific Covid-19 related support instrument - working capital loans – portfolio for the SME and Midcap client segment by industries as at 30 September 2021, in thousands euro:

	Gross loans	Changes to 31.12.2020.	Granted in 2021 9M	Granted in 2020 12M	Impairment allowance	Changes to 31.12.2020.	Net loans	% of Total Gross loans, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Retail	4 602	(112)	1 558	4 714	333	146	4 269	2.6%
Hotels and restaurants	3 092	(306)	514	3 398	103	6	2 989	1.7%
Tourism services	2 759	107	500	2 652	114	50	2 645	1.5%
Land transport services	2 189	1 050	1 202	1 139	51	22	2 138	1.2%
Art, entertainment and leisure	2 061	1 467	1 575	594	59	47	2 002	1.1%
Beauty and sports	100	100	100	-	3	3	97	0.1%
Total Covid-19 more exposed industries	14 803	2 306	5 449	12 497	663	274	14 140	8.2%
<i>Covid-19 less exposed industries</i>								
Manufacturing	17 522	(2 010)	5 446	19 532	916	177	16 606	9.7%
Wholesale	12 109	(1 069)	1 583	13 178	678	188	11 431	6.7%
Construction	8 156	2 099	2 701	6 057	587	233	7 569	4.5%
Transport, warehousing and communications	3 232	(370)	805	3 602	108	(2)	3 124	1.8%
Information technologies and communication	2 728	206	590	2 522	88	35	2 640	1.5%
Professional, science and technical services	2 021	(274)	487	2 295	70	(10)	1 951	1.1%
Forestry	1 578	(424)	284	2 002	47	(16)	1 531	0.9%
Municipal authorities	954	199	305	755	29	13	925	0.5%
Electricity, gas and water utilities	544	(916)	34	1 460	5	(45)	539	0.3%
Real estate	507	75	100	432	11	1	496	0.3%
Health and social care	180	17	45	163	4	1	176	0.1%
Other industries	1 368	1 303	310	65	26	25	1 342	0.8%
Total Covid-19 less exposed industries	50 899	(1 164)	12 690	52 063	2 569	600	48 330	28.3%
Total Covid-19 crisis related working capital loans	65 702	1 142	18 139	64 560	3 232	874	62 470	36.5%

3 Risk Management (cont'd)

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

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

Split of daily (ordinary) loan product portfolio for the SME and Midcap client segment by industries as at 30 September 2021, in thousands euro:

	Gross loans	Changes to 31.12.2020.	Granted in 2021 9M	Granted in 2020 12M	Impairment allowance	Changes to 31.12.2020.	Net loans	% of Total Gross loans, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Hotels and restaurants	4 269	(455)	1 062	1 021	265	(333)	4 004	2.4%
Retail	1 809	(117)	416	398	358	(20)	1 451	1.0%
Land transport services	1 806	(208)	339	194	126	(10)	1 680	1.0%
Art, entertainment and leisure	649	(61)	36	116	241	(14)	408	0.4%
Beauty and sports	628	281	264	71	69	8	559	0.3%
Tourism services	333	-	-	-	85	(2)	248	0.2%
Total Covid-19 more exposed industries	9 494	(560)	2 117	1 800	1 144	(371)	8 350	5.3%
<i>Covid-19 less exposed industries</i>								
Manufacturing	49 582	980	16 288	9 075	4 933	(1 829)	44 649	27.6%
Real estate	11 160	1 319	1 580	1 657	2 464	376	8 696	6.2%
Wholesale	5 970	(569)	1 819	1 474	482	(388)	5 488	3.3%
Electricity, gas and water utilities	5 934	(286)	478	366	948	(47)	4 986	3.3%
Municipal authorities	5 072	756	1 319	711	452	(62)	4 620	2.8%
Health and social care	4 490	(98)	341	3 005	60	(38)	4 430	2.5%
Construction	4 384	1 164	1 731	1 592	254	-	4 130	2.4%
Forestry	3 647	1 195	5 735	910	131	44	3 516	2.0%
Professional, science and technical services	3 101	(559)	846	810	173	(77)	2 928	1.7%
Fishery	1 629	(18)	284	281	143	(3)	1 486	0.9%
Transport, warehousing and communications	870	187	409	121	199	13	671	0.5%
Information technologies and communication	522	(29)	196	91	44	-	478	0.3%
Other industries	8 336	7 007	507	479	1 681	1 456	6 655	4.6%
Total Covid-19 less exposed industries	104 697	11 049	31 533	20 572	11 964	(555)	92 733	58.2%
Total daily (ordinary) loan products	114 191	10 489	33 650	22 372	13 108	(926)	101 083	63.5%

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

Manufacturing. In the reporting period, the growth of manufacturing companies has generally continued. Given the constraints on the entertainment, catering, tourism and other services sectors, public consumption trends are significantly affected and most of the income is directed to the purchase of various goods. The sub-sector that is experiencing the sharpest fluctuations is wood processing, as the trend of the second half of 2020 continues with rapidly rising sales prices, and profit indicators are increasing accordingly. However, the availability of raw materials, in connection with the economic sanctions against Belarus, as well as the possible sharp decline in the price of products on the basis of demand adjustments, poses additional risks to companies in the sector. The sufficiently good results of the manufacturing industry in 2021 are also shown by the macroeconomic indicators - the output of exported goods continues to increase in almost all sub-sectors. Therefore, it can be concluded that the negative impact of Covid-19 on the operations of the companies in the sector has been insignificant.

The second largest sector in terms of size of loan portfolio is trading. In the wholesale sector, similarly to the manufacturing sector, the impact of the Covid-19 crisis has varied depending on the sub-sector. For example, wholesalers of various raw materials and equipment have closed 2020 with very good results, and they have been able to improve their performance thanks to the growth of the manufacturing sector in 2021 as well. Timber wholesalers have been less successful, having had to cope with the fall in demand caused by BREXIT in addition to the breaks in logistics chains caused by Covid-19. However, at the end of 2020, a large number of timber wholesalers had found new outlets in Asian countries, as well as the ability to close the year without significant losses due to

3 Risk Management (cont'd)

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

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

rising timber prices worldwide. This trend will continue in 2021, but the challenges for the industry are similar to those for the wood processing industry. The reporting period has been slightly more successful for fuel and fuel traders, as they have been able to take advantage of the positive effect of rising prices, but in general the industry has not fully recovered from the losses caused by the Covid-19 crisis in 2020. On the positive side, most companies in this sector have sufficiently high equity ratios and owners with the ability to financially support companies. In the retail segment, the reporting period was challenging for all sub-sectors, except for trade in pharmaceuticals, food products and household goods. Due to store restrictions, many retailers of clothing, footwear, cosmetics, jewellery and other product groups have major challenges in covering their day-to-day expenses and selling existing inventory to renew their range.

The third largest sector in terms of size of loan portfolio is real estate operations. The real estate portfolios where the hotel business is located were the most affected - due to travel restrictions, the flow of visitors to the region has almost completely stopped. It is too early to judge the recovery of this segment, and much will depend on the pace of vaccination and the overall success of controlling the virus. The second most significantly affected segment is shopping centers. Restrictions on trade, social distancing, as well as the boom in e-commerce have had a significant impact on the financial results of shopping centers - a large number of tenants have requested rent discounts, but in some centers the proportion of vacant space has increased. In the office segment - most office employees have had to work remotely and many still work from home on a daily basis, thus the issue of the need for offices in the future has become topical in the real estate sector. The impact of the Covid-19 crisis on the industry has been moderate overall, with negative effects being more pronounced for companies that did not diversify their tenant portfolios by industry. For example, rental space was mostly leased to beauty, retail customers, hotels, in this example landlords had to reduce rents or look for other tenants, thus suffering from the impact of Covid-19. However, the problems of entrepreneurs who had tenants in various industries in the portfolio are relatively minimal and could not significantly affect the client's solvency. The warehousing segment is surviving the pandemic better, as the volume of goods delivered has increased significantly due to the boom in e-commerce. At the same time, the requirements of buyers to ensure the speed of delivery of goods create additional demand for warehouse space.

(ii) Covid-19 impact on guarantee portfolio

Analysis of the Group's / Company's guarantees portfolio by client segments as at 30 September 2021, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total outstanding guarantees	Total impairment allowance
	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance	Outstanding guarantees	Impairment allowance		
Agriculture	12 012	1 682	1 732	169	10	6	13 754	1 857
SME and Midcaps	161 957	9 341	24 004	2 412	2 661	1 632	188 622	13 385
of which,								
Covid-19 crisis related guarantees *	14 083	1 068	15 080	1 694	619	381	29 782	3 143
Daily guarantees products	147 874	8 274	8 925	718	2 042	1 250	158 841	10 242
Private individuals	192 415	15 396	217	31	115	111	192 747	15 538
Total segments, gross	366 384	26 419	25 953	2 612	2 786	1 749	395 123	30 780

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

Analysis of the Group's / Company's guarantees portfolio by client segments as at 31 December 2020, 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	14 305	2 118	39	5	486	311	14 830	2 434
SME and Midcaps	178 094	12 124	6 761	775	3 879	2 389	188 734	15 288
of which,								
Covid-19 crisis related guarantees *	37 005	3 001	1 437	127	257	160	38 699	3 288
Daily guarantees products	141 089	9 123	5 324	649	3 622	2 229	150 035	12 001
Private individuals	155 717	13 528	194	36	130	127	156 041	13 691
Total segments, gross	348 116	27 770	6 994	816	4 495	2 827	359 605	31 413

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

3 Risk Management (cont'd)

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

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

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

Split of specific Covid-19 related support guarantee instruments for the SME and Midcap client segment guarantee portfolio by industries as at 30 September 2021, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2020.	Issued in 2021 9M	Issued in 2020 12M	Impairment allowance	Changes to 31.12.2020.	Net outstanding guarantees	% of Total gross outstanding guarantees, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Hotels and restaurants	5 172	(18)	-	5 190	533	(108)	4 639	2.7%
Retail	1 167	(1 705)	217	2 872	15	(75)	1 152	0.6%
Land transport services	4 718	1 820	1 457	2 899	671	181	4 047	2.5%
Art, entertainment and leisure	79	(6)	-	84	9	(1)	70	0.0%
Total Covid-19 more exposed industries	11 136	91	1 674	11 045	1 228	(3)	9 908	5.9%
<i>Covid-19 less exposed industries</i>								
Manufacturing	8 077	(3 193)	4 141	11 270	595	(113)	7 482	4.3%
Wholesale	7 866	(1 017)	4 271	8 882	1 129	219	6 737	4.2%
Construction	750	-	-	750	11	(15)	739	0.4%
Transport, warehousing and communications	722	(3 656)	-	4 378	37	(178)	685	0.4%
Information technologies and communication	-	(63)	32	63	-	(1)	-	0.0%
Professional, science and technical services	-	-	-	-	-	-	-	0.0%
Forestry	395	(52)	-	447	67	9	328	0.2%
Electricity, gas and water utilities	383	(75)	-	458	37	(10)	346	0.2%
Real estate	330	(36)	-	366	33	(8)	297	0.2%
Health and social care	-	(500)	-	500	-	(12)	-	0.0%
Other industries	123	(416)	-	540	6	(33)	117	0.1%
Total Covid-19 less exposed industries	18 646	(9 008)	8 444	27 654	1 915	(142)	16 731	9.9%
Total specific COVID-19 related guarantee products *	29 782	(8 917)	10 118	38 699	3 143	(145)	26 639	15.8%

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

3 Risk Management (cont'd)

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

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

Split of daily (ordinary) guarantee product portfolio of the SME and Midcap client segment by industries as at 30 September 2021, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2020.	Issued in 2021 9M	Issued in 2020 12M	Impairment allowance	Changes to 31.12.2020.	Net outstanding guarantees	% of Total gross outstanding guarantees, SME & Midcap
<i>Covid-19 more exposed industries</i>								
Hotels and restaurants	676	(189)	10	-	49	(49)	627	0.4%
Retail	6 507	790	1 242	917	436	(11)	6 071	3.4%
Land transport services	6 148	3 227	2 212	612	511	153	5 637	3.3%
Art, entertainment and leisure	476	171	182	96	82	61	394	0.3%
Total Covid-19 more exposed industries	13 807	3 999	3 646	1 625	1 078	154	12 729	7.3%
<i>Covid-19 less exposed industries</i>								
Manufacturing	47 611	1 502	14 289	12 365	3 327	(451)	44 284	25.2%
Wholesale	40 879	8 136	10 084	12 060	1 943	206	38 937	21.7%
Construction	29 173	(5 234)	2 420	8 288	2 124	(1 347)	27 049	15.5%
Transport, warehousing and communications	2 863	753	1 867	405	276	27	2 587	1.5%
Information technologies and communication	3 597	750	1 059	201	184	34	3 414	1.9%
Professional, science and technical services	6 310	1 063	297	2 788	549	240	5 761	3.3%
Forestry	9 070	559	1 497	5 891	472	(43)	8 598	4.8%
Electricity, gas and water utilities	555	(2 396)	42	280	41	(480)	515	0.3%
Real estate	3 880	106	204	869	128	(46)	3 752	2.1%
Health and social care	543	(160)	44	100	77	3	465	0.3%
Other industries	553	(273)	58	179	43	(52)	509	0.3%
Total Covid-19 less exposed industries	145 034	4 806	31 861	43 426	9 164	(1 909)	135 871	76.9%
Total daily (ordinary) guarantee products	158 841	8 805	35 507	45 051	10 242	(1 755)	148 600	84.2%

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

Manufacturing. In the reporting period, the growth of manufacturing companies has generally continued. Given the constraints on the entertainment, catering, tourism and other services sectors, public consumption trends are significantly affected and most of the income is directed to the purchase of various goods. The sub-sector that is experiencing the sharpest fluctuations is wood processing, as the trend of the second half of 2020 continues with rapidly rising sales prices, and profit indicators are increasing accordingly. However, the availability of raw materials, in connection with the economic sanctions against Belarus, as well as the possible sharp decline in the price of products on the basis of demand adjustments, poses additional risks to companies in the sector. The sufficiently good results of the manufacturing industry in 2021 are also shown by the macroeconomic indicators - the output of exported goods continues to increase in almost all sub-sectors. Therefore, it can be concluded that the negative impact of Covid-19 on the operations of the companies in the sector has been insignificant.

The second largest sector in terms of size of guarantee portfolio is trading. In the wholesale sector, similarly to the manufacturing sector, the impact of the Covid-19 crisis has varied depending on the sub-sector. For example, wholesalers of various raw materials and equipment have closed 2020 with very good results, and they have been able to improve their performance thanks to the growth of the manufacturing sector in 2021 as well. Timber wholesalers have been less successful, having had to cope with the fall in demand caused by BREXIT in addition to the breaks in logistics chains caused by Covid-19. However, at the end of 2020, a large number of timber wholesalers had found new outlets in Asian countries, as well as the ability to close the year without significant losses due to

3 Risk Management (cont'd)

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

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

rising timber prices worldwide. This trend will continue in 2021, but the challenges for the industry are similar to those for the wood processing industry. The reporting period has been slightly more successful for fuel and fuel traders, as they have been able to take advantage of the positive effect of rising prices, but in general the industry has not fully recovered from the losses caused by the Covid-19 crisis in 2020. On the positive side, most companies in this sector have sufficiently high equity ratios and owners with the ability to financially support companies. In the retail segment, the reporting period was challenging for all sub-sectors, except for trade in pharmaceuticals, food products and household goods. Due to store restrictions, many retailers of clothing, footwear, cosmetics, jewellery and other product groups have major challenges in covering their day-to-day expenses and selling existing inventory to renew their range.

Construction. The Covid-19 crisis affected the sector both directly and indirectly. Due to travel restrictions and illness of employees, the construction process was delayed in many companies and the company's cash flow suffered accordingly. In addition, suppliers changed the delivery terms by switching to prepayment and upsetting the usual project financing balance. Many of the industries directly affected by Covid-19 abandoned construction projects or postponed them. However, in overall, the industry shows good results in 2021 as frozen projects have been revived and, following the peak of the frozen consumption crisis, demand has risen sharply from both institutional and private customers, leading to rising prices and rising profits. The easing of travel conditions also allows Latvian companies to return to the Scandinavian market.

4 Interest income

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Interest on loans and guarantees	13 617	10 513	13 617	10 513
Interest on securities at fair value	304	1 108	304	1 108
Interest on securities at amortised cost	12	16	12	16
Other interest income	-	15	-	15
Total interest income	13 933	11 652	13 933	11 652

The Group's / Company's sub-item Interest income on loans and guarantees does not include interest income from loans and premium income on issued guarantees as well as commissions which, in accordance with the program agreements concluded with the Ministry of Economics, stipulates that the funding allocated by the Ministry of Economics (recognized in balance sheet item Support Programs Funding) must be increased by the respective program income. Accordingly, this type of income is not recognized as interest income, but is recognized as an increase in Support Programs Funding which in the 9 months of 2021 amounts to EUR 963 thousand (9 months of 2020: EUR 965 thousand).

5 Interest expense

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Interest on balances due to credit institutions	518	437	518	437
Interest on issued debt securities	611	541	611	541
Allocation of state support programmes' profit to support programme funding *	361	495	361	495
Other commission expense	19	25	19	25
Total interest expense	1 509	1 498	1 509	1 498

* 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 Group / Company and the Ministry of Economics by increasing public funding given by the Ministry of Economics (recognised as Support programme funding in the Balance sheet).

6 Income for implementation of state support programmes

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Compensation of expenses for management of state support programmes	1 418	1 542	1 418	1 542
Compensation of venture capital fund management fees	1 304	2 396	2 310	2 396
Compensation of expenses for management of state support programmes of the previous years	437	332	437	332
Compensation of expenses of capital congestion	300	150	300	150
Total income from implementation of state support programmes	3 459	4 420	4 465	4 420

7 Expenses to be compensated for implementation of state support programmes

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Compensated staff costs	1 182	1 261	1 182	1 261
Compensated administrative expense	236	281	236	281
Compensated venture capital fund management fees	1 333	2 398	2 339	2 398
Total compensated expense for implementation of state support programmes	2 751	3 940	3 757	3 940

8 Other income

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Income from lease payments for operating leases	1 021	742	1 021	742
Income from payments for financial leases	4	320	4	320
Profit from investment property revaluation	-	10	-	10
Profit from sale of investment property	118	27	118	27
Profit from sale of repossessed collateral	6	17	6	17
Other commission income	20	6	20	6
Income from management of the AIF "Altum capital fund"	442	119	442	119
Other operating income	157	564	157	564
Total other income	1 768	1 805	1 768	1 805

9 Other expense

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Maintenance and service costs of Land Fund	258	280	258	280
Debt collection costs	98	121	98	121
Maintenance costs of repossessed collateral	-	3	-	3
Revaluation of repossessed collateral	-	26	-	26
Depreciation of right-of-use assets	109	102	109	102
Commission expense on investments in securities	59	68	59	68
AIF "Altum capital fund" management costs	442	112	442	112
Other commission expense	2	2	2	2
Total other expense	968	714	968	714

10 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 30.09.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 30.09.2020. (unaudited)
Impairment losses on:	7 381	11 385	7 381	11 385
Loans, net	4 283	5 818	4 283	5 818
<i>impairment losses</i>	3 759	6 512	3 759	6 512
<i>impairment losses covered by Portfolio Loss Reserve</i>	1 901	2 181	1 901	2 181
<i>impairment losses covered by Risk Coverage Reserve</i>	(1 377)	(2 875)	(1 377)	(2 875)
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	-	-	-	-
<i>impairment losses covered by Portfolio Loss Reserve</i>	-	-	-	-
<i>impairment losses covered by risk coverage reserve</i>	-	-	-	-
Grants	3	-	3	-
Other assets	8	-	8	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	24	2	24	2
Debt securities	-	-	-	-
Guarantees, net	2 415	4 323	2 415	4 323
<i>impairment losses</i>	8 381	7 267	8 381	7 267
<i>impairment losses covered by Portfolio Loss Reserve</i>	1 779	3 021	1 779	3 021
<i>impairment losses covered by Risk Coverage Reserve</i>	(7 745)	(5 965)	(7 745)	(5 965)
Loan commitments, net	605	1 242	605	1 242
<i>impairment losses</i>	604	733	604	733
<i>impairment losses covered by Portfolio Loss Reserve</i>	116	721	116	721
<i>impairment losses covered by Risk Coverage Reserve</i>	(115)	(212)	(115)	(212)
Grant commitments	43	-	43	-
Reversal of impairment on:	(8 331)	(7 238)	(8 331)	(7 238)
Loans, net	(3 782)	(3 631)	(3 782)	(3 631)
<i>reversal of impairment</i>	(4 588)	(4 427)	(4 588)	(4 427)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(1 185)	(226)	(1 185)	(226)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	1 991	1 022	1 991	1 022
Disbursed guarantee compensations	(43)	(107)	(43)	(107)
<i>reversal of impairment</i>	(59)	(236)	(59)	(236)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(3)	-	(3)	-
<i>reversal of impairment covered by Risk Coverage Reserve</i>	19	129	19	129
Grants	(20)	-	(20)	-
Other assets	-	-	-	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	(14)	-	(14)	-
Debt securities	(11)	-	(11)	-
Guarantees, net	(4 112)	(3 007)	(4 112)	(3 007)
<i>reversal of impairment</i>	(8 687)	(9 270)	(8 687)	(9 270)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(1 143)	(237)	(1 143)	(237)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	5 718	6 500	5 718	6 500
Loan commitments, net	(342)	(493)	(342)	(493)
<i>reversal of impairment</i>	(272)	(553)	(272)	(553)
<i>reversal of impairment covered by Portfolio Loss Reserve</i>	(154)	(185)	(154)	(185)
<i>reversal of impairment covered by Risk Coverage Reserve</i>	84	245	84	245
Grant commitments	(7)	-	(7)	-
Total impairment losses / (reversal), net	(950)	4 147	(950)	4 147
Recovery of loans written off in previous periods	(605)	(715)	(605)	(715)
Total impairment losses and (income) from recovery of loans written-off	(1 555)	3 432	(1 555)	3 432

Additional information Including on impairment allowances covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2021 annual report available in Note 3.1.

11 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Due from credit institutions and State Treasury	424 253	359 949	424 253	359 949
<i>cash and cash equivalent</i>	424 254	359 949	424 254	359 949
Impairment allowances	-	-	-	-
Net due from credit institutions and State Treasury	424 253	359 949	424 253	359 949

Placing the funds within the Treasury of the Republic of Latvia and credit institutions, the external credit ratings assigned to these credit institutions are evaluated and with the funding received from the Ministry of Economics and the European Investment Bank for the implementation of support programmes to mitigate the effects of Covid-19. The evaluation of the credit institutions not having been assigned individual ratings is based on the ratings assigned to their parent banks as well as their financial and operational assessments. Once the contracts have been concluded, the Group / Company monitors the credit institutions and follows that the assigned limits comply with credit risk assessment. All balances due from credit institutions and State Treasury represent Stage 1 for the ECL calculation purposes. There were no changes in staging during the reporting period.

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

Ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	3 965	336 739	9 561	9 684	-	-	-	359 949
Total gross as at 31 December 2020 (audited)	-	3 965	336 739	9 561	9 684	-	-	-	359 949
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	3 803	405 323	4 744	10 383	-	-	-	424 253
Total gross as at 30 September 2021 (unaudited)	-	3 803	405 323	4 744	10 383	-	-	-	424 253

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

Ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	3 965	336 739	9 561	9 684	-	-	-	359 949
Total gross as at 31 December 2020 (audited)	-	3 965	336 739	9 561	9 684	-	-	-	359 949
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	3 803	405 323	4 744	10 383	-	-	-	424 253
Total gross as at 30 September 2021 (unaudited)	-	3 803	405 323	4 744	10 383	-	-	-	424 253

As at 30 September 2021, the Group / Company held accounts with 4 banks and the Treasury of the Republic of Latvia. The average interest rate on balances of position *Due from credit institutions and the Treasury* as at 30 September 2021 was 0.01% (31 December 2020: 0%).

12 Investments in Associates and Other investments

The Group's / Company's investments in associates based on information provided by venture capital fund managers, in thousands of euro:

Company or venture capital fund generation	Country of incorporation	Equity of venture capital fund		Carrying Amount	
		30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
The 1st generation VCFs	LV	-	-	-	-
The 2nd generation VCFs	LV	16 929	19 652	11 975	12 953
The 3rd generation VCFs	LV	13 310	16 974	14 116	16 376
The 4th generation VCFs	LV	9 236	6 459	6 685	3 640
AIF "Altum capital fund" *	LV	19 008	138	9 297	-
Baltic Innovation Fund *	LU	85 544	79 570	16 527	15 019
Total investments in associates		144 027	122 793	58 600	47 988

* Investments in Associates are stated under the equity method, except for investments in Baltic Innovation Fund and AIF "Altum capital fund" that are valued using the FVTPL method.

As at 30 September 2021 the total venture capital funds' portfolio value at cost value was EUR 88,213 thousand (31 December 2020: EUR 73,165 thousand).

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

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Baltic Innovation Fund		Total	
	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)
Carrying amount at the beginning of period	32 969	38 442	-	-	15 019	13 851	47 988	52 293
Invested	2 984	645	9 197	-	1 867	2 903	14 048	3 548
Refunded	(5 498)	(3 402)	-	-	(406)	-	(5 904)	(3 402)
Reclassified (increase of support programme funding, see Note 20)	1 668	-	-	-	-	-	1 668	-
Received realised gain on exit	-	594	-	-	47	-	47	594
Share of net gain / (loss) of investment in associate *	653 **	(1 690)	100	-	-	-	753	(1 690)
Loss from investment in associate at fair value through profit or loss	-	-	-	-	-	-	-	-
Net carrying amount at the period ended at 30 September (unaudited)	32 776	34 589	9 297	-	16 527	16 754	58 600	51 343
Invested	-	901	-	-	-	226	-	1 127
Refunded	-	(2 794)	-	-	-	(2 499)	-	(5 293)
Received interest and realised gain on exit	-	677	-	-	-	250	-	927
Share of net gain of investment in associate	-	(404)	-	-	-	-	-	(404)
Gain from investment in associate at fair value through profit or loss	-	-	-	-	-	288	-	288
Net carrying amount at the period ended at 31 December (audited)	-	32 969	-	-	-	15 019	-	47 988

* includes mezzanine interest received, realized gain / (loss) on exit and changes in revaluation of investment.

** includes share of profit from investments in the Three Seas Initiatives Investment Fund in amount of EUR 138 thousand and share of profit in amount of EUR 61 thousand from investments in associates that should be reduced by the Group's / Company's share of loss in AIF "Altum capital fund" in amount of EUR 170 thousand and increased the Group's / Company's share of profit in venture capital funds in amount of EUR 231 thousand.

The Group's / Company's share of gain of investment in associate and other investments, in thousands of euro:

	Investments in venture capital funds		Investments in AIF "Altum capital fund"		Investments in Baltic Innovation Fund		Total	
	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 31.12.2020. (unaudited)
Net income / (expenses) other than portfolio profit / (loss)	-	-	147	-	(80)	-	67	-
Net profit from revaluation of investments in associates and other investments	-	2 018	(130)	-	219	-	89	2 018
Total	-	2 018	17	-	139	-	156	2 018

12 Investments in Associates (cont'd)

In the 9 months of 2021, the Group's / Company's expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 374 thousand (9 months of 2020: EUR 688 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the 4th generation venture capital funds amounted EUR 1 638 thousand (9 months of 2020: EUR 1 540 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Baltic Innovation Fund amounted EUR 144 thousand (9 months of 2020: EUR 144 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Baltic Innovation Fund II amounted EUR 150 thousand (9 months of 2020: EUR 0) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the AIF "Altum capital fund" amounted EUR 282 thousand (9 months of 2020: EUR 58 thousand) (see Note 22);
- Management fees for the Three Seas Initiatives Investment Fund amounted EUR 150 thousand (9 months of 2020: 0) which were compensated from the risk coverage reserve (see Note 20).

Part of disbursements made into the 4th generation venture capital funds are classified as Investments in subsidiaries (detailed information is available in Note 1) and management fees of such funds amounted EUR 1 005 thousand (9 months of 2020: EUR 945 thousand) which were compensated from the Risk Coverage reserve (see Note 20).

13 Other Investments

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020. (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020. (audited)
Baltic Innovation Fund 2	1 642	806	1 642	806
Three Seas Initiatives Investment Fund	7 022	6 697	7 022	6 697
Total other investments	8 664	7 503	8 664	7 503

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

The Three Seas Initiative Investment Fund is a new financial instrument for financing and developing infrastructure projects in 12 countries, including Latvia, aimed at reducing infrastructure development gaps between different European regions. The Three Seas Initiative Investment Fund is a new financial instrument to support transport, energy and digitalization infrastructure projects in Central and Eastern Europe. The Group / Company signed the subscription agreement on 16 September 2020. The total capital committed by the Group / Company to the Three Seas Initiative Investment Fund is EUR 20,000 thousand thus arriving at the ownership rate of 2.17% on 30 September 2021 (31 December 2020: 3.57%) of the total committed capital the Three Seas Initiative Investment Fund (30 September 2021: EUR 923,000 thousand, 31 December 2020: EUR 560,000 thousand).

14 Loans

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

The Group's / Company's loans by the borrower profile, in thousands of euro:

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
SME and Midcaps	179 893	168 262	179 893	168 262
Agriculture	136 623	124 297	136 623	124 297
Private individuals	6 912	8 025	6 912	8 025
Financial Intermediaries	1 643	1 897	1 643	1 897
Land Fund	34 250	31 500	34 250	31 500
Total gross loans	359 321	333 981	359 321	333 981
Impairment allowances	(20 929)	(20 713)	(20 929)	(20 713)
Total net loans	338 392	313 268	338 392	313 268

Breakdown of the Group's / Company's loans by industries, in thousands of euro:

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Agriculture and forestry	171 483	155 682	171 483	155 682
Manufacturing	67 803	67 807	67 803	67 807
Retail and wholesale	25 024	32 378	25 024	32 378
Real estate	12 580	9 328	12 580	9 328
Construction	11 734	10 273	11 734	10 273
Municipal authorities	8 554	8 328	8 554	8 328
Hotels and restaurants	7 771	8 214	7 771	8 214
Electricity, gas and water utilities	6 479	7 097	6 479	7 097
Transport, warehousing and communications	6 793	5 227	6 793	5 227
Professional, science and technical services	5 122	4 878	5 122	4 878
Health and social care	5 266	4 479	5 266	4 479
Information technologies and communication	3 250	3 073	3 250	3 073
Fishing	2 074	1 647	2 074	1 647
Other industries	18 476	7 545	18 476	7 545
Private individuals	6 912	8 025	6 912	8 025
Total gross loans	359 321	333 981	359 321	333 981
Impairment allowances	(20 929)	(20 713)	(20 929)	(20 713)
Total net loans	338 392	313 268	338 392	313 268

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Number of customers	46	36	46	36
Total credit exposure of customers (EUR '000)	73 428	62 821	73 428	62 821
Percentage of total gross portfolio of loans	20.44%	18.81%	20.44%	18.81%

14 Loans (cont'd)

Movement in the Group's / Company's impairment allowances, in thousands of euro:

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 31.12.2020. (audited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 31.12.2020. (audited)
Impairment allowances at the beginning of the period	20 713	20 283	20 713	20 283
Increase in impairment allowances (Note 10)	5 660	8 216	5 660	8 216
Decrease in impairment allowances (Note 10)	(5 774)	(4 653)	(5 774)	(4 653)
Write-off of loans	(495)	(3 393)	(495)	(3 393)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	825	477	825	477
Currency change	-	-	-	-
Impairment allowances at the end of the period ended 30 September (unaudited)	20 929	20 930	20 929	20 930
Group's / Company's share of impairment allowances	11 557	12 528	11 557	12 528
Impairment allowances covered by Portfolio Loss Reserve	3 275	1 243	3 275	1 243
Impairment allowances covered by Risk Coverage Reserve	6 097	6 799	6 097	6 799
Increase in impairment allowances (Note 10)	-	3 115	-	3 115
Decrease in impairment allowances (Note 10)	-	(3 477)	-	(3 477)
Write-off of loans	-	(272)	-	(272)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	417	-	417
Impairment allowances at the end of the period ended 31 December (audited)	-	20 713	-	20 713
Group's / Company's share of impairment allowances	-	11 860	-	11 860
Impairment allowances covered by Portfolio Loss Reserve	-	2 359	-	2 359
Impairment allowances covered by Risk Coverage Reserve	-	6 494	-	6 494

As at 30 September 2021 the average annual interest rate for the loan portfolio of the Group / Company was 4.05% (31 December 2020: 4.05%).

15 Grants

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Energy Efficiency Programme for Multi-apartment Buildings	40 101	30 053	40 101	30 053
Social Entrepreneurship Programme	2 051	1 065	2 051	1 065
Housing grant programme "Balsts"	1 512	164	1 512	164
Grants for cultural industry support programme *	275	-	275	-
Total grants, gross	43 939	31 282	43 939	31 282
Impairment allowances	(182)	(175)	(182)	(175)
Total grants, net	43 757	31 107	43 757	31 107

* Combined financial instrument.

15 Grants (cont'd)

Movement in the Group's / Company's net book value of grants in 9 months of 2021, in thousands of euro:

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Carrying amount				
Carrying amount at the beginning of period	31 107	17 198	31 107	17 198
Changes	12 832	12 873	12 832	12 873
Carrying amount at the end of period ended 30 September (unaudited)	43 939	30 071	43 939	30 071
Impairment allowances				-
At the beginning of period	(175)	(12)	(175)	(12)
Changes	(31)	-	(31)	-
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	24	-	24	-
At the end of period ended 30 September (unaudited)	(182)	(12)	(182)	(12)
Grants net book at the beginning of the period	30 932	17 186	30 932	17 186
Grants net book value at the end of the period ended 30 September (unaudited)	43 757	30 059	43 757	30 059
Carrying amount				
Carrying amount at the beginning of period	-	30 071	-	30 071
Changes	-	1 211	-	1 211
Carrying amount at the end of period ended 31 December	-	31 282	-	31 282
Impairment allowances				-
At the beginning of period	-	(12)	-	(12)
Changes	-	(163)	-	(163)
At the end of period ended 31 December	-	(175)	-	(175)
Grants net book at the beginning of the period 30 September (unaudited)	-	30 059	-	30 059
Grants net book value at the end of the period ended 31 December (audited)	-	31 107	-	31 107

16 Investment Properties

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Carrying amount at the beginning of period	36 758	24 366	36 758	24 366
Acquired during the reporting period *	2 232	11 695	2 232	11 695
Disposals during the reporting period	(210)	(40)	(210)	(40)
Net gain from fair value adjustment	-	737	-	737
Carrying amount at the end of the period	38 780	36 758	38 780	36 758

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

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

17 Other Assets

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Financial assets	6 370	5 603	6 370	5 568
Other assets (repossessed collateral)	28	28	28	28
Total other assets, gross	6 398	5 631	6 398	5 596
Impairment allowances for financial assets	(2 625)	(1 960)	(2 625)	(1 960)
Group's / Company's share of provisions	(1 492)	(1 078)	(1 492)	(1 078)
Impairment allowances covered by Portfolio Loss Reserve	(184)	-	(184)	-
Provisions covered by risk coverage	(1 133)	(882)	(1 133)	(882)
Total financial assets, net	3 745	3 643	3 745	3 608
Total other assets, net	3 773	3 671	3 773	3 636

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

Movement in the Group's net book value of financial assets in 9 months of 2021, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 624	280	3 699	5 603
Changes	705	567	(505)	767
As at 30 September 2021 (unaudited)	2 329	847	3 194	6 370
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(705)	(82)	122	(665)
As at 30 September 2021 (unaudited)	(2 329)	(251)	(45)	(2 625)
Net book value at the beginning of period	-	111	3 532	3 643
Net book value as at 30 September 2021 (unaudited)	-	596	3 149	3 745

Movement in the Company's net book value of financial assets in 9 months of 2021, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	1 624	280	3 664	5 568
Changes	705	567	(470)	802
As at 30 September 2021 (unaudited)	2 329	847	3 194	6 370
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(705)	(82)	122	(665)
As at 30 September 2021 (unaudited)	(2 329)	(251)	(45)	(2 625)
Net book value at the beginning of period	-	111	3 497	3 608
Net book value as at 30 September 2021 (unaudited)	-	596	3 149	3 745

17 Other Assets (cont'd)

Movement in the Group's net book value of financial assets in 9 months of 2020, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	2 361	164	3 571	6 096
Changes	(737)	116	128	(493)
As at 30 September 2020 (unaudited)	1 624	280	3 699	5 603
Impairment provision				
At the beginning of period	(2 361)	(142)	(525)	(3 028)
Changes in impairment allowances	737	(27)	358	1 068
As at 30 September (unaudited)	(1 624)	(169)	(167)	(1 960)
Net book value at the beginning of period	-	22	3 046	3 068
Net book value as at 30 September 2020 (unaudited)	-	111	3 532	3 643

Movement in the Company's net book value of financial assets in 9 months of 2020, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	2 361	164	3 571	6 096
Changes	(737)	116	93	(528)
As at 30 September 2020 (unaudited)	1 624	280	3 664	5 568
Impairment provision				
At the beginning of period	(2 361)	(142)	(525)	(3 028)
Changes in impairment allowances	737	(27)	358	1 068
As at 30 September 2020 (unaudited)	(1 624)	(169)	(167)	(1 960)
Net book value at the beginning of period	-	22	3 046	3 068
Net book value as at 30 September 2020 (unaudited)	-	111	3 497	3 608

18 Due to Credit Institutions

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Due to credit institutions registered in OECD countries	57 154	65 855	57 154	65 855
Total due to credit institutions	57 154	65 855	57 154	65 855

Balances *Due to credit institutions registered in the OECD countries* include loan received by the Group/Company from the European Investment Bank (EIB) of EUR 57,154 thousand (31 December 2020: EUR 65,855 thousand), of which EUR 2 thousand constitutes accrued interest expenses (31 December 2020: EUR 22 thousand).

On October 2, 2009, an agreement was signed with the European Investment Bank for a loan of EUR 100,000 thousand to finance projects under the SMEs Growth Loan Programme. As at 30 September 2021 the principal amount of the loan EUR 12,153 thousand (31 December 2020: EUR 20,833 thousand), the accrued interest on the loan amounts to EUR 2 thousand (31 December 2020: EUR 22 thousand), the final repayment date 20 August 2024. The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan, as a collateral serves the commercial pledge to the right of the Company's claims. As at 30 September 2021, the amount of the secured claim was EUR 12,154 thousand (31 December 2020: EUR 20,855 thousand).

18 Due to Credit Institutions (cont'd)

On July 8, 2020, Altum signed an agreement with the European Investment Bank for a loan of EUR 80,000 thousand to finance working capital loans to small and medium-sized enterprises affected by the Covid-19. As at 30 September 2021 the principal amount of the loan EUR 45,000 thousand (31 December 2020: EUR 45,000 thousand), the final repayment date 20 November 2025. As at 30 September 2021, according to the loan agreement the Company is available the financing in the amount of EUR 35,000 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. The loan is unsecured.

As at 30 September 2021, the average interest rate for the balances Due to credit institutions was 0.09% (31 December 2020: 0.11%).

19 Due to General Governments

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Loans received from Rural Support Service	3 321	4 046	3 321	4 046
Loans received from the Treasury	114 306	99 474	114 306	99 474
Total due to general governments	117 627	103 520	117 627	103 520

Item *Loans from Rural Support Service* includes the financing to the Loan Fund, which was established in 2010 for the purpose to issue the loans to the agricultural and fisheries beneficiaries via financial intermediaries. As at 30 September 2021 the Group/Company liabilities to Rural Support Service consist of the principal amount of EUR 3,104 thousand (31 December 2020: EUR 3,829 thousand) and accrued interest – EUR 217 thousand (31 December 2020: EUR 217 thousand). The final repayment date is 31 December 2025. The loan from Rural Support Service is unsecured.

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

- Agricultural land acquisition programme: as at 30 September 2021 the principal amount of the loan EUR 70,035 thousand (31 December 2020: EUR 72,513 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 Group/Company under the programme. As at 30 September 2021, according to the loan agreement the Company is available the financing in the amount of EUR 29,965 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2021, the amount of the secured claim was EUR 84,043 thousand (31 December 2020: EUR 72,514 thousand).
- SME development programme: as at 30 September 2021 the principal amount of the loan EUR 27,423 thousand (31 December 2020: EUR 17,040 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 Group/Company under the programme. As at 30 September 2021, according to the loan agreement the Company still is available the financing in the amount of EUR 27,577 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2021, the amount of the secured claim was EUR 32,909 thousand (31 December 2020: EUR 20,449 thousand).
- Parallel loan programme: as at 30 September 2021 the principal amount of the loan EUR 4,600 thousand (31 December 2020: absorption had not started), 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 Group/Company under the programme. As at 30 September 2021, according to the loan agreement the Company still is available the financing in the amount of EUR 15,400 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 30 September 2021, the amount of the secured claim was EUR 5,520 thousand.
- Programme of Small Loans for Rural Areas: as at 30 September 2021 the principal amount of the loan EUR 2,327 thousand, the final repayment date 31 January 2039. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Group/Company under the programme. As at 30 September 2021, according to the loan agreement the Company still is available the financing in the amount of EUR 3,673 thousand, the size and pace of the drawdown the loan relates to the further volume of new loan transactions. As at 30 September 2021, the amount of the secured claim was EUR 2,792 thousand.

19 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 at 30 September 2021 the principal amount of the loan EUR 9,919 thousand (31 December 2020: EUR 9,919 thousand), the final repayment date 29 December 2028. As a collateral serves the mortgage on the real estate purchased with the financing received under the loan. As at 30 September 2021, the amount of registered mortgage was EUR 10,400 thousand (31 December 2020: EUR 10,269 thousand).

As at 30 September 2021 the accrued interest on the loans received from the Treasury amounts to EUR 1,723 (31 December 2020: EUR 1,743).

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until September 30, 2021:

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

20 Support programme funding

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses as at 30 September 2021, in thousands of euro:

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Loans				
ERDF II	1 745	1 719	(278)	1 467
ESF II	988	151	(57)	931
Microcredits of Swiss programme	82	82	(6)	76
ERDF I	116	30	(4)	112
ESF I	324	38	(31)	293
ERDF II (second round)	5 759	287	(52)	5 707
Incubators (from ESF II)	82	5	-	82
ERAF II 2 Public fund	285	58	(58)	227
Fund of Funds programme – Start-up loans	2 725	2 725	(290)	2 435
Fund of Funds programme – Microcredits	295	295	(17)	278
Fund of Funds programme – Parallel loans	4 298	4 298	(2 964)	1 334
Energy Efficiency Programme for Multi-apartment Buildings Loans	8 199	7 999	(84)	8 115
Start-up State Aid Cumulation Lending Programme	1 972	1 988	(376)	1 596
Other loans to start-ups	1 488	198	(58)	1 430
Mezzanine Programme – Loans	3 487	3 312	(1 544)	1 943
Guarantees and interest grants programme	4 267	4 267	-	4 267
SME energy efficiency loans	3 723	3 723	-	3 723
Parallel loans	2 000	2 000	(237)	1 763
Loans for enterprises in rural territories	7 810	1 709	(127)	7 683
Loans to Midcaps for mitigation of the COVID-19 effect	2 435	-	-	2 435
Start-up loans to innovative entrepreneurs	1 000	200	(12)	988
Loans for improvement of Multi-apartment Buildings and their neighbourhood *	1 000	1 000	-	1 000
Cultural industry support programme *	2 725	-	-	2 725
Total loans	56 805 **	36 084	(6 195)	50 610
Guarantees				
Fund of Funds programme - Guarantees	30 531	30 531	(5 727)	24 804
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 300	5 941	(1 025)	5 275
Housing Guarantee Programme	18 429	18 429	(11 426)	7 003
Portfolio guarantees for renovation of private houses	502	502	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(717)	7 036
Mezzanine Programme - Guarantees	1 092	1 038	(421)	671
Portfolio Guarantee Fund	3 963	3 646	(2 176)	1 787
Export guarantees	2 477	2 477	(629)	1 848
Study and student portfolio guarantees	197	-	-	197
Agricultural Guarantees	1 529	1 529	(1 066)	463
Total guarantees	72 773	71 846	(23 187)	49 586

* Combined financial instrument.

** Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 4th quarter of 2021.

20 Support programme funding (cont'd)

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses as at 30 September 2021, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Grants				
Energy Efficiency Programme for Multi-apartment Buildings Grants	48 868	-	-	48 868
Housing grant programme "Balsts"	1 561	-	-	1 561
Grants for renovation of private houses and energy efficiency improvement	2 047	-	-	2 047
Social Entrepreneurship Programme	2 348	-	-	2 348
Cultural industry support programme *	2 454	-	-	2 454
Total grants	57 278	-	-	57 278
Venture Capital Funds				
Fund of Funds and venture capital funds	52 946	44 075	-	52 946
Investment Fund Activity	7 931	5 592	-	7 931
Baltic Innovation Fund	1 902	584	-	1 902
Baltic Innovation Fund II	2 195	675	-	2 195
Total venture capital funds	64 974	50 926	-	64 974
Other Activities				
Energy Efficiency Fund	384	-	-	384
Regional Creative Industries Alliance	-	-	-	-
Total other activities	384	-	-	384
Funding allocated to increase reserve capital ***	5 943	-	-	5 943
Total support programme funding	258 157 ****	158 856	(29 382)	228 775

* Combined financial instrument.

*** It is expected that the financing will be transferred to the Group's reserve capital following the decision of the shareholders' meeting, which is planned in the 4th quarter of 2021.

**** Support programme funding contains EUR 19,431 thousand allocated for management costs of the Group / Company to be compensated from support programme funding.

20 Support programme funding (cont'd)

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses as at 31 December 2020, in thousands of euro:

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Loans				
ERDF II	2 038	1 866	(467)	1 571
ESF II	998	193	(86)	912
Microcredits of Swiss programme	3 456	268	(12)	3 444
ERDF I	116	99	(9)	107
ESF I	324	40	(31)	293
ERDF II (second round)	5 751	425	(75)	5 676
Incubators (from ESF II)	82	7	-	82
ERAF II 2 Public fund	285	58	(14)	271
Fund of Funds programme – Start-up loans	2 730	2 730	(314)	2 416
Fund of Funds programme – Microcredits	298	298	(26)	272
Fund of Funds programme – Parallel loans	3 861	3 861	(2 736)	1 125
Energy Efficiency Programme for Multi-apartment Buildings Loans	3 748	3 548	(42)	3 706
Start-up State Aid Cumulation Lending Programme	1 972	1 988	(266)	1 706
Other loans to start-ups	1 483	274	(67)	1 416
Mezzanine Programme – Loans	3 201	2 817	(2 352)	849
Guarantees and interest grants programme	4 251	4 251	-	4 251
SME energy efficiency loans	3 723	3 723	-	3 723
Parallel loans	2 000	2 000	(238)	1 762
Loans for enterprises in rural territories	7 810	1 709	(86)	7 724
Loans to Midcaps for mitigation of the COVID-19 effect	2 435	-	-	2 435
Start-up loans to innovative entrepreneurs	500	100	-	500
Loans for improvement of Multi-apartment Buildings and their neighbourhood *	-	-	-	-
Cultural industry support programme *	-	-	-	-
Total loans	51 062 **	30 255	(6 821)	44 241
Guarantees				
Fund of Funds programme - Guarantees	26 907	26 906	(6 288)	20 619
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 217	5 875	(991)	5 226
Housing Guarantee Programme	14 005	14 005	(9 669)	4 336
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(1 078)	6 675
Mezzanine Programme - Guarantees	1 190	1 047	(734)	456
Portfolio Guarantee Fund	4 005	3 685	(1 722)	2 283
Export guarantees	2 477	2 477	(570)	1 907
Study and student portfolio guarantees	77	-	-	77
Agricultural Guarantees	1 000	1 000	(324)	676
Total guarantees	63 631	62 748	(21 376)	42 255

* Combined financial instrument.

** Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 4th quarter of 2021.

20 Support programme funding (cont'd)

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses as at 31 December 2020, in thousands of euro (cont'd):

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Net programme funding
Grants				
Energy Efficiency Programme for Multi-apartment Buildings Grants	40 538	-	-	40 538
Housing grant programme "Balsts"	3 266	-	-	3 266
Grants for renovation of private houses and energy efficiency improvement	172	-	-	172
Social Entrepreneurship Programme	1 564	-	-	1 564
Cultural industry support programme *	-	-	-	-
Total grants	45 540	-	-	45 540
Venture Capital Funds				
Fund of Funds and venture capital funds	26 654	14 967	-	26 654
Investment Fund Activity	5 272	3 173	-	5 272
Baltic Innovation Fund	2 000	700	-	2 000
Baltic Innovation Fund II	2 359	724	-	2 359
Total venture capital funds	36 285	19 564	-	36 285
Other Activities				
Energy Efficiency Fund	433	-	-	433
Regional Creative Industries Alliance	-	-	-	-
Total other activities	433	-	-	433
Funding allocated to increase reserve capital ***	23 209	-	-	23 209
Total support programme funding	220 160 ****	112 567	(28 197)	191 963

* Combined financial instrument.

*** In December 2020, the Ministry of Economics transferred financing in the amount of EUR 22,565 thousand to the program Loans and their interest rate subsidies to enterprises for the promotion of the competitiveness (Cabinet Regulation No. 677 of 10 November 2020 "Regulations on Loans and Their Interest Rate Subsidies to enterprises for the promotion of the competitiveness"). In December 2020, the Ministry of Education and Science transferred financing in the amount of EUR 644 thousand to the program of Study and Student lending for studies in Latvia from the funds of credit institutions guaranteed from the State budget (Cabinet Regulation No. 231 of 21 April 2020 "Regulations on Granting Study Loans and Student Loans from the Funds of Credit Institutions Guaranteed from the State Budget"). It is expected that the financing will be transferred to the Group's reserve capital following the decision of the shareholders' meeting, which is planned in the first quarter of 2021. Reserve capital of the Group / Company was increased by this amount in accordance with the decision of the General Meeting of Shareholders of the Group / Company of 22 March 2021.

**** Support programme funding contains EUR 21,921 thousand allocated for management costs of the Group / Company to be compensated from support programme funding.

20 Support programme funding (cont'd)

Movement in the Group's / Company's support programme funding in 9 months of 2021, in thousands of euro:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income/ profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2020.									30.09.2021.
Loans										
ERDF II	1 571	-	(293)	-	-	-	-	-	189	1 467
ESF II	912	-	-	-	-	-	-	(10)	29	931
Microcredits of Swiss programme	3 444	-	(3 374)	-	-	-	-	-	6	76
ERDF I	107	-	-	-	-	-	-	-	5	112
ESF I	293	-	-	-	-	-	-	-	-	293
ERDF II (second round)	5 676	-	-	-	-	-	-	8	23	5 707
Incubators (from ESF II)	82	-	-	-	-	-	-	-	-	82
ERAF II 2 Public fund	271	-	-	-	-	-	-	-	(44)	227
Fund of Funds programme – Start-up loans	2 416	-	-	-	-	-	-	(5)	24	2 435
Fund of Funds programme – Microcredits	272	-	-	-	-	-	-	(3)	9	278
Fund of Funds programme – Parallel loans	1 125	-	437	-	-	-	-	-	(228)	1 334
Energy Efficiency Programme for Multi-apartment Buildings – Loan Fund	3 706	4 500	-	-	(49)	-	-	-	(42)	8 115
Start-up State Aid Cumulation Lending Programme	1 706	-	-	-	-	-	-	-	(110)	1 596
Other loans to start-ups	1 416	-	-	-	-	-	-	5	9	1 430
Mezzanine Programme – Loans	849	-	160	-	-	-	126	-	808	1 943
Guarantees and interest grants programme	4 251	-	-	-	-	-	-	16	-	4 267
SME energy efficiency loans	3 723	-	-	-	-	-	-	-	-	3 723
Parallel loans	1 762	-	-	-	-	-	-	-	1	1 763
Loans for enterprises in rural territories	7 724	-	-	-	-	-	-	-	(41)	7 683
Loans to Midcaps	2 435	-	-	-	-	-	-	-	-	2 435
Start-up loans to innovative entrepreneurs	500	-	500	-	-	-	-	-	(12)	988
Loans for improvement of Multi-apartment Buildings and their neighbourhood *	-	-	1 000	-	-	-	-	-	-	1 000
Cultural industry support programme *	-	5 185	(2 460)	-	-	-	-	-	-	2 725
Total loans	44 241 **	9 685	(4 030)	-	(49)	-	126	11	626	50 610
Guarantees										
Fund of Funds programme - Guarantees	20 619	-	3 000	-	-	-	624	-	561	24 804
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	5 226	-	-	-	(68)	-	151	-	(34)	5 275
Housing Guarantee Programme	4 336	4 424	-	-	-	-	-	-	(1 757)	7 003
Portfolio guarantees for renovation of private houses	-	-	502	-	-	-	-	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 675	-	-	-	-	-	-	-	361	7 036
Mezzanine Programme - Guarantees	456	-	(160)	-	-	-	62	-	313	671
Portfolio Guarantee Fund	2 283	-	-	-	(42)	-	-	-	(454)	1 787
Export guarantees	1 907	-	-	-	-	-	-	-	(59)	1 848
Study and student portfolio guarantees	77	120	-	-	-	-	-	-	-	197
Agricultural Guarantees	676	725	-	-	-	-	-	(196)	(742)	463
Total guarantees	42 255	5 269	3 342	-	(110)	-	837	(196)	(1 811)	49 586

* Combined financial instrument.

** Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 4th quarter of 2021.

20 Support programme funding (cont'd)

Movement in the Group's / Company's support programme funding in 9 months of 2021, in thousands of euro: (cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income / profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2020.									30.09.2021.
Grants										
Energy Efficiency Programme for Multi-apartment Buildings Grants	40 538	15 000	293	(6 963)	-	-	-	-	-	48 868
Housing grant programme "Balsts"	3 266	-	-	(1 705)	-	-	-	-	-	1 561
Grants for renovation of private houses and energy efficiency improvement	172	292	1 872	(259)	(30)	-	-	-	-	2 047
Social Entrepreneurship Programme	1 564	1 966	-	(1 066)	(116)	-	-	-	-	2 348
Cultural industry support programme *	-	-	2 460	-	(6)	-	-	-	-	2 454
Total grants	45 540	17 258	4 625	(9 993)	(152)	-	-	-	-	57 278
Venture Capital Funds										
Fund of Funds and venture capital funds	26 654	32 059	(3 937)	-	(1 638)***	(284)	92 *****	-	-	52 946
Investment Fund Activity	5 272	-	-	-	(578)****	(422)	1 356 *****	2 303	-	7 931
Baltic Innovation Fund	2 000	-	-	-	(144)*****	-	46 *****	-	-	1 902
Baltic Innovation Fund II	2 359	-	-	-	(164)	-	-	-	-	2 195
Total venture capital funds	36 285	32 059	(3 937)	-	(2 524)	(706)	1 494	2 303 *****	-	64 974
Other Activities										
Energy Efficiency Fund	433	-	-	-	(49)	-	-	-	-	384
Regional Creative Industries Alliance	-	2	-	-	(2)	-	-	-	-	-
Total other activities	433	2	-	-	(51)	-	-	-	-	384
Funding allocated to increase reserve capital	23 209	12 815	-	-	-	-	-	(30 081)	-	5 943
Total support programme funding	191 963	77 088	-	(9 993)	(2 886)	(706)	2 457	(27 963)	(1 185)	228 775

* Combined financial instrument.

*** include EUR 1,638 thousand management fees for the 4th generation venture capital funds (see Note 12).

**** include EUR 374 thousand management fees for the 2nd and 3rd generation venture capital funds (see Note 12).

***** include EUR 144 thousand management fees for the Baltic Innovation Fund (see Note 12).

***** include EUR 91 thousand mezzanine interest received from investments in 4th generation venture capital funds in 9 months of 2021 (see Note 12).

***** include EUR 421 thousand mezzanine interest received and EUR 212 thousand realised gain on investments in 2nd and 3rd generation venture capital funds in 9 months of 2021 (see Note 12).

***** include EUR 46 thousand realised gain on investment in Baltic Innovation Fund in 9 months of 2021 (see Note 12).

***** include deferred payments in amount of EUR 635 thousand from exited investments in 2nd and 3rd generation venture capital funds.

21 Provisions

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Provisions for financial guarantees	30 780	31 413	30 780	31 413
<i>Group's / Company's share of provisions</i>	4 700	7 343	4 700	7 343
<i>Provisions covered by Portfolio Loss Reserve</i>	4 026	3 576	4 026	3 576
<i>Provisions covered by Risk Coverage Reserve</i>	22 054	20 494	22 054	20 494
Provisions for loan commitments	481	1 014	481	1 014
<i>Group's / Company's share of provisions</i>	293	378	293	378
<i>Provisions covered by Portfolio Loss Reserve</i>	92	309	92	309
<i>Provisions covered by Risk Coverage Reserve</i>	96	327	96	327
Provisions for grant commitments	87	74	87	74
<i>Group's / Company's share of provisions</i>	87	74	87	74
Total provisions	31 348	32 501	31 348	32 501
<i>Group's / Company's share of provisions</i>	5 080	7 795	5 080	7 795
<i>Provisions covered by Portfolio Loss Reserve</i>	4 118	3 885	4 118	3 885
<i>Provisions covered by Risk Coverage Reserve</i>	22 150	20 821	22 150	20 821

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

	Group 01.01.2021.- 30.09.2021. (unaudited)	Group 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2021.- 30.09.2021. (unaudited)	Company 01.01.2020.- 31.12.2020. (unaudited)
Provisions at the beginning of the period	31 413	30 606	31 413	30 606
Increase in provisions (Note 10)	10 161	10 288	10 161	10 288
Decrease in provisions (Note 10)	(9 830)	(9 507)	(9 830)	(9 507)
Reclassification (Disbursed guarantee)	(964)	(517)	(964)	(517)
Provisions at the end of the period ended 30 September (unaudited)	30 780	30 870	30 780	30 870
<i>Group's / Company's share of provisions</i>	4 700	7 465	4 700	7 465
<i>Provisions covered by Portfolio Loss Reserve</i>	4 026	2 910	4 026	2 910
<i>Provisions covered by Risk Coverage Reserve</i>	22 054	20 495	22 054	20 495
Increase in provisions (Note 10)	-	4 154	-	4 154
Decrease in provisions (Note 10)	-	(3 553)	-	(3 553)
Reclassification (Disbursed guarantee)	-	(58)	-	(58)
Provisions at the end of the period ended 31 December (audited)	-	31 413	-	31 413
<i>Group's / Company's share of provisions</i>	-	7 343	-	7 343
<i>Provisions covered by Portfolio Loss Reserve</i>	-	3 576	-	3 576
<i>Provisions covered by Risk Coverage Reserve</i>	-	20 494	-	20 494

22 Reserves

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

	Specific reserves for support programmes	Other specific reserves-difference recognised in Group's reorganisation reserve	General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Total reserves
Reserves as of 1 January 2020 (audited)	15 507	(15 580)	16 638	2 638	19 203
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(906)	(906)
Distribution of 2019 year profit of the Company	-	-	8 131	-	8 131
Increase of reserve capital	125 626	-	-	-	125 626
Reserves as of 30 September 2020 (unaudited)	141 133	(15 580)	24 768	1 732	152 053
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(519)	(519)
Increase of reserve capital	20 000	-	-	-	20 000
Reserves as of 31 December 2020 (audited)	161 133	(15 580)	24 768	1 213	171 534
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(316)	(316)
Distribution of 2020 year profit of the Company	-	-	5 539	-	5 539
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2020	(6 429)	-	6 429	-	-
Increase of reserve capital	39 546	-	-	-	39 546
Reserves as of 30 September 2021 (unaudited)	194 250	(15 580)	36 736	897	216 303

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

	Specific reserves for support programmes	Other specific reserves	General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Total reserves
Reserves as of 1 January 2020 (audited)	15 507	(15 935)	16 991	2 638	19 201
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(906)	(906)
Distribution of 2019 year profit of the Company	-	-	8 131	-	8 131
Increase of reserve capital	125 626	-	-	-	125 626
Reserves as of 30 September 2020 (unaudited)	141 133	(15 935)	25 121	1 732	152 051
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(519)	(519)
Increase of reserve capital	20 000	-	-	-	20 000
Reserves as of 31 December 2020 (audited)	161 133	(15 935)	25 121	1 213	171 532
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(316)	(316)
Distribution of 2020 year profit of the Company	-	-	5 539	-	5 539
Decrease of Specific Reserves to General reserve capital at allocation of the profit for year 2020	(6 429)	-	6 429	-	-
Increase of reserve capital	39 546	-	-	-	39 546
Reserves as of 30 September 2021 (unaudited)	194 250	(15 935)	37 089	897	216 301

22 Reserves (cont'd)

Breakdown of "Specific reserves for support programmes":

	Reserve capital for non-Covid-19 guarantees programmes			Reserve capital for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps *	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2020 (audited)	15 507	-	-	-	-	-	-	-	-
Increase of specific reserve capital		626	-	-	20 000	50 000	30 000	25 000	125 626
Specific reserves as of 30 September 2020 (unaudited)	15 507	626	-	-	20 000	50 000	30 000	25 000	125 626
Increase of specific reserve capital	-	-	-	-	-	-	20 000	-	20 000
Specific reserves as of 31 December 2020 (audited)	15 507	626	-	-	20 000	50 000	50 000	25 000	145 626
of which:									
Portfolio Loss Reserve (Specific Reserves)	15 507	626	-	-	20 000	29 000	30 000	7 131	102 264
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Reallocation of reserve capital	-	-	2 500	-	-	-	(2 500)	-	-
Increase of specific reserves	2 179	1 986	2 000	22 565	-	10 816	-	-	39 546
Specific reserves as of 30 September 2021 (unaudited)	17 686	2 220	4 500	22 565	20 000	58 148	44 316	24 815	194 250
of which:									
Portfolio Loss Reserve (Specific Reserves)	17 686	2 220	4 500	13 800	20 000	42 385	44 316	8 850	153 757
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(492)	-	-	-	(658)	(1 226)	(282)	(2 658)

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

22 Reserves (cont'd)

Analysis of portfolio loss reserve movements, in thousands of euro:

	Portfolio loss reserve for non-Covid-19 guarantees programmes			Portfolio loss reserve for mitigating of impact of Covid-19				Reserve capital for AIF "Altum capital fund"	Total portfolio loss reserve
	Housing Guarantee Programme	Study and student portfolio guarantees	Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	Loans to MidCaps	Guarantees to MidCaps	Working capital loans	Loan holiday guarantees		
Portfolio Loss Reserve as of 1 January 2020 (audited)	-	-	-	-	-	-	-	-	-
Increase of Portfolio Loss Reserve	15 507	626	-	-	20 000	29 000	30 000	7 131	102 264
Portfolio loss reserve as of 30 September 2020 (unaudited)	15 507	626	-	-	20 000	29 000	30 000	7 131	102 264
Increase of portfolio loss reserve	-	-	-	-	-	-	-	-	-
Portfolio Loss Reserve as of 31 December 2020 (audited)	15 507	626	-	-	20 000	29 000	30 000	7 131	102 264
of which:									
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Increase / reclassification of Portfolio Loss Reserve	2 179	1 986	2 000	13 800	-	16 053	20 000	-	56 018
Reallocation of Portfolio Loss Reserve	-	-	2 500	-	-	-	(2 500)	-	-
Reallocation of funding within Portfolio Loss Reserve – funding for management fee	-	-	-	-	-	-	-	2 060	2 060
Portfolio Loss Reserve used to cover credit loss upon approval of the 2020 annual report	-	(392)	-	-	-	(2 668)	(3 184)	(185)	(6 429)
Decrease of Portfolio Loss Reserve according to the List of the Partners and their Commitments	-	-	-	-	-	-	-	(156)	(156)
Portfolio Loss Reserve as of 30 September 2021 (unaudited)	17 686	2 220	4 500	13 800	20 000	42 385	44 316	8 850	153 757
of which:									
Portfolio Loss Reserve (Specific Reserves) to be used to cover credit loss upon approval of the 2021 annual report	-	(492)	-	-	-	(658)	(1 226)	(282)	(2 658)

22 Reserves (cont'd)

Subitem *Reserve capital for non-Covid-19 programmes* includes the following increases in the Specific Reserve capital for non-Covid-19 programmes in the 9 months of 2021:

- An increase of EUR 2,179 thousand for housing guarantees in accordance with the decision of the General Meeting of Shareholders of the Group of 22 March 2021, adopted on the basis of the Cabinet of Ministers Regulations No. 95 of 20 February 2018 "Regulations on state aid for the purchase or construction of a dwelling" and the Cabinet of Ministers Order No. 55 of 22 September 2020.
- An increase of EUR 1,985 thousand for study and student portfolio guarantees in accordance with the decision of the General Meeting of Shareholders of the Group of 22 March 2021, adopted on the basis of the Cabinet of Ministers Regulations No. 231 of 21 April 2020 "Regulations on study and student lending for studies in Latvia from the resources of credit institutions, which are guaranteed by the state budget" and the Cabinet of Ministers Order No. 73 of 17 November 2020. Part of that amount in amount of EUR 644 thousand was accounted as part of support programme funding as of 31 December 2020 (see Note 20).
- An increase of EUR 2,000 thousand for guarantees for clients of state aid accumulation, grace period and large economic operators in accordance with the decision of the General Meeting of Shareholders of the Group of 5 July 2021, adopted on the basis of the Cabinet of Ministers Regulations No. 383 of 16 June 2020 "Provisions on guarantees for entrepreneurs to improve competitiveness" and the Cabinet of Ministers Order No. 18 of 18 February 2021.

Subitem *Reserve capital for mitigating of impact of Covid-19* includes the following increases in the Specific Reserve capital for mitigating of impact of Covid-19 in the 9 months of 2021:

- An increase of EUR 22,565 thousand for guarantees to MidCaps in accordance with the decision of the General Meeting of Shareholders of the Group of 22 March 2021, adopted on the basis of the Cabinet of Ministers Order No. 70 of 10 November 2020 and the Cabinet of Ministers Regulations No. 677 of 10 November 2020 "Regulations on loans and their interest rate subsidies to entrepreneurs to support competitiveness". That amount was accounted as part of support programme funding as of 31 December 2020 (see Note 20).
- An increase of EUR 10,000 thousand for working capital loans in accordance with the decision of the General Meeting of Shareholders of the Group of 5 July 2021, adopted on the basis of the Cabinet of Ministers Regulations No. 383 of 16 June 2020 "Regulations on Working Capital Loans to Economic Operators Affected by the Spread of Covid-19" and the Cabinet of Ministers Order No. 18 of 18 February 2021.
- An increase of EUR 816 thousand in for working capital loans for culture industry accordance with the decision of the General Meeting of Shareholders of the Group of 5 July 2021, adopted on the basis of the Cabinet of Ministers Regulations No. 86 of 4 February 2021 "Regulations for arts, entertainment and leisure businesses affected by the Spread of Covid-19".

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

23 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Contingent liabilities:				
Outstanding guarantees	395 123	359 605	395 123	359 605
Financial commitments:				
Loan commitments	24 548	39 348	24 548	39 348
Grant commitments	11 450	6 798	11 450	6 798
Commitments to investments in subsidiaries	-	-	7 128	10 415
Commitments to AIF "Altum capital fund"	39 245	48 772	39 245	48 772
Commitments to investments in associates	39 042	44 935	39 042	44 935
Commitments to other investments	36 739	38 220	36 739	38 220
Total contingent liabilities and financial commitments	546 147	537 678	553 275	548 093

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

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Unutilised loan facilities	24 548	39 348	24 548	39 348
Impairment allowances	(481)	(1 014)	(481)	(1 014)
Total unutilized loan facilities, net	24 067	38 334	24 067	38 334

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

	Group 30.09.2021. (unaudited)	Group 31.12.2020 (audited)	Company 30.09.2021. (unaudited)	Company 31.12.2020 (audited)
Grant commitments	11 450	6 798	11 450	6 798
Impairment allowances	(87)	(74)	(87)	(74)
Total grant commitments, net	11 363	6 724	11 363	6 724

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 30 September 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	249 942 *	-	1	1	14 491	130 688	395 123
Financial commitments							
Loan commitments	24 548	-	-	-	-	-	24 548
Grant commitments	11 450	-	-	-	-	-	11 450
Commitments to AIF "Altum capital fund"	5 674	3 098	8 964	20 062	1 001	446	39 245
Commitments to investments in associates	390	1 171	1 562	4 685	27 329	3 905	39 042
Commitments to other investments	123	485	848	4 171	25 145	5 967	36 739
Total financial commitments	42 185	4 754	11 374	28 918	53 475	10 318	151 024
Total contingent liabilities and financial commitments	292 127	4 754	11 375	28 919	67 966	141 006	546 147

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

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2020, 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	240 592 *	-	-	2	119 011	-	359 605
Financial commitments							
Loan commitments	39 348	-	-	-	-	-	39 348
Grant commitments	6 798	-	-	-	-	-	6 798
Commitments to AIF "Altum capital fund"	-	11 996	12 157	21 964	2 040	615	48 772
Commitments to investments in associates	-	1 146	1 528	4 965	27 411	9 885	44 935
Commitments to other investments	-	635	847	7 753	23 201	5 784	38 220
Total financial commitments	46 146	13 777	14 532	34 682	52 652	16 284	178 073
Total contingent liabilities and financial commitments	286 738	13 777	14 532	34 684	171 663	16 284	537 678

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

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

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 30 September 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	249 942 *	-	1	1	14 491	130 688	395 123
Financial commitments							
Loan commitments	24 548	-	-	-	-	-	24 548
Grant commitments	11 450	-	-	-	-	-	11 450
Commitments to investments in subsidiaries	285	285	570	1 711	3 564	713	7 128
Commitments to AIF "Altum capital fund"	5 674	3 098	8 964	20 062	1 001	446	39 245
Commitments to investments in associates	390	1 171	1 562	4 685	27 329	3 905	39 042
Commitments to other investments	123	485	848	4 171	25 145	5 967	36 739
Total financial commitments	42 470	5 039	11 944	30 629	57 039	11 031	158 152
Total contingent liabilities and financial commitments	292 412	5 039	11 945	30 630	71 530	141 719	553 275

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

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2020, 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	240 592 *	-	-	2	119 011	-	359 605
Financial commitments							
Loan commitments	39 348	-	-	-	-	-	39 348
Grant commitments	6 798	-	-	-	-	-	6 798
Commitments to investments in subsidiaries	417	417	833	2 500	5 207	1 041	10 415
Commitments to AIF "Altum capital fund"	-	11 996	12 157	21 964	2 040	615	48 772
Commitments to investments in associates	-	1 146	1 528	4 965	27 411	9 885	44 935
Commitments to other investments	-	635	847	7 753	23 201	5 784	38 220
Total financial commitments	46 563	14 194	15 365	37 182	57 859	17 325	188 488
Total contingent liabilities and financial commitments	287 155	14 194	15 365	37 184	176 870	17 325	548 093

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

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 Group / Company to allocate financial resources to the fund.

Subitem *Commitments to venture capital funds* are contingent liabilities, which are based on agreements between the Group / Company and the venture capital fund which put an obligation on the Group / Company to allocate financial resources to the fund. Additional information on classification of venture capital funds is available in Note 1.

24 Related party transactions

Related parties include members of the Supervisory Council and the Management Board of the Group / 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 Group's / Company's operations are treated as related parties to the Group / Company. The powers granted to the heads of the structural units of the Group / Company do not entitle them to manage the operations of the Group / Company and decide on material transactions that could affect the Group's / Company's operations and/or result in legal consequences.

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

The Group's balances from transactions with related parties, including off-balance sheet financial liabilities, in thousands of euro:

	People with significant control (PSC)		Transactions with shareholders		Associates		Other companies owned by the Group's shareholders	
	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
Investments in venture capital funds	-	-	-	-	49 402	47 988	-	-
Investments in AIF "Altum capital fund"	-	-	-	-	9 197	-	-	-
Due to general governments	-	-	-	-	-	-	3 321	4 047
Support programme funding	-	-	221 687	192 243	-	-	51 559	35 317
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	39 042	44 935	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	-	-	39 245	48 772	-	-

The Company's balances from transactions with related parties, including off-balance sheet financial liabilities, in thousands of euro:

	Transactions with shareholders		Associates		Other companies owned by the Group's shareholders		Investments in subsidiaries	
	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
Investments in venture capital funds	-	-	49 402	47 988	-	-	-	-
Investments in AIF "Altum capital fund"	-	-	9 197	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	7 204	4 879
Due to general governments	-	-	-	-	3 321	4 047	-	-
Support programme funding	221 687	192 243	-	-	51 559	35 317	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	39 042	44 935	-	-	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	39 245	48 772	-	-	-	-
Off-balance sheet financial liabilities for investments in subsidiaries	-	-	-	-	-	-	7 128	10 415

24 Related party transactions (cont'd)

The Group's / Company's transactions with related parties, in thousands of euro:

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)	01.01.2021.- 30.09.2021. (unaudited)	01.01.2020.- 30.09.2020. (unaudited)
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	30 791	4 705	(16 236)	(4 705)
Ministry of Agriculture of the Republic of Latvia	5 788	-	-	-
Ministry of Economics of the Republic of Latvia	18 603	168 311	-	123 311
Associates				
Venture capital funds	14 051	3 548	(5 904)	(3 402)
Other companies owned by the Group's shareholders				
Central Finance and Contracting Agency of the Republic of Latvia	51 559	600	-	(402)
Ministry of Education and Science of the Republic of Latvia	1 617	-	-	-
Ministry of Culture of the Republic of Latvia	3 815	-	-	-
Ministry of Wealth Fair of the Republic of Latvia	1 616	-	-	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 9 months of 2021 amounted to EUR 471 thousand (9 months of 2020: EUR 482 thousand), incl. social insurance contributions.

25 Fair values of assets and liabilities

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

	Carrying Amount		Fair Value	
	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
Assets				
Due from credit institutions and the Treasury	424 253	359 949	424 253	359 949
Financial assets at fair value through profit or loss	7 785	5 425	7 785	5 425
Financial assets at fair value through other comprehensive income - investment securities	14 306	36 958	14 306	36 958
Financial assets at amortised cost:				
Investment securities	36	441	91	1 142
Individuals	338 392	313 268	329 006	304 292
<i>Companies</i>	24 585	30 370	23 965	22 023
<i>Loans</i>	313 807	282 898	305 041	282 270
Grants	43 757	31 107	43 757	31 107
Investments in associates (investments in Baltic Innovation Fund)	16 527	15 019	16 527	15 019
Investment properties	38 780	36 758	38 780	36 758
Other assets	3 745	3 643	3 745	3 643
Total assets	887 581	802 568	878 250	794 293
Liabilities				
Due to credit institutions	57 154	65 855	57 154	65 855
Due to general governments	117 627	103 520	117 627	101 838
Financial liabilities at amortised cost - Issued debt securities	65 576	65 522	65 576	65 522
Support programme funding	228 775	191 963	228 775	191 963
Total liabilities	469 132	426 860	469 132	425 178

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

	Carrying Amount		Fair Value	
	30.09.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Assets				
Due from credit institutions and the Treasury	424 253	359 949	424 253	359 949
Financial assets at fair value through other comprehensive income - investment securities	14 306	36 958	14 306	36 958
Financial assets at amortised cost:				
Investment securities	36	441	90	1 133
Individuals	338 392	313 268	329 006	304 292
<i>Companies</i>	24 585	30 370	23 966	22 023
<i>Loans</i>	313 807	282 898	305 040	282 270
Grants	43 757	31 107	43 757	31 107
Investments in associates (investments in Baltic Innovation Fund)	16 527	15 019	16 527	15 019
Investments in subsidiaries	7 204	4 879	7 204	4 879
Investment properties	38 780	36 758	38 780	36 758
Other assets	3 745	3 608	3 745	3 608
Total assets	887 000	801 987	877 668	793 703
Liabilities				
Due to credit institutions	57 154	65 855	57 154	65 855
Due to general governments	117 627	103 520	117 627	101 838
Financial liabilities at amortised cost - Issued debt securities	65 576	65 522	65 576	65 522
Support programme funding	228 775	191 963	228 775	191 963
Total liabilities	469 132	426 860	469 132	425 178

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

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

	Level 1		Level 2		Level 3		Total	
	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	7 785	5 425	7 785	5 425
Financial assets at fair value through other comprehensive income - investment securities	3 628	24 035	10 678	12 923	-	-	14 306	36 958
Investments in associates (investments in BIF)	-	-	-	-	16 527	15 019	16 527	15 019
Investment properties	-	-	-	-	38 780	36 758	38 780	36 758
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	424 253	316 631	-	43 318	424 253	359 949
Financial assets at amortised cost:								
Investment securities	-	-	91	1 142	-	-	91	1 142
Loans	-	-	-	-	329 006	304 292	329 006	304 292
Grants	-	-	-	-	43 757	31 107	43 757	31 107
Other assets	-	-	-	-	3 745	3 643	3 745	3 643
Total assets	3 628	24 035	435 022	330 696	439 600	439 562	878 250	794 293
Liabilities measured at fair value								
Support programme funding	-	-	-	-	228 775	191 963	228 775	191 963
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	57 154	65 855	57 154	65 855
Due to general governments	-	-	-	-	117 627	101 838	117 627	101 838
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 576	65 522	65 576	65 522
Total liabilities	-	-	-	-	469 132	425 178	469 132	425 178

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

	Level 1		Level 2		Level 3		Total	
	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)	30.09.2021. (unaudited)	31.12.2020 (audited)
Assets measured at fair value								
Financial assets at fair value through other comprehensive income - investment securities	3 628	24 035	10 678	12 923	-	-	14 306	36 958
Investments in subsidiaries	-	-	-	-	7 204	4 879	7 204	4 879
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	16 527	15 019	16 527	15 019
Investment properties	-	-	-	-	38 780	36 758	38 780	36 758
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	424 253	316 631	-	43 318	424 253	359 949
Financial assets at amortised cost:								
Investment securities	-	-	90	1 133	-	-	90	1 133
Loans	-	-	-	-	329 006	304 292	329 006	304 292
Grants	-	-	-	-	43 757	31 107	43 757	31 107
Other assets	-	-	-	-	3 745	3 608	3 745	3 608
Total assets	3 628	24 035	435 021	330 687	439 019	438 981	877 668	793 703
Liabilities measured at fair value								
Support programme funding	-	-	-	-	228 775	191 963	228 775	191 963
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	57 154	65 855	57 154	65 855
Due to general governments	-	-	-	-	117 627	101 838	117 627	101 838
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 576	65 522	65 576	65 522
Total liabilities	-	-	-	-	469 132	425 178	469 132	425 178

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

Assets

Where possible, the fair value of securities is estimated on the basis of quoted market prices. For determining the fair value of other securities, the Management has applied the discounted cash flow method where the cash flow forecasts are based on assumptions and up-to-date market information available at the time of measurement. The fair value of loans with interest payable at fixed rates by specified dates was determined by applying the discounted cash flow method, whilst in regard to the fair value of loans with their basic interest rate tied to variable market rates, the Group / 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 Group / 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 Group / Company has 3 levels:

- Level 1 includes listed financial instruments for which an active market exists, if in determining their fair value the Group / 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 Group / Company that enable a credible measurement of the financial instrument's value.

Debt securities

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

Derivatives

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

Investments in venture capital funds

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

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

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

Investment properties

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

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

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

Assets held for sale

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

26 Segment Information

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

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

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

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

26 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2021 till 30 September 2021, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Management of AIF "Altum capital fund"	Other services	Total
Interest income	9 915	2 310	20	-	1 678	-	10	13 933
<i>of which, interest on loans and guarantees (Note 4)</i>	9 776	2 152	-	-	1 678	-	10	13 616
Interest expense	(1 015)	(17)	-	-	(477)	-	-	(1 509)
Net interest income	8 900	2 293	20	-	1 201	-	10	12 424
Income for implementation of state aid programmes	139	939	1 511	826	-	-	44	3 459
Expenses to be compensated for implementation of state aid programmes	(114)	(222)	(1 569)	(826)	-	-	(20)	(2 751)
Net income for implementation of state aid programmes	25	717	(58)	-	-	-	24	708
Gains from debt securities and foreign exchange translation	16	17	2	-	-	-	-	35
Share of (losses) of investment in associates	-	-	985	-	-	-	-	985
Share of gain of investment in associates at fair value through profit or loss	-	-	47	-	-	-	-	47
Gains less losses from liabilities at fair value through profit or loss	-	-	(929)	-	-	-	-	(929)
Other income	-	-	145	19	1 139	442	23	1 768
Other expense	(173)	(37)	(7)	(24)	(277)	(442)	(8)	(968)
Operating income / (loss) before operating expenses	8 768	2 990	205	(5)	2 063	-	49	14 070
Staff costs	(2 559)	(819)	(112)	(565)	(179)	-	(158)	(4 392)
Administrative expense	(657)	(263)	(68)	(182)	(57)	-	(59)	(1 286)
Amortisation of intangible assets and depreciation of property, plant and equipment	(337)	(151)	(29)	(132)	(28)	-	(31)	(708)
(Impairment) gain, net	(179)	1 763	-	(19)	(2)	-	(8)	1 555
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	5 036	3 520	(4)	(903)	1 797	-	(207)	9 239
Financial assets at fair value through profit or loss	-	-	42 073	-	-	-	-	42 073
Other investments	-	-	16 527	-	-	-	-	16 527
Investments in associates	-	-	8 664	-	-	-	-	8 664
Additions of property and equipment, intangible assets and investment property	161	61	14	75	2 179	-	12	2 502
Total segment assets	477 054	151 641	158 529	63 470	74 154	106	22 027	946 981
Total segment liabilities	297 954	69 091	44 433	40 489	62 541	82	1 328	515 918

26 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2020 till 30 September 2020, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Management of AIF "Altum capital fund"	Other services	Total
Interest income	8 578	2 049	18	-	1 000	-	7	11 652
<i>of which, interest on loans and guarantees (Note 4)</i>	8 084	1 452	-	-	970	-	7	10 513
Interest expense	(1 087)	(23)	-	-	(388)	-	-	(1 498)
Net interest income	7 491	2 026	18	-	612	-	7	10 154
Income for implementation of state aid programmes	470	396	2 776	723	-	-	55	4 420
Expenses to be compensated for implementation of state aid programmes	(80)	(327)	(2 740)	(723)	-	-	(70)	(3 940)
Net income for implementation of state aid programmes	390	69	36	-	-	-	(15)	480
Gains from debt securities and foreign exchange translation	(11)	(12)	-	-	(2)	-	-	(25)
Share of (losses) of investment in associates	-	-	(1 690)	-	-	-	-	(1 690)
Share of gain of investment in associates at fair value through profit or loss	-	-	-	-	-	-	-	-
Gains less losses from liabilities at fair value through profit or loss	-	-	1 690	-	-	-	-	1 690
Other income	-	-	672	7	779	-	347	1 805
Other expense	(202)	(32)	(116)	(24)	(306)	-	(34)	(714)
Operating income / (loss) before operating expenses	7 668	2 051	610	(17)	1 083	-	305	11 700
Staff costs	(2 655)	(567)	47	(554)	(204)	-	(202)	(4 135)
Administrative expense	(732)	(206)	1	(256)	(52)	-	(42)	(1 287)
Amortisation of intangible assets and depreciation of property, plant and equipment	(331)	(131)	(22)	(128)	(27)	-	(26)	(665)
(Impairment) gain, net	(2 328)	(1 102)	-	-	-	-	(2)	(3 432)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	1 622	45	636	(955)	800	-	33	2 181
Financial assets at fair value through profit or loss	-	-	5 561	-	-	-	-	5 561
Other investments	-	-	51 593	-	-	-	-	51 593
Investments in associates	-	-	-	-	-	-	-	-
Additions of property and equipment, intangible assets and investment property	405	116	22	183	10 189	-	29	10 944
Total segment assets	375 504	154 910	121 611	58 534	65 988	-	24 779	801 326
Total segment liabilities	215 968	78 344	33 729	57 244	54 675	-	1 601	441 561

27 Events after the reporting date

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

Other Notes

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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

	2021 9M (unaudited)	2021 6M (unaudited)	2021 3M (unaudited)
Key financial data			
Net interest income (EUR '000)	12 424	8 298	4 095
Profit for the period (EUR '000)	9 239	5 947	2 320
Cos to income ratio (CIR)	45.39%	46.24%	42.04%
Employees	224	222	217
Total assets (EUR '000)	946 981	896 486	855 956
Tangible common equity (TCE) / Total tangible managed assets (TMA) *	34.27%	34.73%	35.67%
Equity and reserves (EUR '000)	431 063	414 970	411 933
Total risk coverage: (EUR '000)	280 575	232 725	226 002
Risk coverage reserve	158 856	127 364	119 785
Risk coverage reserve used for provisions	(29 382)	(29 434)	(28 569)
Portfolio loss reserve (specific reserve capital)	153 758	135 704	142 134
Portfolio loss reserve used to compensate provisions upon approval of the annual report	(2 657)	(909)	(7 348)
Liquidity ratio for 180 days **	585%	346%	462%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	325 071	323 275	313 185
Guarantees	395 123	379 602	373 708
Venture capital funds	88 213	83 620	75 901
Land Fund, of which:	73 030	72 411	70 574
- sales and leaseback transactions	34 250	34 263	32 920
- investment properties	38 780	38 148	37 654
Total	881 437	858 908	833 368
Number of transactions	30 045	28 951	27 560
Volumes issued (EUR '000) (by financial instrument) ***			
Loans (excluding sales and leaseback transactions)	81 888	59 492	33 431
Guarantees	93 898	55 671	28 860
Venture capital funds	20 261	13 222	5 406
Land Fund, of which:	4 649	3 870	2 266
- sales and leaseback transactions	2 368	2 214	1 218
- investment properties	2 281	1 656	1 048
Total	200 696	132 255	69 964
Number of transactions	4 964	3 270	1 526
Leverage for raised private funding	137%	163%	139%
Volume of support programmes funding per employee (EUR '000)	3 935	3 869	3 840
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

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

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

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

KEY FINANCIAL AND PERFORMANCE INDICATORS (cont'd)

Based on data from audited financial statements for the respective years

	2020	2019	2018	2017 (corrected) *	2016 (corrected) *	2015 (corrected) *
Key financial data						
Net interest income (EUR '000) **	14 572	11 569	11 302 **	11 602	11 024	16 419
Profit for the period (EUR '000)	5 539	8 131	4 092	8 709 *	2 170	4 924
Cos to income ratio (CIR) ***	47.51%	52.58%	74.84% ***	50.30% *	88.40%	55.80%
Employees	211	203	222	230	242	282
Total assets (EUR '000)	850 704	560 061	495 939	453 668 *	443 400 *	406 918
Tangible common equity (TCE) / Total tangible managed assets (TMA) ****	33.56%	29.40%	31.70%	35.10% *	36.50%	37.30%
Equity and reserves (EUR '000)	382 904	232 738	221 590	222 848 *	210 406 *	199 610
Total risk coverage: (EUR '000)	180 205	87 456	77 815	67 593 *	66 508 *	41 021
Risk coverage reserve	112 567	99 778	85 276	62 651	63 636 *	40 662
Risk coverage reserve used for provisions	(28 197)	(27 829)	(19 268)	(4 753)	(4 323)	(1 276)
Portfolio loss reserve (specific reserve capital)	102 264	15 507	11 807	9 695	7 195	1 635
Portfolio loss reserve used to compensate provisions upon approval of the annual report	(6 429)	-	-	-	-	-
Liquidity ratio for 180 days *****	464%	582%	227%	482% *	449%	352%
Financial instruments (gross value)						
Outstanding (EUR '000) (by financial instrument) *****						
Loans (excluding sales and leaseback transactions)	302 481	225 144	210 208	207 065	217 429	218 562
Guarantees	359 605	284 232	236 895	182 376	147 175	131 120
Venture capital funds	73 165	68 331	59 698	62 299	64 785	44 378
Land Fund, of which:	68 258	39 634	21 717	11 328	4 635	991
- sales and leaseback transactions	31 500	15 268	6 923	520	-	-
- investment properties	36 758	24 366	14 794	10 808	4 635	991
Total	803 509	617 341	528 518	463 068	434 024	395 051
Number of transactions	26 578	22 437	18 603	14 655	11 561	8 940
Volumes issued (EUR '000) (by financial instrument) *****						
Loans (excluding sales and leaseback transactions)	138 238	64 320	59 608	51 349	59 465	52 329
Guarantees	137 425	98 240	88 765	68 615	56 109	50 065
Venture capital funds	14 014	9 022	4 149	2 638	21 356	18 798
Land Fund, of which	28 191	16 384	10 823	6 359	3 704	991
- sales and leaseback transactions	16 796	7 239	6 835	520	-	-
- investment properties	11 395	9 145	3 988	5 839	3 704	991
Total	317 868	187 966	163 345	128 961	140 634	122 183
Number of transactions	6 147	5 559	5 590	4 839	4 537	2 841
Total contribution to the economy, including the contribution of the final recipients (EUR '000)	696 305	531 661	460 045	370 560	359 706	248 665
Leverage for raised private funding	114%	142%	162%	185%	162%	104%
Volume of support programmes funding per employee (EUR '000)	3 808	3 041	2 381	2 013	1 793	1 401
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1	Baa1	-	-

* Due to change of accounting policy on investments in venture capital funds and adoption of IFRS 9 requirements that effects the accounting of public funding risk coverage the comparatives for 2017, 2016 and 2015 have been restated.

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

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

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

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

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

Definitions of ratios

<p><i>Net income from interest, fees and commission</i></p>	<p>"Net income from interest, fees and commission" is equal to the item "Net interest income" in the Statement of Comprehensive Income. Until 2018 this ratio included the following items of the Statement of Comprehensive Income: "Net interest income" and "Net income from fees and commissions". In 2019 following the industry practise Fee and commission income from lending activities is reclassified to Interest income from "Net income from fees and commissions". Subsequently the fee and commission income not related to lending activities is reclassified within Other income and as such is not included in this ratio. The item "Net income from fees and commissions" is not applicable in The Statement of Comprehensive Income anymore. The comparatives have been reclassified accordingly. ALTUM uses this indicator as the key financial metric for profitability by evaluating ALTUM Group's net income amount generated by the portfolio of financial instruments and recognised in the Statement of Comprehensive income. ALTUM management measures and monitors the actual performance of this indicator on a quarterly basis compared to the approved level in ALTUM Group's budget.</p>
<p><i>Cost to income ratio (CIR)</i></p>	<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>
<p><i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i></p>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of available for sale investments from total equity.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of ALTUM Group taking into account provisions for these guarantees and subtracting "Deferred expense", "Accrued income", "Property, plant and equipment", "Intangible assets", "Other assets" and "Assets held for sale".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from ALTUM Group's Financial statements: Statement of Financial Position and Consolidated Statement of Changes in Equity, notes - Off balance sheet items and contingent liabilities and Provisions. ALTUM uses the ratio "TCE/TMA" to evaluate ALTUM Group's capital position adequacy and to measure ALTUM Group's tangible common equity in terms of ALTUM Group's tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<p><i>Total risk coverage</i></p>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the State aid programmes implemented by ALTUM. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve" (Specific Capital Reserves) less "Risk Coverage Reserve Used for Provisions" and "Portfolio loss reserve used to compensate provisions upon approval of the annual report". The expected losses are estimated before implementation of the respective State aid programme and part of the public funding received under respective State aid programme for coverage of expected losses on credit risk is transferred either to "Portfolio Loss Reserve" as ALTUM Group's specific capital reserve or accounted separately as provisions for risk coverage under liabilities item "Risk Coverage Reserve". "Portfolio Loss Reserve" (specific capital reserve) is disclosed in the Note on Reserves to the Financial statements of the ALTUM Group. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for provisioning for impairment loss on loan portfolio and guarantees which in its turn is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Portfolio loss reserve used to compensate provisions upon approval of the annual report" is disclosed in the Note on Reserves to the Financial statements of the ALTUM Group.</p> <p>"Total Risk Coverage" is key indicator to be used for assessment of ALTUM's risk coverage on implemented programmes and long-term financial stability.</p>
<p><i>180-day liquidity ratio</i></p>	<p>"180-days-liquidity ratio" is calculated by dividing the amount of the balances "Due from other credit institutions and the Treasury" with a maturity of up to 1 month and "Financial assets at fair value through other comprehensive income and Investment securities" by the amount of the total liabilities maturing within 6 months and total financial commitments maturing within 6 months (off-balance sheet items). The data required for the calculation of the "180-days liquidity ratio" is disclosed in the following ALTUM Group's Financial statements: Statement of Financial Position and notes – Maturity profile of assets and liabilities under the section of Risk Management, Off-balance sheet items and contingent liabilities. ALTUM uses the "180-days-liquidity ratio" to assess and monitor ALTUM Group's ability to fulfil ALTUM Group's contractual and/or contingent liabilities during 6 (six) month with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage ALTUM Group's liquidity risk in line with ALTUM Group's/ALTUM's funding management objectives and risk framework. Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<p><i>Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period</i></p>	<p>The 'Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period' is calculated by adding to the volumes issued by ALTUM the financing provided by the private co-financier and the project promoter.</p>

Definition of ratios (cont'd)

<i>Leverage for raised private funding</i>	"Leverage for raised private funding" indicates the amount of additional private funds invested in a project in addition to ALTUM's financing. "Leverage for raised private funding" is determined considering the financing invested by a private co-financier and a project's implementer, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for housing loan guarantees' programme for the first instalment with a ratio of 795 per cent) in addition to ALTUM's funding.
<i>Employees</i>	Average number of employees in the period excluding members of the Council and the Audit Committee.
<i>Volume of support programmes funding per employee</i>	"Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by the average number of employees during the period, excluding members of the Supervisory Council and the Audit Committee.
<i>Venture capital</i>	The Venture Capital Funds presented at their gross value.
