KŪB „PAGALBOS VERSLUI FONDAS“

FINANCIAL STATEMENTS 31 DECEMBER 2023

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

CONTENTS

Information about the company

Contact details of the Fund:

Name	KŪB "PAGALBOS VERSLUI FONDAS"
Legal form:	Limited partnership. The Fund is a private legal person of unlimited civil liability. The Fund acquires civil rights, assumes and fullfils the responsibilities through the Full Member.
Address:	Konstitucijos av. 7, LT-09308, Vilnius Registration address: Lukiškių st. 2, LT-01108 Vilnius
Legal entity code:	305640822
Registration date:	13 of October 2020
Email address:	info@viva.lt
Website:	www.viva.lt
Main activity type:	Aid and investment in medium-sized and large enterprises facing challenges posed by the COVID-19.
Fund's Full Member:	UAB "Valstybės investicijų valdymo agentūra", 305612545
Limited Partner:	UAB „Valstybės investicinis kapitalas", 305611945
Licensing:	The Fund is not licensed or supervised by the Bank of Lithuania and/or other institutions performing the financial market supervision function. For the purposes of supervising the activities of the Fund, an Advisory Committee of the Fund shall be formed from at least 3 and not more than 7 persons appointed by the Fund's Limited Partners. The Advisory Committee of the Fund shall appoint 2 representatives delegated by the Bank of Lithuania and 1 independent member from the Board of the Limited Partner. By a decision of the members of the Advisory Committee of the Fund, one of the 2 delegated representatives of the Bank of Lithuania shall be appointed as chairman of the Advisory Committee of the Fund.
Investment Committee	Independent members of the board of the full member
Chairman	Andrius Sokolovskis (since 19 11 2021)
Member of the Board	Agnė Daukšienė
Member of the Board	Virginijus Doveika
Member of the Board	Tomas Tumėnas (since 01 04 2022)
Advisory Committee Representative of the Bank of Lithuania	Martynas Pilkis (Advisory Chairman since 07 01 2022)
Auditors	UAB "Deloitte Lietuva"

Statement of Profit or Loss and Other Comprehensive Income

Confirmation date 29 03 2023

	Note	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Operating income	4		
Interest income		11 573 174	8 969 016
Services and commissions income		629 671	749 279
Total operating income		12 202 845	9 718 295
Operating expenses	5		
Fund management fee		(1 741 545)	(2 378 534)
Services and commissions expenses		(213 207)	(440 681)
Total operating expenses		(1 954 752)	(2 819 215)
Net change in fair value of financial assets	7		
Change in the fair value of debt securities and loans granted		(58 974)	(34 276)
Total net change in fair value of financial assets		(58 974)	(34 276)
Profit related to the realization of financial assets			
Profit related to the realization of financial assets at FVOCI		585 868	-
Total profit related to the realization of financial assets		585 868	-
Financing and investing activities	8		
Revenue from financing and investing activities		865 748	8 600
Total net change in financing and investing activities		865 748	8 600
Profit before tax		11 640 735	6 873 404
Income tax	6	(1 667 077)	(1 036 151)
Profit for the period		9 973 658	5 837 253
Financial assets at FVOCI - net change in fair value	7	10 014 061	(17 179 018)
Profit (loss) and comprehensive income for the period		19 987 719	(11 341 765)

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer of Full Member	Liudas Sinkevičius	
Representative of UAB “Ernst & Young Baltic” responsible for financial statements preparation	Virginija Skirmantė	

Statement of Financial Position

Confirmation date 29 03 2023

	Note	31 12 2023	31 12 2022
Assets			
Cash and cash equivalents	9	56 915 881	27 641 076
Non-convertible debt securities at FVTPL	7	29 433	96 597
Non-convertible debt securities at FVOCI	7	133 063 397	138 057 760
Loans at FVOCI	7	9 609 793	15 053 719
Deferred tax assets	6	106 889	158 406
Other receivable amounts	10	45 278	51 850
Total assets		199 770 671	181 059 408
Equity and liabilities			
Liabilities			
Trade payables to suppliers		-	1 078
Payables to associated entities	14	147 038	148 568
Income tax payable	6	1 150 282	930 555
Other current liabilities	11	63 204	56 779
Total liabilities		1 360 524	1 136 980
Equity			
Capital of stakeholders	12	197 500 001	199 000 001
Net change in fair value of financial assets at FVOCI	7	(7 351 799)	(17 365 860)
Retained earnings (loss)	12	8 261 945	(1 711 713)
Total equity		198 410 147	179 922 428
Total liabilities and equity		199 770 671	181 059 408

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer of Full Member	Liudas Sinkevičius	
Representative of UAB “Ernst & Young Baltic” responsible for financial statements preparation	Virginija Skirmantė	

Statement of Changes in Equity

	Contributions of stakeholders	Reserve for changes in fair value of financial assets at FVOCI	Retained earnings (loss)	Total Equity
As at 1 January 2022	150 000 001	(186 842)	(7 548 966)	142 264 193
Increase in contributions of stakeholders	50 000 000	-	-	50 000 000
Return of contributions of stakeholders	(1 000 000)	-	-	(1 000 000)
Profit for the reporting period	-	-	5 837 253	5 837 253
Financial assets at FVOCI - net change in fair value	-	(17 179 018)	-	(17 179 018)
As at 31 December 2022	199 000 001	(17 365 860)	(1 711 713)	179 922 428
Return of contributions of stakeholders	(1 500 000)	-	-	(1 500 000)
Profit for the reporting period	-	-	9 973 658	9 973 658
Financial assets at FVOCI - net change in fair value	-	10 014 061	-	10 014 061
As at 31 December 2023	197 500 001	(7 351 799)	8 261 945	198 410 147

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer of Full Member — Liudas Sinkevičius

Representative of UAB "Ernst & Young Baltic" responsible for financial statements preparation — Virginija Skirmantė

Statement of Cash Flows

	Note	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Operating activities			
Profit for the period		9 973 658	5 837 253
Debt securities (acquisition)/sale	7	14 546 721	(65 328 689)
(Increase)/decrease in loans granted	7	5 858 155	(4 764 064)
Elimination of net change in fair value of non-convertible debt securities at FVTPL	7	58 974	34 276
(Increase)/decrease in interest receivable	7	55 664	(311 357)
Total operating activities		30 493 172	(64 532 581)
Working capital adjustments			
Decrease in deferred tax assets	6	51 517	105 596
(Increase)/decrease in other receivables	10	6 572	(31 330)
Decrease in trade payables		(1 078)	(22 551)
(Decrease)/increase in payables to associated entities	14	(1 530)	148 568
Increase in income tax payable	6	219 727	930 555
(Decrease)/increase in other current liabilities	11	6 425	(37 371)
Total working capital adjustments		281 633	1 093 467
Net cash flows from operating activities		30 774 805	(63 439 114)
Financing activities			
Increase in contributions of stakeholders		-	50 000 000
Return of contributions of stakeholders		(1 500 000)	(1 000 000)
Total financing activities		(1 500 000)	49 000 000
Net change in cash and cash equivalents		29 274 805	(14 439 114)
Cash and cash equivalents at the beginning of the period	9	27 641 076	42 080 190
Cash and cash equivalents at the end of the period		56 915 881	27 641 076

The accompanying notes form an integral part of the financial statements.

Chief Executive Officer of Full Member	Liudas Sinkevičius	
Representative of UAB “Ernst & Young Baltic” responsible for financial statements preparation	Virginija Skirmantė	

1 General information

KŪB "Pagalbos verslui fondas" (hereinafter - the Fund) was established in implementing the European Commission Decision C(2020) 3534 “State aid SA.57008 (2020/N) – Lithuania COVID-19: Aid Fund for Business". The State will invest in the Aid Fund for Business through UAB "Valstybės investicinis kapitalas" (hereinafter - VIK), while the Fund is managed by UAB "Valstbės investicijų valdymo agentūra" (hereinafter - VIVA), as provided for in Resolution No 512 of the Government of the Republic of Lithuania of 6 May 2020.

Order No. 4-837/1K-319 of the Minister of Economy and Innovation of the Republic of Lithuania and the Minister of Finance of the Republic of Lithuania "On the approval of the description of the activities of the measure "Business Support Fund" defines the objectives and principles of activities of the Fund, as well as describes potential beneficiaries of funding, forms of funding and their essential conditions.

The Fund seeks to achieve the objectives of the Financial Instrument of the Government of the Republic of Lithuania by implementing, managing, realising investments aimed at supporting the economy in response to the outbreak of COVID-19. The purpose of Fund's activity:

- investing in medium-sized and large enterprises which closure may have economic and social consequences;
- preserving sectors of the national economy prepared for the period of economic recovery;
- promoting the development of the capital market;
- attracting private institutional investors

The Fund’s proceeds may be invested in:

- newly issued debt securities of aid beneficiaries with maturity of up to 6 years;
- working capital and investment loans to aid beneficiaries;
- equity securities of aid beneficiaries;
- debt instruments for aid beneficiaries which have or may have the characteristics of share capital and maturity of up to 6 years.

The Fund was set up for an unlimited period of activities. The Fund will continue to operate until the last investment is realized.

The Full Member of the company: UAB "Valstybės investicijų valdymo agentūra".

The Limited Partner of the company: UAB "Valstybinis investicinis kapitalas".

Admissions of new members. New members – Limited Partners may be admitted to the Fund by way of accession to the Agreement only if the Parties to the Agreement so agree. In order to become a Limited Partner, the acceding entity must undertake to invest at least EUR 10,000,000 (ten million euro). New Full Members are not admitted to the Fund.

As at 31 December 2023 and as at 31 December 2022 the Fund had no employees.

Financial statements are submitted to the Advisory Committee and the Limited Partner’s meeting. Financial statements of the Fund are audited annually by an auditor appointed by the Limited Partners. The auditor of the Full Member may also be appointed the auditor of the Fund.

The financial reporting year of the Fund coincides with the calendar year. The first set of financial statements covers the period from the date of registration until the end of the calendar year.

2 Basis for Preparation of Financial Statements

Financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union, the Law of the Republic of Lithuania on Financial Accounting, other laws, legal acts of the Government of the Republic of Lithuania and the Board of the Bank of Lithuania defining the management of financial accounting and drawing up of financial statements.

Financial statements are presented in euro and all amounts rounded to the nearest integer unless specified otherwise.

2 Basis for Preparation of Financial Statements (continued)

2.1 Applied amendments and interpretations to the standards

Compared to the previous financial year, the Fund's accounting policies have not changed except for the following IFRS amendments which have been adopted by the Company as at 1 January 2023:

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2023. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretional participation contracts. The Fund does not issue contracts in scope of IFRS 17; therefore its application does not have an impact on the Fund's financial performance, financial position or cash flows.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the change will not affect the Fund.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the change will not affect the Fund.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that the change will not affect the Fund.

2 Basis for Preparation of Financial Statements (continued)

2.1 Applied amendments and interpretations to the standards (continued)

- IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules (Amendments)

The amendments are effective immediately upon issuance, but certain disclosure requirements are effective later. The Organisation for Economic Co-operation and Development's (OECD) published the Pillar Two model rules in December 2021 to ensure that large multinational companies would be subject to a minimum 15% tax rate. On 23 May 2023, the IASB issued International Tax Reform–Pillar Two Model Rules – Amendments to IAS 12. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules and disclosure requirements for affected entities on the potential exposure to Pillar Two income taxes. The Amendments require, for periods in which Pillar Two legislation is (substantively) enacted but not yet effective, disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes. To comply with these requirements, an entity is required to disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. The disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023, but are not required for any interim period ending on or before 31 December 2023. Management has assessed that the change will not affect the Fund.

2.2 Standards issued but not yet effective and not early adopted

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. Management has assessed that the change will not affect the Fund.

- IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. Management has assessed that the change will not affect the Fund.

2.3 Standards/amendments that are not yet effective and not yet been endorsed by the European Union

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosure - Supplier Finance Arrangements (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Fund.

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Fund.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged 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 main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the change will not affect the Fund.

3 Significant accounting judgements, estimates and assumptions

The financial statements are based on the assumption that the Fund will be able to continue its activities in the near future. On the date of preparation of financial statements there is no indication that the Fund will not be able to continue its activities in the future.

The Fund's accounting is carried out in accordance with the principles of accrual, prudence, comparison, going concern, substance over form and materiality.

3 Significant accounting judgements, estimates and assumptions (continued)

The financial statements were prepared in observance of the qualitative features of the financial statements: understanding, relevance, reliability, certainty and fairness of information, accurate presentation, neutrality, prudence, comprehensiveness.

When preparing the Fund's financial statements in accordance with IFRS adopted for application in the European Union, the management has to make certain judgements, estimates and assumptions that influence the disclosed amounts of income, expenses, assets and liabilities and uncertainties on the date of the financial statements. Uncertainty in these assumptions and estimates may affect results that may lead to significant adjustments in the book values of assets or liabilities in future periods.

Estimates and related assumptions are based on historical experience and other actions that meet the current conditions and the results of which lead to the conclusion of residual values of assets and liabilities that cannot be judged from other sources. Actual results may differ from these estimates.

Accounting estimates and assumptions are reviewed periodically and changes in estimates shall be recognised during the period in which they are reviewed or in subsequent related periods.

Judgements

Information on judgements made that significantly affect the amounts recognised in financial statements.

Use of estimates in preparing financial statements

The main principles on the basis of which the financial statements for 2022 were prepared are described below.

Income

The Fund's income is the increase in assets or a decrease in liabilities during the reference financial period. Income received but not earned during the current financial period is accounted for by the Fund in liabilities and recognised as income during the financial period in which it is earned.

According to IFRS 15 the Fund recognises income at the time and to the extent that the transfer of services to the customer would represent the amount corresponding to the consideration which the Fund expects to receive exchange for the services provided. In recognising income, the Fund takes into account the terms and conditions of the contracts with customers and all relevant facts and circumstances, including the nature, amount, time and uncertainty of cash flows arising from the contract with the customer.

According to IFRS 15, revenue is recognised when a contractual obligation is fulfilled by transferring goods or providing services to a customer. The goods and/or services are transferred when the customer obtains their control.

A performance obligation may be satisfied (1) over time or (2) at a point in time. In determining when a performance obligation is satisfied, the Fund assesses whether:

1) The customer concurrently receives/consumes the benefits of the provided services or goods;

2) The Fund's performance creates or enhances a customer-controlled asset;

3) The Fund's performance of the obligation does not create an asset with an alternative use, and the Fund must have a right to payment for performance completed to date.

The Fund recognises revenue at a point in time for performance obligations that do not meet the criteria for recognition of revenue over time.

The Fund's main operating income consists of interest income, income from securities, and income from realised and unrealised assets.

Other operating income of the Fund comprises other income of the Fund received from sale of collaterals taken over for debts, compensated various expenses incurred by the Fund and other similar income, fines, penalties and other economic sanctions not provided for in the agreements; income from successful legal proceedings; recovered litigation costs paid by the Fund.

3 Significant accounting judgements, estimates and assumptions (continued)

Income is recognised when the Fund fulfils the performance obligation (or during its performance), the promised good or service (i.e. asset) is transferred. The asset is transferred when its acquirer acquires (or during acquisition of) control of such asset.

Interest income is recognised by accruing interest using an effective interest method (i.e. the amount that accurately discounts estimated future cash inflows over the expected duration of financial instruments to the net carrying amount of financial assets).

The Fund terminates the recognition of interest income in the event of a loss.

Late payment interest and penalty income is recognised when income is received.

Expenses

The Fund's expenses – a decrease in assets or an increase in liabilities in order to generate income during the reference financial period. Expenses paid but not incurred during the current financial period are recorded in assets by the Fund and recognised as expenditure during the financial period in which they are incurred.

The Fund's operating expenses include the fund management fee, service and commissions expenses.

The Fund recognises as assets the contract performance costs only if those costs meet all of the following criteria:

- the costs are directly related to the contract or to the envisaged contract directly identifiable by the Fund;
- the costs create or increase the Fund's resources that will be used to satisfy (of to continue satisfying) the performance obligations in the future;
- the costs expected to be recovered.

The Fund's expenses are accounted for by including indirect taxes (VAT) as long as the Fund has no VAT taxable income and is not a VAT payer.

Income Tax

Corporate income tax is calculated on the basis of profit or loss for the current year and also includes deferred taxes. Corporate income tax is calculated in accordance with the requirements of the tax legislation of the Republic of Lithuania

The standard corporate income tax rate applied to enterprises of the Republic of Lithuania is 15 %.

Tax losses may be carried forward indefinitely, reducing future taxable profits by their amount, with the exception of losses on the sale of securities and/or financial derivatives, which may be carried forward for 5 years. Losses on the sale of securities and/or financial derivatives may only reduce taxable income of the same nature.

The amount of losses from typical activities deducted from income of previous tax periods may not exceed 70 % taxable profit of the tax period calculated by deducting from income non-taxable income, allowable deductions and allowable deductions of limited amounts, with the exception of operating losses of tax periods of previous years.

Deferred taxes are accounted for in accordance with the commitment method. The deferred corporate income tax reflects the temporary tax differences between the Fund's assets and liabilities shown in the financial statements and the assets and liabilities shown in tax statements. Deferred tax assets (liabilities) are measured applying the corporate income tax rate which will apply when the aforementioned temporary tax differences are realized. Deferred tax assets from lease liabilities and deferred corporate income tax liabilities are calculated separately from leased assets.

Deferred tax assets are accounted for in the statement of financial position when management expects to generate a projected tax profit in the near future that is sufficient to realise the assets. If it is likely that some of the deferred tax assets will not be realised, this part of the deferred tax is not recognised in the financial statements

3 Significant accounting judgements, estimates and assumptions (continued)

Financial assets

Financial asset or liability means money, contractual rights to receive and transfer money or other financial assets, contractual rights to exchange financial instruments and equity instruments of other entities. The Fund classifies financial assets into the following groups:

– financial assets measured at amortised cost;

– financial assets measured at fair value through other comprehensive income, with subsequent change in the fair value recognised in the statement of comprehensive income;

– financial assets measured at fair value through profit (loss) with subsequent change in the fair value recognised in the statement of comprehensive income.

Financial assets are classified and measured, i.e. to which of the specified financial asset groups the asset should be attributed, using two tests/assessment criteria to determine:

– the method used by the Fund to manage financial assets in order to generate cash flows, i.e. by collecting contractual cash flows, selling financial assets or using both methods;
– whether cash flows that are solely payments of principal and interest on the principal amount.

The group of financial assets is determined at the time of acquisition of the assets. Financial assets are recognised when the Fund becomes a party to the contractual terms of the instrument.

Assets held to generate contractual cash flows when they are solely the payments of principal and interest are measured at amortised cost. Profit or losses resulting from derecognising of assets are recognised directly in profit or loss. Impairment losses are shown in a separate item of the statement of comprehensive income.

Financial assets are derecognised when: the contractual rights to receive cash flows from the financial assets have expired or are transferred and the Fund has transferred substantially all the risks and rewards of ownership of the financial assets.

Value impairment of financial assets

On the date of drawing up the statement of financial position, the Fund assesses whether there is objective evidence that the value of a group of financial assets or financial assets with credit risk has reduced. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence that the impairment is due to one or more events following the initial recognition of the asset (“loss event”) and such loss event (or events) affects future cash flows estimated for the financial assets or a group of financial assets that can be reliably measured.

Financial assets measured at fair value

The Fund measures financial assets (bonds, other debt and equity securities, hybrid instruments, loans) and non-financial assets (e.g., investment assets) at fair value.

Fair value is the price that would result from the sale of an asset at the date of valuation or from the transfer of an obligation under normal market conditions between market participants. The determination of fair value is based on the assumption that the asset sale or disposal transaction takes place either on the main market or, in its absence, on the other most appropriate market.

3 Significant accounting judgements, estimates and assumptions (continued)

Financial assets measured at fair value (continued)

The Fund uses valuation techniques which are appropriate to the circumstances in which the transactions are concluded and for which sufficient data are available to determine the fair value. The Fund aims at maximising the use of the observable market data and minimising the use of non-observable market data. The fair value of a financial instrument is best reflected in the price quoted on an active and liquid market. If the market for a given financial instrument is inactive, other valuation methods are used to determine the fair value. The nature of the financial assets managed by the Fund and the characteristics of the Lithuanian capital market mean that unmonitored market data are often used to introduce fair value in practice.

All assets and liabilities measured at fair value are classified according to the inputs used to derive fair value:

Level I: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level II: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level III: unobservable inputs for the asset or liability that are not based on observable market data.

The following procedure is used to derive fair value for Level III:

Debt securities (bonds) and financial instruments not quoted and not converted into shares . The calculation of fair value is carried out using the method of the present value of the financial instrument (discounted cash flows), using the discount rate adjustment methodology, which uses the credit risk-adjusted discount rate and contractually determined, promised or most likely cash flows.

At the time of initial recognition, unquoted securities and loans are accounted at fair value, which is based on the transaction price. In subsequent periods, the calculation of the fair value of these financial instruments is carried out by VIVA employees using the current value of the financial instrument (discounted cash flows) method. The latter provides for the discounting of contractual and most likely flows at a yield corresponding to the customer's risk level. The latter yield is determined from:
a) indicators directly monitored on the market:
i) risk-free investment yields (the corresponding point of the yield curve of government securities of the Republic of Lithuania is used), and
ii) average yields corresponding to the borrower's risk class (rating);
b) an individual (idiosyncratic) borrower's credit risk element, which is obtained by comparing a particular borrower;
c) parameters of the probability of insolvency and loss in the event of insolvency with historical relevant indicators of this risk class (rating);
d) a coefficient reflecting the liquidity bonus; and
e) residual (market-observed but not modeled) yield element.

Unlisted equity instruments. The calculation of the fair value of these securities is carried out by employees of the Full Member on the basis of the estimated value and share price of the company carried out by external certified valuators.

Credit risk input data include the following estimates: probability of default (PD), loss-given default (LGD) and the yield calculated on their basis applicable to the security. The estimated yield is used as a discount rate that discounts the cash flows of a debt security. The estimated value is the present value of the security. The total unit price of the security (the dirty price) is derived dividing this value by the residual nominal value of the security. The clean price of the security is derived deducting the accrued interest from the total price of the security.

3 Significant accounting judgements, estimates and assumptions (continued)

Financial assets measured at fair value (continued)

The PD is obtained in each case from an external supplier who assesses the probability of bankruptcy or legal restructuring of the enterprise. According to the rules of the Fund, the definition of the company's insolvency is wider than that of the external supplier's rating system and, therefore, based on the expert assessment, a 1.5x factor is applied to the external supplier's assessment of the PD, i.e. the probability of insolvency is increased by 1.5 times. A multiplier of this magnitude is assessed to be sufficient as the rating is carried out without taking into account the new funding provided by the Fund, which substantially improves the liquidity position of the entities and allows for the settlement of overdue debts, which is one of the essential preconditions for a lower PD estimate.

The LGD is determined on the basis of recovery ratios published by Moody's rating agency following the application of the conservatism premium and taking into account: the debt security, its type, collateral, debt subordination and debt hedges consisting of the lower and the same level claims.

In determining the LGD, only the following assets are considered to be eligible as collateral: cash and cash equivalents, the State guarantee, government securities and other securities listed on the regulated market, immovable and movable fixed assets registered with public registers.

Cash and Cash equivalents

Cash comprises cash in bank. Cash equivalents are short-term liquid investments readily convertible into cash. Maturity of such investments from their acquisition date is up to three months and they are subject to an insignificant risk of changes in value. In the cash flow statement, cash and cash equivalents comprise cash and deposits in current accounts, and other short-term highly liquid investments.

Notes to Financial Statements

4 Operating income

	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Interest income of debt securities	9 654 826	7 567 757
Interest income of loans granted	969 136	1 000 349
Interest income for delays, breaches	949 212	400 910
Income from the contract origination fee	343 444	280 526
Income from loan commitment fee	198 508	380 715
Income from the contract change	87 719	88 038
Total operating income	12 202 845	9 718 295

5 Operating expenses

	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Fund management fee	1 741 545	2 378 534
Securities custody fees	69 477	44 459
Legal expenses	63 458	182 956
Auditing expenses	55 031	48 400
External servise expenses	16 940	3 987
European Investment Bank fees	5 662	12 164
Bank fees	2 639	2 383
Bank interest on the cash account balance	-	146 332
Total operating expenses	1 954 752	2 819 215

6 Income tax

Reconciliation of taxes and financial profit	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Profit before tax	11 640 735	6 873 404
Non-deductible expenses	(526 894)	34 276
Income from the contract origination fee, subject to income tax	(343 444)	234 785
Carrying forward of tax losses	-	(938 762)
Taxable profit	10 770 397	6 203 703
Current year's income tax	1 615 560	930 555

Temporary differences due to tax and financial accounting differences	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Change in deferred income tax assets for the reporting period	51 517	105 596
Current year's income tax expenses recognized in accounting	51 517	105 596

Deferred tax assets	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Temporary differences due to taxation and financial accounting differences	106 889	158 406
Total deferred tax assets	106 889	158 406
Deferred tax assets before impairment of realization value	106 889	158 406
Minus: impairment of realization value	-	-
Net deferred tax assets:	106 889	158 406

Income tax payable	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Income tax payable for the reporting period	1 615 560	930 555
Minus: advance income tax paid	(465 278)	-
Total income tax payable	1 150 282	930 555

Income tax is calculated in accordance with the requirements of Lithuanian tax laws. As at 31 December 2023 and 31 December 2022, the standard income tax rate in Lithuania was 15%. Deferred income tax assets are realized when the company expects to generate profits in the future. As at 31 December 2023, the Fund expects to make a profit in the future, so it will be able to realize the accumulated deferred tax assets.

7 Financial assets

Financial assets at FVCOI

The Fund assess its debt securities, granted loans and related accrued interest at fair value through other comprehensive income:

01 01 2023 31 12 2023	Fair value 31 12 2022	Change in financial assets at FVCOI in 2023	Fair value change in 2023	Change in accrued interest in 2023	Fair value as at 31 12 2023
Bonds	138 057 760	(14 538 531)	9 580 607	(36 439)	133 063 397
Loans granted	15 053 719	(5 858 155)	433 454	(19 225)	9 609 793
Total	153 111 479	(20 396 686)	10 014 061	(55 664)	142 673 190

01 01 2022 31 12 2022	Fair value 31 12 2021	Change in financial assets at FVCOI in 2022	Fair value change in 2022	Change in accrued interest in 2022	Fair value as at 31 12 2022
Bonds	88 868 291	65 341 414	(16 439 157)	287 212	138 057 760
Loans granted	11 005 371	4 764 064	(739 861)	24 145	15 053 719
Total	99 873 662	70 105 478	(17 179 018)	311 357	153 111 479

When measuring Fund's investment portfolio at fair value, the data of the individual credit risk assessment of the relevant financial market segments and internal companies is used. Starting year 2022 a particularly strong growth of both risk-free investment yield and corporate credit risk margin in global markets was observed. The recent changes were determined by rising inflation, geopolitical factors, changing expectations regarding the direction of the euro zone's monetary policy, and fears regarding the increasing probability of an economic recession. By the end of year 2023, a notable decrease in inflation and a decline in interbank market interest rates in Europe were observed, however, the projected negative GDP growth for year 2023 by the Bank of Lithuania indicates challenges for the country's economy.

As at 31 December 2023, reflecting the situation in the financial markets, the average discount rate of the Fund's investment portfolio is 1.3 percentage points lower than as at 30 September 2023, which causes a positive quarterly change in fair value. One of the main factors in the growth of the average discount rate is the decrease in the average yield of the securities of the Government of the Republic of Lithuania, which corresponds to the average duration of the Fund's investments, decreased to 3.64 percentage points (-0.61 percentage points from previous quarter). Another reason was the reduced spread between US bond yield and Treasury, the systematic credit risk distribution component value decreased to 2.56 percentage points (-0.84 percentage points from previous quarter). Assessing the long-term changes in the Fund's investment portfolio, we see that the overall 2.09 percentage point increase in the average discount rate since 31 March 2022, led to a negative change in the fair value Fund's investment portfolio.

As at 31 December 2023, the change in the fair value of previously repaid investments accounted in comprehensive income was reclassified to profit related to realization of financial assets in an amount of EUR 585,868.

Financial assets accounted at FVTPL

As at 31 December 2023 The Fund assessed the bonds held by UAB Enerstena at fair value through profit or loss. Due to the bankruptcy of UAB "Enerstena grupė" and UAB "Enerstena", as at 31 December 2021 bonds of UAB "Enerstena" were assessed individualy (based on the value of collateral) (EUR 5.5 million nominal value and accrued interest up to date of reporting) and UAB "Enerstena grupė" convertible bonds (EUR 841,850 nominal value and accrued interest up to the date of reporting) for which a decrease in fair value was recognized for the full amount.

Potential credit losses for an incapacitated beneficiary are updated quarterly. Credit losses increase due to incurred legal costs, related to the litigation (taking into account competitive results). Since the commencement of recovery, a total of EUR 20.9 thousand was recovered upon realizing other recovery measures.

7 Financial assets (continued)

Financial assets accounted at FVTPL (continued)

01 01 2023 31 12 2023	Fair value 31 12 2022	Change in financial assets at FVTPL in 2023	Fair value change in 2023	Change in accrued interest in 2023	Fair value as at 31 12 2023
Bonds	96 597	(8 190)	(58 974)	-	29 433
Convertible bonds	-	-	-	-	-
Total	96 597	(8 190)	(58 974)	-	29 433

01 01 2022 31 12 2022	Fair value 31 12 2021	Change in financial assets at FVTPL in 2022	Fair value change in 2022	Change in accrued interest in 2022	Fair value as at 31 12 2022
Bonds	143 598	(10 882)	(36 119)	-	96 597
Convertible bonds	-	(1 843)	1 843	-	-
Total	143 598	(12 725)	(34 276)	-	96 597

The table shows the distribution of the fair value of the Fund's total financial asset groups by sector of the economic activity of the clients:

31 12 2023	Bonds	Loans granted	Fair value 31 12 2023
Manufacturing	58 093 661	3 784 553	61 878 214
Accommodation and catering activities	30 035 061	460 961	30 496 022
Wholesale and retail trade; repair of motor vehicles and motorcycles	12 128 834	1 796 495	13 925 329
Administrative and service activities	7 353 374	-	7 353 374
Construction	6 274 213	438 592	6 712 805
Agriculture, forestry and fisheries	5 802 463	825 922	6 628 385
Real estate transactions	5 423 046	1 127 957	6 551 003
Transport and storage	4 976 371	909 076	5 885 447
Artistic, recreational and resort activities	3 005 807	-	3 005 807
Education	-	266 237	266 237
Total	133 092 830	9 609 793	142 702 623

31 12 2022	Bonds	Loans granted	Fair value 31 12 2022
Manufacturing	53 606 466	4 880 324	58 486 790
Accommodation and catering activities	28 826 710	1 334 400	30 161 110
Wholesale and retail trade; repair of motor vehicles and motorcycles	14 470 803	1 840 069	16 310 872
Administrative and service activities	12 189 718	516 691	12 706 409
Construction	9 514 640	527 915	10 042 555
Agriculture, forestry and fisheries	5 600 986	787 764	6 388 750
Real estate transactions	5 118 555	1 430 871	6 549 426
Transport and storage	4 956 617	1 151 776	6 108 393
Artistic, recreational and resort activities	3 869 862	1 785 555	5 655 417
Education	-	295 344	295 344
Professional, scientific and technical activities	-	503 010	503 010
Total	138 154 357	15 053 719	153 208 076

7 Financial assets (Continued)

The value of the Fund's bond and loan portfolio as of 31.12.2023 and 31.12.2022:

31 12 2023	Fair value	Carrying amount	Nominal value	Amortization of the financing organisation fee	Accrued interest	Fair value change
Bonds at FVCOI	133 063 397	133 063 397	139 887 683	(650 700)	407 738	(6 581 324)
Loans at FVCOI	9 609 793	9 609 793	9 822 333	(61 896)	33 963	(184 607)
Bonds at FVTPL	29 433	29 433	5 480 928	-	173 250	(5 624 745)
Convertible bonds at FVTPL	-	-	840 007	-	11 129	(851 136)
Total:	142 702 623	142 702 623	156 030 951	(712 596)	626 080	(13 241 812)

31 12 2022	Fair value	Carrying amount	Nominal value	Accrued interest	Fair value change	Contract origination fee
Bonds at FVCOI	138 057 760	138 057 760	155 086 983	(935 808)	444 178	(16 537 593)
Loans at FVCOI	15 053 719	15 053 719	15 949 031	(120 231)	53 188	(828 269)
Bonds at FVTPL	96 597	96 597	5 489 118	-	173 250	(5 565 771)
Convertible bonds at FVTPL	-	-	840 007	-	11 129	(851 136)
Total:	153 208 076	153 208 076	177 365 139	(1 056 039)	681 745	(23 782 769)

The fair value of a financial asset is categorized in hierarchy levels, which reveals the significance of the initial estimate data used. The table below shows the distribution of the fair value of financial asset groups according to the different levels of the hierarchy:

31 12 2023	I level	II level	III level	Total
Bonds	-	-	133 092 830	133 092 830
Loans granted	-	-	9 609 793	9 609 793
Total	-	-	142 702 623	142 702 623

7 Financial assets (Continued)

31 12 2022	I level	II level	III level	Total
Bonds	-	-	138 154 357	138 154 357
Loans granted	-	-	15 053 719	15 053 719
Total	-	-	153 208 076	153 208 076

The fair value of ordinary bonds and loans granted is calculated using discounted cash flow method. At the balance sheet date, a decrease in the fair value of ordinary bonds and loans granted is recognized. The decrease in fair value is reported in the Statement of Profit (Loss) and Other Comprehensive Income.

Discount rate change	-2%	-1%	0%	+1%	+2%
The fair value of loans	9 978 489	9 791 642	9 609 793	9 432 782	9 260 455
The change in fair value of loans	- 368 696	- 181 849	-	177 011	349 338
The fair value of bonds	141 079 868	137 000 302	133 063 397	129 263 507	125 595 238
The change in fair value of bonds	- 8 016 470	- 3 936 905	-	3 799 890	7 468 160
The fair value of the portfolio	151 058 357	146 791 945	142 673 190	138 696 289	134 855 693
The change in fair value of the portfolio	*- 8 385 167*	*- 4 118 754*	-	*3 976 901*	*7 817 497*

8 Financing and investing activities

	01 01 2023 31 12 2023	01 01 2022 31 12 2022
Interest income on securities	363 038	-
Interest income on bank deposits	308 986	-
Interest income on bank account balance	193 724	8 600
Total	865 748	8 600

Interest income from securities is from short-term liquid investments in German GDP, interest income from bank deposits - from short-term deposits in SEB, Swedbank and Luminor banks.

9 Cash and cash equivalents

	31 12 2023	31 12 2022
Cash in bank accounts	55 655 439	27 641 076
One night bank deposits	1 260 442	-
Total	56 915 881	27 641 076

10 Other receivable amounts

	31 12 2023	31 12 2022
Receivable interest for delays, breaches	29 168	28 933
Commitment fee receivable	16 010	19 817
Other receivable amounts	100	3 100
Total	45 278	51 850

11 Other current liabilities

	31 12 2023	31 12 2022
Accrued expenses	61 080	48 400
Received overpayments, unpaid contributions	2 124	8 379
Total	63 204	56 779

12 Equity

The capital of the Fund consists of the contribution of the Full Member and the investments received from the Limited Partner. The Full Member undertook to invest EUR 1 in the Fund, which was transferred to the Fund's bank account. The Limited Partner undertakes to invest up to EUR 250,000,000; as at the balance sheet date, investments amounted to EUR 197,500,000 (As at 31 December 2022 - EUR 199,000,000).

Under the members' agreement, the investment proceeds and profit are distributed as follows:
- the management fee of the Fund's Full Member
- the reimbursement to the Limited Partner in proportion to their investment until the total allocated amount is equal to the invested capital with a minimum hurdle rate.

As at 31 December 2023, the Fund's profit amounted to EUR 8,261,945 (As at 31 December 2022, losses - EUR 1,711,713).

13 Risk management

Risk is a potentially unfavorable change in the expected results. Risk is part of any activity that cannot be completely avoided, but proper assessment of the expected risk can minimise it.

Risk management objectives:

- to assess the likelihood of possible losses, the amount of losses, risk management costs;
- to identify and limit the risks that may cause the most significant losses.

Optimal and balanced risk management is the basis for effectively ensuring the stability of the Fund's activities.

The Fund ensuring its day-to-day activities and its control is exposed to the following material risks:

Risk	Description
Strategic risk	The Fund manager's strategic decisions may be incorrect, unsubstantiated, based on superficial information or hasty.
Credit risk	The Fund faces the risk that the other party will not be able to meet its obligations to the Fund.
Market risk	The Fund is exposed to changes in the current (market) value of the investment when they are unable to hold the investment to maturity.
Liquidity risk	The Fund faces the risk that it will not have or will not be able to obtain financial resources in due time to meet their financial obligations.
Operational risk	The probability to incur losses due to inappropriate or failed internal processes in the Fund. The influence of the Fund Manager's staff due to impact of systems or external events, and of legal risks.

Risk management system

In order to properly manage the risks encountered in activities the Fund management:

- on the basis of the internal and external environment of the Fund, the results of monitoring of risk assessment and implementation of their management measures, determines the participants, scope and risk assessment criteria of the risk management process;
- regularly identifies, assesses and defines risks;
- prioritizes the assessed risks according to their level and significance;
- establishes procedures and processes for the management of priority risks;
- carries out continuous monitoring of the implementation of the plan of measures to manage identified risks.

13 Risk management (continued)

Risk management system (continued)

In order to ensure proper, efficient and continuous risk management, the Fund Manager:

- establishes and approves detailed risk management requirements (risk level, assessment methods, monitoring and control processes, management principles) in internal documents;
- periodically reviews approved risk management requirements and restrictions in order to properly assess new or previously uncontrollable risks.

The owner of the relevant risk, together with the Fund manager's risk manager, participates in the risk management process in identifying and analyzing risks, proposes risk management measures and continuously monitors the indicators of the identified risks.

The Fund manager, at least once a year, must submit to the Investment Committee and the Advisory Committee written reports prepared by the Fund manager's risk manager indicating identified risks, their types and levels, breaches of risk limits, assessment of the appropriateness and effectiveness of risk management, indicating the measures taken to address identified weaknesses and the arrangements and processes for managing the Fund's risk. The Fund's risk management procedures are approved by decision of the Fund manager's Board.

Division of responsibilities of the Fund manager's management bodies in the risk management process:

Process participant	Responsibilities
Internal auditor	- supervises, monitors, assesses and provides recommendations to the management bodies of the Company and the Fund manager on improving the risk management system; - at the prescribed intervals carries out internal audits of the effectiveness of risk management systems and individual measures of the Fund to establish that the main risks are adequately identified, managed and disclosed; - submits internal audit reports to the management bodies of the Fund manager and recommendations to the Chief Executive Officer on the basis of received and systematized information on risk management;
Board	- ensures that these policy provisions are consistent with the operational strategy of the Fund and with the applicable legislation; - communicates with management with a view to improving the management of the Fund's risks; - encourages the management of the Fund to follow the risk management process and integrate it into planning, decision-making and control processes; - monitors, at least quarterly, the implementation of the most significant risk management measures;
Chief Executive Officer	- encourages the Fund Manager's employees to manage risks in accordance with the approved procedures and maintains a culture of open communication of incidents; - seeks that the Fund Manager's employees have sufficient impact to identify, assess and manage risks; - immediately informs the Board on material risks that threaten the continuity of the Fund's activities;

13 Risk management (continued)

Risk management system (continued)

Process participant	Responsibilities
Advisory Committee	- provides feedback or suggestions to the Limited Partners on the Fund's financial statements and performance; - takes decisions on existing or potential conflicts of interest of the Fund, assesses and comments on the policy of avoidance of conflicts of interest drawn up by the Real Member; - submits comments to the Full Member on investments of the Fund which deviate from Investment strategies; - comments, agrees with the management of the Fund proposed by the Full Member for each year's expenditure on the budget, including its amendments; - taking into account the objectives of the Financial Instrument and in accordance with the approved documents and decisions of the relevant authorities, considers and proposes amendments to the Investment Strategy of the Fund; - evaluates and submits comments to the internal control procedures of the full member, provides recommendations on the methodology and reports for the evaluation of the Fund; - offers qualification requirements to the members of the Investment Committee; - proposes the candidatures of the members of the Investment Committee of the Fund or the candidatures of an existing member/members cancellation; - proposes the candidacy of the head of a Full Member or proposes to dismiss an existing True Member's manager; - proposes the principles of remuneration of the members of the Investment Committee and the Head of the Full Member; - assesses the competence of the Auditor of the Fund and submits for approval the candidacy of the auditor of the Fund for the Meeting of Commanders; - proposes the candidature of Controller for Violations of the Fund; - provides recommendations for decisions to the Meeting of Commanders as needed;
Risk Management Manager	- participates in the risk monitoring, management and control process; - reviews and assesses the main risks of the Fund and developments in the business environment once a year; - identifies the owners of the risks; - is responsible for the review and timely updating of the Policy; - where needed, advises the Fund Manager's employees on the appropriate risk management, submits proposals and initiates actions to improve the efficiency and effectiveness of the risk management system;
Risk owner	- participates in the risk management process in identifying and analyzing risks; - identifies risks and proposes risk management measures; - applies the established risk management measures; - immediately informs the risk manager of the increased risks.

Credit Risk

At the end of the reporting period, an adjustment of fair value for receivables under bonds and loans contracts was established, which is mainly related to credit risk:

	31 12 2023	31 12 2022
Total carrying amount - bonds	145 557 918	160 480 300
Total carrying amount - loans	9 760 437	15 828 800
Fair value change - bonds	(13 057 205)	(22 954 500)
Fair value change - loans	(184 607)	(828 269)
Interest	626 080	681 745
Total outstanding amount at fair value	142 702 623	153 208 076

13 Risk management (continued)

Liquidity Risk

The Fund strives to ensure sufficient cash and cash equivalent flows to meet existing liabilities. The table shows the obligations under payment terms on the basis of undiscounted payments:

As at 31 December 2023	Less than one year	Between one and two years	Between two and five years	Total:
Cash and cash equivalents	56 915 881	-	-	56 915 881
Financial assets	3 384 052	4 976 372	134 342 199	142 702 623
Other receivable amounts	45 278	-	-	45 278
Payables to associated entities	(147 038)	-	-	(147 038)
Income tax payable	(1 150 282)	-	-	(1 150 282)
Other current liabilities	(63 204)	-	-	(63 204)
Net risk	58 984 687	4 976 372	134 342 199	198 303 258

As at 31 December 2022	Less than one year	Between one and two years	Between two and five years	Total:
Cash and cash equivalents	27 641 076	-	-	27 641 076
Financial assets	5 467 752	7 126 020	140 614 304	153 208 076
Other receivable amounts	51 850	-	-	51 850
Trade payables to suppliers	(1 078)	-	-	(1 078)
Payables to associated entities	(148 568)	-	-	(148 568)
Income tax payable	(930 555)	-	-	(930 555)
Other current liabilities	(56 779)	-	-	(56 779)
Net risk	32 023 698	7 126 020	140 614 304	179 764 022

The Fund's monetary funds are kept in bank accounts with Swedbank, AB, SEB Bank, AB and Luminor Bank, AB. The applicable rating for Swedbank, AB assigned by international rating agencies Moody's Investors Service is Aa3, Fitch Ratings is A +, S&P rating is A+. SEB Bank, AB - Moody's Investors Service is Aa3, Fitch Ratings is AA, S&P is A+. Luminor Bank, AB applicable rating assigned by Moody's Investors Service is A3. Monetary funds held in bank accounts are insured under the RL Law on Deposit and Investment Insurance.

The ongoing war in Ukraine and related sanctions against the Russian Federation can have an impact on the European economy and the global economy. The Fund has no direct links to Ukraine, Russia or Belarus. The impact on the overall economic situation may require a review of certain assumptions and estimates. Potentially, this could affect 3-4 clients with business links in Ukraine and Belarus. At this time, management is not able to reliably assess the impact of these events, since the situation changes daily.

14 Transactions with related parties

The parties shall be deemed to be related where one party has the power to control the other or is likely to exert significant influence over the other party in financial and operational decisions.

The related parties of the Fund are Fund's Full Member "Valstybės investicijų valdymo agentūra" (VIVA), the Full Member's Management, Board, Supervisory Board and their related parties. During the reporting year, Fund did not conclude transactions with these parties other than those mentioned in the notes above.

Year 2023	Purchases	Sales	Receivables	Contractual obligations	Payable Management fee	Accrued interest
VIVA	1 741 545	-	-	-	147 038	-
Total	1 741 545	-	-	-	147 038	-

Year 2022	Purchases	Sales	Receivables	Contractual obligations	Payable Management fee	Accrued interest
VIVA	1 937 500	-	-	-	143 836	-
Total	1 937 500	-	-	-	143 836	-

15 Contingent and off-balance-sheet liabilities

As at 31 December 2023 and 31 December 2022, The Fund had signed financing agreements under which the amount of committed but not paid out amount consisted of:

	31 12 2023	31 12 2022
Bonds	-	21 350 993
Loans	-	609 536
Total	-	21 960 529

16 Subsequent events

No significant subsequent events occurred after the end of reporting year that would affect these financial statements or should be additionally disclosed.

Chief Executive Officer of Full Member	Dainius Vilčinskas	
Representative of UAB “Ernst & Young Baltic” responsible for financial statements preparation	Virginija Skirmantė	