

AS “ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM”

Unaudited interim condensed financial report
for the twelve-month period ended 31 December 2020

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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

During the 12 months of year 2020, 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), earned a profit of EUR 5.5 million. The financial result achieved is lower than it was forecast before the virus pandemic, but at the same time it corresponds to the current situation. Considering the circumstances of the crisis, when assessing the creditworthiness of companies, a grace period has been granted to part of the clients. Following the International Financial Reporting Standards, this has resulted in a prudent allowance policy for both this initiative and provisions for new business, which reflects in a roughly twofold decrease in profits.

Key financial and performance indicators of the Group

	2020 (unaudited)	2019 (audited)	2018 (audited)
Key financial data			
Net interest income (EUR '000) *	14 572	11 569	11 302
Profit for the period (EUR '000)	5 539	8 131	4 092
Cos to income ratio (CIR) **	47.51%	52.58%	74.84% **
Employees	211	203	222
Total assets (EUR '000)	850 704	560 061	495 939
Tangible common equity (TCE) / Total tangible managed assets (TMA) ***	33.56%	29.40%	31.70%
Equity and reserves (EUR '000)	382 594	232 738	221 590
Total risk coverage: (EUR '000)	180 205	87 456	77 815
Risk coverage reserve	112 567	99 778	85 276
Risk coverage reserve used for provisions	(28 197)	(27 829)	(19 268)
Portfolio loss reserve (specific reserve capital)	102 264	15 507	11 807
Portfolio loss reserve used to compensate provisions in the distribution of annual profit	(6 429)	-	-
Liquidity ratio for 180 days ****	464%	582%	227%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument)			
Loans (excluding sales and leaseback transactions)	302 481	225 144	210 208
Guarantees	359 605	284 232	236 895
Venture capital funds	73 165	68 331	59 698
Land Fund, of which:	68 258	39 634	21 717
- sales and leaseback transactions	31 500	15 268	6 923
- investment properties	36 758	24 366	14 794
Total	803 509	617 341	528 518
Number of transactions	26 578	22 437	18 603
Volumes issued (EUR '000) (by financial instrument)			
Loans (excluding sales and leaseback transactions)	138 238	64 320	59 608
Guarantees	137 425	98 240	88 765
Venture capital funds	14 014	9 022	4 149
Land Fund, of which: *****	28 191	16 384	10 823
- sales and leaseback transactions	16 796	7 239	6 835
- investment properties	11 395	9 145	3 988
Total	317 868	187 966	163 345
Number of transactions	6 147	5 559	5 590
Leverage for raised private funding	114%	142%	162%
Volume of support programmes funding per employee (EUR '000)	3 808	3 041	2 381
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

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

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

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

**** 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 operational volumes for 3 months of 2019 have been adjusted accordingly

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 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 portfolio.

As at 31 December 2020, the Group's gross financial instruments portfolio was EUR 804 million consisting of 26,578 projects (31.12.2019: EUR 617 million and 22,437).

In 2020, the Group's financial instruments portfolio increased by EUR 186 million (+30.2 %) in terms of volume and by 4,141 projects regarding the number of projects (+18.5%) compared to the end of 2019. Its growth in 2020 was significantly higher than in 2019, when the portfolio increased by EUR 88.8 million (+16.8%) in term of volumes and by 3,834 projects (+20.6%). Although the increase in the Group's portfolio in 2020 was ensured by the Group's specialised financial instruments for Covid-19 effect mitigation leading to the portfolio increase by EUR 103.7 million, it also continued to grow in daily programmes to fund the small and medium entities businesses' development as well as agriculture needs, that are not related to support provided to mitigate the negative effects of Covid-19.

As the support for the businesses to mitigate the negative effects of the Covid-19 pandemic is provided by the Group through loan and guarantee instruments, the respective portfolios experience a significant growth as well.

In 2020, the loan portfolio increased by EUR 77.3 million (+34.4%), which is 5 times more than in 2019, when the loan portfolio increased by EUR 14.9 million (+7.1%), while the number of transactions in the loan portfolio increased by 274 (+4.5%), which is 4 times more than in 2019, when their number increased by 66 projects (+1.1%). It should be noted that the increase in the loan portfolio in 2020 was mainly due to the Covid-19 effect mitigation loan programme for liquidity support implemented by the Group, the portfolio reaching EUR 65 million. Notwithstanding the consequences brought by Covid-19 to global and Latvian economy, in 2020 the Group's loan portfolio continued to grow in programs that are not related to mitigating the negative impact of Covid-19: loans for acquisition of agricultural land intended for agricultural production (+EUR 10 million), SME growth loans (+EUR 8.3 million), small loans in rural areas (+ EUR 3.6 million), Energy Efficiency Programme of Multi-apartment Buildings (+EUR 3.3 million) and SME growth loans issued to companies for implementing energy efficiency projects (+ EUR 3.2 million).

In 2020, the guarantee portfolio increased by EUR 75.4 million (+26.5%), which is more than in 2019, when the guarantee portfolio grew by EUR 47.3 million (+20%). In turn, the number of projects in the guarantee portfolio increased by 3,650 projects (+23.4%), which is almost in level of 2019 when it grew by 3,691 projects (+31%). The largest increase of guarantee portfolio in the twelve months of 2020 was ensured by the loan guarantee programmes for the Covid-19 affected businesses (+38.7 million EUR), Housing Guarantees for Families with Children (+EUR 16.4 million), loan guarantees for entrepreneurs (+EUR 10.9 million), as well as Housing Guarantees for Young Professionals (+EUR 5.9 million).

In 2020, the operations of the Land Fund increased by EUR 28.6 million (+72.2%) which is more than in 2019 when the Land Fund's operations increased by EUR 17.9 million (+82.5%). The number of projects in the Land Fund in 2020 increased by 190 projects (+35.7%), while in 2019 this increase was faster, when it increased by 209 projects (+ 64.7%), indicating that transactions take place less frequently, but the properties purchased are larger and at a higher price.

As at 31 December 2020, the balance sheet of the Land Fund included 1,013 properties with a total land area of 20,104 ha and amounting to EUR 68.3 million, including investment properties with a total area of 10,964 ha and amounting to EUR 36.8 million (31 December 2019: 7,996 ha; EUR 24.4 million), and leaseback transactions for 9,140 ha amounting to EUR 31.5 million (31 December 2019: 5,404 ha; EUR 15.3 million).

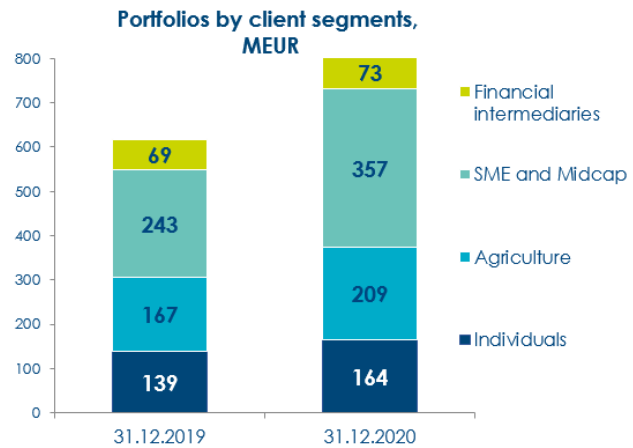
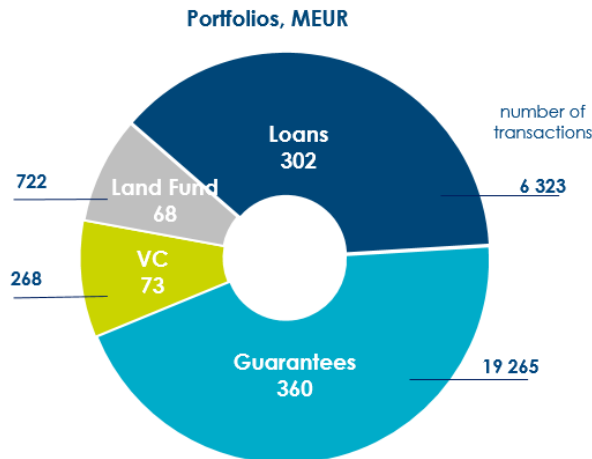
In the reporting period, the venture capital funds increased by EUR 4.8 million (+7.1%) in terms of volume and by 12 projects (+11.2%) in terms of the number of transactions.

As at reporting year end the largest portfolio of the Group is formed in the SMEs and Midcaps segment – 44.4%, while the Agriculture segment accounts for – 26.1%, Individuals – 20.4% and Financial intermediaries – 9.1%. The transactions of the Land Fund are recorded under the Agriculture segment.

Given the state aid programmes to support entrepreneurs in mitigating the Covid-19 effect, in 2020 the largest growth was demonstrated by the SMEs and Midcaps segment, namely, +EUR 114 million (+46.9%), which is significantly more than in 2019 when its growth reached EUR 23 million (+10.4%). In 2020, the Agriculture segment increased by EUR 42.6 million (+25.6%), which is more than in 2019 when the portfolio in this segment grew by EUR 25.3 million (+17.9%), and likewise the portfolio increase in the Individuals segment was by EUR 25.2 million (+18.2%). However, taking into account the Covid-19 related decrease in economic activity, the growth rates of the Individuals segment in 2020 were significantly lower than in 2019, when it increased by EUR 32.2 million (+ 30.1%). In 2020 the segment Financial Intermediaries increased by EUR 4.3 million (+6.2%), which is less than in 2019 when the portfolio in this segment grew by EUR 8.4 million (+13.9%).

Management Report (cont'd)

Operational volumes (cont'd)

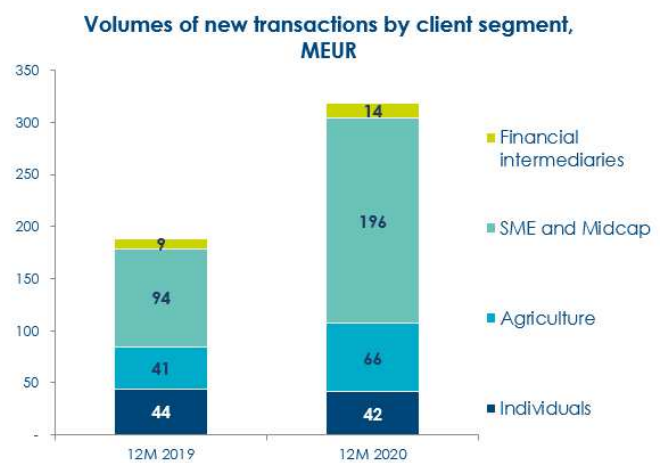
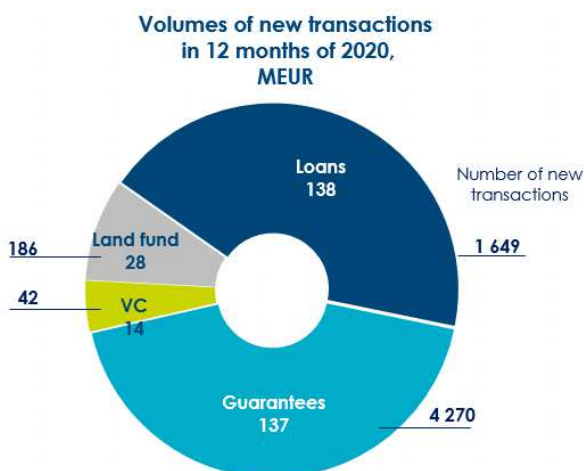


Group 31/12/2020

Volume of new transactions

During the reporting period, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 317.9 million, breaking down as follows: 43.5% (EUR 138.2 million) in loan programmes, 43.2% (EUR 137.4 million) for guarantee programmes, 8.9% (EUR 28.2 million) in the Land Fund transactions and 4.4% (EUR 14 million) in investments in the venture capital funds. In total, support was given to 6,147 projects. Compared to last year, the volume of the new transactions was larger by 69.1% (EUR 129.9 million) in 2020.

In the reporting period, the largest volume of the new transactions was recorded in the following segments: SMEs and Midcaps – 61.8%; Agriculture – 20.7%; Individuals – 13.1%; and Financial Intermediaries – 4.4%. The volume of new transactions in the SMEs and Midcaps significantly increased during the reporting period, namely, compared to the 2019 the respective volume has increased more than twice supported not only by Covid-19 crisis related support instruments but also by large volume of new transactions in daily loan and guarantee programmes. Likewise, it was 1.6 times higher in the segment Agriculture, which was much aided by the high activity in the Land Fund transactions. However, taking into account the decreasing and cautious economic activity caused by the Covid-19-crisis, in 2020 the new transaction volume dropped in the segment Individuals, where it was by 5.4% lower than in 2019.



Group 31/12/2020

Management Report (cont'd)

Volume of new transactions (cont'd)

In 2020, the business community demand changed with regard to Covid-19 impact management instruments offered by ALTUM. The high interest recorded in the first months of the pandemic was followed by a drop in demand at the end of the summer that can be explained by the decrease in the virus spread and the recovering economic activity when lifting the state of emergency. With the onset of Covid-19 second wave and the consequent decline in economic activity, a change in business sentiment and a possible change in the lending of commercial banks, there is to be expected an increase in demand for financial instruments offered by ALTUM for liquidity support.

During the 2020, the number of new loans issued amounted to EUR 138.2 million or twice more as in 2019 when the new loans issued amounted to EUR 65.1 million. Most of the growth was brought about by the implementation of the Covid-19 crisis-related loan programme, under which EUR 65.7 million were disbursed, as well as the new loans in daily programmes - under the SME Growth Loan Programme amounting to EUR 28.1 million and the loans amounting to EUR 16 million for acquisition of agricultural land intended for agricultural production.

In the reporting period there were issued new guarantees for EUR 137.4 million or by 39.9% (+ EUR 39.2 million) more against the respective period in 2019. In 2020, the largest amount of new guarantees were issued under the daily Business Support Guarantee Programme (EUR 40.6 million); under the COVID-19 effect mitigation support programmes (EUR 40 million) and under the Housing Guarantee Programme for Families with Children (EUR 22.6 million).

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand the Group has already supported 421 projects (COSME – 64 projects, EaSI – 357 projects) of which 205 projects were supported in 2020. 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.

As at 31 December 2020, as part of the Housing Guarantee Programme for Families with Children a total of 15,888 guarantees for EUR 118.1 million of the state aid for housing acquisition was granted, of which guarantees worth EUR 7.1 million were issued in the fourth quarter of 2020. The Programme's guarantees that help saving for the first instalment required to obtain a mortgage loan are used by families throughout Latvia. While a total of 2,617 guarantees worth EUR 19.6 million were issued to young professionals of which 253 guarantees worth EUR 2 million were issued in the fourth quarter of 2020.

In the reporting period, the managers of the 4th generation venture capital funds made investments of EUR 3.8 million, of which EUR 3.3 million was the Company's share and EUR 0.5 million was the private funding raised at fund level. Venture capital funds and acceleration funds continued to invest in existing companies and in 2020 they made investments in 35 new companies. At the same time, in the reporting period, the investments made within the framework of the Baltic Innovation Fund and Baltic Innovation Fund 2 amounted to EUR 3.3 million and EUR 0.67 million respectively.

The Covid-19 crisis still hinders new investments for the managers of the 4th generation venture capital funds thus challenging the selection of new projects and attraction of investors, implementing the Accelerator Programme and operations of start-ups.

Under the agreement signed on 16 September 2020 on the Group investments in the Three Seas Initiatives Investment Fund (3siif.eu), the Group made the first investment of EUR 6.7 million. The Fund is a new financial instrument for financing and developing infrastructure projects in 12 countries, incl. Latvia, aimed at reducing infrastructure development gaps between different European regions. Three Seas Initiative Investment Fund is a new financial instrument to support transport, energy and digitalization infrastructure projects in Central and Eastern Europe. Large scale projects from Latvia as well as projects from other countries from the region can already apply for 3SIIF funding, which supplements existing funding opportunities. It can help catalyse existing and new infrastructure projects in the fields of transport, energy and digital infrastructure.

In the 12 months of 2020, the Land Fund concluded land acquisition transactions for EUR 11.4 million, which is by EUR 2.3 million more than in 2019, and leaseback transactions – for EUR 16.8 million or by EUR 9.6 million more than in 2019. In general, in 2020, the volume of new transactions of the Land Fund increased by 72%, compared to those concluded during 2019.

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 (EEPMB), 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.

Management Report (cont'd)

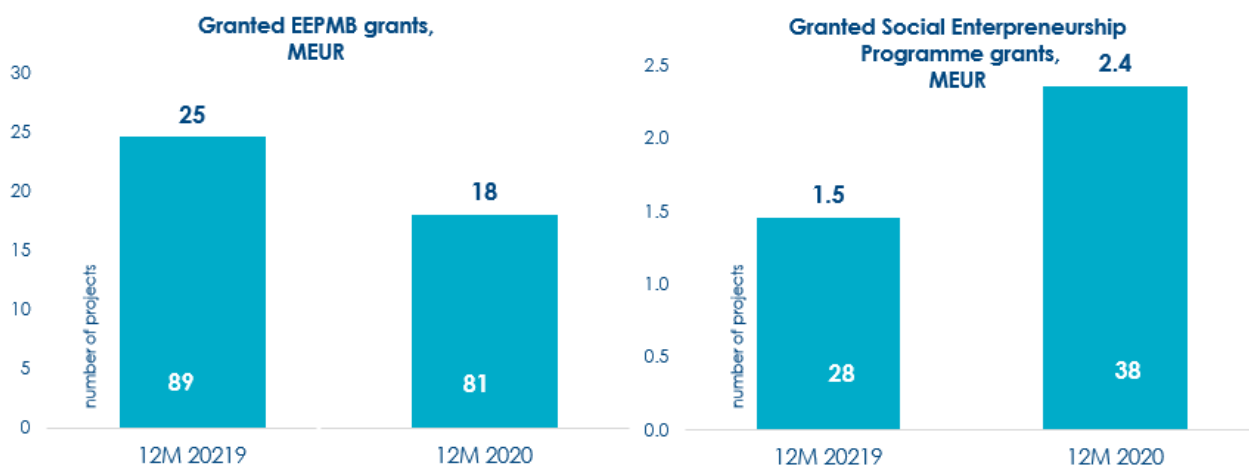
Non-financial instrument portfolio (cont'd)

As at 31 December 2020, the EEPMB programme had awarded a total of 336 grants for EUR 71 million. As of 11 January 2020, the programme was suspended and no new applications were accepted. On 30 June 2020, the Cabinet approved amendments to the relevant Cabinet regulations allocating additional funding, and the EEPMB programme opened submission of new projects from 20 November 2020 closing it on 18 December 2020 after which date no new applications are accepted and currently the evaluation of the projects, awarding of grants and implementation of projects are carried out. As at 31 December 2020, a total of 989 applications were submitted to the EEPMB programme.

As at 31 December 2020, a total of 103 grants for EUR 6.6 million were awarded under the Social Entrepreneurship Programme.

In order to promote and support planning of the energy efficiency projects, the Group, 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 December 2020, there were a total of 51 grants awarded for EUR 387 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 December 2020, a total of 61 grants for EUR 506 thousand were awarded.



Group 30/09/2020

New products and increasing operational efficiency

The year 2020 started with a new and unknown challenge for the world and Latvia when the existence of the new coronavirus (Covid-19) was confirmed; it spread throughout the world, including Latvia, and significantly affected business and economic activities. With immediate reaction towards Covid-19 as global pandemic in mid-March and sharp downturn of economic situation the Group has been actively involved in mitigating the negative impact of Covid-19 in the business sector. New financial instruments for support were developed fast in cooperation with the Ministry of Economics as well as the continued the implementation of other support programmes, not-related to mitigating the negative impact of Covid-19, and terms and conditions of the existing support instruments improved.

During 2020, there were developed and implemented 12 new support programmes, and changes in the Cabinet regulations referring to the respective programmes were made aimed at ensuring greater accessibility to the Group's support programmes by a wider range of beneficiaries and improving support conditions. At the end of 2020, the Group supported 40 existing programmes.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

The first support instruments for mitigating the negative impact of Covid-19 were approved at an extraordinary meeting of financial the Cabinet already in March 2020, ensuring the provision of the following business support:

- in the form of individual and portfolio guarantees, which allow banks to defer payment of the principal amount for up to two years when obtaining additional collateral in the form of a guarantee;
- working capital loans on privileged terms and conditions;
- possibilities to receive export credit guarantees to EU member states, regardless of the exporter's volumes;
- as well as guarantees are offered to large exporting companies that need financing due to the impact of Covid-19.

Despite the tight time schedule for developing and implementing support programmes for mitigating the negative effects of Covid-19, in addition the Group executed other support programmes that are important and vital for certain customer groups:

- Portfolio guarantee programme for study loans;
- Portfolio guarantee programme for loans to improve the energy efficiency of private houses;
- Start-up loans to innovative companies;
- Loans to ESCO for acquisition of the future cash flows;
- Grant programme for improving energy efficiency of private houses;
- in addition, launching of a new support program BALSTS was approved, opening a possibility for families with three or more children to receive a non-refundable state subsidy or grant for the purchase or construction of housing. Additional support for large families, totalling EUR 3.5 million, will be available in the form of grant, enabling 400 large families to buy a new home. In cooperation with commercial banks, the implementation of the programme started in November.

In the spring of 2020, the process of establishing the AIF "Altum capital fund" was launched. 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. On May 26, the Board of the Financial Capital and Market Commission made a decision to register JSC Development Finance Institution Altum as an alternative investment fund manager. On 23 July, the Fund's Limited Partnership Agreement was signed. 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 private investors - investment management companies of the state funded pension scheme and pension 3rd pillar investment plans, and EUR 48.9 million consists of public funding invested by JSC Development Finance Institution Altum. Since the Fund's investment period expires on 31 December 2021 then very intense investment opportunities appraisal and origination process is carried out.

It is due highlighting that the centralized evaluation system of electronic loan applications of micro loan customers introduced in 2019 enabled to implement this system successfully in all regions in January 2020, regardless of the loan amount, while in March 2020 – to ensure qualitative and fast loan application review process for working capital loans related to the mitigation of the Covid-19 impact. Thus ensured to reach the double volume of new transactions in 2020 comparing to 2019 (+EUR 73 million) by keeping the same level of human resources resources.

In the twelve months of 2020, 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 fully implemented in the regions in January 2020, 36% of the total number of the issued loans (excl. Covid-19 crisis related loans) were reviewed remotely without involving the regional employees in the application reviewing process. During the year, the total amount of the issued micro loans, both in centralized remote evaluation and in the regions, increased by 24% or by EUR 12.8 million and the number of the granted loans increased by 11%. Consequently, by saving the regions' human resources involvement in micro loan application process, the average loan amount in the regions increased from EUR 71.4 thousand in 2019 to EUR 80 thousand in the 12 months of 2020, while in the same period the average loan amount evaluated remotely on a centralised basis was EUR 13.7 thousand.

To ensure wider availability of loans up to EUR 150 thousand for the Covid-19 crisis-related solutions, in June 2020, the EIF approved financing for the Group in response to its application to the EIF COSME loan guarantee facility, which provides guarantees up to 80% of the loan amount for loans issued by the Group.

Management Report (cont'd)

New products and increasing operational efficiency (cont'd)

In January 2021, the guarantee digitization project initiated in October 2020 was introduced, thus becoming more modern and up-to-date, providing a simplified process for submitting credit guarantee applications, applications and notifications, as there are less fill-in fields and automatic data import has been enabled. In turn, the Group increases the efficiency of its operations, i.e. constant human resources may service the rapidly growing guarantee portfolio.

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

On 8 April 2020, in order to maintain long-term participation in the capital markets and diversify the funding base, the Company issued debt securities with a total amount of EUR 20 million as the second issue of bonds within the framework of the EUR 70 million bond issue programme, recording a yield of 1.3% per annum. The debt securities were issued in addition to EUR 10 million bonds issued on 7 March 2018 and EUR 15 million bonds issued on 5 June 2019 with the maturity date on 7 March 2025 and a fixed annual interest rate of 1.3% (ISIN LV0000880037), which are listed on the Nasdaq Riga Bond list. The emission attracted much interest of investors in Latvia, Lithuania and Estonia and the bonds were oversubscribed 3.8 times. The bonds were allocated to 15 investors in the Baltics: 12 asset managers and insurance companies (93%), and 3 banks (7%).

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.

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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.

In view of the Group's activities in high-risk areas when implementing the state aid programmes, as at the end of the reporting period the Group has the risk coverage of EUR 180 million (31 December 2019: EUR 87.5 million) to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within this programme is earmarked for the risk coverage. The latter consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less the risk coverage reserve used for provisions.

Management Report (cont'd)

Future Outlook

In order to prepare for the expected financing under the InvestEU Programme 2021–2027, in 2020 the preparations undertaken already in 2019 for Pillar Assessment of the Group were continued. The initial or pilot assessment was carried out by the audit firm KPMG selected within the framework of the European Commission's technical assistance project and was aimed at identifying the necessary improvements in the Group's internal control system in accordance with the requirements set by the European Commission. The auditors were provided with the Group's self-assessment and the supporting internal documents. After the document examination, KPMG conducted remote interviews with responsible employees and random audits of various Group processes (transaction processing, personnel management, procurement, etc.). At the end of the audit, an auditors' report and a detailed plan for the implementation of the recommendations were submitted, the latter being actively executed at present. The Group is also involved in the preparing for the implementation of the next EU fund programming period by participating in the preparation of the market failure assessment as well as providing comments on the regulations drawn by the ministries in connection with the new planning period.

In July, 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 2021, the responsible Latvian ministries in cooperation with the Group have started the planning process of new financing.

In the current EU programming period, additional financing of the European Regional Development Fund has been allocated for the implementation of the Group's programmes amounting to EUR 60 million, of which EUR 10 million will be allocated to the Start-up Programme, EUR 32 million to the SME Growth Programme and EUR 18 million to the Guarantee Programmes. In October 2020, the Cabinet regulations referring to the respective programmes were amended concerning the additional funding and coordination with the involved institutions is in the process. Part of the funding is earmarked to support tourism companies.

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. It is planned that part of this funding available to Latvia will be invested in the form of financial instruments by the Group developing programmes to improve energy efficiency for both businesses and multi-apartment buildings and private houses, to promote the availability of housing as well as business support programmes, incl. developing new capital investment instruments.



Reinis Bērziņš
Chairman of the Board

26 February 2021

Supervisory Council and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	28.12.2016.	28.12.2022.
Jānis Šnore	Member of the Council	28.12.2016.	28.12.2022.
Kristaps Soms	Member of the Council	28.12.2016.	28.12.2022.

There were no changes in the Supervisory Council of the Company during the reporting period.

Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	11.06.2018.	10.06.2021.
Jēkabs Krieviņš	Member of the Board	11.06.2018.	10.06.2021.
Inese Zīle	Member of the Board	11.06.2018.	10.06.2021.
Aleksandrs Bimbirulis	Member of the Board	26.06.2020.	25.06.2023.

There were no changes in the Management Board of the Company during the reporting period.

Statement of Management's responsibility

Riga

26 February 2021

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 13 to 55 for the period 1 January 2020 to 31 December 2020. 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 Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)
Interest income	4	16 442	13 344	16 442	13 344
Interest expense	5	(1 870)	(1 775)	(1 870)	(1 775)
Net interest income		14 572	11 569	14 572	11 569
					-
Income for implementation of state aid programmes	6	6 526	6 165	6 526	6 165
Expenses to be compensated for implementation of state aid programmes	7	(5 950)	(5 584)	(5 950)	(5 584)
Net income for implementation of state aid programmes		576	581	576	581
					-
Gains or losses from trading securities and foreign exchange translation		(56)	90	(56)	90
Share of (losses) of investment in joint venture and associate	12	(2 094)	(1 546)	(2 094)	(1 546)
Share of gain of investment in associate at fair value through profit or loss	12	288	18	288	18
Gains less losses from liabilities at fair value through profit or loss	12	1 908	1 539	1 908	1 539
Other income	8	3 053	2 168	3 053	2 168
Other expense	9	(1 065)	(634)	(1 145)	(634)
Operating income before operating expenses		17 182	13 785	17 102	13 785
					-
Staff costs		(5 416)	(4 640)	(5 416)	(4 640)
Administrative expense		(1 831)	(1 821)	(1 831)	(1 821)
Amortisation of intangible assets and depreciation of property, plant and equipment		(916)	(787)	(916)	(787)
(Impairment) gain or loss, net	10	(3 480)	1 699	(3 400)	1 699
Profit before corporate income tax		-	(105)	-	(105)
Profit before corporate income tax		5 539	8 131	5 539	8 131
					-
Corporate income tax		-	-	-	-
					-
Profit for the period		5 539	8 131	5 539	8 131
Other comprehensive income:		(1 425)	(959)	(1 425)	(959)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(1 425)	(274)	(1 425)	(274)
Total comprehensive income for the period		4 114	7 172	4 114	7 172
Profit is attributable to:					
Owners of the Company		5 539	8 131	-	-
Non-controlling interest		-	-	-	-
Profit for the period		5 539	8 131	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(1 425)	(959)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		4 114	7 172	-	-

The accompanying notes on pages 18 through 55 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board



Kaspars Gibeiko
 Chief Accountant

26 February 2021

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Assets					
Due from credit institutions and the Treasury	11.	359 949	181 199	359 949	181 047
Financial assets at fair value through profit or loss		5 425	4 217	-	-
Financial assets at fair value through other comprehensive income - investment securities		36 958	47 941	36 958	47 941
Financial assets at amortised cost:					
Investment securities		441	478	441	478
Loans and receivables	13.	313 268	220 129	313 268	220 129
Grants	22.	31 107	17 186	31 107	17 186
Deferred expense		749	694	749	694
Accrued income		772	1 649	772	1 649
Other investments		7 503	250	7 503	250
Investments in associates	12.	47 988	52 293	47 988	52 293
investments in subsidiaries		-	-	4 879	3 812
Investment property	14.	36 758	24 366	36 758	24 366
Property, plant and equipment		4 717	4 694	4 717	4 694
Intangible assets		1 398	1 395	1 398	1 395
Other assets	15.	3 671	3 570	3 636	3 570
Total assets		850 704	560 061	850 123	559 504
Liabilities					
Due to credit institutions	16.	65 855	29 542	65 855	29 542
Due to general governments	17.	103 520	86 272	103 520	86 272
Financial liabilities at amortised cost - Issued debt securities		65 522	45 348	65 522	45 348
Deferred income		4 991	3 091	4 991	3 091
Accrued expense		857	478	937	478
Provisions	19.	32 501	31 076	32 501	31 076
Support programme funding	18.	191 963	128 730	191 963	128 730
Other liabilities		2 901	2 786	2 901	2 773
Total liabilities		468 110	327 323	468 190	327 310
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	20.	170 321	16 565	170 319	16 563
Revaluation reserve of financial assets measured at fair value through other comprehensive income	20.	1 213	2 638	1 213	2 638
Retained earnings		5 539	8 131	5 539	8 131
Net assets attributable to the Company's owners		381 935	232 196	381 933	232 194
Non-controlling interest		659	542	-	-
Total equity		382 594	232 738	381 933	232 194
Total equity and liabilities		850 704	560 061	850 123	559 504

The accompanying notes on pages 18 through 55 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board



Kaspars Gibeiko
 Chief Accountant

26 February 2021

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings		
As at 1 January 2019 (audited)	204 862	7 965	3 597		4 900	266	221 590
Profit for the period	-	-	-	-	8 131	-	8 131
Other comprehensive income	-	-	(959)	-	-	-	(959)
Total comprehensive income	-	-	(959)	-	8 131	-	7 172
Changes of reserves	-	3 700	-	-	-	-	3 700
Distribution of profit of previous years	-	808	-	-	(808)	-	-
Distribution of 2018 year profit of the Company	-	4 092	-	-	(4 092)	-	-
Non-controlling interest	-	-	-	-	-	276	276
As at 31 December 2019 (audited)	204 862	16 565	2 638	-	8 131	542	232 738
Profit for the period	-	-	-	-	5 539	-	5 539
Other comprehensive income	-	-	(1 425)	-	-	-	(1 425)
Total comprehensive income	-	-	(1 425)	-	5 539	-	4 114
Changes of reserves	-	145 626	-	-	-	-	145 626
Distribution of 2019 year profit of the Company	-	8 131	-	-	(8 131)	-	-
Non-controlling interest	-	-	-	-	-	117	117
As at 31 December 2020 (unaudited)	204 862	170 321	1 213	-	5 539	659	382 594

The accompanying notes on pages 18 through 55 form an integral part of these financial statements.

Company's Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company					Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	
As at 1 January 2019 (audited)	204 862	7 610	3 597		5 254	221 323
Profit for the period	-	-	-	-	8 131	8 131
Other comprehensive income	-	-	(959)	-	-	(959)
Total comprehensive income	-	-	(959)	-	8 131	7 172
Changes of reserves	-	3 700	-	-	-	3 700
Distribution of profit of previous years	-	791	-	-	(791)	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-
As at 31 December 2019 (audited)	204 862	16 563	2 638	-	8 131	232 194
Profit for the period	-	-	-	-	5 539	5 539
Other comprehensive income	-	-	(1 425)	-	-	(1 425)
Total comprehensive income	-	-	(1 425)	-	5 539	4 114
Changes of reserves	-	145 626	-	-	-	145 626
Distribution of 2019 year profit of the Company	-	8 131	-	-	(8 131)	-
As at 31 December 2020 (unaudited)	204 862	170 319	1 213	-	5 539	381 933

The accompanying notes on pages 18 through 55 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)
Cash and cash equivalents at the beginning of period		176 199	128 916	176 047	128 536
Cash flows from operating activities					
Profit before taxes		5 539	8 131	5 539	8 131
Amortisation of intangible assets and depreciation of property, plant and equipment		916	786	916	786
Interest income	4.	(16 442)	(9 882)	(16 442)	(9 882)
Interest received		12 516	6 205	12 516	6 205
Interest expenses	5.	1 870	1 433	1 870	1 433
Interests paid		(1 293)	(1 082)	(1 293)	(1 082)
(Decrease) / increase in impairment allowances	10.	3 319	(1 845)	3 399	(1 845)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		6 425	3 746	6 505	3 746
Due from credit institutions decrease		5 000	3 114	5 000	3 117
Decrease / (increase) of loans		(92 193)	(20 575)	(92 193)	(20 857)
Decrease / (increase) of grants		(14 150)	5 375	(14 150)	5 375
Due to credit institutions and general governments increase		53 530	25 698	53 530	25 696
Increase in deferred income and accrued expense		2 357	558	2 357	558
(Decrease) in deferred expense and accrued income		822	(271)	822	(271)
Decrease of other assets		580	11 403	498	11 403
Increase / (decrease) in other liabilities		60 334	10 765	60 347	10 537
Net cash flows to/ from operating activities		22 705	39 813	22 716	39 304
Cash flows from investment activities					
Sale of investment securities		12 830	4 146	12 830	4 146
Acquisition of property, plant and equipment and intangible assets		(1 037)	(802)	(1 037)	(802)
Purchase of investment properties		(12 434)	(9 604)	(12 434)	(9 604)
Sale of investment properties		42	32	42	32
Other investments		(7 252)	(250)	(7 252)	(250)
Investments in venture capital funds, net		4 305	(1 695)	4 305	(1 695)
Investments of subsidiaries in share capital		(1 208)	(3 057)	-	-
Investments in subsidiaries		-	-	(1 067)	(2 320)
Net cash flows to/ from investing activities		(4 754)	(11 230)	(4 613)	(10 493)
Cash flows from financing activities					
Issued debt securities		20 173	15 000	20 173	15 000
Increase of reserve capital		145 626	3 700	145 626	3 700
Net cash flow from financing activities		165 799	18 700	165 799	18 700
Increase in cash and cash equivalents		183 750	47 283	183 902	47 660
Cash and cash equivalents at the end of period		359 949	176 199	359 949	176 047

The accompanying notes on pages 18 through 55 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 26 February 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. The Company is the parent entity of the Group (Note 20).

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.

Until August 2019, the Group includes the Company and two closed investment funds Hipo Latvia Real Estate Fund I and Hipo Real Estate Fund II (legal address – Elizabetes street 41/43, Riga, Latvia LV-1010) in which the Company was the sole investor. In August 2019, these funds were liquidated upon receipt of the liquidation quota by the Company. Now the Group includes the Company and number of venture capital funds. The below listed venture capital funds - subsidiaries and associates - are treated as subsidiaries or associates 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, Rīgas, 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, Rīgas, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	80
KS Commercialization Reactor Seed Fund	Brīvības gatve 300 -9, Rīga, Latvija	80
KS ZGI-4	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, LV-1048	60
KS Baltcap Latvia Venture Capital Fund	Jaunmoku iela 34, Rīga, Latvija, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	100
KS ZGI-3	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvija, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	95
KS AIF "Altum kapitāla fonds"	Doma laukums 4, Rīga, LV-1050	48,9
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20

2 Summary of significant accounting policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the 12 months period ended 31 December 2020 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 2019 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

In order to ensure the users of the financial statements with a better understanding of the Group's / Company's financial position, the investments in "Baltic Innovation Fund 2" have been classified separately as *Other investments* in the Statement of Financial Position comparing with the financial statements for the year 2019 where this item has been classified within *Investments in associates*.

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 2020:

▪ Amendments to the Conceptual Framework for Financial Reporting

The Group / Company makes assessment on the impact of these amendments on its financial statements and disclosures, but does not consider them to have a significant impact on its financial results.

▪ Amendments to IFRS 3 – Definition of a business

The Group / Company makes further assessment on the impact of these amendments. The amendments may result in changes in accounting policies but will not have a material effect on the Group's / Company's financial statements.

▪ Amendments to IAS 1 and IAS 8 – Definition of materiality

The Group / Company makes assessment on the impact of these amendments on its financial statements, but does not expect them to have a material impact on the Group's / Company's financial position, by reviewing estimates and judgements used in preparation of financial statements.

▪ Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Group / Company makes assessment on the impact of these amendments on its financial statements, but does not expect them to have a material impact on the Group's / Company's financial position, by reviewing estimates and judgements used in preparation of financial statements.

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 2019.

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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	359 949	181 201	-	-	-	-	359 949	181 201
Impairment allowances	-	(2)	-	-	-	-	-	(2)
Total net due from credit institutions and the Treasury	359 949	181 199	-	-	-	-	359 949	181 199
Investment securities	407	439	-	-	3 433	3 926	3 840	4 365
Impairment allowances	-	-	-	-	(3 399)	(3 887)	(3 399)	(3 887)
Total net investment securities	407	439	-	-	34	39	441	478
Loans and receivables	273 049	186 175	33 257	18 239	27 675	35 998	333 981	240 412
Impairment allowances *	(6 690)	(2 548)	(3 783)	(2 646)	(10 240)	(15 089)	(20 713)	(20 283)
Total net loans and receivables	266 359	183 627	29 474	15 593	17 435	20 909	313 268	220 129
Grants	31 282	17 198	-	-	-	-	31 282	17 198
Impairment allowances	(175)	(12)	-	-	-	-	(175)	(12)
Total net grants	31 107	17 186	-	-	-	-	31 107	17 186
Other financial assets	2 507	1 830	-	-	3 096	3 341	5 603	5 171
Impairment allowances	(34)	(113)	-	-	(1 926)	(2 769)	(1 960)	(2 882)
Total net other financial assets	2 473	1 717	-	-	1 170	572	3 643	2 289
Total financial assets at AC	667 194	386 843	33 257	18 239	34 204	43 265	734 655	448 347
Impairment allowances	(6 899)	(2 675)	(3 783)	(2 646)	(15 565)	(21 745)	(26 247)	(27 066)
Total net financial assets at AC	660 295	384 168	29 474	15 593	18 639	21 520	708 408	421 281
Financial assets at FVOCI								
Investment securities	36 958	47 941	-	-	-	-	36 958	47 941
Impairment allowances	-	-	-	-	-	-	-	-
Total net investment securities	36 958	47 941	-	-	-	-	36 958	47 941
Total financial assets at FVOCI	36 958	47 941	-	-	-	-	36 958	47 941
Impairment allowances	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	36 958	47 941	-	-	-	-	36 958	47 941
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	348 115	274 989	6 995	2 098	4 495	7 145	359 605	284 232
Impairment allowances *	(27 769)	(24 711)	(817)	(356)	(2 827)	(5 540)	(31 413)	(30 607)
Total net outstanding guarantees	320 346	250 278	6 178	1 742	1 668	1 605	328 192	253 625
Loan commitments	36 514	18 867	2 834	84	-	-	39 348	18 951
Impairment allowances *	(949)	(455)	(65)	(3)	-	-	(1 014)	(458)
Total net loan commitments	35 565	18 412	2 769	81	-	-	38 334	18 493
Grant commitments	6 798	7 726	-	-	-	-	6 798	7 726
Impairment allowances	(74)	(11)	-	-	-	-	(74)	(11)
Total net grant commitments	6 724	7 715	-	-	-	-	6 724	7 715
Total off-balance items and contingent liabilities	391 427	301 582	9 829	2 182	4 495	7 145	405 751	310 909
Impairment allowances	(28 792)	(25 177)	(882)	(359)	(2 827)	(5 540)	(32 501)	(31 076)
Total net off-balance items and contingent liabilities	362 635	276 405	8 947	1 823	1 668	1 605	373 250	279 833

* Includes impairment allowances of EUR 6,244 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2020 annual report. In the distribution of the 2020 profit, it will be directly attributed to the reduction of the Portfolio Loss Reserve, thus the 2020 result which will be allocated either to the Retained earnings or Reserves will improve. Additional information available in Note 20.

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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Financial assets at AC								
Due from credit institutions and the Treasury	359 949	181 049	-	-	-	-	359 949	181 049
Impairment allowances	-	(2)	-	-	-	-	-	(2)
Total net due from credit institutions and the Treasury	359 949	181 047	-	-	-	-	359 949	181 047
Investment securities	407	439	-	-	3 433	3 926	3 840	4 365
Impairment allowances	-	-	-	-	(3 399)	(3 887)	(3 399)	(3 887)
Total net investment securities	407	439	-	-	34	39	441	478
Loans and receivables	273 049	186 175	33 257	18 239	27 675	35 998	333 981	240 412
Impairment allowances *	(6 690)	(2 548)	(3 783)	(2 646)	(10 240)	(15 089)	(20 713)	(20 283)
Total net loans and receivables	266 359	183 627	29 474	15 593	17 435	20 909	313 268	220 129
Grants	31 282	17 198	-	-	-	-	31 282	17 198
Impairment allowances	(175)	(12)	-	-	-	-	(175)	(12)
Total net grants	31 107	17 186	-	-	-	-	31 107	17 186
Other financial assets	2 363	1 830	-	-	3 205	3 341	5 568	5 171
Impairment allowances	(34)	(113)	-	-	(1 926)	(2 769)	(1 960)	(2 882)
Total net other financial assets	2 329	1 717	-	-	1 279	572	3 608	2 289
Total financial assets at AC	667 050	386 691	33 257	18 239	34 313	43 265	734 620	448 195
Impairment allowances	(6 899)	(2 675)	(3 783)	(2 646)	(15 565)	(21 745)	(26 247)	(27 066)
Total net financial assets at AC	660 151	384 016	29 474	15 593	18 748	21 520	708 373	421 129
Financial assets at FVOCI								
Investment securities	36 958	47 941	-	-	-	-	36 958	47 941
Impairment allowances	-	-	-	-	-	-	-	-
Total net investment securities	36 958	47 941	-	-	-	-	36 958	47 941
Total financial assets at FVOCI	36 958	47 941	-	-	-	-	36 958	47 941
Impairment allowances	-	-	-	-	-	-	-	-
Total net financial assets at FVOCI	36 958	47 941	-	-	-	-	36 958	47 941
Off-balance sheet items and contingent liabilities								
Outstanding guarantees	348 115	274 989	6 995	2 098	4 495	7 145	359 605	284 232
Impairment allowances *	(27 769)	(24 711)	(817)	(356)	(2 827)	(5 540)	(31 413)	(30 607)
Total net outstanding guarantees	320 346	250 278	6 178	1 742	1 668	1 605	328 192	253 625
Loan commitments	36 514	18 867	2 834	84	-	-	39 348	18 951
Impairment allowances *	(949)	(455)	(65)	(3)	-	-	(1 014)	(458)
Total net loan commitments	35 565	18 412	2 769	81	-	-	38 334	18 493
Grant commitments	6 798	7 726	-	-	-	-	6 798	7 726
Impairment allowances	(74)	(11)	-	-	-	-	(74)	(11)
Total net grant commitments	6 724	7 715	-	-	-	-	6 724	7 715
Total off-balance items and contingent liabilities	391 427	301 582	9 829	2 182	4 495	7 145	405 751	310 909
Impairment allowances	(28 792)	(25 177)	(882)	(359)	(2 827)	(5 540)	(32 501)	(31 076)
Total net off-balance items and contingent liabilities	362 635	276 405	8 947	1 823	1 668	1 605	373 250	279 833

* Includes impairment allowances of EUR 6,244 thousand covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2020 annual report. In the distribution of the 2020 profit, it will be directly attributed to the reduction of the Portfolio Loss Reserve, thus the 2020 result which will be allocated either to the Retained earnings or Reserves will improve. Additional information available in Note 20.

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 2019 (audited)	2 548	2 646	15 089	20 283	186 175	18 239	35 998	240 412
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers between stages:								
to lifetime (from Stage 1 to Stage 2)	(606)	1 292	-	686	(19 129)	18 079	-	(1 050)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(22)	(275)	904	607	(2 341)	(2 185)	4 303	(223)
to lifetime (from Stage 3 to Stage 2)	-	96	(728)	(632)	-	2 587	(2 972)	(385)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	233	(725)	(64)	(556)	5 642	(6 429)	(345)	(1 132)
New originated or purchased	2 316	229	286	2 831	124 328	4 733	522	129 583
Derecognised during the period	(165)	(7)	(856)	(1 028)	(14 100)	(809)	(3 358)	(18 267)
Changes to ECL measurement model assumptions (PD, LGD)	(160)	(56)	(263)	(479)	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	2 150	613	88	2 851	-	-	-	-
Other movements	657	261	(374)	544	7	-	-	7
Total movements with impact on credit loss allowance charge for the period:	4 403	1 428	(1 007)	4 824	94 407	15 976	(1 850)	108 533
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Write-offs	-	-	(3 664)	(3 664)	-	-	(3 664)	(3 664)
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Modification of contractual cash flows *	(261)	(291)	(178)	(730)	(7 533)	(958)	(2 809)	(11 300)
Total movements without impact on credit loss allowance charge for the period:	(261)	(291)	(3 842)	(4 394)	(7 533)	(958)	(6 473)	(14 964)
As at 31 December 2020 (unaudited)	6 690	3 783	10 240	20 713	273 049	33 257	27 675	333 981

* Modification of contractual cash flows includes cash flows from repayment of principal

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 2019 (audited)	24 711	356	5 540	30 607	274 989	2 098	7 145	284 232
<i>Movements with impact on credit loss allowance charge for the period:</i>								
Transfers between stages:								
to lifetime (from Stage 1 to Stage 2)	(456)	662	-	206	(5 668)	5 437	-	(231)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(56)	(78)	1 356	1 222	(409)	(1 648)	1 891	(166)
to lifetime (from Stage 3 to Stage 2)	-	1	(8)	(7)	-	7	(8)	(1)
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	5	(7)	-	(2)	51	(51)	-	-
New originated or purchased	9 745	145	282	10 172	129 080	1 496	437	131 013
Derecognised during the period	(1 563)	(261)	(3 052)	(4 876)	(24 978)	(341)	(4 171)	(29 490)
Changes to ECL measurement model assumptions (PD, LGD)	8	(13)	(448)	(453)	-	-	-	-
Changes to ECL measurement model assumptions (macroeconomic factors)	(9)	15	47	53	-	-	-	-
Other movements	(2)	-	(686)	(688)	(32)	-	(798)	(830)
Total movements with impact on credit loss allowance charge for the period:	7 672	464	(2 509)	5 627	98 044	4 900	(2 649)	100 295
<i>Movements without impact on credit loss allowance charge for the period:</i>								
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Modification of contractual cash flows *	(4 614)	(3)	(204)	(4 821)	(24 918)	(3)	(1)	(24 922)
Total movements without impact on credit loss allowance charge for the period:	(4 614)	(3)	(204)	(4 821)	(24 918)	(3)	(1)	(24 922)
As at 31 December 2020 (unaudited)	27 769	817	2 827	31 413	348 115	6 995	4 495	359 605

* Modification of contractual cash flows includes cash flows from repayment of principal

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Aging analysis of the loans issued by the Group / Company, without accrued interest, in thousands of euro:

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Performing	313 856	208 665	313 856	208 665
Past due up to 30 days	9 339	14 193	9 339	14 193
Past due from 31 to 60 days	445	2 278	445	2 278
Past due from 61 to 90 days	217	230	217	230
Past due over 90 days	10 124	15 045	10 124	15 045
Total gross loans, without interest accrued on the loans	333 981	240 411	333 981	240 411
Impairment allowances	(20 713)	(20 283)	(20 713)	(20 283)
Total net loans	313 268	220 128	313 268	220 128

In calculating the ECL due to default on loan principal or interest payments or other loss events the following is taken into account collateral, including real estate and commercial pledges measured at market value. The value of collateral is based on the valuations performed by independent valuers.

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Real estate (loans)	178 614	155 057	178 614	155 057
Real estate (leaseback)	30 536	14 774	30 536	14 774
Movable property	52 619	25 659	52 619	25 659
Guarantees	3 048	1 672	3 048	1 672
Total collateral	264 817	197 162	264 817	197 162
Loan portfolio, gross	333 981	240 411	333 981	240 411
Impairment allowances	(20 713)	(20 283)	(20 713)	(20 283)
Loan portfolio, net	313 268	220 128	313 268	220 128
Exposed	15.47%	10.43%	15.47%	10.43%

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 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Assets exposed to credit risk				
Due from credit institutions and the Treasury	359 949	181 199	359 949	181 047
Financial assets at fair value through other comprehensive income - investment securities	36 958	47 941	36 958	47 941
Financial assets at amortised cost:				
Investment securities	441	478	441	478
Loans and receivables	313 268	220 129	313 268	220 129
Grants	31 107	17 186	31 107	17 186
Other investments	7 503	250	7 503	250
Investments in associates	47 988	52 293	47 988	52 293
Other assets	3 671	3 570	3 636	3 570
Total	800 885	523 046	800 850	522 894
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 21)	359 605	284 232	359 605	284 232
Financial commitments (Note 21)	178 073	97 149	188 488	110 620
Total	537 678	381 381	548 093	394 852

3 Risk Management (cont'd)

(1) Credit Risk (cont'd)

Loans are secured mostly by real estate, to a lesser extent – by other types of assets or commercial pledges. Some loans, granted during lending campaigns, are partially covered by guarantees under the State aid programmes. In estimating the loan impairment, the expected cash flows from collateral are taken into account.

As at 31 December 2020, part of the Group's / Company's assets in amount of EUR 117,222 thousand (31 December 2019: EUR 117,222 thousand) were pledged. Detailed information on the Group's / Company's outstanding loan agreement as at 31 December 2020 is provided in Note 16 and Note 17.

Article 37 of the Law on State Budget 2020 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 as at 31 December 2020 was EUR 251,701 thousand (31 December 2019: EUR 250,144 thousand).

(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 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 *	468 743	52 652	16 284	-	-	537 679
Total financial liabilities, off-balance items and contingent liabilities	487 508	226 724	88 834	26 534	141 890	971 490
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" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". 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. As a consequence, the liquidity of the Group is not deteriorated.

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 *	405 751	13 777	14 532	34 682	468 743
Total financial liabilities, off-balance items and contingent liabilities	411 011	18 719	14 932	42 845	487 508
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

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 2019, 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	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	31 610	128 730
Other liabilities	2 079	707	-	-	-	2 786
Total financial liabilities	11 539	64 371	54 773	55 420	109 006	295 109
Off-balance sheet items and contingent liabilities *	322 869	43 003	15 509	-	-	381 381
Total financial liabilities, off-balance items and contingent liabilities	334 408	107 374	70 282	55 420	109 006	676 490
Due from credit institutions and the Treasury	181 199	-	-	-	-	181 199
Investment securities	10 904	26 739	10 776	-	-	48 419
Liquid assets	192 103	26 739	10 776	-	-	229 618

* 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" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". 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. As a consequence, the liquidity of the Group is not deteriorated.

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 2019, 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	-	4 422	-	4 339	8 761
Due to general governments	32	-	-	-	32
Issued debt securities	-	325	-	342	667
Support programme funding	-	-	-	-	-
Other liabilities	2 060	-	-	19	2 079
Total financial liabilities	2 092	4 747	-	4 700	11 539
Off-balance sheet items and contingent liabilities *	311 484	1 798	2 397	7 190	322 869
Total financial liabilities, off-balance items and contingent liabilities	313 576	6 545	2 397	11 890	334 408
Due from credit institutions and the Treasury	176 197	-	2 001	3 001	181 199
Investment securities	90	1 149	1	9 664	10 904
Liquid assets	176 287	1 149	2 002	12 665	192 103

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 *	472 909	57 859	17 325	-	-	548 093
Total financial liabilities, off-balance items and contingent liabilities	491 674	231 931	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 Group has been classified within maturity "Up to 1 year" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". 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. 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 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 *	406 168	14 194	15 365	37 182	472 909
Total financial liabilities, off-balance items and contingent liabilities	411 428	19 136	15 765	45 345	491 674
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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2019, 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	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	31 610	128 730
Other liabilities	2 079	694	-	-	-	2 773
Total financial liabilities	11 539	64 358	54 773	55 420	109 006	295 096
Off-balance sheet items and contingent liabilities *	325 159	51 220	18 473	-	-	394 852
Total financial liabilities, off-balance items and contingent liabilities	336 698	115 578	73 246	55 420	109 006	689 948
Due from credit institutions and the Treasury	181 047	-	-	-	-	181 047
Investment securities	10 904	26 739	10 776	-	-	48 419
Liquid assets	191 951	26 739	10 776	-	-	229 466

* 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" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". 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. As a consequence, the liquidity of the Group is not deteriorated.

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 2019, 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	-	4 422	-	4 339	8 761
Due to general governments	32	-	-	-	32
Issued debt securities	-	325	-	342	667
Support programme funding	-	-	-	-	-
Other liabilities	2 060	-	-	19	2 079
Total financial liabilities	2 092	4 747	-	4 700	11 539
Off-balance sheet items and contingent liabilities *	311 598	2 141	2 855	8 565	325 159
Total financial liabilities, off-balance items and contingent liabilities	313 690	6 888	2 855	13 265	336 698
Due from credit institutions and the Treasury	176 045	-	2 001	3 001	181 047
Investment securities	90	1 149	1	9 664	10 904
Liquid assets	176 135	1 149	2 002	12 665	191 951

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 Group's assets and liabilities by maturity profile as at 31 December 2019 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	176 197	-	2 001	3 001	-	-	181 199
Financial assets at fair value through profit or loss	-	-	-	-	-	4 217	4 217
Investment securities *	90	1 149	1	9 664	26 739	10 776	48 419
Loans *	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 343	-	-	-	-	-	2 343
Investments in associates	1 508	-	7 051	-	27 236	16 498	52 293
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	4 694	4 694
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	1 264	-	3 570
Total assets	193 180	10 961	17 950	33 957	185 668	118 095	559 811
Liabilities							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	361	259	303	582	1 379	685	3 569
Provisions	31 076	-	-	-	-	-	31 076
Support programme funding	-	-	-	-	18 878	109 852	128 730
Other liabilities	2 060	-	-	19	707	-	2 786
Total liabilities	33 497	4 903	303	4 998	63 923	219 699	327 323
Net liquidity	159 683	6 058	17 647	28 959	121 745	(101 604)	232 488

* 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)

(2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 December 2019 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	176 045	-	2 001	3 001	-	-	181 047
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities *	90	1 149	1	9 664	26 739	10 776	48 419
Loans *	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 343	-	-	-	-	-	2 343
Investments in associates	1 508	-	7 051	-	27 236	16 498	52 293
Investments in subsidiaries	-	-	-	-	832	2 980	3 812
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	4 694	4 694
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	1 264	-	3 570
Total assets	193 028	10 961	17 950	33 957	186 500	116 858	559 254
Liabilities							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	361	259	303	582	1 379	685	3 569
Provisions	31 076	-	-	-	-	-	31 076
Support programme funding	-	-	-	-	18 878	109 852	128 730
Other liabilities	2 060	-	-	19	694	-	2 773
Total liabilities	33 497	4 903	303	4 998	63 910	219 699	327 310
Net liquidity	159 531	6 058	17 647	28 959	122 590	(102 841)	231 944

* 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

4 Interest income

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Interest on loans and guarantees	14 777	11 786	14 777	11 786
Interest on securities at fair value	1 628	1 529	1 628	1 529
Interest on securities at amortised cost	22	12	22	12
Other interest income	15	17	15	17
Total interest income	16 442	13 344	16 442	13 344

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 12 months of 2020 amounts to EUR 1,307 thousand (12 months of 2019: EUR 1,167 thousand).

5 Interest expense

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Interest on balances due to credit institutions	585	446	585	446
Interest on issued debt securities	745	495	745	495
Allocation of state support programmes' profit to support programme funding	503	804	503	804
Other commission expense	37	30	37	30
Total interest expense	1 870	1 775	1 870	1 775

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 aid programmes

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Compensation of expenses for management of state support programmes	2 183	2 335	2 183	2 335
Compensation of venture capital fund management fees	3 447	3 247	3 447	3 247
Compensation of expenses for management of state support programmes of the previous years	602	274	602	274
Compensation of expenses of capital congestion	294	309	294	309
Total income from implementation of state support programmes	6 526	6 165	6 526	6 165

7 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Compensated staff costs	1 813	1 883	1 813	1 883
Compensated administrative expense	370	452	370	452
Compensated venture capital fund management fees	3 767	3 249	3 767	3 249
Total compensated expense for implementation of state support programmes	5 950	5 584	5 950	5 584

8 Other income

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Income from lease payments for operational leases	1 046	579	1 046	579
Income from lease payments for financial leases	324	112	324	112
Income from investment property revaluation	738	535	738	535
Income from sale of investment property	27	76	27	76
Income from sale of repossessed collateral	18	15	18	15
Other commission income	20	3	20	3
Income from mangement of the AIF "Altum kapitāla fonds" and compensation of set-up costs	269	-	269	-
Other operating income	611	848	611	848
Total other income	3 053	2 168	3 053	2 168

9 Other expense

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Maintenance and service costs of Land Fund	400	208	400	208
Debt collection costs	159	153	159	153
Maintenance costs of repossessed collateral	3	19	3	19
Revaluation of repossessed collateral	26	45	26	45
Depreciation of right-of-use assets	138	124	138	124
Commission expense on investments in securities	91	83	91	83
AIF "Altum kapitāla fonds" management costs	247	-	247	-
Loss from investments in subsidiaries	-	-	80	-
Other commission expense	1	2	1	2
Total other expense	1 065	634	1 145	634

10 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Impairment losses on:	17 089	9 998	17 009	9 998
Loans, net	8 585	6 667	8 585	6 667
<i>impairment losses</i>	12 225	8 793	12 225	8 793
<i>impairment losses covered by risk coverage reserve</i>	(3 640)	(2 126)	(3 640)	(2 126)
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	57	-	57	-
<i>impairment losses covered by risk coverage reserve</i>	(57)	-	(57)	-
Grants	169	11	169	11
Other assets	80	247	-	247
Due from credit institutions and the Treasury	-	2	-	2
Financial assets related to loan agreements	137	161	137	161
Debt securities	-	7	-	7
Guarantees, net	6 484	2 641	6 484	2 641
<i>impairment losses</i>	14 442	15 752	14 442	15 752
<i>impairment losses covered by risk coverage reserve</i>	(7 958)	(13 111)	(7 958)	(13 111)
Loan commitments, net	1 564	253	1 564	253
<i>impairment losses</i>	1 953	608	1 953	608
<i>impairment losses covered by risk coverage reserve</i>	(389)	(355)	(389)	(355)
Grant commitments	70	9	70	9
Reversal of impairment on:	(12 721)	(9 952)	(12 721)	(9 952)
Loans, net	(6 348)	(4 718)	(6 348)	(4 718)
<i>reversal of impairment</i>	(8 130)	(5 897)	(8 130)	(5 897)
<i>reversal of impairment covered by risk coverage reserve</i>	1 782	1 179	1 782	1 179
Disbursed guarantee compensations	(188)	(1 788)	(188)	(1 788)
<i>reversal of impairment</i>	(323)	(1 902)	(323)	(1 902)
<i>reversal of impairment covered by risk coverage reserve</i>	135	114	135	114
Grants	(5)	(13)	(5)	(13)
Other assets	(358)	-	(358)	-
Due from credit institutions and the Treasury	(2)	(5)	(2)	(5)
Financial assets related to loan agreements	(60)	(44)	(60)	(44)
Debt securities	(177)	(43)	(177)	(43)
Guarantees, net	(4 566)	(3 126)	(4 566)	(3 126)
<i>reversal of impairment</i>	(13 060)	(6 692)	(13 060)	(6 692)
<i>reversal of impairment covered by risk coverage reserve</i>	8 494	3 566	8 494	3 566
Loan commitments, net	(1 010)	(208)	(1 010)	(208)
<i>reversal of impairment</i>	(1 398)	(1 369)	(1 398)	(1 369)
<i>reversal of impairment covered by risk coverage reserve</i>	388	1 161	388	1 161
Grant commitments	(7)	(7)	(7)	(7)
Total impairment losses / (reversal), net	4 368	46	4 288	46
Recovery of loans written off in previous periods	(888)	(1 745)	(888)	(1 745)
Total impairment losses and (income) from recovery of loans written-off	3 480	(1 699)	3 400	(1 699)

Additional information Including on impairment allowances covered by Portfolio Loss Reserve (Special Reserve Capital) upon approval of the 2020 annual report available in Note 3.1.

11 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Due from credit institutions and State Treasury	359 949	181 201	359 949	181 049
<i>cash and cash equivalent</i>	359 949	176 199	359 949	176 047
Impairment allowances	-	(2)	-	(2)
Net due from credit institutions and State Treasury	359 949	181 199	359 949	181 047

Placing the funds within the Treasury of the Republic of Latvia and monetary financial institutions, the external credit ratings assigned to these financial institutions are evaluated. The evaluation of the financial 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 supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment. All assets in this category represent Stage 1 for expected credit loss (hereafter - ECL) calculation purposes. There were no changes in staging during the reporting period as there were no changes in the calculated ECL 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	-	12 435	138 364	23 973	6 427	-	-	-	181 199
Total gross as at 31 December 2019 (audited)	-	12 435	138 364	23 973	6 427	-	-	-	181 199
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 (unaudited)	-	3 965	336 739	9 561	9 684	-	-	-	359 949

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	-	12 435	138 364	23 821	6 427	-	-	-	181 047
Total gross as at 31 December 2019 (audited)	-	12 435	138 364	23 821	6 427	-	-	-	181 047
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 (unaudited)	-	3 965	336 739	9 561	9 684	-	-	-	359 949

As at 31 December 2020, the Group/Company held accounts with 4 banks and the Treasury of the Republic of Latvia. The increase in balances Due from credit institutions and the Treasury is due to the financing from the Ministry of Economics and European Investment Bank for implementation of the state aid programmes for companies in order to mitigate the negative impact of Covid-19, the average interest rate on balances due from credit institutions was 0.0% (31 December 2019: -0.02%).

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	
		31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
The 1st generation VCFs	LV	-	2 387	-	1 508
The 2nd generation VCFs	LV	19 652	18 227	12 953	12 990
The 3rd generation VCFs	LV	16 974	21 493	16 376	21 308
The 4th generation VCFs	LV	6 459	4 294	3 640	2 636
AIF "Altum kapitāla fonds"	LU	-	-	-	-
Baltic Innovation Fund *	LU	79 570	72 190	15 019	13 851
Total investments in venture capital funds		122 655	118 591	47 988	52 293

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

12 Investments in Associates (cont'd)

As at 31 December 2020 the total VCF portfolio value at cost value was EUR 73,165 thousand (as at 31 December 2019: EUR 68,331 thousand).

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

	Investments in venture capital funds		Investments in AIF "Altum kapitāla fonds"		Investments in Baltic Innovation Fund		Total	
	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)	01.01.2020.- 31.12.2020. (unaudited)	01.01.2019.- 31.12.2019. (audited)
Carrying amount at the beginning of period	38 442	39 252	-	-	13 851	10 988	52 293	50 240
Invested	1 546	2 616	-	-	3 129	3 458	4 675	6 074
Refunded	(6 824)	(3 290)	-	-	(2 499)	(778)	(9 323)	(4 068)
Mezzanine interest received and realised gain on exit	1 217	1 410	-	-	250	165	1 467	1 575
Share of net loss of investment in joint venture and associate	(1 412)	(1 546)	-	-	-	-	(1 412)	(1 546)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-	-	288	18	288	18
Net carrying amount at the period ended at 31 December	32 969	38 442	-	-	15 019	13 851	47 988	52 293

In the reporting period, the Group's / Company's expenses included:

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 888 thousand (12 months of 2019: EUR 825 thousand) which were compensated from the risk coverage reserve;
- Management fees for the 4th generation venture capital funds amounted EUR 807 thousand (12 months of 2019: EUR 481 thousand) which were compensated from the risk coverage reserve;
- Management fees for the Baltic Innovation Fund amounted EUR 191 thousand (12 months of 2019: EUR 94 thousand) which were compensated from the risk coverage reserve;
- Management fees for the AIF "Altum kapitāla fonds" amounted EUR 207 thousand (12 months of 2019: 0).

Part of disbursements made into the 4th generation venture capital funds are classified as Investments in subsidiaries (detailed information is available in Note 1) and management fees of such funds amounted EUR 1,317 thousand (12 months of 2019: EUR 1,219 thousand) which were compensated from the risk coverage reserve.

13 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 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
SME and Midcaps	168 262	99 282	168 262	99 282
Agriculture	124 297	113 711	124 297	113 711
Individuals	8 025	9 578	8 025	9 578
Financial Intermediaries	1 897	2 573	1 897	2 573
Land Fund	31 500	15 268	31 500	15 268
Total gross loans	333 981	240 412	333 981	240 412
Impairment allowances	(20 713)	(20 283)	(20 713)	(20 283)
Total net loans	313 268	220 129	313 268	220 129

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Number of customers	36	29	36	29
Total credit exposure of customers (EUR '000)	62 821	42 623	62 821	42 623
Percentage of total gross portfolio of loans	18.81%	17.73%	18.81%	17.73%

13 Loans (cont'd)

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Agriculture and forestry	155 682	123 413	155 682	123 413
Manufacturing	67 807	50 035	67 807	50 035
Retail and wholesale	32 378	15 272	32 378	15 272
Real estate	10 273	7 543	10 273	7 543
Construction	9 328	2 358	9 328	2 358
Municipal authorities	8 328	1 562	8 328	1 562
Hotels and restaurants	8 214	4 375	8 214	4 375
Electricity, gas and water utilities	7 097	7 266	7 097	7 266
Transport, warehousing and communications	5 227	1 045	5 227	1 045
Professional, science and technical services	4 878	2 649	4 878	2 649
Health and social care	4 479	3 684	4 479	3 684
Information technologies and communication	3 073	579	3 073	579
Fishing	1 647	1 786	1 647	1 786
Other industries	7 545	5 936	7 545	5 936
Private individuals	8 025	12 909	8 025	12 909
Total gross loans	333 981	240 412	333 981	240 412
Impairment allowances	(20 713)	(20 283)	(20 713)	(20 283)
Total net loans	313 268	220 129	313 268	220 129

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

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Allowances at the beginning of the period	20 283	19 376	20 283	19 376
Increase in impairment allowances (Note 10)	12 225	8 793	12 225	8 793
Decrease in impairment allowances (Note 10)	(8 130)	(5 897)	(8 130)	(5 897)
Write-off of loans	(3 665)	(1 989)	(3 665)	(1 989)
Currency change	-	-	-	-
Allowances at the end of the period ended 31 December	20 713	20 283	20 713	20 283
<i>Group's / Company's share of provisions</i>	13 909	14 917	13 909	14 917
<i>Provisions covered by risk coverage*</i>	6 494	5 367	6 494	5 367

As at 31 December 2020 the average annual interest rate for the loan portfolio of the Group / Company was 4.05% (31 December 2019: 4.19%).

14 Investment properties

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Carrying amount at the beginning of period	24 366	14 794	24 366	14 794
Acquired during the reporting period*	11 695	9 145	11 695	9 145
Disposals during the reporting period	(40)	(98)	(40)	(98)
Net gain from fair value adjustment	737	525	737	525
Carrying amount at the end of the period	36 758	24 366	36 758	24 366

All acquisitions of investment properties made in the reporting period were related to the activities of the Land Fund programme.

15 Other assets

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Financial assets	5 603	6 095	5 568	6 095
Other assets (repossessed collateral)	28	503	28	503
Total other assets, gross	5 631	6 598	5 596	6 598
Impairment allowances for financial assets	(1 960)	(3 028)	(1 960)	(3 028)
<i>Group's / Company's share of provisions</i>	<i>(1 078)</i>	<i>(2 204)</i>	<i>(1 078)</i>	<i>(2 204)</i>
<i>Provisions covered by risk coverage</i>	<i>(882)</i>	<i>(824)</i>	<i>(882)</i>	<i>(824)</i>
Total financial assets, net	3 643	3 067	3 608	3 067
Total other assets, net	3 671	3 570	3 636	3 570

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 / Company's net book value of financial assets in the 12 months of 2020, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
Financial assets				
At the beginning of period	2 361	164	3 572	6 097
Changes	(737)	116	92	(529)
As at 31 December 2020 (unaudited)	1 624	280	3 664	5 568
Impairment provision				
At the beginning of period	(2 361)	(142)	(525)	(3 028)
Changes in impairment allowances	737	(27)	358	1 068
As at 31 December 2020 (unaudited)	(1 624)	(169)	(167)	(1 960)
Net book value at the beginning of period	-	22	3 047	3 069
Net book value as at 31 December 2020 (unaudited)	-	111	3 497	3 608

16 Due to credit institutions

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Due to credit institutions registered in OECD countries	65 855	29 542	65 855	29 542
Total due to credit institutions	65 855	29 542	65 855	29 542

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 65,855 thousand (31.12.2019: EUR 29,542 thousand), of which EUR 22 thousand constitutes accrued interest expenses (31.12.2019: EUR 28 thousand). In the reporting period, the Group / Company repaid the principal in amount of EUR 8,680 thousand. The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan of EUR 20,855 thousand (31.12.2019: EUR 29,542 thousand), which is considered a parent guarantee on behalf of the Group / Company.

In December 2019, Altum 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, Altum signed an agreement with the European Investment Bank for a loan of EUR 80,000 thousand to finance working capital loans to small and medium-sized enterprises affected by the Covid-19. In July the first tranche of the loan in the amount of EUR 30,000 thousand was received and its final repayment date is May 20, 2025, but in December the next tranche in the amount of EUR 15,000 thousand was received, which final repayment date is November 20, 2025. The loan is unsecured.

As at 31 December 2020, the average interest rate for the balances due to credit institutions was 0.11% (31.12.2019: 0.31%).

17 Due to general governments

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Loans received from Rural Support Service	4 046	5 565	4 046	5 565
Loans received from the Treasury	99 474	80 707	99 474	80 707
Total due to general governments	103 520	86 272	103 520	86 272

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 December 2020 the Group/Company liabilities to Rural Support Service consist of the principal amount of EUR 3,829 thousand (31.12.2019: EUR 5,337 thousand) and accrued interest – EUR 217 thousand (31.12.2019: EUR 228 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 December 2020 the principal amount of the loan EUR 72,513 thousand (31.12.2019: EUR 67,399 thousand), the final repayment date 31 December 2050. 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 December 2020, according to the loan agreement the Company is available the financing in the amount of EUR 11,353 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 December 2020, the amount of the secured claim was EUR 72,514 thousand (31 December 2019: EUR 67,400 thousand).
- SME development programme: as at 31 December 2020 the principal amount of the loan EUR 17,040 thousand (31.12.2019: EUR 9,997 thousand), the final repayment date 31 December 2040. 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 December 2020, according to the loan agreement the 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 December 2020, the amount of the secured claim was EUR 20,449 thousand (31 December 2019: EUR 11,996 thousand).
- Latvian Land Fund (the financing for the Fund's transactions): as at 31 December 2020 the loan amount has been used and the principal amount of the loan EUR 9,919 thousand (31.12.2019: EUR 3,309 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 December 2020, the amount of registered mortgage was EUR 10,269 thousand (31 December 2019: EUR 8,284 thousand).

As at 31 December 2020 the accrued interest on the loans received from the Treasury amounts to EUR 1,743 (31.12.2019: EUR 1,302).

The Company has also concluded the following loan agreements with the Treasury, the acquisition of which has not been started until December 31, 2020:

- Micro Loans and Star-up Loans programme: the amount of the loan agreement EUR 23,000 thousand, the final repayment date 31 December 2028, 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.
- Parallel Loan programme: the amount of the loan agreement EUR 20,000 thousand, the final repayment date 31 January 2036, 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 24,000 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.

18 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 December 2020, in thousands of euro:

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Accrued liabilities on state aid	Fair value correction	Net programme funding
Loans						
ERDF II	7 434	1 866	(467)	3 093	(8 489)	1 571
ESF II	1 547	193	(86)	771	(1 320)	912
Microcredits of Swiss programme	3 608	268	(12)	331	(483)	3 444
ERDF I	416	99	(9)	27	(327)	107
ESF I	324	40	(31)	-	-	293
ERDF II (second round)	6 408	425	(75)	566	(1 223)	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	1 988	1 988	(266)	-	(16)	1 706
Other loans to start-ups	1 648	274	(67)	89	(254)	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	58 297 *	30 255	(6 821)	4 877	(12 112)	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
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	5 438	3 173	-	-	(166)	5 272
Baltic Innovation Fund	2 000	700	-	-	-	2 000
Baltic Innovation Fund II	2 359	724	-	-	-	2 359
Total venture capital funds	36 451	19 564	-	-	(166)	36 285

18 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	Accrued liabilities on state aid	Fair value correction	Net programme funding
Other Activities						
Energy Efficiency Fund	433	-	-	-	-	433
Regional Creative Industries Alliance	-	-	-	-	-	-
Funding allocated to increase reserve capital **	23 209	-	-	-	-	23 209
Total other activities	23 642	-	-	-	-	23 642
Total support programme funding	227 561 ***	112 567	(28 197)	4 877	(12 278)	191 963

* Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated at the beginning of 2021.

** In December 2020, the Ministry of Economics transferred financing in the amount of 22,565,000 euros 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 643,579 euros 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.

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

18 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 2019, in thousands of euro:

Financial Instrument / Programme	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Accrued liabilities on state aid	Fair value correction	Net programme funding
Loans						
ERDF II	13 324	4 318	(902)	3 093	(8 489)	7 026
ESF II	1 523	478	(132)	771	(1 320)	842
Microcredits of Swiss programme	5 610	718	(24)	331	(483)	5 434
ERDF I	886	138	(17)	27	(327)	569
ESF I	317	58	(37)	-	-	280
Microcredits	-	-	-	-	-	-
ERDF II (second round)	6 366	745	(124)	566	(1 223)	5 585
Incubators (from ESF II)	80	11	-	-	-	80
ERAF II 2 Public fund	285	129	(15)	-	-	270
Fund of Funds programme – Start-up loans	2 623	2 623	(355)	-	-	2 268
Fund of Funds programme – Microcredits	309	309	(29)	-	-	280
Fund of Funds programme – Parallel loans	3 425	3 425	(1 907)	-	-	1 518
Energy Efficiency Programme for Multi-apartment Buildings Loans	3 751	3 751	(14)	-	-	3 737
Start-up State Aid Cumulation Lending Programme	1 994	1 994	(277)	-	(16)	1 701
Other loans to start-ups	1 583	487	(91)	89	(254)	1 327
Mezzanine Programme – Loans	3 148	2 518	(1 626)	-	-	1 522
Guarantees and interest grants programme	4 184	4 184	-	-	-	4 184
SME energy efficiency loans	1 723	1 723	-	-	-	1 723
Parallel loans	2 000	2 000	(114)	-	-	1 886
Loans for enterprises in rural territories	6 304	599	(29)	-	-	6 275
Parallel loans to large entrepreneurs	-	-	-	-	-	-
Total loans	59 435 *	30 208	(5 693)	4 877	(12 112)	46 507
Guarantees						
Fund of Funds programme - Guarantees	21 566	21 566	(8 591)	-	-	12 975
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 163	4 917	(1 007)	-	-	5 156
Housing Guarantee Programme	14 005	14 005	(8 093)	-	-	5 912
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(1 225)	-	-	6 528
Mezzanine Programme - Guarantees	1 363	1 090	(1 341)	-	-	22
Portfolio Guarantee Fund	4 069	4 069	(1 235)	-	-	2 834
Export guarantees	2 007	2 007	(292)	-	-	1 715
Agricultural Guarantees	1 058	1 058	(352)	-	-	706
Total guarantees	57 984	56 465	(22 136)	-	-	35 848
Grants						
Energy Efficiency Programme for Multi-apartment Buildings Grants	25 567	-	-	-	-	25 567
Social Entrepreneurship Programme	1 084	-	-	-	-	1 084
Grants for development of energy efficiency projects	341	-	-	-	-	341
Total grants	26 992	-	-	-	-	26 992
Venture Capital Funds						
Fund of Funds and venture capital funds	13 412	10 730	-	-	-	13 412
Investment Fund Activity	2 812	2 375	-	-	(166)	2 646
Baltic Innovation Fund	2 000	-	-	-	-	2 000
Baltic Innovation Fund II	833	-	-	-	-	833
Total venture capital funds	19 057	13 105	-	-	(166)	18 891
Other Activities						
Energy Efficiency Fund	492	-	-	-	-	492
Regional Creative Industries Alliance	-	-	-	-	-	-
Total other activities	492	-	-	-	-	492
Total support programme funding	163 960 **	99 778	(27 829)	4 877	(12 278)	128 730

* Support programme funding includes funding that is planned to be reallocated to other support programmes. Funding is planned to be reallocated in 2020.

** Support programme funding contains EUR 7,934 thousand allocated for management costs of the Group / Company to be compensated from support programme funding.

18 Support programme funding (cont'd)

Based on the concluded programme implementation contracts, the funding received could be reduced by the outstanding principal amount of the loans classified as lost, non-repaid loan principal amount and / or disbursements of guarantee compensations. The Group / Company need not have to repay the reductions of funding to the funding provider.

Movement in the Group's / Company's support programme funding in the 12 months of 2020, 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
	31.12.2019.									31.12.2020.
Loans										
ERDF II	7 026	-	(5 700)	-	-	-	22	(212)	435	1 571
ESF II	842	-	-	-	-	-	28	(4)	46	912
Microcredits of Swiss programme	5 434	-	(2 000)	-	-	-	10	(12)	12	3 444
ERDF I	569	-	(470)	-	-	-	-	-	8	107
ESF I	280	-	-	-	-	-	13	(6)	6	293
ERDF II (second round)	5 585	-	-	-	-	-	64	(22)	49	5 676
Incubators (from ESF II)	80	-	-	-	-	-	1	1	-	82
ERAF II 2 Public fund	270	-	-	-	-	-	-	-	1	271
Fund of Funds programme – Start-up loans	2 268	-	117	-	-	-	-	(10)	41	2 416
Fund of Funds programme – Microcredits	280	-	-	-	-	-	-	(11)	3	272
Fund of Funds programme – Parallel loans	1 518	-	436	-	-	-	-	-	(829)	1 125
Energy Efficiency Programme for Multi-apartment Buildings – Loan Fund	3 737	-	-	-	(47)	-	44	-	(28)	3 706
Start-up State Aid Cumulation Lending Programme	1 701	-	-	-	-	-	-	(6)	11	1 706
Other loans to start-ups	1 327	-	-	-	(20)	-	67	18	24	1 416
Mezzanine Programme – Loans	1 522	-	238	-	(50)	-	242	(377)	(726)	849
Guarantees and interest grants programme	4 184	-	-	-	-	-	-	67	-	4 251
SME energy efficiency loans	1 723	-	2 000	-	-	-	-	-	-	3 723
Parallel loans	1 886	-	-	-	-	-	-	-	(124)	1 762
Loans for enterprises in rural territories	6 275	1 506	-	-	-	-	-	-	(57)	7 724
Loans to Midcaps for mitigation of the COVID-19 effect	-	2 435	-	-	-	-	-	-	-	2 435
Start-up loans to innovative entrepreneurs	-	-	500	-	-	-	-	-	-	500
Total loans	46 507	3 941	(4 879)	-	(117)	-	491	(574)	(1 128)	44 241
Guarantees										
Fund of Funds programme - Guarantees	12 975	-	5 000	-	-	-	-	341	2 303	20 619
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	5 156	-	-	-	(116)	-	170	-	16	5 226
Housing Guarantee Programme	5 912	-	-	-	-	-	-	-	(1 576)	4 336
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 528	-	-	-	-	-	-	-	147	6 675
Mezzanine Programme - Guarantees	22	-	(238)	-	(19)	-	110	(26)	607	456
Portfolio Guarantee Fund	2 834	-	-	-	(64)	-	-	-	(487)	2 283
Export guarantees	1 715	-	470	-	-	-	-	-	(278)	1 907
Study and student portfolio guarantees	-	106	-	-	(29)	-	-	-	-	77
Agricultural Guarantees	706	-	-	-	-	-	-	(58)	28	676
Total guarantees	35 848	106	5 232	-	(228)	-	280	257	760	42 255

18 Support programme funding (cont'd)

Movement in the Group's / Company's support programme funding in the 12 months of 2020, 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
	31.12.2019.									31.12.2020.
Grants										
Energy Efficiency Programme for Multi-apartment Buildings – Grants	25 567	19 327	-	(2 978)	(1 378)	-	-	-	-	40 538
Social Entrepreneurship Programme	-	3 510	-	(244)	-	-	-	-	-	3 266
Grants for development of energy efficiency projects	1 084	1 505	-	(881)	(144)	-	-	-	-	1 564
Housing grant programme "Balsts"	341	-	-	(81)	(88)	-	-	-	-	172
Total grants	26 992	24 342	-	(4 184)	(1 610)	-	-	-	-	45 540
Venture Capital Funds										
Fund of Funds and venture capital funds	13 412	23 311	(6 053)	-	(3 874)	(1 241)	1 019 *	80	-	26 654
Investment Fund Activity	2 646	-	4 000	-	(1 036)	(1 609)	1 202 **	69 **	-	5 272
Baltic Innovation Fund	2 000	-	-	-	(250)	-	250 ***	-	-	2 000
Baltic Innovation Fund II	833	-	1 700	-	(174)	-	-	-	-	2 359
Total venture capital funds	18 891	23 311	(353)	-	(5 334)	(2 850)	2 471	149	-	36 285
Other Activities										
Energy Efficiency Fund	492	16	-	-	(75)	-	-	-	-	433
Regional Creative Industries Alliance	-	38	-	-	(38)	-	-	-	-	-
Funding allocated to increase reserve capital	-	23 209	-	-	-	-	-	-	-	23 209
Total other activities	492	23 263	-	-	(113)	-	-	-	-	23 642
Total support programme funding	128 730	74 963	-	(4 184)	(7 402)	(2 850)	3 242	(168)	(368)	191 963

* include EUR 20 thsd mezzanine interest received from 4th generation venture capital funds in 2020.

** include EUR 1,203 thsd mezzanine interest received and EUR 67 thsd realised gain on investments in 2nd and 3rd generation venture capital funds in 2020.

*** include EUR 200 thsd mezzanine interest received and EUR 50 thsd realised gain on investment in Baltic Innovation Fund in 2020.

19 Provisions

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Provisions for financial guarantees	31 413	30 606	31 413	30 606
<i>Group's / Company's share of provisions</i>	10 919	9 294	10 919	9 294
<i>Provisions covered by risk coverage</i>	20 494	21 312	20 494	21 312
Provisions for loan commitments	1 014	458	1 014	458
<i>Group's / Company's share of provisions</i>	687	132	687	132
<i>Provisions covered by risk coverage</i>	327	326	327	326
Provisions for grant commitments	74	12	74	12
<i>Group's / Company's share of provisions</i>	74	12	74	12
<i>Provisions covered by risk coverage</i>	-	-	-	-
Total provisions	32 501	31 076	32 501	31 076
<i>Group's / Company's share of provisions</i>	11 680	9 438	11 680	9 438
<i>Provisions covered by risk coverage</i>	20 821	21 638	20 821	21 638

19 Provisions (cont'd)

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

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Provisions at the beginning of the period	30 606	24 144	30 606	24 144
Increase in provisions (Note 10)	14 442	15 752	14 442	15 752
Decrease in provisions (Note 10)	(13 060)	(6 692)	(13 060)	(6 692)
Reclassification (Disbursed guarantee)	(575)	(2 597)	(575)	(2 597)
Currency change	-	(1)	-	(1)
Provisions at the end of the period ended 31 December	31 413	30 606	31 413	30 606
<i>Group's / Company's share of provisions</i>	10 919	9 294	10 919	9 294
<i>Provisions covered by risk coverage</i>	20 494	21 638	20 494	21 638

20 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 kapitāla fonds"	Reserve capital for mitigating of impact of COVID-19	Difference recognised in Group's reorganisation reserve			
Reserves as of 31 December 2018 (audited)	11 807	-	-	(15 580)	11 738	3 597	11 562
Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(959)	(959)
Distribution of previous years profit	-	-	-	-	808	-	808
Distribution of 2018 year profit of the Company	-	-	-	-	4 092	-	4 092
Increase of reserve capital	3 700	-	-	-	-	-	3 700
Reserves as of 31 December 2019 (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	-	-	-	-	-	(1 425)	(1 425)
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 (unaudited)	16 133	25 000	120 000	(15 580)	24 768	1 213	171 534

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 kapitāla fonds"	Reserve capital for mitigating of impact of COVID-19	Difference recognised in Group's reorganisation reserve			
Reserves as of 31 December 2018 (audited)	11 807	-	-	(15 935)	11 738	3 597	11 207
Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	(959)	(959)
Distribution of previous years profit	-	-	-	-	791	-	791
Distribution of 2018 year profit of the Company	-	-	-	-	4 462	-	4 462
Increase of reserve capital	3 700	-	-	-	-	-	3 700
Reserves as of 31 December 2019 (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	-	-	-	-	-	(1 425)	(1 425)
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 (unaudited)	16 133	25 000	120 000	(15 935)	25 121	1 213	171 532

20 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 kapitāla fonds"	Total specific reserves for support programmes
	Housing Guarantee Programme	Study and student portfolio guarantees	Loans for financing of working capital	Credit holiday guarantees		
Reserves as of 31 December 2018 (audited)	11 807	-	-	-	-	11 807
Increase of reserve capital	3 700	-	-	-	-	3 700
Reserves as of 31 December 2019 (audited)	15 507	-	-	-	-	15 507
Increase of reserve capital	-	626	50 000	70 000	25 000	145 626
Reserves as of 31 December 2020 (unaudited)	15 507	626	50 000	70 000	25 000	161 133
of which:						
Portfolio loss reserve	15 507	626	29 000	50 000	7 131	102 264
Portfolio Loss Reserve (Special Reserve Capital) upon approval of the annual report	-	(392)	(2 668)	(3 184)	(185)	(6 429)

Item "Reserve capital for mitigation of impact of COVID-19" includes an increase in the Special Reserve capital of EUR 100,000 thousand in accordance with the decision of the Extraordinary General Meeting of Shareholders of the Group of 6 April 2020, adopted on the basis of the Cabinet of Ministers Order No. 122 "On the increase of the reserve capital" of 25 March 2020. An increase in the reserve capital is aimed for:

- EUR 50,000 thousand for the granting of support in the form of working capital to economic operators whose activities have been affected by the spread of Covid-19, in accordance with the Cabinet of Ministers Regulations No. 149 "Regulations on Working Capital Loans to Economic Operators Affected by the Spread of Covid-19",
- EUR 25,000 thousand for credit holiday guarantees (for investment loans, financial leasing, loans for working capital financing, including credit lines) and a guarantee for new loans for working capital financing to ensure the availability of financing for economic operators affected by the spread of Covid-19 coronavirus disease, in accordance with the Cabinet of Ministers Regulations No. 150 "Provisions on guarantees for economic operators affected by the spread of Covid-19".
- EUR 25,000 thousand to mitigate impact of the Covid-19 crisis through a portfolio guarantee program, in accordance with Cabinet Regulation No. 537 of 5 September 2017 "Regulations on Portfolio Guarantees for the Promotion of Lending to Small (Micro), Small and Medium-Sized Enterprises".
- EUR 20 million to support viable large companies, which operations, due to the spread of Covid-19, requires financing in order to restore, maintain and promote their competitiveness, as well as increase the turnover, including exports, in accordance with Cabinet Regulation No. 454 of 14 July 2020 "Regulations on Guarantees for Large Companies Affected by the Spread of Covid-19".

Item "Reserve capital for AIF "Altum kapitāla fonds" includes an increase in the Special Reserve capital of EUR 25,000 thousand in accordance with the decision of the Extraordinary General Meeting of Shareholders of the Group of 11 September 2020, adopted on the basis of the Cabinet of Ministers Order No. 389 "On the increase of the reserve capital" of 31 July 2020. An increase in the reserve capital is intended to finance the AIF "Altum Capital Fund". The AIF "Altum Capital Fund" was registered in the Register of Enterprises of the Republic of Latvia on July 31, 2020.

The funds included in the specific reserve capital will be used to cover the expected credit losses of the programs listed above.

21 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Contingent liabilities:				
Outstanding guarantees	359 605	284 232	359 605	284 232
Financial commitments:				
Loan commitments	39 348	18 951	39 348	18 951
Grant commitments	6 798	7 701	6 798	7 701
Commitments to investments in subsidiaries	-	-	10 415	13 471
Commitments to AIF "Altum kapitāla fonds"	48 772	-	48 772	-
Commitments to investments in associates	44 935	44 914	44 935	44 914
Commitments to other investments	38 220	25 583	38 220	25 583
Total contingent liabilities and financial commitments	537 678	381 381	548 093	394 852

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Unutilised loan facilities	39 348	18 951	39 348	18 951
Impairment allowances	(1 014)	(458)	(1 014)	(458)
Total unutilized loan facilities, net	38 334	18 493	38 334	18 493

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

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Grant commitments	6 798	7 701	6 798	7 701
Impairment allowances	(74)	(12)	(74)	(12)
Total grant commitments, net	6 724	7 689	6 724	7 689

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	359 605	-	-	-	-	-	359 605
Financial commitments							
Loan commitments	39 348	-	-	-	-	-	39 348
Grant commitments	6 798	-	-	-	-	-	6 798
Commitments to AIF "Altum kapitāla fonds"	-	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	405 751	13 777	14 532	34 682	52 652	16 284	537 678

21 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 December 2019, 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	284 232	-	-	-	-	-	284 232
Financial commitments							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 701	-	-	-	-	-	7 701
Commitments to investments in associates	382	1 146	1 527	4 581	27 397	9 881	44 914
Commitments to other investments	218	652	870	2 609	15 606	5 628	25 583
Total financial commitments	27 252	1 798	2 397	7 190	43 003	15 509	97 149
Total contingent liabilities and financial commitments	311 484	1 798	2 397	7 190	43 003	15 509	381 381

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	359 605	-	-	-	-	-	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 kapitāla fonds"	-	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	406 168	14 194	15 365	37 182	57 859	17 325	548 093

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2019, 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	284 232	-	-	-	-	-	284 232
Financial commitments							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 701	-	-	-	-	-	7 701
Commitments to investments in subsidiaries	114	343	458	1 375	8 217	2 964	13 471
Commitments to investments in associates	382	1 146	1 527	4 581	27 397	9 881	44 914
Commitments to other investments	218	652	870	2 609	15 606	5 628	25 583
Total financial commitments	27 366	2 141	2 855	8 565	51 220	18 473	110 620
Total contingent liabilities and financial commitments	311 598	2 141	2 855	8 565	51 220	18 473	394 852

Subitem *Commitments to AIF "Altum kapitāla fonds"* 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.

22 Grants

All amounts in thousands of euro

	Group 31.12.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.12.2020. (unaudited)	Company 31.12.2019. (audited)
Energy Efficiency Programme for Multi-apartment Buildings	30 053	16 826	30 053	16 826
Social Entrepreneurship Programme	1 065	371	1 065	371
Grants for development of energy efficiency projects	-	1	-	1
Housing grant programme "Balsts"	164	-	164	-
Total grants, gross	31 282	17 198	31 282	17 198
Impairment allowances	(175)	(12)	(175)	(12)
Total grants, net	31 107	17 186	31 107	17 186

Movement in the Group's / Company's net book value of grants in the 9 months of 2020, in thousands of euro:

	Group 01.01.2020.- 31.12.2020. (unaudited)	Group 01.01.2019.- 31.12.2019. (audited)	Company 01.01.2020.- 31.12.2020. (unaudited)	Company 01.01.2019.- 31.12.2019. (audited)
Grants				
At the beginning of period	17 186	22 575	17 186	22 575
Changes	14 096	31 018	14 096	31 018
At the end of period ended 31 December (unaudited)	31 282	17 198	31 282	17 198
Impairment provision				-
At the beginning of period	(12)	(14)	(12)	(14)
Changes	(163)	2	(163)	2
At the end of period ended 31 December (unaudited)	(175)	(12)	(175)	(12)
Grants net book at the beginning of the period	17 174	22 561	17 174	22 561
Grants net book value at the end of the period ended 31 December (unaudited)	31 107	17 186	31 107	17 186

23 Related party transactions

Related parties are defined as 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 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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Investments in venture capital funds	-	-	-	-	47 988	51 160	-	-
Investments in AIF "Altum kapitāla fonds"	-	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	-	4 047	5 565
Support programme funding	-	-	192 243	128 480	-	-	35 317	35 480
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	44 935	44 914	-	-
Off-balance sheet financial liabilities for AIF "Altum kapitāla fonds"	-	-	-	-	48 772	-	-	-

23 Related party transactions (cont'd)

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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Investments in venture capital funds	-	-	47 988	51 160	-	-	-	-
Investments in AIF "Altum kapitāla fonds"	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	4 879	3 812
Due to general governments	-	-	-	-	4 047	5 565	-	-
Support programme funding	192 243	128 480	-	-	35 317	35 480	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	44 935	44 914	-	-	-	-
Off-balance sheet financial liabilities for AIF "Altum kapitāla fonds"	-	-	48 772	-	-	-	-	-
Off-balance sheet financial liabilities for investments in subsidiaries	-	-	-	-	-	-	10 415	13 471

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

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2020.-31.12.2020. (unaudited)	01.01.2019.-31.12.2019. (audited)	01.01.2020.-31.12.2020. (unaudited)	01.01.2019.-31.12.2019. (audited)
Transactions with shareholders				
Ministry of Finance of the Republic of Latvia	42 077	42 491	423	-
Ministry of Economy of the Republic of Latvia	173 526	7 156	-	(732)
Associates				
Venture capital funds	-	6 324	-	(5 303)
Other companies owned by the Group's shareholders				
Rural Support Service	-	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	19 327	-	-	(27)
Ministry of Wealth Fair of the Republic of Latvia	1 375	-	-	-
Ministry of Education and Science of the Republic of Latvia	1 399	2 140	-	-

In the reporting period, the remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company amounted to EUR 629 thousand (12 months of 2019: EUR 766 thousand), incl. social insurance contributions.

24 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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Assets				
Due from credit institutions and the Treasury	359 949	181 199	359 949	181 198
Financial assets at fair value through profit or loss	5 425	4 217	5 425	4 217
Financial assets at fair value through other comprehensive income - investment securities	36 958	47 941	36 958	47 941
Financial assets at amortised cost:				
Investment securities	441	478	1 142	1 140
Individuals	313 268	220 129	304 292	216 113
Companies	30 370	11 820	22 023	8 417
Loans	282 898	208 309	282 270	207 696
Grants	31 107	17 186	31 107	17 186
Investments in associates (investments in BIF)	15 019	13 851	15 019	13 851
Investment properties	36 758	24 366	36 758	24 366
Other assets	3 643	3 067	3 643	3 067
Total assets	802 568	512 434	794 293	509 079
Liabilities				
Due to credit institutions	65 855	29 542	65 855	29 542
Due to general governments	103 520	86 272	101 838	86 272
Financial liabilities at amortised cost - Issued debt securities	65 522	45 348	65 522	45 348
Support programme funding	191 963	128 730	191 963	128 730
Total liabilities	426 860	289 892	425 178	289 892

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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Assets				
Due from credit institutions and the Treasury	359 949	181 047	359 949	181 046
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	36 958	47 941	36 958	47 941
Financial assets at amortised cost:				
Investment securities	441	478	1 133	1 140
Individuals	313 268	220 129	304 292	216 113
Companies	30 370	11 820	22 023	8 417
Loans	282 898	208 309	282 270	207 696
Grants	31 107	17 186	31 107	17 186
Investments in associates (investments in BIF)	15 019	13 851	15 019	13 851
Investments in subsidiaries	4 879	3 812	4 879	3 812
Investment properties	36 758	24 366	36 758	24 366
Other assets	3 608	3 067	3 608	3 067
Total assets	801 987	511 877	793 703	508 522
Liabilities				
Due to credit institutions	65 855	29 542	65 855	29 542
Due to general governments	103 520	86 272	101 838	86 272
Financial liabilities at amortised cost - Issued debt securities	65 522	45 348	65 522	45 348
Support programme funding	191 963	128 730	191 963	128 730
Total liabilities	426 860	289 892	425 178	289 892

24 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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	5 425	4 217	5 425	4 217
Financial assets at fair value through other comprehensive income - investment securities	24 035	35 021	12 923	12 920	-	-	36 958	47 941
Investments in associates (investments in BIF)	-	-	-	-	15 019	13 851	15 019	13 851
Investment properties	-	-	-	-	36 758	24 366	36 758	24 366
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	316 631	181 198	43 318	-	359 949	181 198
Financial assets at amortised cost:								
Investment securities	-	-	1 142	1 140	-	-	1 142	1 140
Loans	-	-	-	-	304 292	216 113	304 292	216 113
Grants	-	-	-	-	31 107	17 186	31 107	17 186
Other assets	-	-	-	-	3 643	3 067	3 643	3 067
Total assets	24 035	35 021	330 696	195 258	439 562	278 800	794 293	509 079
Liabilities measured at fair value								
Support programme funding	-	-	-	-	191 963	128 730	191 963	128 730
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	65 855	29 542	65 855	29 542
Due to general governments	-	-	-	-	101 838	86 272	101 838	86 272
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 522	45 348	65 522	45 348
Total liabilities	-	-	-	-	425 178	289 892	425 178	289 892

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	
	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (audited)	31.12.2020. (unaudited)	31.12.2019. (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	24 035	35 021	12 923	12 920	-	-	36 958	47 941
Investments in subsidiaries	-	-	-	-	4 879	3 812	4 879	3 812
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	15 019	13 851	15 019	13 851
Investment properties	-	-	-	-	36 758	24 366	36 758	24 366
Assets with fair values disclosed								
Due from credit institutions and the Treasury	-	-	316 631	181 046	43 318	-	359 949	181 046
Financial assets at amortised cost:								
Investment securities	-	-	1 133	1 140	-	-	1 133	1 140
Loans	-	-	-	-	304 292	216 113	304 292	216 113
Grants	-	-	-	-	31 107	17 186	31 107	17 186
Other assets	-	-	-	-	3 608	3 067	3 608	3 067
Total assets	24 035	35 021	330 687	195 106	438 981	278 395	793 703	508 522
Liabilities measured at fair value								
Support programme funding	-	-	-	-	191 963	128 730	191 963	128 730
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	65 855	29 542	65 855	29 542
Due to general governments	-	-	-	-	101 838	86 272	101 838	86 272
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	65 522	45 348	65 522	45 348
Total liabilities	-	-	-	-	425 178	289 892	425 178	289 892

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

(1) 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.

(2) 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.

(3) 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 instrument's value.

(4) 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.

(5) 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.

(6) Investments in venture capital funds

The Group / Company have a number of investments in venture capital funds. The Group's / Company's investments in venture capital funds are classified as Associates or Investments in subsidiaries. Associate is the entity over which the Group / Company has significant influence, but no control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Subsidiary is the entity controlled by the Group / Company.

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

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

(7) 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 thsd euro.

(8) 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.

25 Segment Information

Taking into account constant increase in operational volumes of the Land Fund over the last 3 years as well as significance of portfolio of the Land Fund in the Altum's financial and non-financial instrument portfolio, the Group's management has allocated as a separate segment the Land Fund services starting from the 1st quarter of 2020. The comparatives for the 6 months of 2019 for the Land Fund services have been reclassified accordingly following the new segmentation in order to ensure comparability of information, Thus the Group's management considers that the Goup's operations are performed in 6 operational segments:

- Loan service
- Guarantee service,
- Venture capital fund service,
- Grant service,
- Land Fund service,
- Other services.

Other services include transaction, which are connected to the repossessed assets, new state aid development as well as transactions, which cannot be attributed to state aid 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.

25 Segment Information (cont'd)

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

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Other services	Total
Interest income	11 881	2 975	42	-	1 536	8	16 442
Interest expense	(1 288)	(35)	-	-	(547)	-	(1 870)
Net interest income	10 593	2 940	42	-	989	8	14 572
Income for implementation of state aid programmes	478	742	4 063	1 173	-	70	6 526
Expenses to be compensated for implementation of state aid programmes	(119)	(452)	(4 120)	(1 173)	-	(86)	(5 950)
Net income for implementation of state aid programmes	359	290	(57)	-	-	(16)	576
Gains from debt securities and foreign exchange translation	(24)	(28)	(1)	-	(3)	-	(56)
Share of (losses) of investment in associates	-	-	(2 094)	-	-	-	(2 094)
Share of gain of investment in associates at fair value through profit or loss	-	-	288	-	-	-	288
Gains less losses from liabilities at fair value through profit or loss	-	-	1 908	-	-	-	1 908
Other income	-	-	835	7	1 811	400	3 053
Other expense	(266)	(42)	(251)	(33)	(436)	(37)	(1 065)
Operating income / (loss) before operating expenses	10 662	3 160	670	(26)	2 361	355	17 182
Staff costs	(3 417)	(694)	(71)	(595)	(270)	(369)	(5 416)
Administrative expense	(988)	(282)	(43)	(370)	(77)	(71)	(1 831)
Amortisation of intangible assets and depreciation of property, plant and equipment	(452)	(179)	(32)	(179)	(38)	(36)	(916)
(Impairment) gain, net	(2 238)	(1 521)	8	(228)	219	280	(3 480)
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-
Total segment profit/(loss)	3 567	484	532	(1 398)	2 195	159	5 539
Financial assets at fair value through profit or loss	-	-	5 425	-	-	-	5 425
Other investments	-	-	7 503	-	-	-	7 503
Investments in associates	-	-	47 988	-	-	-	47 988
Additions of property and equipment, intangible assets and investment property	582	167	33	275	11 660	41	12 758
Total segment assets	425 054	156 837	126 265	50 485	68 590	23 473	850 704
Total segment liabilities	251 157	76 321	36 525	47 715	55 645	747	468 110

25 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2019 till 31 December 2019, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Other services	Total
Interest income	10 151	2 263	125	2	803	-	13 344
Interest expense	(1 518)	(22)	-	-	(235)	-	(1 775)
Net interest income	8 633	2 241	125	2	568	-	11 569
Income for implementation of state aid programmes	469	784	3 611	1 200	-	101	6 165
Expenses to be compensated for implementation of state aid programmes	(270)	(484)	(3 641)	(1 074)	-	(115)	(5 584)
Net income for implementation of state aid programmes	199	300	(30)	126	-	(14)	581
Gains from debt securities and foreign exchange translation	10	70	10	-	-	-	90
Share of (losses) of investment in associates	-	-	(1 546)	-	-	-	(1 546)
Share of gain of investment in associates at fair value through profit or loss	-	-	18	-	-	-	18
Gains less losses from liabilities at fair value through profit or loss	-	-	1 539	-	-	-	1 539
Other income	-	-	762	2	1 181	223	2 168
Other expense	(257)	(45)	(8)	(30)	(226)	(68)	(634)
Operating income / (loss) before operating expenses	8 585	2 566	870	100	1 523	141	13 785
Staff costs	(2 910)	(655)	(72)	(605)	(227)	(171)	(4 640)
Administrative expense	(972)	(281)	(84)	(334)	(104)	(46)	(1 821)
Amortisation of intangible assets and depreciation of property, plant and equipment	(397)	(153)	(29)	(165)	(22)	(21)	(787)
(Impairment) gain, net	(1 061)	3 002	6	-	(1)	(247)	1 699
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	(105)	(105)
Total segment profit/(loss)	3 245	4 479	691	(1 004)	1 169	(449)	8 131
Financial assets at fair value through profit or loss	-	-	-	-	-	(959)	(959)
Other investments	-	-	250	-	-	-	250
Investments in associates	-	-	2 616	-	-	-	2 616
Additions of property and equipment, intangible assets and investment property	408	124	26	190	9 175	24	9 947
Total segment assets	343 368	49 316	68 687	40 183	40 128	18 379	560 061
Total segment liabilities	173 392	67 778	17 867	28 971	38 382	933	327 323

26 Events after the reporting date

As of the last day of the reporting period until the date of signing these financial statements there have been no other events which could produce a material effect on the financial position of the Group / Company.

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OTHER NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

KEY FINANCIAL AND PERFORMANCE INDICATORS

	2020 (unaudited)	2019 (audited)	2018 (audited)	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
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. The operational volumes for 3 months of 2019 have been adjusted accordingly.

Definitions of ratios

<i>Net income from interest, fees and commission</i>	<p>"Net income from interest, fees and commission" is equal to the item "Net interest income" in the Statement of Comprehensive Income. Until 2018 this ratio included the following items of the Statement of Comprehensive Income: "Net interest income" and "Net income from fees and commissions". In 2019 following the industry practise Fee and commission income from lending activities is reclassified to Interest income from "Net income from fees and commissions". Subsequently the fee and commission income not related to lending activities is reclassified within Other income and as such is not included in this ratio. The item "Net income from fees and commissions" is not applicable in The Statement of Comprehensive Income anymore. The comparatives have been reclassified accordingly. ALTUM uses this indicator as the key financial metric for profitability by evaluating ALTUM 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>
<i>Cost to income ratio (CIR)</i>	<p>"Cost to income ratio" (CIR) is calculated by dividing the amount of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" by "Operating income before operating expenses" included in the Statement of Comprehensive Income. ALTUM uses CIR to evaluate the operational efficiency. This is one of the measures of operational efficiency which ALTUM management assesses on a quarterly basis in the management reports to evaluate the outputs from different operational activities and efficiency improving measures.</p>
<i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of available for sale investments from total equity.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of ALTUM 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>
<i>Total risk coverage</i>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the State aid programmes implemented by ALTUM. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve" (Specific Capital Reserves) less "Risk Coverage Reserve Used for Provisions" and "Portfolio loss reserve used to compensate provisions upon approval of the annual report". The expected losses are estimated before implementation of the respective State aid programme and part of the public funding received under respective State aid programme for coverage of expected losses on credit risk is transferred either to "Portfolio Loss Reserve" as ALTUM 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>
<i>180-day liquidity ratio</i>	<p>"180-days-liquidity ratio" is calculated by dividing the amount of the balances "Due from other credit institutions and the Treasury" with a maturity of up to 1 month and "Financial assets at fair value through other comprehensive income 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>
<i>Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period</i>	<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.
