

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed financial report
for the three-month period ended 31 March 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

JSC Development Finance Institution Altum - a parent company of Altum Group is a financial institution owned by the state of Latvia that implements the aid and development programmes by means of financial instruments and grants, pursues the state's policy in the national economy and provides for execution of other government assignments stipulated and delegated by laws and regulations. Closing of market gaps by the help of various support instruments that enhance development of the 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:

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



Management Report

Activity during the reporting period

Despite the fact that the impact of the pandemic has not diminished during the reporting period, in Q1 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 2.3 million.

Key financial and performance indicators of the Group

Based on data from audited financial statements for the respective years

	2021 3M (unaudited)	2020 3M (unaudited)	2020 (audited)
Key financial data			
Net interest income (EUR '000)	4 095	3 117	14 572
Profit for the period (EUR '000)	2 320	2 636	5 539
Cost to income ratio (CIR)	42.04%	46.15%	47.51%
Employees *	217	201	211
Total assets (EUR '000)	855 956	584 965	850 704
Tangible common equity (TCE) / Total tangible managed assets (TMA) **	35.67%	28.71%	33.56%
Equity and reserves (EUR '000)	411 933	234 879	382 594
Total risk coverage: (EUR '000)	226 002	98 520	180 205
Risk coverage reserve	119 785	110 620	112 567
Risk coverage reserve used for provisions	(28 569)	(27 495)	(28 197)
Portfolio loss reserve (specific reserve capital)	142 134	15 507	102 264
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(7 348)	(112)	(6 429)
Liquidity ratio for 180 days ***	462%	523%	464%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument) ****			
Loans (excluding sales and leaseback transactions)	313 185	226 131	302 481
Guarantees	373 708	287 201	359 605
Venture capital funds	75 901	70 626	73 165
Land Fund, of which:	70 574	47 329	68 258
- sales and leaseback transactions	32 920	16 942	31 500
- investment properties	37 654	30 387	36 758
Total	833 368	631 287	803 509
Number of transactions	27 560	23 109	26 578
Volumes issued (EUR '000) (by financial instrument) ****			
Loans (excluding sales and leaseback transactions)	33 431	17 380	138 238
Guarantees	28 860	16 149	137 425
Venture capital funds	5 406	1 829	14 014
Land Fund, of which: *****	2 266	7 576	28 191
- sales and leaseback transactions	1 218	1 768	16 796
- investment properties	1 048	5 808	11 395
Total	69 964	42 934	317 868
Number of transactions	1 526	1 209	6 147
Leverage for raised private funding	139%	154%	114%
Volume of support programmes funding per employee (EUR '000)	3 840	3 141	3 808
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

* Average number of employees in respective reporting period.

** 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.

The figures are explained in the section 'Key Financial and Performance Indicators' under Other Notes to the Group's Financial Statements.

Management Report (cont'd)

Operational volumes

The core business lines of the Group / Company include lending, issuing of guarantees, investments in venture capital funds and transactions of the Latvian Land Fund (hereinafter - the Land Fund) activities that form the Group's / Company's portfolio.

As at 31 March 2021, the Group's gross portfolio was EUR 833 million consisting of 27,560 projects (31.12.2020: EUR 804 million and 26,578).

In Q1 2021, the Group's portfolio increased by EUR 29.9 million (+3.7%) and by 982 projects (+3.7). It is notwithstanding that at the national level the restrictions caused by the pandemic were in force throughout the reporting period, while in Q1 2020 only global processes (delayed deliveries and settlements) were subject to them. In Q1 2021, the increase in the Group's portfolio was significantly higher than in the first three months of the previous year, when the portfolio grew by EUR 14 million (+2.3%) and by 672 (+ 3%) projects.

The largest increase in Q1 2021 was observed in the guarantee portfolio, increasing by EUR 14.1 million (+ 3.9%) and by 894 projects (+4.6%) , which is significantly more than in the corresponding period in 2020, when it increased by EUR 3 million (+1%) by volume and by 708 (+4.5%) projects. The large increase in the first three months of 2021 was ensured by the loan guarantee programmes for the Covid-19-affected businesses (+EUR 6.4 million), Housing Guarantees for Families with Children (+EUR 5.9 million), Guarantee Programme for Improving Energy Efficiency in Multi-Apartments Buildings (+EUR 3 million), as well Housing Guarantees for Young Professionals (+EUR 1.7 million); this was of particularly positive effect because no special support programs were established for individuals during the pandemic and the individuals' growing interest in purchasing new or renovating existing housing enabled the increase of the portfolios

In Q1 2021, the loan portfolio increased by EUR 10.7 million (+3.5%) and by 50 projects (+0.8%), which is significantly more than in the respective period of 2020, when the loan portfolio increased only by EUR 1 million (+0.4%), while the number of projects in the loan portfolio decreased by 120. The largest increase of the loan portfolio in the first three months of 2021 was ensured by the Covid-19 crisis-related loan programme (+EUR 4.8 million), SME growth loans (+EUR 4.7 million), loans for acquisition of agricultural land intended for agricultural production (+EUR 2.1 million), Starts-up and Micro loans (+EUR 0.9 million) and SME growth loans issued to companies for implementing energy efficiency projects (+ EUR 0.9 million).

In Q1 2021, the portfolio of the Land Fund increased by EUR 2.3 million (+3.4%) and by 36 projects (+5%), which is significantly less than in the respective period of 2020, when the Land Fund's portfolio increased by EUR 7.7 million (+19.4%) and by 77 projects (+14.5%). Demand for the Land Fund services decreased as the year 2020 was favourable for farmers and provided good income, thus reducing the demand for additional funding and, in general, due to the pandemic, landowners are less willing to sell agricultural land.

As at 31 March 2021, the balance sheet of the Land Fund included 1,061 properties with a total land area of 21,072 ha and amounting to EUR 70.6 million, including investment properties with a total area of 11,368 ha and amounting to EUR 37.7 million (31 December 2020: 10,964 ha; EUR 36.8 million), and leaseback transactions for 9,704 ha amounting to EUR 32.9 million (31 December 2020: 9,140 ha; EUR 31.5 million).

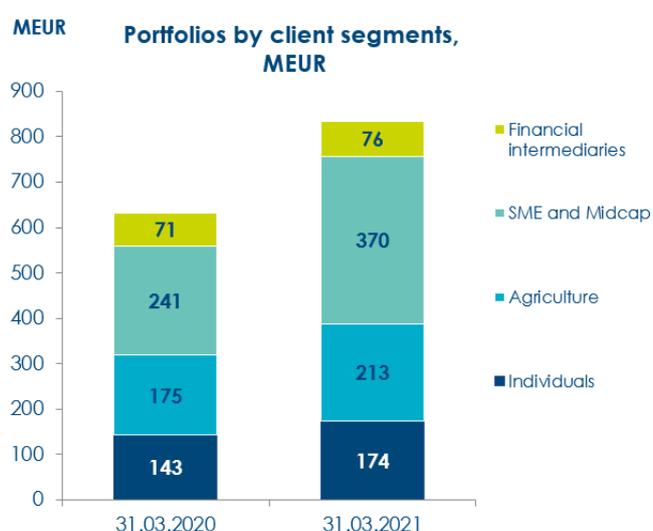
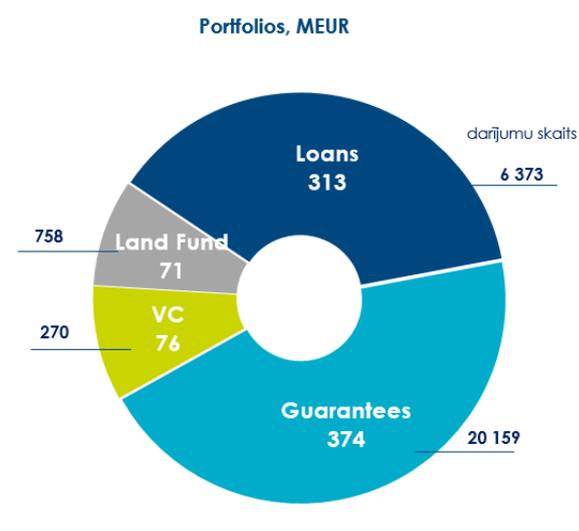
In Q1 2021, the venture capital funds increased by EUR 2.7 million (+3.7%), which is more than in the respective period of 2021, when the volume of the venture capital funds increased by EUR 2.3 million (+3.4%).

The largest portfolio of the Group is formed in the SMEs and Midcaps segment – 44%, while the Agriculture segment accounts for – 26%, Individuals – 21% and Financial intermediaries - 9%. The transactions of the Land Fund are recorded under the Agriculture segment.

In Q1 2021, an increase in volume was observed in all segments. The largest growth was demonstrated by the SME and Midcap segment, namely, by EUR 13.2 million (+3.7%), contrasting to the decrease by EUR 1.6 million (-0.6%) in the first three months of 2020 due to the impact of Covid-19 on the respective businesses, when many companies suspended their projects due to uncertainty. In Q1 2021, the Individuals segment grew by EUR 10.4 million (+6.4%), while in the respective period of 2020 it grew by EUR 4.6 million (+ 3.3%). In Q1 2021, the Agriculture segment increased by EUR 3.5 million (+1.7%), which is less than in Q1 2020 when the portfolio in this segment grew by EUR 8.6 million (+5.2%) At the same time, in Q1 2021, the Financial Intermediaries segment grew by EUR 2.7 million (+3.7%), which is slightly more than in the respective period in 2020, when the portfolio in this segment grew by EUR 2.2 million (+3.2%).

Management Report (cont'd)

Operational volumes (cont'd)

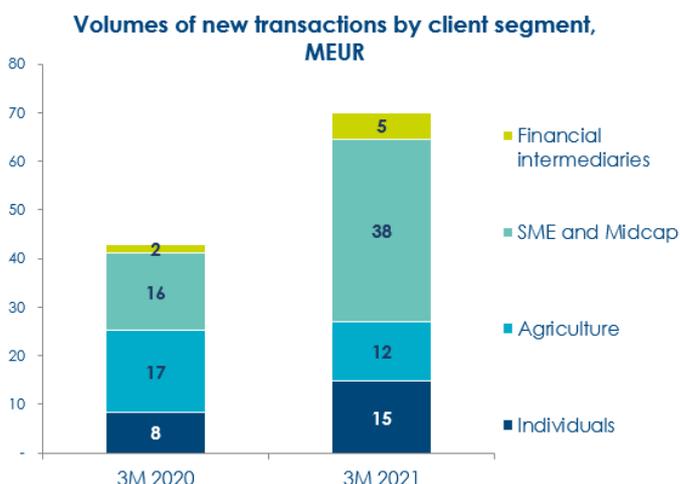
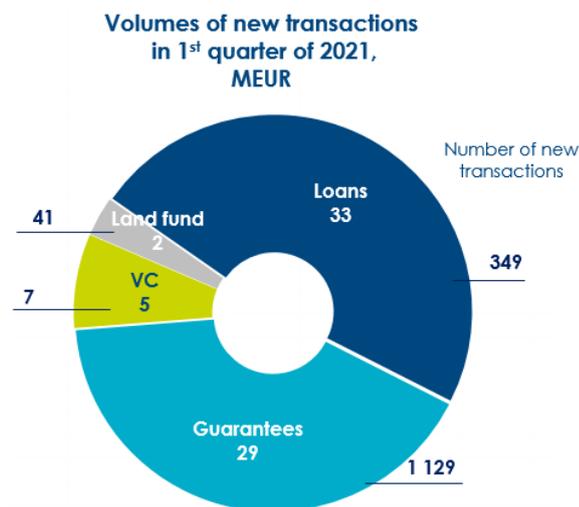


Group 31/03/2021

Volume of new transactions

In Q1 2021, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 70 million, breaking down as follows: 48% (EUR 33.4 million) in loan programmes, 41% (EUR 28.9 million) for guarantee programmes, 8% (EUR 5.4 million) in investments in the venture capital funds and 3% (EUR 2.3 million) in the Land Fund transactions. In total, support was given to 1,526 projects. Compared to the same period last year, the volume of the new transactions was larger by 63% in Q1 2021.

In the reporting period, the largest volume of the new transactions was recorded in the following segments: SMEs and Midcaps – 53.7%; Individuals – 21%; Agriculture – 17.6%; and Financial Intermediaries – 7.7%.



Group 31/03/2021

In Q1 2021, the largest increase in the volume of new transactions was recorded in the SME and Midcap segment, it being 2.4 times higher than in the first three months of 2020 while in the Agriculture segment it was by 27% lower than in the respective period in 2020

Management Report (cont'd)

Volume of new transactions (cont'd)

In Q1 2021, the volume of new loans issued amounted to EUR 33.4 million, which is by 92% (+EUR 16.1 million) more than in the respective period in 2020. However, the impact of the Covid-19 crisis-related loans was significantly lower on the increased volume of new transactions indicating that companies had adapted to the market situation and were ready to invest in growth and further development. In Q1 2021, the largest amount of new loans was issued under the SME Growth Loan Programme (EUR 11.6 million), under the Covid-19 crisis-related Loan Programme (EUR 8.2 million) and as working capital loans for agricultural enterprises (EUR 4.4 million) and loans for acquisition of agricultural land for the purpose of agricultural production (EUR 4 million).

In the reporting period there were issued new guarantees for EUR 28.8 million or by 80% (+EUR 12.8 million) more against the respective period in 2020. In Q1 2021, the largest increase in the guarantee portfolio was in the Housing Guarantees for Families with Children (EUR 7.6 million), the loan guarantee programmes for the Covid-19-affected businesses (EUR 7 million), loan guarantees for entrepreneurs (EUR 6.8 million), Energy Efficiency Programme for Multi-apartment Buildings (EUR 2.4 million) and Housing Guarantees for Young Professionals (EUR 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. In Q1 2021, there were extended guarantees worth EUR 16.6 million, of which almost half (49%) were guarantees for working capital loans.

As at 31 March 2021, a total of 16,660 guarantees for EUR 125 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 7.6 million were issued in Q1 2021, which is by 47.5% more against the respective period in 2021, and this was the highest ever issued volume in a quarter. 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 2,837 guarantees worth EUR 21.6 million were issued to young professionals; out of these, 222 guarantees worth EUR 2 million were issued in Q1 2021.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand the Group has already supported 474 projects (COSME – 68 projects, EaSI – 406 projects) in total amount of EUR 6.2 million, of which 53 projects in amount of EUR 0.8 million were supported in the first three months of 2021. 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 Q1 2021, the Company's share in the investments made by venture capital funds accounted for EUR 5.4 million. The 4th generation venture capital funds of various stages made four new investments and continued to invest in previously selected companies. In total, the Company's share of investments was EUR 2.6 million. The investments made within the framework of the Baltic Innovation Fund and Baltic Innovation Fund 2 amounted to EUR 0.6 million and EUR 0.8 million respectively. In the reporting period, the first investment of EUR 2.9 million was made by the Altum Capital Fund, where the Company's share was EUR 1.4 million. The effects of the Covid-19 crisis continue to hamper new investments, adversely affecting the activities of venture capital funds and acceleration funds that result in new challenges when selecting new projects, attracting investors for the planned investment transactions. However, despite the challenges posed by Covid-19 in terms of both new investments and investment realization, in the first quarter, activity has been significantly higher than in the same period last year.

In Q1 2021, the activity of the Land Fund was significantly lower than in the respective period of 2020, reaching only 30% 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 and avoiding dealing with the Land Fund and by the impact of Covid-19 on the flow of transaction with individuals that has practically ceased.

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 services some grant programmes as well, namely, the grants issued under the Energy Efficiency Programme for Multi-apartment Buildings (EPPMB), Social Entrepreneurship Programme and European Local Energy Assistance (ELENA) Programme and, since November 2020, the grants under the support program BALSTS for the purchase or construction of housing for families with three or more children.

As at 31 March 2021, the EPPMB programme had awarded a total of 357 grants for EUR 76.1 million, of which 21 grants for EUR 5.1 million were granted in Q1 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.

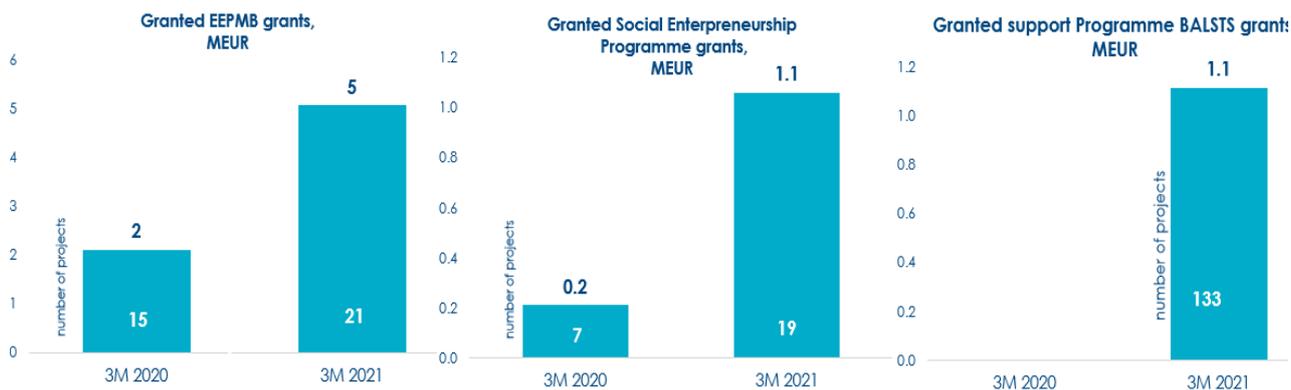
Management Report (cont'd)

Non-financial instrument portfolio (cont'd)

As at 31 March 2021, a total of 122 grants for EUR 7.6 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 31 March 2021, there were a total of 56 grants awarded for EUR 540 thousand.

In November 2020, within the framework of the new support programme BALSTS, the Group 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 31 March 2021, a total of 194 grants for EUR 1.6 million were awarded.



Group 31/03/2021

New products and increasing operational efficiency

Considering that the negative impact of the Covid-19 pandemic on business development, economic and other social activities continues in the world and in Latvia, at the beginning of 2021, the Cabinet regulations came into force about working capital loans to economic operators whose activities have been affected by the Covid-19 spread, setting the term of the programme until 30 June 2021 and allowing to extend the term for starting the repayment of the principal amount from 12 to 18 months. In addition, amendments to the Cabinet regulations referring to the Covid-19 crisis support programmes were developed, 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.

It should be noted that amendments to the Cabinet regulations are currently developed providing that the Covid-19 crisis support programmes are extended to the end of this year.

In its turn, the Ministry of Culture, in cooperation with the Group, has developed a programme to stimulate the organization of new events by providing support in the form of loans and grants 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:

- approval is pending of new Cabinet regulations 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 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;

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

- 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) and allowing the financing of residential real estate;
- 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 715 thousand.

In Q1 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 operational efficiency, 36% 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 three months of 2021, the total amount of loans granted both under centralised reviewing and in the regions increased by 17% or EUR 2.3 million, while the number of loans granted did not increase. The average loan amount in the regions increased from EUR 63.9 thousand in Q1 2020 to EUR 75.8 thousand in the same period of 2021, while the average loan amount reviewed remotely on a centralised basis in Q1 2021 was EUR 14.3 thousand.

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 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.

Long-term Funding

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

Rating

On 9 October 2020, 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 to implement more successfully the Group's long-term strategy for fund raising.

Risk Management

In order to have an adequate risk management, the Group 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 retains the long-term capability of implementing the established operational targets and assignments.

To manage risks, the Group 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 operations.

Management Report (cont'd)

Risk Management (cont'd)

In view of the Group's activities in high-risk areas when implementing the state aid programmes, as at 31 March 2021 the Group has the risk coverage of EUR 226 million (31 December 2020: EUR 180 million) to cover the expected credit loss of the State aid programmes. For example, total capital injection in Specific Reserve capital for credit risk coverage of Covid-19 products reached EUR 86 million recognised in Portfolio loss reserve as at 31 December 2020. 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 the risk coverage reserve used for provisions.

Future Outlook

In order to prevent the economic and social damage caused by the Covid-19 pandemic, stimulate European recovery and protect and create jobs, on 28 May 2020, the European Commission (EC) proposed the launch of an ambitious European Recovery Plan, a significant part of which will be allocated to the Recovery and Resilience Facility, a new budget programme managed centrally by the European Commission, which will provide funding to EU Member States in the form of loans and reimbursable grants. Part of this funding available to Latvia will be invested in financial instruments. Therefore, the year 2021 will be full of challenges for the Group, developing programmes and coordinating their conditions both at the level of Latvia and the European Commission for the utilisation of this funding for financing rental houses (indicative amount of EUR 43 million), improvement of energy efficiency of businesses (indicative amount of EUR 80 million), improvement of energy efficiency of multi-apartment buildings (indicative amount of EUR 57 million), digitization of enterprises (indicative amount of EUR 45 million).

In July 2020, the EU Member States agreed on the multiannual financial framework (MFF) and the extraordinary recovery effort, Next Generation EU (NGEU), which means a contribution of more than EUR 10 billion to the growth of Latvian economy. Part of this funding will be invested in Latvian economy in the form of financial instruments to help businesses recover from the effects of the Covid-19 pandemic, stimulate the economy and private investment, while continuing economic growth. To make the support of financial instruments available to entrepreneurs in 2022, the responsible Latvian ministries in cooperation with the Group have started the planning process of new financing. Consequently, the Group is involved in preparing for the implementation of the European Union funds in the next programming period, participating in the preparation of the market failure assessment as well as providing comments on the legislation developed by the ministries in connection with the new programming period 2021-2027, under which EUR 246 million are envisaged for the implementation of the Fund of Funds instruments (loans, guarantees and risk capital instruments) and EUR 144 million – for the implementation of energy efficiency programmes (EUR 114 million for multi-apartment buildings, EUR 30 million - for private houses).



Reinis Bērziņš
Chairman of the Management Board

28 May 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

28 May 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 12 to 74 for the period 1 January 2021 to 31 March 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.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)
Interest income	4	4 598	3 566	4 598	3 566
Interest expense	5	(503)	(449)	(503)	(449)
Net interest income		4 095	3 117	4 095	3 117
					-
Income for implementation of state aid programmes	6	1 541	1 262	1 541	1 262
Expenses to be compensated for implementation of state aid programmes	7	(1 199)	(1 213)	(1 199)	(1 213)
Net income for implementation of state aid programmes		342	49	342	49
					-
Gains or losses from trading securities and foreign exchange translation	8	28	18	28	18
Share of (losses) of investment in associate	12	432	1 398	432	1 398
Remeasurement gain of investment in associate at fair value through profit or loss	12	-	-	-	-
Gains less losses from liabilities at fair value through profit or loss	20	(523)	(1 398)	(523)	(1 398)
Other income	9	527	572	527	572
Other expense	10	(332)	(168)	(332)	(168)
Operating income before operating expenses		4 569	3 588	4 569	3 588
					-
Staff costs		(1 276)	(1 138)	(1 276)	(1 138)
Administrative expense		(396)	(335)	(396)	(335)
Amortisation of intangible assets and depreciation of property, plant and equipment		(249)	(183)	(249)	(183)
Impairment gain / (loss), net	10	(329)	704	(329)	704
(Loss) on the revaluation of assets held for sale		-	-	-	-
Profit before corporate income tax		2 319	2 636	2 319	2 636
					-
Corporate income tax		-	-	-	-
					-
Profit for the period		2 319	2 636	2 319	2 636
Other comprehensive income:		(192)	(495)	(192)	(495)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(192)	(495)	(192)	(495)
Total comprehensive income for the period		2 127	2 141	2 127	2 141
Profit is attributable to:					
Owners of the Company		2 319	2 636	-	-
Non-controlling interest		-	-	-	-
Profit for the period		2 319	2 636	-	-
Total comprehensive income is attributable to:					
Owners of the Company		2 127	2 141	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		2 127	2 141	-	-

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



Reinis Bērziņš
 Chairman of the Management Board



Kaspars Gibeiko
 Chief Accountant

28 May 2021

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Assets					
Due from credit institutions and the State Treasury	11	368 622	359 949	368 622	359 949
Financial assets at fair value through profit or loss		7 456	5 425	-	-
Financial assets at fair value through other comprehensive income - investment securities		14 437	36 958	14 437	36 958
Financial assets at amortised cost:					
Investment securities		466	441	466	441
Loans and receivables	14	324 144	313 268	324 144	313 268
Grants	15	35 071	31 107	35 071	31 107
Deferred expense		329	749	329	749
Accrued income		1 290	772	1 290	772
Other investments	13	5 661	7 503	5 661	7 503
Investments in associates					
Investments accounted for using the equity method	12	35 602	32 969	35 602	32 969
Investments accounted for using the FVTPL method	12	15 302	15 019	15 302	15 019
Investments in subsidiaries		-	-	6 400	4 879
Investment property	16	37 654	36 758	37 654	36 758
Property, plant and equipment		4 573	4 717	4 573	4 717
Intangible assets		1 324	1 398	1 324	1 398
Other assets	17	4 025	3 671	4 018	3 636
Total assets		855 956	850 704	854 893	850 123
Liabilities					
Due to credit institutions	18	61 494	65 855	61 494	65 855
Due to general government entities	19	93 120	103 520	93 120	103 520
Financial liabilities at amortised cost - Issued debt securities		65 144	65 522	65 144	65 522
Deferred income		4 995	4 991	4 995	4 991
Accrued expense		883	857	963	937
Provisions	21	31 941	32 501	31 941	32 501
Support programme funding	20	181 836	191 963	181 836	191 963
Other liabilities		4 610	2 901	4 610	2 901
Total liabilities		444 023	468 110	444 103	468 190
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	22	197 051	170 321	197 049	170 319
Revaluation reserve of financial assets measured at fair value through other comprehensive income		1 021	1 213	1 021	1 213
Retained earnings		7 858	5 539	7 858	5 539
Net assets attributable to the Company's owners		410 792	381 935	410 790	381 933
Non-controlling interest		1 141	659	-	-
Total equity		411 933	382 594	410 790	381 933
Total equity and liabilities		855 956	850 704	854 893	850 123

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



Reinis Bērziņš
 Chairman of the Management Board



Kaspars Gibeiko
 Chief Accountant

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	-	-	-	2 636	-	2 636
Other comprehensive income	-	-	(495)	-	-	(495)
Total comprehensive income	-	-	(495)	2 636	-	2 141
Non-controlling interest	-	-	-	-	-	-
As at 31 March 2020 (unaudited)	204 862	16 565	2 143	10 767	542	234 879
Profit for the period	-	-	-	2 903	-	2 903
Other comprehensive income	-	-	(930)	-	-	(930)
Total comprehensive income	-	-	(930)	2 903	-	1 973
Increase of reserve capital (Note 22)	-	145 626	-	-	-	145 626
Distribution of 2019 profit of the Company (Note 22)	-	8 131	-	(8 131)	-	-
Non-controlling interest	-	-	-	-	117	117
As at 31 December 2020 (audited)	204 862	170 321	1 213	5 539	659	382 594
Profit for the period	-	-	-	2 319	-	2 319
Other comprehensive income	-	-	(192)	-	-	(192)
Total comprehensive income	-	-	(192)	2 319	-	2 127
Increase of reserve capital (Note 22)	-	26 730	-	-	-	26 730
Non-controlling interest	-	-	-	-	-	-
As at 31 March 2021 (unaudited)	204 862	197 051	1 021	7 857	659	411 451

The accompanying notes on pages 17 through 74 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	-	-	-	2 636	2 636
Other comprehensive income	-	-	(495)	-	(495)
Total comprehensive income	-	-	(495)	2 636	2 141
As at 31 March 2020 (unaudited)	204 862	16 563	2 143	10 767	234 335
Profit for the period	-	-	-	2 903	2 903
Other comprehensive income	-	-	(930)	-	(930)
Total comprehensive income	-	-	(930)	2 903	1 973
Increase of reserve capital (Note 22)	-	145 626	-	-	145 626
Distribution of 2019 profit (Note 22)	-	8 131	-	(8 131)	-
As at 31 December 2020 (audited)	204 862	170 319	1 213	5 539	381 933
Profit for the period	-	-	-	2 320	2 320
Other comprehensive income	-	-	(192)	-	(192)
Total comprehensive income	-	-	(192)	2 320	2 128
Increase of reserve capital (Note 22)	-	26 730	-	-	26 730
As at 31 March 2021 (unaudited)	204 862	197 049	1 021	7 858	410 790

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

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (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		2 320	2 636	2 320	2 636
Amortisation of intangible assets and depreciation of property, plant and equipment		241	215	241	215
Interest income	4	(4 598)	(3 566)	(4 598)	(3 566)
Interest received		1 934	1 085	1 934	1 085
Interest expenses	5	503	449	503	449
Interests paid		(299)	(98)	(299)	(98)
(Decrease) / increase in impairment allowances	10	329	(704)	329	(704)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		430	17	430	17
Due from credit institutions decrease		-	(2)	-	(2)
(Increase) of loans	14	(7 477)	(355)	(7 477)	(355)
(Increase) of grants	15	(3 980)	(2 668)	(3 980)	(2 668)
Increase / (decrease) of due to credit institutions and general government entities	18,19	(14 761)	273	(14 761)	273
Increase in deferred income and accrued expense		30	665	30	665
(Decrease) in deferred expense and accrued income		(99)	(367)	(99)	(367)
(Increase) / Decrease of other assets	17	(355)	467	(383)	467
Increase / (decrease) in other liabilities		(10 196)	21 441	(10 196)	21 454
Net cash flows to/ from operating activities		(36 408)	19 471	(36 436)	19 484
Cash flows from investment activities					
Sale of investment securities		22 483	1 831	22 483	1 831
Acquisition of property, plant and equipment and intangible assets		(28)	(122)	(28)	(122)
Purchase of investment properties	16	(919)	(6 021)	(919)	(6 021)
Sale of investment properties	16	24	-	24	-
Other investments	13	1 842	556	1 842	556
Investments in associates, net	12	(2 826)	(576)	(2 826)	(576)
Investments of subsidiaries in underlying undertakings		(1 640)	(363)	-	-
Investments in subsidiaries		-	-	(1 612)	(224)
Net cash flows to/ from investing activities		18 936	(4 695)	18 964	(4 556)
Cash flows from financing activities					
Issued debt securities		(585)	-	(585)	-
Increase of reserve capital	22	26 730	-	26 730	-
Net cash flow from financing activities		26 145	-	26 145	-
Increase in cash and cash equivalents		8 673	14 776	8 673	47 660
Cash and cash equivalents at the end of period		368 622	190 975	368 622	190 975

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

Approval of the Financial Statements

The Management of the Group / Company has approved these unaudited interim condensed financial statements on 28 May 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>Venture capital funds classified as Subsidiaries</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>Venture capital funds classified as Associates</i>		
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīga, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300-9, Rīga, Latvija	80
KS ZGI-4	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, 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
KS AIF "Altum capital fund"	Doma laukums 4, Rīga, LV-1050	48.9
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20

2 Accounting Policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the 3 months period ended 31 March 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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	368 622	359 949	-	-	-	-	368 622	359 949
Impairment allowances	-	-	-	-	-	-	-	-
Total net due from credit institutions and the Treasury	368 622	359 949	-	-	-	-	368 622	359 949
Investment securities	432	407	-	-	3 592	3 433	4 024	3 840
Impairment allowances	-	-	-	-	(3 558)	(3 399)	(3 558)	(3 399)
Total net investment securities	432	407	-	-	34	34	466	441
Loans and receivables	283 871	274 294	35 004	32 012	27 230	27 675	346 105	333 981
Impairment allowances *	(6 309)	(6 966)	(5 112)	(3 506)	(10 540)	(10 240)	(21 961)	(20 712)
Total net loans and receivables	277 562	267 328	29 892	28 506	16 690	17 435	324 144	313 269
Grants	35 253	31 282	-	-	-	-	35 253	31 282
Impairment allowances	(182)	(175)	-	-	-	-	(182)	(175)
Total net grants	35 071	31 107	-	-	-	-	35 071	31 107
Other financial assets	3 287	2 507	-	-	2 878	3 096	6 165	5 603
Impairment allowances	(34)	(34)	-	-	(2 134)	(1 926)	(2 168)	(1 960)
Total net other financial assets	3 253	2 473	-	-	744	1 170	3 997	3 643
Total financial assets at AC	691 465	668 439	35 004	32 012	33 700	34 204	760 169	734 655
Impairment allowances	(6 525)	(7 175)	(5 112)	(3 506)	(16 232)	(15 565)	(27 869)	(26 246)
Total net financial assets at AC	684 940	661 264	29 892	28 506	17 468	18 639	732 300	708 409
Financial assets at FVOCI								
Investment securities	14 437	36 958	-	-	-	-	14 437	36 958
Impairment allowances	(6)	-	-	-	-	-	(6)	-
Total net investment securities	14 431	36 958	-	-	-	-	14 431	36 958
Total financial assets at FVOCI	14 437	36 958	-	-	-	-	14 437	36 958
Impairment allowances	(6)	-	-	-	-	-	(6)	-
Total net financial assets at FVOCI	14 431	36 958	-	-	-	-	14 431	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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	357 929	348 115	11 525	6 995	4 254	4 495	373 708	359 605
Impairment allowances *	(27 168)	(27 769)	(1 170)	(817)	(2 656)	(2 827)	(30 994)	(31 413)
Total net outstanding guarantees	330 761	320 346	10 355	6 178	1 598	1 668	342 714	328 192
Loan commitments	32 495	36 514	533	2 834	291	-	33 319	39 348
Impairment allowances *	(763)	(949)	(60)	(65)	(37)	-	(860)	(1 014)
Total net loan commitments	31 732	35 565	473	2 769	254	-	32 459	38 334
Grant commitments	10 469	6 798	-	-	-	-	10 469	6 798
Impairment allowances	(87)	(74)	-	-	-	-	(87)	(74)
Total net grant commitments	10 382	6 724	-	-	-	-	10 382	6 724
Total off-balance items and contingent liabilities	400 893	391 427	12 058	9 829	4 545	4 495	417 496	405 751
Impairment allowances	(28 018)	(28 792)	(1 230)	(882)	(2 693)	(2 827)	(31 941)	(32 501)
Total net off-balance items and contingent liabilities	372 875	362 635	10 828	8 947	1 852	1 668	385 555	373 250

* Includes impairment allowances of EUR 828 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 reduction of 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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	368 622	359 949	-	-	-	-	368 622	359 949
Impairment allowances	-	-	-	-	-	-	-	-
Total net due from credit institutions and the Treasury	368 622	359 949	-	-	-	-	368 622	359 949
Investment securities	432	407	-	-	3 592	3 433	4 024	3 840
Impairment allowances	-	-	-	-	(3 558)	(3 399)	(3 558)	(3 399)
Total net investment securities	432	407	-	-	34	34	466	441
Loans and receivables	283 871	274 294	35 004	32 012	27 230	27 675	346 105	333 981
Impairment allowances *	(6 309)	(6 966)	(5 112)	(3 506)	(10 540)	(10 240)	(21 961)	(20 712)
Total net loans and receivables	277 562	267 328	29 892	28 506	16 690	17 435	324 144	313 269
Grants	35 253	31 282	-	-	-	-	35 253	31 282
Impairment allowances	(182)	(175)	-	-	-	-	(182)	(175)
Total net grants	35 071	31 107	-	-	-	-	35 071	31 107
Other financial assets	3 171	2 363	-	-	2 987	3 205	6 158	5 568
Impairment allowances	(34)	(34)	-	-	(2 134)	(1 926)	(2 168)	(1 960)
Total net other financial assets	3 137	2 329	-	-	853	1 279	3 990	3 608
Total financial assets at AC	691 349	668 295	35 004	32 012	33 809	34 313	760 162	734 620
Impairment allowances	(6 525)	(7 175)	(5 112)	(3 506)	(16 232)	(15 565)	(27 869)	(26 246)
Total net financial assets at AC	684 824	661 120	29 892	28 506	17 577	18 748	732 293	708 374
Financial assets at FVOCI								
Investment securities	14 437	36 958	-	-	-	-	14 437	36 958
Impairment allowances	(6)	-	-	-	-	-	(6)	-
Total net investment securities	14 431	36 958	-	-	-	-	14 431	36 958
Total financial assets at FVOCI	14 437	36 958	-	-	-	-	14 437	36 958
Impairment allowances	(6)	-	-	-	-	-	(6)	-
Total net financial assets at FVOCI	14 431	36 958	-	-	-	-	14 431	36 958
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	357 929	348 115	11 525	6 995	4 254	4 495	373 708	359 605
Impairment allowances *	(27 168)	(27 769)	(1 170)	(817)	(2 656)	(2 827)	(30 994)	(31 413)
Total net outstanding guarantees	330 761	320 346	10 355	6 178	1 598	1 668	342 714	328 192
Loan commitments	32 495	36 514	533	2 834	291	-	33 319	39 348
Impairment allowances *	(763)	(949)	(60)	(65)	(37)	-	(860)	(1 014)
Total net loan commitments	31 732	35 565	473	2 769	254	-	32 459	38 334
Grant commitments	10 469	6 798	-	-	-	-	10 469	6 798
Impairment allowances	(87)	(74)	-	-	-	-	(87)	(74)
Total net grant commitments	10 382	6 724	-	-	-	-	10 382	6 724
Total off-balance items and contingent liabilities	400 893	391 427	12 058	9 829	4 545	4 495	417 496	405 751
Impairment allowances	(28 018)	(28 792)	(1 230)	(882)	(2 693)	(2 827)	(31 941)	(32 501)
Total net off-balance items and contingent liabilities	372 875	362 635	10 828	8 947	1 852	1 668	385 555	373 250

* Includes impairment allowances of EUR 828 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 reduction of 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)	6 966	3 506	10 240	20 712	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	(794)	1 938	-	1 144	(7 494)	7 554	-	60
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(49)	(6)	581	526	(1 599)	(113)	1 686	(26)
from Stage 3 to Stage 2	-	6	(19)	(13)	-	94	(97)	(3)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	102	(172)	-	(70)	3 270	(3 329)	-	(59)
New originated or purchased	500	1	151	652	16 431	41	1 195	17 667
Derecognised during the period	(274)	(6)	(330)	(610)	(7 637)	(278)	(2 356)	(10 271)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-
Total movements with impact on credit loss allowance charge for the period:	(515)	1 761	383	1 629	2 971	3 969	428	7 368
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Change of outstanding balance *	(142)	(155)	(83)	(380)	6 606	(977)	(873)	4 756
Total movements without impact on credit loss allowance charge for the period:	(142)	(155)	(83)	(380)	6 606	(977)	(873)	4 756
As at 31 March 2021 (unaudited)	6 309	5 112	10 540	21 961	283 871	35 004	27 230	346 105

* 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	(331)	458	-	127	(4 877)	4 728	-	(149)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(6)	-	140	134	(223)	(1)	224	-
from Stage 3 to Stage 2	9	(8)	-	1	161	(89)	-	72
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	1	(7)	(6)	-	7	(7)	-
New originated or purchased	1 920	-	-	1 920	25 884	-	-	25 884
Derecognised during the period	(883)	(3)	(175)	(1 061)	(10 315)	(32)	(262)	(10 609)
Changes to ECL measurement model assumptions (PD, LGD)	-	-	-	-	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	-	-	-	-	-	-	-	-
Other movements	-	-	(114)	(114)	-	-	(185)	(185)
Total movements with impact on credit loss allowance charge for the period:	709	448	(156)	1 001	10 630	4 613	(230)	15 013
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
Change of outstanding balance *	(1 310)	(95)	(15)	(1 420)	(816)	(83)	(11)	(910)
Total movements without impact on credit loss allowance charge for the period:	(1 310)	(95)	(15)	(1 420)	(816)	(83)	(11)	(910)
As at 31 March 2021 (unaudited)	27 168	1 170	2 656	30 994	357 929	11 525	4 254	373 708

* 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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Performing	328 621	313 856	328 621	313 856
Past due up to 30 days	7 258	9 339	7 258	9 339
Past due from 31 to 60 days	842	445	842	445
Past due from 61 to 90 days	311	217	311	217
Past due over 90 days	9 073	10 124	9 073	10 124
Total gross loans, without interest accrued on the loans	346 105	333 981	346 105	333 981
Impairment allowances	(21 961)	(20 713)	(21 961)	(20 713)
Total net loans	324 144	313 268	324 144	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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Real estate (loans)	175 786	178 614	175 786	178 614
Real estate (leaseback)	31 763	30 536	31 763	30 536
Movable property	54 936	52 619	54 936	52 619
Guarantees	4 220	3 048	4 220	3 048
Total collateral	266 705	264 817	266 705	264 817
Loan portfolio, gross	346 105	333 981	346 105	333 981
Impairment allowances	(21 961)	(20 713)	(21 961)	(20 713)
Loan portfolio, net	324 144	313 268	324 144	313 268
Exposed	17.72%	15.47%	17.72%	15.47%

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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
<i>Assets exposed to credit risk</i>				
Due from credit institutions and the Treasury	368 622	359 949	368 622	359 949
Financial assets at fair value through other comprehensive income - investment securities	14 437	36 958	14 437	36 958
Financial assets at amortised cost:				
Investment securities	466	441	466	441
Loans and receivables	324 144	313 268	324 144	313 268
Grants	35 071	31 107	35 071	31 107
Other investments	5 661	7 503	5 661	7 503
Investments in associates	-	-	-	-
Other assets	4 025	3 671	4 018	3 636
Total	752 426	752 897	752 419	752 862
<i>Off-balance sheet items exposed to credit risk</i>				
Contingent liabilities (Note 21)	373 708	359 605	373 708	359 605
Financial commitments (Note 21)	173 926	97 149	182 729	188 488
Total	547 634	456 754	556 437	548 093

As at 31 March 2021, part of the Group's / Company's assets in amount of EUR 121,749 thousand (31 December 2020: EUR 124,087 thousand) were pledged. Detailed information on the Group's / Company's outstanding loan agreement as at 31 March 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 31 March 2021 was EUR 251,770 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 31 March 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	12 463	49 058	-	-	-	61 521
Due to general governments	2 661	16 282	25 386	16 897	32 441	93 667
Issued debt securities	999	67 526	-	-	-	68 525
Support programme funding **	1 072	56 826	64 257	29 664	30 017	181 836
Other liabilities	3 600	985	25	-	-	4 610
Total financial liabilities	20 796	190 677	89 668	46 561	62 458	410 159
Off-balance sheet items and contingent liabilities	348 957	187 413	11 264	-	-	547 634
Total financial liabilities, off-balance items and contingent liabilities ***	369 753	378 090	100 932	46 561	62 458	957 793
Due from credit institutions and the Treasury	368 622	-	-	-	-	368 622
Investment securities	1 597	13 306	-	-	-	14 903
Liquid assets	370 219	13 306	-	-	-	383 525

* 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 March 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 74,158 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 March 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	-	4 373	8 090	12 463
Due to general governments	-	976	118	1 567	2 661
Issued debt securities	-	-	119	880	999
Support programme funding	1 072	-	-	-	1 072
Other liabilities	3 470	-	-	130	3 600
Total financial liabilities	4 542	976	4 610	10 667	20 796
Off-balance sheet items and contingent liabilities *	294 770	10 007	14 367	29 813	348 957
Total financial liabilities, off-balance items and contingent liabilities	299 312	10 983	18 977	40 480	369 753
Due from credit institutions and the Treasury	368 622	-	-	-	368 622
Investment securities	36	432	-	1 129	1 597
Liquid assets	368 658	432	-	1 129	370 219

* 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 247,026 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 33,319 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 10,469 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in associates in amount of EUR 8,640 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 44,592 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 4,911 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 31 March 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	12 463	49 058	-	-	-	61 521
Due to general governments	2 661	16 282	25 386	16 897	32 441	93 667
Issued debt securities	999	67 526	-	-	-	68 525
Support programme funding **	1 072	56 826	64 257	29 664	30 017	181 836
Other liabilities	3 600	985	25	-	-	4 610
Total financial liabilities	20 796	190 677	89 668	46 561	62 458	410 159
Off-balance sheet items and contingent liabilities	352 478	191 814	12 145	-	-	556 437
Total financial liabilities, off-balance items and contingent liabilities ***	373 274	382 491	101 813	46 561	62 458	966 596
Due from credit institutions and the Treasury	368 622	-	-	-	-	368 622
Investment securities	1 597	13 306	-	-	-	14 903
Liquid assets	370 219	13 306	-	-	-	383 525

* 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 March 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 74,158 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 March 2021, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	Total up to 1 year
Due to credit institutions	-	-	4 373	8 090	12 463
Due to general governments	-	976	118	1 567	2 661
Issued debt securities	-	-	119	880	999
Support programme funding	1 072	-	-	-	1 072
Other liabilities	3 470	-	-	130	3 600
Total financial liabilities	4 542	976	4 610	10 667	20 796
Off-balance sheet items and contingent liabilities *	295 122	10 359	15 071	31 926	352 478
Total financial liabilities, off-balance items and contingent liabilities	299 664	11 335	19 681	42 593	373 274
Due from credit institutions and the Treasury	368 622	-	-	-	368 622
Investment securities	36	432	-	1 129	1 597
Liquid assets	368 658	432	-	1 129	370 219

* 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 247,026 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 33,319 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 10,469 thousand (up to 1 year) – from respective grant support programme funding (see Note 20).

Commitments to investments in subsidiaries in amount of EUR 3,521 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 8,640 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 44,592 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 4,911 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 31 March 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	368 622	-	-	-	-	-	368 622
Financial assets at fair value through profit or loss	-	-	-	-	-	7 456	7 456
Investment securities *	36	432	-	1 129	13 306	-	14 903
Loans *	7 907	11 655	16 863	43 762	156 236	87 721	324 144
Grants	32	9 060	106	587	23 815	1 471	35 071
Deferred expense and accrued income	1 619	-	-	-	-	-	1 619
Other investments	-	-	-	-	-	5 661	5 661
Investments in associates	-	-	7 777	17 665	4 127	21 335	50 904
Investment property	-	-	-	-	-	37 654	37 654
Property, plant and equipment	-	-	-	-	-	4 573	4 573
Intangible assets	-	-	-	-	-	1 324	1 324
Other assets	2 072	49	24	197	1 683	-	4 025
Total assets	380 288	21 196	24 770	63 340	199 167	167 195	855 956
Liabilities							
Due to credit institutions	-	-	4 346	8 090	49 058	-	61 494
Due to general governments	-	960	-	1 419	16 051	74 690	93 120
Issued debt securities	(1)	-	119	35	64 991	-	65 144
Deferred income and accrued expense	169	357	356	1 321	2 933	742	5 878
Provisions	31 941	-	-	-	-	-	31 941
Support programme funding	1 072	-	-	-	56 826	123 938	181 836
Other liabilities	3 470	-	-	130	985	25	4 610
Total liabilities	36 651	1 317	4 821	10 995	190 844	199 395	444 023
Net liquidity	343 637	19 879	19 949	52 345	8 323	(32 200)	411 933

* 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)

(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 31 March 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	368 622	-	-	-	-	-	368 622
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities *	36	432	-	1 129	13 306	-	14 903
Loans *	7 907	11 655	16 863	43 762	156 236	87 721	324 144
Grants	32	9 060	106	587	23 815	1 471	35 071
Deferred expense and accrued income	1 619	-	-	-	-	-	1 619
Other investments	-	-	-	-	-	5 661	5 661
Investments in associates	-	-	7 777	17 665	4 127	21 335	50 904
Investments in subsidiaries	-	-	-	-	-	6 400	6 400
Investment property	-	-	-	-	-	37 654	37 654
Property, plant and equipment	-	-	-	-	-	4 573	4 573
Intangible assets	-	-	-	-	-	1 324	1 324
Other assets	2 072	49	24	197	1 676	-	4 018
Total assets	380 288	21 196	24 770	63 340	199 160	166 139	854 893
Liabilities							
Due to credit institutions	-	-	4 346	8 090	49 058	-	61 494
Due to general governments	-	960	-	1 419	16 051	74 690	93 120
Issued debt securities	(1)	-	119	35	64 991	-	65 144
Deferred income and accrued expense	169	357	356	1 401	2 933	742	5 958
Provisions	31 941	-	-	-	-	-	31 941
Support programme funding	1 072	-	-	-	56 826	123 938	181 836
Other liabilities	3 470	-	-	130	985	25	4 610
Total liabilities	36 651	1 317	4 821	11 075	190 844	199 395	444 103
Net liquidity	343 637	19 879	19 949	52 265	8 316	(33 256)	410 790

* 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

Analysis of the Group's / Company's loan portfolio by client segments as at 31 March 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	1 183	11	-	-	624	348	1 807	359
Agriculture	110 185	901	9 637	297	5 975	1 648	125 797	2 846
SME and Midcaps	136 057	5 038	23 831	4 808	17 963	7 639	177 851	17 485
of which,								
Covid-19 crisis related working capital loans	64 407	2 059	3 308	147	1 530	682	69 245	2 888
Daily loan products	71 650	2 979	20 523	4 661	16 433	6 957	108 606	14 597
Private individuals	5 061	33	361	6	2 308	905	7 730	944
Land Fund	31 384	17	1 175	1	361	-	32 920	18
Total segments, gross	283 870	6 000	35 004	5 112	27 231	10 540	346 105	21 652
Impairment overlay *	-	309	-	-	-	-	-	309
Total segments, net	283 870	6 309	35 004	5 112	27 231	10 540	346 105	21 961

* The impairment overlay represents an additional loss reserve over the modelled ECL amounts to account for other economic uncertainties. For detailed information see Note 2 (16) (ii).

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

Split of specific Covid-19 related support instrument - working capital loans – portfolio for the SME and Midcap client segment by industries as at 31 March 2021, in thousands euro:

	Gross loans	Changes to 31.12.2020.	Granted in 2021 3M	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	5 042	329	41	4 714	345	157	4 699	2.8%
Hotels and restaurants	3 561	163	121	3 398	104	8	3 456	2.0%
Tourism services	3 087	-	-	-	66	-	3 021	1.7%
Art, entertainment and leisure	1 499	359	39	1 139	49	20	1 449	0.8%
Beauty and sports	-	-	-	-	-	-	-	0.0%
Total Covid-19 more exposed industries	13 189	851	201	9 251	564	251	12 625	7.4%
<i>Covid-19 less exposed industries</i>								
Manufacturing	19 539	926	1 469	13 178	739	309	18 800	11.0%
Wholesale	14 104	575	1 084	6 057	798	(32)	13 306	7.9%
Construction	6 633	218	576	3 602	322	-	6 311	3.7%
Transport, warehousing and communications	3 820	485	298	2 522	110	24	3 710	2.1%
Information technologies and communication	3 008	(69)	50	2 295	77	(5)	2 931	1.7%
Professional, science and technical services	2 226	29	299	2 002	75	1	2 151	1.3%
Forestry	2 031	370	134	594	64	14	1 967	1.1%
Land transport services	964	(2 486)	353	3 407	26	(61)	938	0.5%
Municipal authorities	921	(590)	-	1 460	20	2	901	0.5%
Electricity, gas and water utilities	870	50	-	432	52	1	818	0.5%
Real estate	483	(9)	-	163	11	-	472	0.3%
Health and social care	154	1 240	-	65	3	26	151	0.1%
Other industries	1 305	748	40	55 309	27	279	1 278	0.7%
Total Covid-19 less exposed industries	56 058	1 487	4 303	91 086	2 324	558	53 734	31.5%
Total Covid-19 crisis related working capital loans	69 247	2 338	4 504	100 337	2 888	809	66 359	38.9%

3 Risk Management (cont'd)

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

Split of daily (ordinary) loan product portfolio for the SME and Midcap client segment by industries as at 31 March 2021, in thousands euro:

	Gross loans	Changes to 31.12.2020.	Granted in 2021 3M	Granted in 2020 12M	Impairment allowance	Changes to 31.12.2020.	Net loans	% of Total Gross loans, SME & Midcap
Covid-19 more exposed industries								
Hotels and restaurants	4 686	(39)	295	1 021	575	(24)	4 112	2.6%
Retail	1 954	(60)	67	194	133	(3)	1 821	1.1%
Art, entertainment and leisure	1 837	(89)	33	398	476	98	1 362	1.0%
Beauty and sports	723	13	36	116	256	1	467	0.4%
Tourism services	333	-	-	-	84	-	249	0.2%
Total Covid-19 more exposed industries	9 533	(175)	431	1 729	1 524	156	8 011	5.4%
Covid-19 less exposed industries								
Manufacturing	51 336	2 736	1 868	9 075	6 215	(547)	45 122	28.9%
Real estate	10 182	342	123	1 657	2 985	897	7 198	5.7%
Wholesale	6 161	(378)	248	1 474	892	22	5 268	3.5%
Electricity, gas and water utilities	6 079	(141)	53	366	975	(20)	5 104	3.4%
Municipal authorities	4 672	(250)	70	3 005	98	(87)	4 573	2.6%
Health and social care	4 517	201	153	711	580	66	3 937	2.5%
Construction	4 084	864	839	1 592	278	24	3 807	2.3%
Forestry	3 405	952	193	910	130	42	3 275	1.9%
Professional, science and technical services	2 854	(806)	13	810	154	(95)	2 700	1.6%
Fishery	1 752	105	-	281	147	-	1 605	1.0%
Transport, warehousing and communications	610	(73)	59	121	182	(4)	428	0.3%
Information technologies and communication	568	17	58	91	43	-	524	0.3%
Land transport services	438	90	-	71	77	15	361	0.2%
Other industries	2 412	1 086	40	479	317	92	2 095	1.4%
Total Covid-19 less exposed industries	99 070	4 745	3 717	20 643	13 073	405	85 997	55.7%
Total daily (ordinary) loan products	108 603	4 570	4 148	22 372	14 597	561	94 008	61.1%

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.

3 Risk Management (cont'd)

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

Analysis of the Group's / Company's guarantees portfolio by client segments as at 31 March 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	12 824	1 888	1 578	148	236	149	14 638	2 185
SME and Midcaps	178 645	11 317	9 758	992	3 908	2 399	192 311	14 708
of which,								
Covid-19 crisis related guarantees *	43 347	3 191	1 483	138	223	140	45 053	3 469
Daily guarantees products	135 297	8 126	8 275	854	3 685	2 259	147 257	11 239
Private individuals	166 459	13 963	189	30	111	108	166 759	14 101
Total segments, gross	357 928	27 168	11 525	1 170	4 255	2 656	373 708	30 994

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

Guarantees issued by the Group / Company to SME and Midcap client segment are split between (i) specific Covid-19 related support instrument – SME loan credit holiday guarantees, portfolio guarantees and SME and Midcap companies loan holiday guarantees and (ii) 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 31 March 2021, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2020.	Issued in 2021 3M	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	5 187	(3)	-	5 190	604	(37)	4 583	2.7%
Retail	2 851	(21)	-	2 872	48	(43)	2 803	1.5%
Land transport services	4 356	1 457	1 457	2 899	552	62	3 804	2.3%
Art, entertainment and leisure	83	(1)	-	84	9	(1)	74	0.0%
Total Covid-19 more exposed industries	12 477	1 432	1 457	11 045	1 213	(19)	11 264	6.5%
<i>Covid-19 less exposed industries</i>								
Manufacturing	12 753	1 482	2 248	11 270	803	94	11 950	6.6%
Wholesale	12 401	3 518	3 301	8 882	1 102	192	11 299	6.4%
Construction	750	-	-	750	15	(11)	735	0.4%
Transport, warehousing and communications	4 354	(24)	-	4 378	152	(64)	4 202	2.3%
Information technologies and communication	63	-	-	63	-	-	63	0.0%
Professional, science and technical services	-	-	-	-	-	-	-	0.0%
Forestry	429	(18)	-	447	65	7	364	0.2%
Electricity, gas and water utilities	439	(19)	-	458	44	(3)	395	0.2%
Real estate	360	(6)	-	366	38	(3)	322	0.2%
Health and social care	500	-	-	500	5	(7)	495	0.3%
Other industries	529	(11)	1	539	33	(6)	496	0.3%
Total Covid-19 less exposed industries	32 578	4 922	5 550	27 653	2 257	199	30 321	16.9%
Total specific COVID-19 related guarantee products *	45 055	6 354	7 007	38 698	3 470	180	41 585	23.4%

* 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)

Split of daily (ordinary) guarantee product portfolio of the SME and Midcap client segment by industries as at 31 March 2021, in thousands euro:

	Gross outstanding guarantees	Changes to 31.12.2020.	Issued in 2021 3M	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	820	(45)	-	-	77	(21)	743	0.4%
Retail	5 741	24	239	917	444	(3)	5 297	3.0%
Land transport services	4 653	1 732	1 800	612	433	74	4 220	2.4%
Art, entertainment and leisure	326	21	24	96	22	1	304	0.2%
Total Covid-19 more exposed industries	11 540	1 732	2 063	1 625	976	51	10 564	6.0%
<i>Covid-19 less exposed industries</i>								
Manufacturing	43 516	(2 592)	1 466	12 365	3 499	(279)	40 017	22.6%
Wholesale	33 456	713	1 338	12 060	1 735	(2)	31 721	17.4%
Construction	30 722	(3 684)	348	8 288	2 803	(667)	27 919	16.0%
Transport, warehousing and communications	2 123	13	16	405	210	(40)	1 913	1.1%
Information technologies and communication	3 623	776	797	201	181	31	3 442	1.9%
Professional, science and technical services	5 412	165	298	2 788	444	136	4 968	2.8%
Forestry	8 528	17	133	5 891	524	9	8 004	4.4%
Electricity, gas and water utilities	3 029	77	80	280	511	(9)	2 518	1.6%
Real estate	3 986	213	42	869	158	(16)	3 828	2.1%
Health and social care	684	(19)	-	100	95	20	589	0.4%
Other industries	637	(189)	(1)	180	102	7	534	0.3%
Total Covid-19 less exposed industries	135 716	(4 510)	4 517	43 427	10 262	(810)	125 453	70.6%
Total daily (ordinary) guarantee products	147 256	(2 778)	6 580	45 052	11 238	(759)	136 017	76.6%

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.

4 Interest income

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Interest on loans and guarantees	4 420	3 176	4 420	3 176
Interest on securities at fair value	173	378	173	378
Interest on securities at amortised cost	6	5	6	5
Other interest income	-	7	-	7
Total interest income	4 599	3 566	4 599	3 566

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 3 months of 2021 amounts to EUR 347 thousand (3 months of 2020: EUR 334 thousand).

5 Interest expense

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Interest on balances due to credit institutions	167	144	167	144
Interest on issued debt securities	198	137	198	137
Allocation of state support programmes' profit to support programme funding *	134	166	134	166
Other commission expense	4	2	4	2
Total interest expense	503	449	503	449

* 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.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Compensation of expenses for management of state support programmes	597	484	597	484
Compensation of venture capital fund management fees	844	728	844	728
Compensation of expenses of capital congestion	100	50	100	50
Total income from implementation of state support programmes	1 541	1 262	1 541	1 262

7 Expenses to be compensated for implementation of state support programmes

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Compensated staff costs	320	382	320	382
Compensated administrative expense	35	102	35	102
Compensated venture capital fund management fees	844	729	844	729
Total compensated expense for implementation of state support programmes	1 199	1 213	1 199	1 213

8 Other income

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Income from lease payments for operating leases	349	213	349	213
Income from payments for financial leases	1	316	1	316
Income from investment property revaluation	-	10	-	10
Income from sale of investment property	30	23	30	23
Income from sale of repossessed collateral	1	8	1	8
Other commission income	10	2	10	2
Income from management of the AIF "Altum capital fund"	136	-	136	-
Other operating income	-	-	-	-
Total other income	527	572	527	572

9 Other expense

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Maintenance and service costs of Land Fund	108	77	108	77
Debt collection costs	30	34	30	34
Maintenance costs of repossessed collateral	-	1	-	1
Revaluation of repossessed collateral	-	-	-	-
Depreciation of right-of-use assets	36	34	36	34
Commission expense on investments in securities	21	21	21	21
AIF "Altum capital fund" management costs	136	-	136	-
Loss from investments in subsidiaries	-	-	-	-
Other commission expense	1	1	1	1
Total other expense	332	168	332	634 168

10 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Impairment losses on:	2 873	1 154	2 873	1 154
Loans, net	1 524	688	1 524	688
<i>impairment losses</i>	2 521	832	2 521	832
<i>impairment losses covered by risk coverage reserve</i>	(997)	(144)	(997)	(144)
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	-	-	-	-
<i>impairment losses covered by risk coverage reserve</i>	-	-	-	-
Grants	3	-	3	-
Other assets	9	-	9	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	20	-	20	-
Debt securities	-	-	-	-
Guarantees, net	1 044	271	1 044	271
<i>impairment losses</i>	3 005	1 804	3 005	1 804
<i>impairment losses covered by risk coverage reserve</i>	(1 961)	(1 533)	(1 961)	(1 533)
Loan commitments, net	230	195	230	195
<i>impairment losses</i>	273	211	273	211
<i>impairment losses covered by risk coverage reserve</i>	(43)	(16)	(43)	(16)
Grant commitments	43	-	43	-
Reversal of impairment on:	(2 345)	(1 570)	(2 345)	(1 570)
Loans, net	(1 179)	(610)	(1 179)	(610)
<i>reversal of impairment</i>	(1 606)	(858)	(1 606)	(858)
<i>reversal of impairment covered by risk coverage reserve</i>	427	248	427	248
Disbursed guarantee compensations	-	(1)	-	(1)
<i>reversal of impairment</i>	(5)	(9)	(5)	(9)
<i>reversal of impairment covered by risk coverage reserve</i>	5	8	5	8
Grants	(20)	-	(20)	-
Other assets	-	-	-	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	-	-	-	-
Debt securities	-	-	-	-
Guarantees, net	(1 055)	(937)	(1 055)	(937)
<i>reversal of impairment</i>	(3 241)	(2 705)	(3 241)	(2 705)
<i>reversal of impairment covered by risk coverage reserve</i>	2 186	1 768	2 186	1 768
Loan commitments, net	(84)	(22)	(84)	(22)
<i>reversal of impairment</i>	(94)	(26)	(94)	(26)
<i>reversal of impairment covered by risk coverage reserve</i>	10	4	10	4
Grant commitments	(7)	-	(7)	-
Total impairment losses / (reversal), net	528	(416)	528	(416)
Recovery of loans written off in previous periods	(199)	(288)	(199)	(288)
Total impairment losses and (income) from recovery of loans written-off	329	(704)	329	(704)

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.

12 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Due from credit institutions and State Treasury	368 622	359 949	368 622	359 949
<i>cash and cash equivalent</i>	368 622	359 949	368 622	359 949
Impairment allowances	-	-	-	-
Net due from credit institutions and State Treasury	368 622	359 949	368 622	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. 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	-	3 528	336 498	14 684	13 912	-	-	-	368 622
Total gross as at 31 March 2021 (unaudited)	-	3 528	336 498	14 684	13 912	-	-	-	368 622

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	-	3 528	336 498	14 684	13 912	-	-	-	368 622
Total gross as at 31 March 2021 (unaudited)	-	3 528	336 498	14 684	13 912	-	-	-	368 622

The increase in the Group's / Company's position *Due from credit institutions and the Treasury* is related to the funding received from the Ministry of Economics and the European Investment Bank for the implementation of state support programs to mitigate the effects of Covid-19.

As at 31 March 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 31 March 2021 was 0.0% (31 December 2020: 0%).

12 Investments in Associates

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	
		31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
The 1st generation VCFs	LV	-	-	-	-
The 2nd generation VCFs	LV	17 246	19 652	12 662	12 953
The 3rd generation VCFs	LV	16 253	16 974	16 906	16 376
The 4th generation VCFs	LV	7 596	6 459	4 633	3 640
AIF "Altum capital fund"	LV	4 792	138	1 401	-
Baltic Innovation Fund *	LU	85 544	79 570	15 302	15 019
Total investments in associates		131 431	122 793	50 904	47 988

* Investments in Associates are stated under the equity method, except for investments in Baltic Innovation Fund that are valued at fair value through profit or loss.

As at 31 March 2021 the total venture capital funds' portfolio value at cost value was EUR 75,901 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.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)
Carrying amount at the beginning of period	32 969	38 442	-	-	15 019	13 851	47 988	52 293
Invested	993	32	1 401	-	553	1 466	2 947	1 498
Refunded	(2 205)	(80)	-	-	(317)	-	(2 522)	(80)
Reclassified (increase of support programme funding, see Note 20)	1 921	-	-	-	-	-	1 921	-
Received realised gain on exit	-	-	-	-	47	-	47	-
Share of net loss of investment in associate *	523 **	(1 665)	-	-	-	-	523	(1 665)
Remeasurement gain of investment in associate at fair value through profit or loss	-	495	-	-	-	-	-	495
Net carrying amount at the period ended at 31 March (unaudited)	34 201	37 224	1 401	-	15 302	15 317	50 904	52 541
Invested	-	1 514	-	-	-	1 663	-	3 177
Refunded	-	(6 115)	-	-	-	(2 499)	-	(8 614)
Mezzanine interest received and realised gain on exit	-	1 107	-	-	-	250	-	1 357
Share of net loss of investment in associate	-	(266)	-	-	-	-	-	(266)
Remeasurement gain of investment in associate at fair value through profit or loss	-	(495)	-	-	-	288	-	(207)
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 loss 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 91 thousand.

12 Investments in Associates (cont'd)

In the 3 months of 2021, the Group's / Company's expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 169 thousand (3 months of 2020: EUR 148 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the 4th generation venture capital funds amounted EUR 208 thousand (3 months of 2020: EUR 183 thousand) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the Baltic Innovation Fund amounted EUR 47 thousand (3 months of 2020: 0) which were compensated from the risk coverage reserve (see Note 20);
- Management fees for the AIF "Altum capital fund" amounted EUR 137 thousand (3 months of 2020: 0) (see Note 22).

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 371 thousand (3 months of 2020: EUR 302 thousand) which were compensated from the Risk Coverage reserve (see Note 20).

13 Other Investments

All amounts in thousands of euro

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Baltic Innovation Fund II	1 557	806	1 557	806
Three Seas Initiatives Investment Fund	4 104	6 697	4 104	6 697
Total other investments	5 661	7 503	5 661	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 3.57% of the total committed capital the Three Seas Initiative Investment Fund (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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
SME and Midcaps	177 850	168 262	177 850	168 262
Agriculture	125 797	124 297	125 797	124 297
Private individuals	7 730	8 025	7 730	8 025
Financial Intermediaries	1 807	1 897	1 807	1 897
Land Fund	32 920	31 500	32 920	31 500
Total gross loans	346 104	333 981	346 104	333 981
Impairment allowances	(21 960)	(20 713)	(21 960)	(20 713)
Total net loans	324 144	313 268	324 144	313 268

14 Loans (cont'd)

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

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Number of customers	51	36	51	36
Total credit exposure of customers (EUR '000)	78 043	62 821	78 043	62 821
Percentage of total gross portfolio of loans	22.55%	18,81%	22.55%	18,81%

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

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Agriculture and forestry	163 718	155 682	163 718	155 682
Manufacturing	72 191	67 807	72 191	67 807
Retail and wholesale	27 557	32 378	27 557	32 378
Real estate	10 755	9 328	10 755	9 328
Construction	10 738	10 273	10 738	10 273
Municipal authorities	9 031	8 328	9 031	8 328
Hotels and restaurants	8 625	8 214	8 625	8 214
Electricity, gas and water utilities	6 949	7 097	6 949	7 097
Transport, warehousing and communications	5 834	5 227	5 834	5 227
Professional, science and technical services	5 080	4 878	5 080	4 878
Health and social care	4 686	4 479	4 686	4 479
Information technologies and communication	3 575	3 073	3 575	3 073
Fishing	1 752	1 647	1 752	1 647
Other industries	7 869	7 545	7 869	7 545
Private individuals	7 744	8 025	7 744	8 025
Total gross loans	346 104	333 981	346 104	333 981
Impairment allowances	(21 960)	(20 713)	(21 960)	(20 713)
Total net loans	324 144	313 268	324 144	313 268

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

	Group 01.01.2020.- 31.12.2020.	Group 01.01.2019.- 31.12.2019.	Company 01.01.2020.- 31.12.2020.	Company 01.01.2019.- 31.12.2019.
Impairment allowances at the beginning of the period	20 713	20 283	20 713	20 283
Increase in impairment allowances (Note 10)	2 521	832	2 521	832
Decrease in impairment allowances (Note 10)	(1 606)	(858)	(1 606)	(858)
Write-off of loans	(1)	-	(1)	-
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	333	79	333	79
Currency change	-	1	-	1
Impairment allowances at the end of the period ended 31 March (unaudited)	21 960	20 337	21 960	20 337
<i>Group's / Company's share of impairment allowances</i>	14 817	15 030	14 817	15 030
<i>Impairment allowances covered by risk coverage</i>	7 143	5 307	7 143	5 307
Increase in impairment allowances (Note 10)	-	10 499	-	10 499
Decrease in impairment allowances (Note 10)	-	(7 272)	-	(7 272)
Write-off of loans	-	(3 665)	-	(3 665)
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	-	-	-	814
Currency change	-	-	-	-
Impairment allowances at the end of the period ended 31 December (audited)	-	19 899	-	20 713
<i>Group's / Company's share of impairment allowances</i>	-	14 219	-	14 219
<i>Impairment allowances covered by risk coverage</i>	-	6 494	-	6 494

As at 31 March 2020 the average annual interest rate for the loan portfolio of the Group / Company was 4.02% (31 December 2020: 4.05%).

15 Grants

All amounts in thousands of euro

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Energy Efficiency Programme for Multi-apartment Buildings	33 025	30 053	33 025	30 053
Social Entrepreneurship Programme	1 702	1 065	1 702	1 065
Grants for development of energy efficiency projects	42	-	42	-
Housing grant programme "Balsts"	484	164	484	164
Total grants, gross	35 253	31 282	35 253	31 282
Impairment allowances	(182)	(175)	(182)	(175)
Total grants, net	35 071	31 107	35 071	31 107

Movement in the Group's / Company's net book value of grants in 3 months of 2021, in thousands of euro:

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Carrying amount				
Carrying amount at the beginning of period	31 107	17 198	31 107	17 198
Changes	4 146	2 688	4 146	2 688
Carrying amount at the end of period ended 31 March (unaudited)	35 253	19 886	35 253	19 886
Impairment allowances				
At the beginning of period	(165)	(12)	(165)	(12)
Changes	7	-	7	-
Reclassification (increase of impairment allowances due to changes in off-balance sheet and balance sheet)	(24)	-	(24)	-
At the end of period ended 31 March (unaudited)	(182)	(12)	(182)	(12)
Grants net book at the beginning of the period	30 942	17 186	30 942	17 186
Grants net book value at the end of the period ended 31 March (unaudited)	35 071	19 874	35 071	19 874
Carrying amount				
Carrying amount at the beginning of period	-	19 874	-	19 874
Changes	-	11 398	-	11 398
Carrying amount at the end of period ended 31 March (unaudited)	-	31 272	-	31 272
Impairment allowances				
At the beginning of period	-	(12)	-	(12)
Changes	-	(153)	-	(153)
At the end of period ended 31 March (unaudited)	-	(165)	-	(165)
Grants net book at the beginning of the period 31 March (unaudited)	-	19 862	-	19 862
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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (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 *	920	11 695	920	11 695
Disposals during the reporting period	(24)	(40)	(24)	(40)
Net gain from fair value adjustment	-	737	-	737
Carrying amount at the end of the period	37 654	36 758	37 654	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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Financial assets	6 165	5 603	6 158	5 568
Other assets (repossessed collateral)	28	28	28	28
Total other assets, gross	6 193	5 631	6 186	5 596
Impairment allowances for financial assets	(2 168)	(1 960)	(2 168)	(1 960)
Group's / Company's share of provisions	(1 291)	(1 078)	(1 291)	(1 078)
Provisions covered by risk coverage	(877)	(882)	(877)	(882)
Total financial assets, net	3 997	3 643	3 990	3 608
Total other assets, net	4 025	3 671	4 018	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 3 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	3 671	5 575
Changes	179	1 083	(664)	598
As at 31 March 2021 (unaudited)	1 803	1 363	3 007	6 173
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(179)	(99)	70	(208)
As at 31 March 2021 (unaudited)	(1 803)	(268)	(97)	(2 168)
Net book value at the beginning of period	-	111	3 504	3 615
Net book value as at 31 March 2021 (unaudited)	-	1 095	2 910	4 005

17 Other Assets (cont'd)

Movement in the Company's net book value of financial assets in 3 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	179	1 083	(671)	591
As at 31 March 2021 (unaudited)	1 803	1 363	2 993	6 159
Impairment provision				
At the beginning of period	(1 624)	(169)	(167)	(1 960)
Changes in impairment allowances	(179)	(99)	70	(208)
As at 31 March 2021 (unaudited)	(1 803)	(268)	(97)	(2 168)
Net book value at the beginning of period	-	111	3 497	3 608
Net book value as at 31 March 2021 (unaudited)	-	1 095	2 896	3 991

Movement in the Group's / Company's net book value of financial assets in 3 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	163	3 571	6 095
Changes	345	37	(119)	263
As at 31 March 2020 (unaudited)	2 706	200	3 452	6 358
Impairment provision				
At the beginning of period	(2 361)	(143)	(524)	(3 028)
Changes in impairment allowances	(345)	-	-	(345)
As at 31 March 2020 (unaudited)	(2 706)	(143)	(524)	(3 373)
Net book value at the beginning of period	-	20	3 047	3 067
Net book value as at 31 March 2020 (unaudited)	-	57	2 928	2 985

18 Due to Credit Institutions

All amounts in thousands of euro

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Due to credit institutions registered in OECD countries	61 494	65 855	61 494	65 855
Total due to credit institutions	61 494	65 855	61 494	65 855

Subitem *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 61,494 thousand (31.12.2020: EUR 65,855 thousand), of which EUR 2 thousand constitutes accrued interest expenses (31.12.2020: EUR 22 thousand).

On October 2, 2019, 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 31 March 2021 the principal amount of the loan was EUR 16,493 thousand (31.12.2020: EUR 20,833 thousand), the accrued interest on the loan amounts to EUR 1,506 (31.12.2020: EUR 22,424), 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 31 March 2021, the amount of the secured claim was EUR 16,494 thousand (31 December 2020: EUR 20,855 thousand).

In December 2019, the Company signed a loan agreement with the European Investment Bank for EUR 18,000 thousand for funding sustainable climate change mitigation projects. In addition to funds raised by green bonds, this funding will allow for offering loans to enterprises and ESCO with a considerably longer maturity up to 15 years aligning it with the investment project payback period. The drawdown of the loan still has not started. The loan is unsecured.

On July 8, 2020, the Company 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 31 March 2021 the principal amount of the loan EUR 45,000 thousand (31.12.2020: EUR 45,000 thousand), the final repayment date 20 November 2025. As at 31 March 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 31 March 2021, the average interest rate for the balances due to credit institutions was 0.09% (31.12.2020: 0.11%).

19 Due to General Governments

All amounts in thousands of euro

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Loans received from Rural Support Service	4 046	4 046	4 046	4 046
Loans received from the Treasury	89 074	99 474	89 074	99 474
Total due to general governments	93 120	103 520	93 120	103 520

Subitem *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 31 March 2021 the Group's / Company's liabilities to Rural Support Service consist of the principal amount of EUR 3,829 thousand (31.12.2020: EUR 3,829 thousand) and accrued interest – EUR 217 thousand (31.12.2020: EUR 217 thousand). The final repayment date is 31 December 2025. The loan from Rural Support Service is unsecured.

Subitem *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 31 March 2021 the principal amount of the loan EUR 57,513 thousand (31.12.2020: 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 31 March 2021, according to the loan agreement the Group / Company is available the financing in the amount of EUR 42,487 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2021, the amount of the secured claim was EUR 57,514 thousand (31 December 2020: EUR 72,514 thousand).
- SME development programme: as at 31 March 2021 the principal amount of the loan EUR 17,040 thousand (31.12.2020: 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 31 March 2021, according to the loan agreement the Group / Company still is available the financing in the amount of EUR 37,960 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2021, the amount of the secured claim was EUR 20,449 thousand (31 December 2020: EUR 20,449 thousand).
- Parallel loan programme: as at 31 March 2021 the principal amount of the loan EUR 4,600 thousand (31.12.2020: 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 31 March 2021, according to the loan agreement the Group / 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 31 March 2021, the amount of the secured claim was EUR 5,520 thousand.
- Latvian Land Fund (the financing for the Fund's transactions): the loan amount has been used in 2020 and as at 31 March 2021 the principal amount of the loan EUR 9,919 thousand (31.12.2020: 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 31 March 2021, the amount of registered mortgage was EUR 10,269 thousand (31 December 2020: EUR 10,269 thousand).

As at 31 March 2021 the accrued interest on the loans received from the Treasury amounts to EUR 1,662 (31.12.2020: EUR 1,743).

19 Due to General Governments (cont'd)

The Company has also concluded the following loan agreements with the Treasury, the absorption of which has not been started until March 31, 2021:

- Micro Loans and Star-up Loans programme: the amount of the loan agreement EUR 23,000 thousand, the final repayment date 20 January 2029, 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.
- Programme of Small Loans for Rural Areas: the amount of the loan agreement EUR 6,000 thousand, the final repayment date 31 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 secured claim is EUR 7,200 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 31 March 2021, 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	1 837	(458)	1 580
ESF II	998	186	(78)	920
Microcredits of Swiss programme	1 082	240	(10)	1 072
ERDF I	116	95	(7)	109
ESF I	324	39	(31)	293
ERDF II (second round)	5 757	361	(62)	5 695
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	(299)	2 431
Fund of Funds programme – Microcredits	298	298	(25)	273
Fund of Funds programme – Parallel loans	4 298	4 298	(3 326)	972
Energy Efficiency Programme for Multi-apartment Buildings Loans	3 699	3 493	(54)	3 645
Start-up State Aid Cumulation Lending Programme	1 972	1 988	(303)	1 669
Other loans to start-ups	1 486	253	(69)	1 417
Mezzanine Programme – Loans	3 410	3 239	(2 355)	1 055
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	(237)	1 763
Loans for enterprises in rural territories	7 810	1 709	(96)	7 714
Loans to Midcaps for mitigation of the COVID-19 effect	2 435	-	-	2 435
Start-up loans to innovative entrepreneurs	500	100	-	500
Total loans	49 294 *	30 905	(7 424)	41 870
Guarantees				
Fund of Funds programme - Guarantees	30 128	30 127	(5 656)	24 472
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 194	5 842	(1 001)	5 193
Portfolio guarantees for renovation of private houses	18 429	18 429	(10 156)	8 273
Housing Guarantee Programme	502	502	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(1 062)	6 691
Mezzanine Programme - Guarantees	1 046	994	(557)	489
Portfolio Guarantee Fund	4 005	3 685	(1 778)	2 227
Export guarantees	2 477	2 477	(612)	1 865
Study and student portfolio guarantees	197	-	-	197
Agricultural Guarantees	1 000	1 000	(324)	676
Total guarantees	71 731	70 809	(21 146)	50 585

* Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 2nd 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 March 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	48 038	-	-	48 038
Social Entrepreneurship Programme	2 582	-	-	2 582
Grants for renovation of private houses	1 872	-	-	1 872
Grants for development of energy efficiency projects	1 864	-	-	1 864
Housing grant programme "Balsts"	150	-	-	150
Total grants	54 506	-	-	54 506
Venture Capital Funds				
Fund of Funds and venture capital funds	22 564	12 460	-	22 564
Investment Fund Activity	7 592	4 304	-	7 592
Baltic Innovation Fund	2 000	599	-	2 000
Baltic Innovation Fund II	2 310	708	-	2 310
Total venture capital funds	34 466	18 071	-	34 466
Other Activities				
Energy Efficiency Fund	409	-	-	409
Regional Creative Industries Alliance	-	-	-	-
Total other activities	409	-	-	409
Total support programme funding	210 406 **	119 785	(28 570)	181 836

** Support programme funding contains EUR 19,079 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
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

* Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 2nd 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
Social Entrepreneurship Programme	3 266	-	-	3 266
Grants for development of energy efficiency projects	1 564	-	-	1 564
Housing grant programme "Balsts"	172	-	-	172
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

** 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 3 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.									31.03.2021.
Loans										
ERDF II	1 571	-	-	-	-	-	-	-	9	1 580
ESF II	912	-	-	-	-	-	-	-	8	920
Microcredits of Swiss programme	3 444	-	(2 374)	-	-	-	-	-	2	1 072
ERDF I	107	-	-	-	-	-	-	-	2	109
ESF I	293	-	-	-	-	-	-	-	-	293
ERDF II (second round)	5 676	-	-	-	-	-	-	6	13	5 695
Incubators (from ESF II)	82	-	-	-	-	-	-	-	-	82
ERAF II 2 Public fund	271	-	-	-	-	-	-	-	-	271
Fund of Funds programme – Start-up loans	2 416	-	-	-	-	-	-	-	15	2 431
Fund of Funds programme – Microcredits	272	-	-	-	-	-	-	-	1	273
Fund of Funds programme – Parallel loans	1 125	-	437	-	-	-	-	-	(590)	972
Energy Efficiency Programme for Multi-apartment Buildings – Loan Fund	3 706	-	-	-	(49)	-	-	-	(12)	3 645
Start-up State Aid Cumulation Lending Programme	1 706	-	-	-	-	-	-	-	(37)	1 669
Other loans to start-ups	1 416	-	-	-	-	-	-	3	(2)	1 417
Mezzanine Programme – Loans	849	-	165	-	-	-	43	-	(2)	1 055
Guarantees and interest grants programme	4 251	-	-	-	-	-	-	-	-	4 251
SME energy efficiency loans	3 723	-	-	-	-	-	-	-	-	3 723
Parallel loans	1 762	-	-	-	-	-	-	-	1	1 763
Loans for enterprises in rural territories	7 724	-	-	-	-	-	-	-	(10)	7 714
Loans to Midcaps for mitigation of the COVID-19 effect	2 435	-	-	-	-	-	-	-	-	2 435
Start-up loans to innovative entrepreneurs	500	-	-	-	-	-	-	-	-	500
Total loans	44 241 *	-	(1 772)	-	(49)	-	43	9	(602)	41 870
Guarantees										
Fund of Funds programme - Guarantees	20 619	-	3 000	-	-	-	221	-	632	24 472
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	5 226	-	-	-	(68)	-	45	-	(10)	5 193
Portfolio guarantees for renovation of private houses	4 336	4 424	-	-	-	-	-	-	(487)	8 273
Housing Guarantee Programme	-	-	502	-	-	-	-	-	-	502
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 675	-	-	-	-	-	-	-	16	6 691
Mezzanine Programme - Guarantees	456	-	(165)	-	-	-	21	-	177	489
Portfolio Guarantee Fund	2 283	-	-	-	-	-	-	-	(56)	2 227
Export guarantees	1 907	-	-	-	-	-	-	-	(42)	1 865
Study and student portfolio guarantees	77	120	-	-	-	-	-	-	-	197
Agricultural Guarantees	676	-	-	-	-	-	-	-	-	676
Total guarantees	42 255	4 544	3 337	-	(68)	-	287	-	230	50 585

* Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in the 2nd quarter of 2021.

20 Support programme funding (cont'd)

Movement in the Group's / Company's support programme funding in 3 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.									31.03.2021.
Grants										
Energy Efficiency Programme for Multi-apartment Buildings – Grants	40 538	7 500	-	-	-	-	-	-	-	48 038
Housing grant programme "Balsts"	3 266	-	-	(684)	-	-	-	-	-	2 582
Grants for renovation of private houses	-	-	1 872	-	-	-	-	-	-	1 872
Social Entrepreneurship Programme	1 564	337	-	-	(37)	-	-	-	-	1 864
Grants for development of energy efficiency projects	172	-	-	(22)	-	-	-	-	-	150
Total grants	45 540	7 837	1 872	(706)	(37)	-	-	-	-	54 506
Venture Capital Funds										
Fund of Funds and venture capital funds	26 654	-	(3 437)	-	(579) **	(91)	17 *****	-	-	22 564
Investment Fund Activity	5 272	-	-	-	(169) ***	38	530 *****	1 921	-	7 592
Baltic Innovation Fund	2 000	-	-	-	(47) ****	-	47 *****	-	-	2 000
Baltic Innovation Fund II	2 359	-	-	-	(49)	-	-	-	-	2 310
Total venture capital funds	36 285	-	(3 437)	-	(844)	(53)	594	1 921	-	34 466
Other Activities										
Energy Efficiency Fund	433	-	-	-	(24)	-	-	-	-	409
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-	-	-
Total other activities	433	-	-	-	(24)	-	-	-	-	409
Funding allocated to increase reserve capital	23 209	-	-	-	-	-	-	(23 209)	-	-
Total support programme funding	191 963	12 381	-	(706)	(1 022)	(53)	924	(21 279)	(372)	181 836

** include EUR 579 thousand management fees for the 4th generation venture capital funds (see Note 12).

*** include EUR 169 thousand management fees for the 2nd and 3rd generation venture capital funds (see Note 12).

**** include EUR 47 thousand management fees for the Baltic Innovation Fund (see Note 12).

***** include EUR 16 thousand mezzanine interest received from investments in 4th generation venture capital funds in 3 months of 2020 (see Note 12).

***** include EUR 298 thousand mezzanine interest received and EUR 171 thousand realised gain on investments in 2nd and 3rd generation venture capital funds in 3 months of 2020 (see Note 12).

***** include EUR 47 thousand realised gain on investment in Baltic Innovation Fund in 2020 (see Note 12).

21 Provisions

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

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Provisions for financial guarantees	30 994	31 413	30 994	31 413
<i>Group's / Company's share of provisions</i>	10 725	10 919	10 725	10 919
<i>Provisions covered by risk coverage</i>	20 269	20 494	20 269	20 494
Provisions for loan commitments	860	1 014	860	1 014
<i>Group's / Company's share of provisions</i>	578	687	578	687
<i>Provisions covered by risk coverage</i>	282	327	282	327
Provisions for grant commitments	87	74	87	74
<i>Group's / Company's share of provisions</i>	87	74	87	74
<i>Provisions covered by risk coverage</i>	-	-	-	-
Total provisions	31 941	32 501	31 941	32 501
<i>Group's / Company's share of provisions</i>	11 390	11 680	11 390	11 680
<i>Provisions covered by risk coverage</i>	20 551	20 821	20 551	20 821

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

	Group 01.01.2021.- 31.03.2021. (unaudited)	Group 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2021.- 31.03.2021. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)
Provisions at the beginning of the period	31 413	30 606	31 413	30 606
Increase in provisions (Note 10)	3 005	1 804	3 005	1 804
Decrease in provisions (Note 10)	(3 241)	(2 704)	(3 241)	(2 704)
Reclassification (Disbursed guarantee)	(575)	(354)	(575)	(354)
Provisions at the end of the period ended 31 March (unaudited)	30 602	29 352	30 602	29 352
<i>Group's / Company's share of provisions</i>	10 725	9 294	10 725	9 294
<i>Provisions covered by risk coverage</i>	20 269	21 638	20 269	21 638
Increase in provisions (Note 10)	-	12 638	-	12 638
Decrease in provisions (Note 10)	-	(10 356)	-	(10 356)
Reclassification (Disbursed guarantee)	-	(221)	-	(221)
Provisions at the end of the period ended 31 December (audited)	-	31 413	20 269	31 413
<i>Group's / Company's share of provisions</i>	-	10 919	-	10 919
<i>Provisions covered by risk coverage</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	General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Total reserves
	Reserve capital for non-Covid-19 guarantees programmes	Reserve capital for AIF "Altum capital fund"	Reserve capital for mitigating of impact of Covid-19				
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	-	-	-	-	-	(495)	(495)
Reserves as of 31 March 2020 (unaudited)	15 507	-	-	(15 580)	16 638	2 143	18 708
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(930)	(930)
Distribution of 2019 year profit of the Company	-	-	-	-	8 131	-	8 131
Increase of reserve capital	626	25 000	120 000	-	-	-	145 626
Reserves as of 31 December 2020 (audited)	16 133	25 000	120 000	(15 580)	24 768	1 213	171 534
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(192)	(192)
Increase of reserve capital	4 165	-	22 565	-	-	-	26 730
Reserves as of 31 March 2021 (unaudited)	20 298	25 000	142 565	(15 580)	24 768	1 021	198 072

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
	Reserve capital for non-Covid-19 guarantees programmes	Reserve capital for AIF "Altum capital fund"	Reserve capital for mitigating of impact of Covid-19				
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	-	-	-	-	-	(495)	(495)
Reserves as of 31 March 2020 (unaudited)	15 507	-	-	(15 935)	16 991	2 143	18 706
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(930)	(930)
Distribution of 2019 year profit of the Company	-	-	-	-	8 131	-	8 131
Increase of reserve capital	626	25 000	120 000	-	-	-	145 626
Reserves as of 31 December 2020 (audited)	16 133	25 000	120 000	(15 935)	25 121	1 213	171 532
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(192)	(192)
Increase of reserve capital	4 165	-	22 565	-	-	-	26 730
Reserves as of 31 March 2021 (unaudited)	20 298	25 000	142 565	(15 935)	25 121	1 021	198 070

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	Working capital loans	Loan holiday guarantees		
Specific reserves as of 1 January 2020 (audited)	15 507	-	-	-	-	15 507
Specific reserves as of 31 March 2020 (unaudited)	15 507	-	-	-	-	15 507
Increase of specific reserve capital	-	626	50 000	70 000	25 000	145 626
Specific reserves as of 31 December 2020 (audited)	15 507	626	50 000	70 000	25 000	161 133
of which:						
Portfolio loss reserve (Special Reserve Capital)	15 507	626	29 000	50 000	7 131	102 264
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2020 annual report	-	(392)	(2 668)	(3 184)	(185)	(6 429)
Increase of specific reserve capital	2 179	1 986	22 565	-	-	26 730
Specific reserves as of 31 December 2020 (audited)	17 686	2 612	72 565	70 000	25 000	187 863
of which:						
Portfolio loss reserve (Special Reserve Capital)	17 686	2 612	42 800	70 000	9 036	142 134
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2020 annual report	-	(392)	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2021 annual report	-	(72)	(414)	(342)	(91)	(919)

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	Working capital loans	Loan holiday guarantees		
Portfolio loss reserve as of 1 January 2020 (audited)	-	-	-	-	-	-
Portfolio loss reserve as of 31 March 2020 (unaudited)	-	-	-	-	-	-
Increase of portfolio loss reserve	15 507	626	29 000	50 000	7 131	102 264
Portfolio loss reserve as of 31 December 2020 (audited)	15 507	626	29 000	50 000	7 131	102 264
of which:						
Portfolio loss reserve (Special Reserve Capital)	15 507	626	29 000	50 000	7 131	102 264
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2020 annual report	-	(392)	(2 668)	(3 184)	(185)	(6 429)
Increase of portfolio loss reserve	2 179	1 986	13 800	20 000	-	37 965
Reallocation of funding within portfolio loss reserve – funding for management fee	-	-	-	-	2 060	2 060
Reallocation of funding from portfolio loss reserve to core funding within specific reserve capital	-	-	-	-	(155)	(155)
Portfolio loss reserve as of 31 March 2021 (unaudited)	17 686	2 612	42 800	70 000	9 036	142 134
of which:						
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2020 annual report	-	(392)	(2 668)	(3 184)	(185)	(6 429)
Portfolio Loss Reserve (Special Reserve Capital) to be used to cover credit loss and management fees upon approval of the 2021 annual report	-	(72)	(414)	(342)	(91)	(919)

Subitem Reserve capital for mitigation of impact of Covid-19 includes increase of Specific Reserve capital for mitigation of impact of Covid-19 in the 1st quarter of 2021 in amount of EUR 22,565 thousand 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).

22 Reserves (cont'd)

Subitem *Reserve capital for non-Covid-19 guarantee programmes* includes the following increases in the Specific Reserve capital for non-Covid-19 guarantee programmes in the 1st quarter of 2021:

- An increase of EUR 2,179 thousand 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 1,986 thousand 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. That amount was accounted as part of support programme funding as of 31 December 2020 (see Note 20).

The funding included in the Specific Reserve Capital 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 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Contingent liabilities:				
Outstanding guarantees	373 708	359 605	373 708	359 605
Financial commitments:				
Loan commitments	33 319	39 348	33 319	39 348
Grant commitments	10 469	6 798	10 469	6 798
Commitments to investments in subsidiaries	-	-	8 803	10 415
Commitments to AIF "Altum capital fund"	47 245	48 772	47 245	48 772
Commitments to investments in associates	43 197	44 935	43 197	44 935
Commitments to other investments	39 696	38 220	39 696	38 220
Total contingent liabilities and financial commitments	547 634	537 678	556 437	548 093

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

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Unutilised loan facilities	33 319	39 348	33 319	39 348
Impairment allowances	(860)	(1 014)	(860)	(1 014)
Total unutilized loan facilities, net	32 459	38 334	32 459	38 334

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

	Group 31.03.2021. (unaudited)	Group 31.12.2020. (audited)	Company 31.03.2021. (unaudited)	Company 31.12.2020. (audited)
Grant commitments	10 469	6 798	10 469	6 798
Impairment allowances	(87)	(74)	(87)	(74)
Total grant commitments, net	10 382	6 724	10 382	6 724

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

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 March 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	247 023 *	-	-	3	126 681	-	373 707
Financial commitments							
Loan commitments	33 319	-	-	-	-	-	33 319
Grant commitments	10 469	-	-	-	-	-	10 469
Commitments to AIF "Altum capital fund"	3 527	8 470	12 157	20 438	2 040	614	47 246
Commitments to investments in associates	432	1 296	1 728	5 184	30 238	4 319	43 197
Commitments to other investments	-	241	482	4 188	28 454	6 331	39 696
Total financial commitments	47 747	10 007	14 367	29 810	60 732	11 264	173 927
Total contingent liabilities and financial commitments	294 770	10 007	14 367	29 813	187 413	11 264	547 634

* 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 31 March 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	247 023*	-	-	3	126 681	-	373 707
Financial commitments							
Loan commitments	33 319	-	-	-	-	-	33 319
Grant commitments	10 469	-	-	-	-	-	10 469
Commitments to investments in subsidiaries	352	352	704	2 113	4 401	881	8 803
Commitments to AIF "Altum capital fund"	3 527	8 470	12 157	20 438	2 040	614	47 246
Commitments to investments in associates	432	1 296	1 728	5 184	30 238	4 319	43 197
Commitments to other investments	-	241	482	4 188	28 454	6 331	39 696
Total financial commitments	48 099	10 359	15 071	31 923	65 133	12 145	182 730
Total contingent liabilities and financial commitments	295 122	10 359	15 071	31 926	191 814	12 145	556 437

* 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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Investments in venture capital funds	-	-	-	-	49 503	47 988	-	-
Investments in AIF "Altum capital fund"	-	-	-	-	1 401	-	-	-
Due to general governments	-	-	-	-	-	-	4 046	4 047
Support programme funding	-	-	(34 908)	192 081	-	-	35 317	35 480
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	43 197	44 935	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	-	-	47 245	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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Investments in venture capital funds	-	-	49 503	47 988	-	-	-	-
Investments in AIF "Altum capital fund"	-	-	1 401	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	6 400	4 879
Due to general governments	-	-	-	-	4 046	4 047	-	-
Support programme funding	(34 908)	192 081	-	-	35 317	35 480	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	43 197	44 935	-	-	-	-
Off-balance sheet financial liabilities for AIF "Altum capital fund"	-	-	47 245	48 772	-	-	-	-
Off-balance sheet financial liabilities for investments in subsidiaries	-	-	-	-	-	-	8 803	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.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2021.- 31.03.2021. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	4 600	-	(15 123)	-
Ministry of Economics of the Republic of Latvia	6 603	23 311	-	-
Associates				
Venture capital funds	3 409	1 498	(2 415)	(80)
Other companies owned by the Group's shareholders				
Rural Support Service	-	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	7 500	-	-	-
Ministry of Wealth Fair of the Republic of Latvia	1 463	-	-	-
Ministry of Education and Science of the Republic of Latvia	337	36	-	-

The remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company in the 3 months of 2021 amounted to EUR 144 thousand (3 months of 2020: EUR 136 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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Assets				
Due from credit institutions and the Treasury	368 622	359 949	368 622	359 949
Financial assets at fair value through profit or loss	7 456	5 425	7 456	5 425
Financial assets at fair value through other comprehensive income - investment securities	14 437	36 958	14 437	36 958
Financial assets at amortised cost:				
Investment securities	466	441	1 142	1 142
Individuals	324 144	313 268	314 769	304 292
Companies	22 706	30 370	22 063	22 023
Loans	301 438	282 898	292 706	282 270
Grants	35 071	31 107	35 071	31 107
Investments in associates (investments in Baltic Innovation Fund)	15 302	15 019	15 302	15 019
Investment properties	37 654	36 758	37 654	36 758
Other assets	3 997	3 643	3 997	3 643
Total assets	807 149	802 568	798 450	794 293
Liabilities				
Due to credit institutions	61 494	65 855	61 494	65 855
Due to general governments	93 120	103 520	91 458	101 838
Financial liabilities at amortised cost - Issued debt securities	65 144	65 522	65 144	65 522
Support programme funding	181 836	191 963	181 836	191 963
Total liabilities	401 594	426 860	399 932	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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Assets				
Due from credit institutions and the Treasury	368 622	359 949	368 622	359 949
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	14 437	36 958	14 437	36 958
Financial assets at amortised cost:				
Investment securities	466	441	1 133	1 133
Individuals	324 144	313 268	314 769	304 292
Companies	22 706	30 370	22 063	22 023
Loans	301 438	282 898	292 706	282 270
Grants	35 071	31 107	35 071	31 107
Investments in associates (investments in Baltic Innovation Fund)	15 571	15 019	15 571	15 019
Investments in subsidiaries	6 400	4 879	6 400	4 879
Investment properties	37 654	36 758	37 654	36 758
Other assets	4 250	3 608	4 250	3 608
Total assets	806 615	801 987	797 907	793 703
Liabilities				
Due to credit institutions	61 494	65 855	61 494	65 855
Due to general governments	93 120	103 520	91 458	101 838
Financial liabilities at amortised cost - Issued debt securities	65 144	65 522	65 144	65 522
Support programme funding	179 815	191 963	179 815	191 963
Total liabilities	399 573	426 860	397 911	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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	-	5 425	-	5 425
Financial assets at fair value through other comprehensive income - investment securities	3 598	24 035	10 839	12 923	-	-	14 437	36 958
Investments in associates (investments in BIF)	-	-	-	-	15 571	15 019	15 571	15 019
Investment properties	-	-	-	-	37 654	36 758	37 654	36 758
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	325 284	316 631	43 338	43 318	368 622	359 949
Financial assets at amortised cost:								
Investment securities	-	-	1 142	1 142	-	-	1 142	1 142
Loans	-	-	-	-	314 769	304 292	314 769	304 292
Grants	-	-	-	-	35 071	31 107	35 071	31 107
Other assets	-	-	-	-	4 250	3 643	4 250	3 643
Total assets	3 598	24 035	337 266	330 696	450 653	439 562	791 516	794 293
Liabilities measured at fair value								
Support programme funding	-	-	-	-	179 815	191 963	179 815	191 963
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	61 494	65 855	61 494	65 855
Due to general governments	-	-	-	-	91 458	101 838	91 458	101 838
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 144	65 522	65 144	65 522
Total liabilities	-	-	-	-	397 911	425 178	397 911	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	
	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)	31.03.2021. (unaudited)	31.12.2020. (audited)
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	3 598	24 035	10 839	12 923	-	-	14 437	36 958
Investments in subsidiaries	-	-	-	-	6 400	4 879	6 400	4 879
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	15 571	15 019	15 571	15 019
Investment properties	-	-	-	-	37 654	36 758	37 654	36 758
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	325 284	316 631	43 338	43 318	368 622	359 949
Financial assets at amortised cost:								
Investment securities	-	-	1 133	1 133	-	-	1 133	1 133
Loans	-	-	-	-	314 769	304 292	314 769	304 292
Grants	-	-	-	-	35 071	31 107	35 071	31 107
Other assets	-	-	-	-	4 250	3 608	4 250	3 608
Total assets	3 598	24 035	337 256	330 687	457 053	438 981	797 907	793 703
Liabilities measured at fair value								
Support programme funding	-	-	-	-	179 815	191 963	179 815	191 963
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	61 494	65 855	61 494	65 855
Due to general governments	-	-	-	-	91 458	101 838	91 458	101 838
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 144	65 522	65 144	65 522
Total liabilities	-	-	-	-	397 911	425 178	397 911	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 31 March 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	3 271	774	9	-	543	-	1	4 598
of which, interest on loans and guarantees (Note 4)	3 193	683	-	-	543	-	-	4 419
Interest expense	(347)	(3)	-	-	(153)	-	-	(503)
Net interest income	2 924	771	9	-	390	-	1	4 095
Income for implementation of state aid programmes	47	163	1 070	237	-	-	24	1 541
Expenses to be compensated for implementation of state aid programmes	(17)	(33)	(912)	(237)	-	-	-	(1 199)
Net income for implementation of state aid programmes	30	130	158	-	-	-	24	342
Gains from debt securities and foreign exchange translation	12	14	2	-	-	-	-	28
Share of (losses) of investment in associates	-	-	432	-	-	-	-	432
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	-	-	(523)	-	-	-	-	(523)
Other income	-	-	-	9	379	136	3	527
Other expense	(56)	(17)	(3)	(9)	(110)	(136)	(1)	(332)
Operating income / (loss) before operating expenses	2 910	898	75	-	659	-	27	4 569
Staff costs	(743)	(257)	(30)	(158)	(55)	-	(33)	(1 276)
Administrative expense	(176)	(82)	(51)	(63)	(17)	-	(7)	(396)
Amortisation of intangible assets and depreciation of property, plant and equipment	(117)	(53)	(10)	(48)	(10)	(2)	(9)	(249)
(Impairment) gain, net	(314)	32	-	(19)	1	-	(29)	(329)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-	-
Total segment profit/(loss)	1 560	538	(16)	(288)	578	(2)	(51)	2 319
Financial assets at fair value through profit or loss	-	-	35 602	-	-	-	-	35 602
Other investments	-	-	15 302	-	-	-	-	15 302
Investments in associates	-	-	5 661	-	-	-	-	5 661
Additions of property and equipment, intangible assets and investment property	6 871	2 757	874	3 530	1 499	-	437	15 968
Total segment assets	424 253	148 625	121 998	59 663	71 298	172	29 465	855 474
Total segment liabilities	211 005	87 482	32 746	56 594	55 423	64	709	444 023

26 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2020 till 31 March 2020, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Other services	Total
Interest income	2 648	629	12	-	275	2	3 566
of which, interest on loans and guarantees (Note 4)	2 481	420	-	-	275	-	3 176
Interest expense	(364)	(2)	-	-	(83)	-	(449)
Net interest income	2 284	627	12	-	192	2	3 117
Income for implementation of state aid programmes	43	127	845	211	-	36	1 262
Expenses to be compensated for implementation of state aid programmes	(33)	(107)	(826)	(211)	-	(36)	(1 213)
Net income for implementation of state aid programmes	10	20	19	-	-	-	49
Gains from debt securities and foreign exchange translation	7	10	1	-	-	-	18
Share of (losses) of investment in associates	-	-	1 398	-	-	-	1 398
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	-	-	(1 398)	-	-	-	(1 398)
Other income	-	-	-	2	246	324	572
Other expense	(61)	(12)	(1)	(8)	(83)	(3)	(168)
Operating income / (loss) before operating expenses	2 240	645	31	(6)	355	323	3 588
Staff costs	(742)	(150)	21	(155)	(56)	(56)	(1 138)
Administrative expense	(211)	(43)	11	(71)	(15)	(6)	(335)
Amortisation of intangible assets and depreciation of property, plant and equipment	(92)	(36)	(6)	(34)	(7)	(8)	(183)
(Impairment) gain, net	(61)	765	-	-	-	-	704
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-
Total segment profit/(loss)	1 134	1 181	57	(266)	277	253	2 636
Financial assets at fair value through profit or loss	-	-	14 651	-	-	-	14 651
Other investments	-	-	37 728	-	-	-	37 728
Investments in associates	-	-	250	-	-	-	250
Additions of property and equipment, intangible assets and investment property	233	65	11	101	5 825	18	6 253
Total segment assets	332 967	63 197	99 249	35 921	52 497	962	584 793
Total segment liabilities	180 058	72 869	34 133	28 784	33 428	814	350 086

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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Key financial and performance indicators

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OTHER NOTES TO THE INTERIM CONDENSED REPORT

KEY FINANCIAL AND PERFORMANCE INDICATORS

Based on data from financial statements for the respective reporting period

	2021 3M (unaudited)	2020 12M (audited)	2020 9M (unaudited)
Key financial data			
Net interest income (EUR '000) **	4 095	14 572	10 154
Profit for the period (EUR '000)	2 320	5 539	2 181
Cos to income ratio (CIR) ***	42.04%	47.51%	52.03%
Employees	217	211	208
Total assets (EUR '000)	855 956	850 704	801 326
Tangible common equity (TCE) / Total tangible managed assets (TMA) ****	35.67%	33.56%	33.35%
Equity and reserves (EUR '000)	411 933	382 904	359 765
Total risk coverage: (EUR '000)	226 002	180 205	180 399
Risk coverage reserve	119 785	112 567	111 759
Risk coverage reserve used for provisions	(28 569)	(28 197)	(28 228)
Portfolio loss reserve (specific reserve capital)	142 134	102 264	102 264
Portfolio loss reserve used to compensate provisions upon approval of the annual report	(7 348)	(6 429)	(5 400)
Liquidity ratio for 180 days *****	462%	464%	448%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument) *****			
Loans (excluding sales and leaseback transactions)	313 185	302 481	295 049
Guarantees	373 708	359 605	345 450
Venture capital funds	75 901	73 165	70 173
Land Fund, of which:	70 574	68 258	64 666
- sales and leaseback transactions	32 920	31 500	30 173
- investment properties	37 654	36 758	34 493
Total	833 368	803 509	775 338
Number of transactions	26 578	26 578	25 468
Volumes issued (EUR '000) (by financial instrument) *****			
Loans (excluding sales and leaseback transactions)	33 431	138 238	109 778
Guarantees	28 860	137 425	109 206
Venture capital funds	5 406	14 014	5 068
Land Fund, of which:	2 266	28 191	25 041
- sales and leaseback transactions	1 218	16 796	15 102
- investment properties	1 048	11 395	9 939
Total	69 964	317 868	249 093
Number of transactions	1 526	6 147	4 521
Leverage for raised private funding	139%	114%	97%
Volume of support programmes funding per employee (EUR '000)	3 840	3 808	3 728
Long-term rating assigned by Moody's Investors Service	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.

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)	382 594	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 (TEUR)	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.
