

AS CBL Atklātais pensiju fonds

# Annual Report

for 2021

Prepared in accordance with the International Financial Reporting Standards as adopted by the European Union

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## GENERAL INFORMATION ABOUT AS 'CBL ATKLĀTAIS PENSIJU FONDS'

<b>Name of the fund</b>	CBL Atklātais pensiju fonds
<b>Legal status of the fund</b>	Joint Stock Company (Latvian: <i>akciju sabiedrība</i> )
<b>Common registration number</b>	40003397312
<b>Place and date of registration with the Commercial Registry</b>	Riga, 7 April 2003
<b>Primary activity of the Fund</b>	Administration of pension plans (manages 3 pension plans)
<b>Fund legal address</b>	Republikas laukums 2A Riga, Latvia, LV-1010
<b>Shareholder of the Fund</b>	AS Citadele banka (100%) Republikas laukums 2A Riga, Latvia, LV-1010
<b>Members of the Board and their positions</b>	Anna Fišere-Kaļķe – Chairperson of the Board – appointed on 26.02.2021 Valērija Urtāne – Board Member – appointed on 01.02.2022 Lolita Sičeva – Board Member – appointed on 21.03.2022 Jolanta Jērāne – Chairperson of the Board – appointed on 29.05.2018, released on 26.02.2021 Karīna Maslakova – Board Member – appointed on 29.05.2018, released on 26.02.2021 Jānis Zivtiņš – Board Member – appointed on 29.05.2018, released on 30.07.2021 Ivo Ailis – Board Member – appointed on 26.02.2021, released on 08.12.2021
<b>Members of the Council and their positions</b>	Kārlis Purgailis – Chairman of the Council – appointed on 15.09.2020 Vladimirs Ivanovs – Deputy Chairman of the Council, appointed on 15.09.2020 Rūta Ežerskiene – Member of the Council – appointed on 26.02.2021 Anna Fišere-Kaļķe – Member of the Council – appointed on 03.09.2020, released on 26.02.2021
<b>Reporting year</b>	1 January 2021 – 31 December 2021
<b>Auditors and address</b>	KPMG Baltics SIA Vesetas iela 7 Riga, LV-1013, Latvia Licence No. 55

## STATEMENT OF THE MANAGEMENT'S RESPONSIBILITIES

The Board of AS CBL Atklātais pensiju fonds (the Fund) is responsible for the preparation of the financial statements of the Fund and the Pension Plans.

The financial statements set out on pages 7 to 86 are prepared in accordance with the source documents and present fairly the financial position of the Fund and the Pension plan as of 31 December 2021 and 2020 and the results of their operations, changes in shareholders' equity and cash flows for the years then ended, and net assets as at 31 December 2021 and 2020, and the movement of net assets.

These financial statements were prepared in accordance with the 'Regulation on the preparation of annual reports of private pensions funds' issued by the Financial and Capital Market Commission, which require that financial statements be prepared in accordance with the International Financial Reporting Standards as adopted by the EU. Appropriate accounting methods have been consistently applied in the reporting period. Prudent and reasonable judgements and estimates have been made by the Management in the preparation of the financial statements.

Management of the Fund is responsible for the maintenance of a proper accounting system, safeguarding the Fund's and Pension Plans' assets, and the detection and prevention of fraud and other irregularities in the Fund and Pension Plans. Management is also responsible for operating in compliance with the Law on Private Pension Funds, regulations of the Financial and Capital Market Commission and other legislation of the Republic of Latvia applicable to pension funds.

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Kārlis Purgailis  
Chairman of the Council

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Anna Fišere-Kalķe  
Chairperson of the Board

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Valērija Urtāne  
Member of the Board

For the date refer to the time stamp.

## MANAGEMENT REPORT

### About AS CBL Atklātais pensiju fonds and its operating model

AS CBL Atklātais pensiju fonds (the Fund) is a joint stock company registered with the Enterprise Register of the Republic of Latvia on 8 June 1998 and entered into the Commercial Register of the Republic of Latvia on 7 April 2003. The legal address of the Fund is Republikas laukums 2a, Rīga, LV-1010, Latvia. The objective of the Fund is to develop and offer easy-to-use product underwriting through remote channels in close cooperation with Citadele banka, which in turn will support sustainable business growth, operational efficiencies and high client satisfaction.

### Operations and performance in 2021

2021 was a year of growth. Changes were made to the Board and a closer cooperation was commenced with Citadele banka, which improved the Fund's performance. The total number of new agreements increased by 3.4 times compared to 2020. The number of Fund's participants grew by 2%. During 2021, the Fund was active in client educating on how pensions and savings are created, which had a positive effect on total pension fund assets, which increased by 14% during the year and amounted to EUR 57.49 million. At the reporting date, the Fund was servicing 54 485 participants of which 63% were participants of individual agreements and 37% were participants of collective agreements. As at the end of 2021, the Fund's assets represented 9% of all assets of open pensions funds registered in Latvia. As at 31 December 2021 the Fund's share capital amounted to EUR 640 292.

### Products

In 2021, the Fund administered three pension plans with different investment policies – 'CBL Sabalansētais', 'CBL Aktīvais' and 'CBL Aktīvais USD'. Contributions into these pension plans are made both by employers on behalf of their employees and the individual participants of the pension fund.

Balanced investment policies are underpinned by stable and sufficiently dynamic expected capital appreciation of additional pension. Pension plan assets are predominately invested in fixed income financial instruments with only some assets invested in high risk financial instruments such as equities of up to 20%. An active investment policy is characterized by active adaptation to the market situation and a dynamic change in the composition of investments. Most pension plan assets are invested in high-risk financial instruments, such as equities of up to 50%.

The return on pension plans after deducting commissions of the Asset Manager and the Custodian at the end of the reporting year was as follows:

- 3.00% for pension plan 'CBL Sabalansētais' (an average of 4.58% per year since inception);
- 6.56% for pension plan 'CBL Aktīvais' (an average of 4.63% per year since inception);
- 5.04% for pension plan 'CBL Aktīvais USD' (an average of 4.03% per year since inception)<sup>1</sup>.

We are pleased with the performance of IPAS CBL Asset Management whose net assets over the course of 20 years have exceeded EUR 1 193.82 million.

The result of 2021 is profit of EUR 18 716, which according to the law 'On private pension funds' should be fully contributed into pension plans in proportion to participant capitals as at 31 December 2021. Funds are transferred after the annual report has been approved by the shareholder's meeting.

### Future development of the Fund

In 2022, the Fund will continue attracting new natural persons and corporate clients and provide them with modern Tier 3 pension management tools. The Fund will continue focussing on development of digital channels and strengthen cooperation with Citadele banka to promote participant engagement. In the first six months of 2022, the Fund will continue offering particularly beneficial terms for new contracts with deductions payable to the FCMC covered by the Fund and the total amount of commissions reduced to 0.6% per year if the accumulated amount exceeds EUR 3 000. Seeking to improve competitiveness of the Fund's services, effective from 1 January 2022 the variable commission fee will be cancelled for all three above plans.

Effective from 1 July 2022, the investment policy for 2021 - 2023 of pension plan 'CBL Sabalansētais' will change. The distribution of assets of the Pension Plan will change, namely, the proportion of investments in equities, venture capital market, real estate properties, alternative investment funds and investment fund certificates will change from 20% to 25%. Following these changes in the investment policy, the Pension Plan is expected to retain a balanced investment policy and these changes will not impact the level of investment risk for the participants.

### Subsequent events

A subsequent event that followed the reporting date and was not related to normal functioning of the financial market was the rapid escalation of the geopolitical tension in Eastern Europe which transformed into an invasion of Ukraine by Russia in the second half of February. As at the date of these financial statements, a war is raging in Ukraine with no signs of de-escalation in sight. It can be expected that the events unfolding in and around Ukraine (such as sanctions imposed on Russia, steep rises in prices of energy resources etc.) will have a detrimental effect on the pace of economic growth worldwide, will contribute to increased volatility in financial markets and may adversely affect client sentiment. The management has assessed the potential direct and indirect impact of the geopolitical situation on the Fund's operations. According to the management, the geopolitical tension may

<sup>1</sup> Source: <https://www.citadele.lv/lv/private/3rd-pension/plans/> Dati uz 2020.gada 31.decembri

have an adverse effect on the valuation of financial assets and it cannot be precluded that a higher than normal outflow of customer funds will be observed. If this is the case, it will be difficult to achieve the Fund's budget for 2022 and it may have an adverse effect on asset managers and the rather ambitious asset management plans that they have budgeted. Nevertheless, the management does not believe the impact of these circumstances on the Fund's ability to continue as a going concern is significant and, although in reduced volumes, it will continue attracting and increasing its assets.

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Chairman of the Council

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Chairperson of the Board

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Valērija Urtāne  
Member of the Board

## STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>EUR</b>	<b>EUR</b>
Operating income	11	465 435	368 642
Interest income	12	3 177	3 263
Interest expenses		(320)	(362)
Proceeds from revaluation of foreign exchange		8	(336)
Administrative expenses	13	(441 266)	(322 743)
Amortisation and depreciation charge	5	(170)	(3 322)
Depreciation of leased property and equipment	5	(8 148)	(19 900)
<b>Profit of the reporting year</b>		<b>18 716</b>	<b>25 242</b>
Net income attributable to Pension Plans	15	(18 716)	(25 242)
<b>Comprehensive income/(loss) for the reporting year</b>		<b>-</b>	<b>-</b>

The notes on pages 11 to 27 are an integral part of these financial statements.

The financial statements on pages 7 to 27 have been approved and authorised for issue by the Board and the Council of the Fund and signed on their behalf by:

\_\_\_\_\_  
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Chairman of the Council

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## STATEMENT OF FINANCIAL POSITION

		31/12/2021	31/12/2020
	<i>Note</i>	EUR	EUR
<b><u>Assets</u></b>			
Demand deposits with credit institutions	3	56 040	41 386
Term deposits with credit institutions	3	593 374	643 399
Accrued income and deferred expenses	4	42 210	1 872
Intangible assets	5	27 285	27 378
Property and equipment	5	-	76
Right-of-use assets	5	16 296	24 444
Contract assets		9 244	11 555
Other assets		-	29
<b>Total assets</b>		<b>744 449</b>	<b>750 139</b>
<b><u>Equity and liabilities</u></b>			
Accrued expenses	6	64 079	49 016
Liabilities for leased tangible assets	7	16 348	24 455
Other liabilities	8	23 730	36 376
<b>Total liabilities</b>		<b>104 157</b>	<b>109 847</b>
<b><u>Capital and reserves</u></b>			
Written share capital	9	640 292	640 292
<b>Total equity and reserves</b>		<b>640 292</b>	<b>640 292</b>
<b>Total equity and liabilities and capital and reserves</b>		<b>744 449</b>	<b>750 139</b>

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## STATEMENT OF CASH FLOW

	Note	2021 EUR	2020 EUR
<b>Cash flow from operating activities</b>			
Profit before corporate income tax	15	18 716	25 242
Adjustments			
Amortisation and depreciation	5	170	3 322
Amortization of right-of-use assets	5	8 148	19 900
Interest income	12	(3 177)	(3 263)
Interest expenses		114	283
<b>Cash flow from operating activities before changes in assets and liabilities</b>		<b>23 971</b>	<b>45 484</b>
Increase/decrease in accrued income and prepaid expenses		(40 338)	40 801
Increase in accrued expenses		15 063	(7 715)
Increase/(decrease) in other assets		2 340	2 295
Increase/(decrease) in other liabilities		(6 121)	(32 244)
<b>Cash flow from operating activities before interest received</b>		<b>(5 085)</b>	<b>48 621</b>
<b>Cash flow from investing activities</b>			
Acquisition of fixed and intangible assets	5	-	(18 190)
Partial repayment of the term deposit		50 000	-
Interest received during the period		3 202	5 122
<b>Net cash flow from investments activities</b>		<b>53 202</b>	<b>(13 068)</b>
<b>Net cash used in financing activities</b>			
Transfers to pension plans		(25 242)	(96 276)
Repayment of lease liabilities	7	(8 221)	(20 230)
<b>Net cash used in financing activities</b>		<b>(33 463)</b>	<b>(116 506)</b>
<b>Net cash flow for the period</b>		<b>14 654</b>	<b>(80 953)</b>
Cash and cash equivalents at the beginning of the period		41 386	122 339
<b>Cash and cash equivalents, end of the reporting period</b>	3	<b>56 040</b>	<b>41 386</b>

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## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Retained earnings	Total shareholders' equity
	EUR	EUR	EUR
<b>Balance as at 31 December 2019</b>	<b>640 292</b>	-	<b>640 292</b>
Profit of the reporting year	-	25 242	25 242
Net income attributable to Pension Plans*	-	(25 242)	(25 242)
<b>Balance as at 31 December 2020</b>	<b>640 292</b>	-	<b>640 292</b>
Profit of the reporting year	-	18 716	18 716
Net income attributable to Pension Plans*	-	(18 716)	(18 716)
<b>Balance as at 31 December 2021</b>	<b>640 292</b>	-	<b>640 292</b>

\* In accordance with the law 'On private pension funds' all profit of the pension fund should be contributed into pension plans in proportion to participant capitals as at 31 December 2020 and 31 December 2021. Funds are transferred after the annual report has been approved by the shareholder's meeting.

The notes on pages 11 to 27 are an integral part of these financial statements.  
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## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL INFORMATION ABOUT THE FUND

AS CBL Atklātais pensiju fonds (the Fund) is a joint stock company registered with the Enterprise Register of the Republic of Latvia on 8 June 1998 and entered into the Commercial Register of the Republic of Latvia on 7 April 2003. The legal address of the Fund is Republikas laukums 2a, Rīga, LV-1010, Latvia.

The Fund is an open pension fund which administers three defined contribution pension plans 'CBL Sabalansētais', 'CBL Aktīvais' and 'CBL Aktīvais USD'.

These financial statements were approved by the Board and Council of the Fund. For the date refer to the time stamp.

AS Citadele banka is the sole shareholder of the Fund.

Related party transactions of the Fund are described in Note 10 to these financial statements. The Fund does not receive financial support from the parent company. The management believes that the credit risk related to the Fund's assets held with AS Citadele banka is limited.

### 2 NOTES TO THE FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared using the accounting policies and valuation principles set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These notes disclose the accounting policies consistently applied in 2020 and 2021, as well as the new standards and interpretations adopted by the Fund.

#### Basis of preparation

The financial statements of AS CBL Atklātais Pensiju Fonds were prepared in accordance with 'Regulation on the preparation of annual reports of private pensions funds' issued by the Financial and Capital Market Commission (FCMC), which require that financial statements be prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements are prepared on a historical cost basis.

The financial statements cover the period from the 1 January 2021 to 31 December 2021.

#### Functional and Presentation Currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates ('the functional currency'). The financial statements are presented in euro (EUR), which is the Fund's presentation and functional currency.

#### Material estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the whole of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Future events may impact assumptions that were used as the basis for estimates. Any impact from changes in the estimates is reflected in the financial statements as determined.

#### Changes in accounting policies

The Fund has consistently applied the accounting policies set out herein to all periods presented in these financial statements.

## **New standards and interpretations**

New accounting and financial reporting standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. Certain standards became effective in 2021, while others will become effective in subsequent reporting periods. This section describes the standards applicable to the Fund. Where the implementation impact was or is expected to be reasonably material it is disclosed.

### **New requirements effective for 2021 without a material impact on the Fund**

*Amendments to IFRS 16 – COVID-19-Related Rent Concessions*

*Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 16 and IFRS 7 – Interest Rate Benchmark Reform – Phase 2*

### **Future requirements that have no impact on the financial data for 2021**

A number of new standards, interpretations and amendments to existing standards have become effective for the financial periods beginning on or after 1 January 2021 which are not yet endorsed by the EU. These standards were not applied in the preparation of these financial statements. The Fund does not plan to adopt these standards early. The Fund is in the process of evaluating the potential effect, if any, of changes arising from these new standards and interpretations.

*Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2*

*Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

*Amendments to IAS 1 and IFRS 2 practice statement – Disclosure of accounting policies*

*Amendments to IAS 8 – Definition of accounting estimate*

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

## **Recognition of income and expenses**

Income and expenses are recognised on an accrual basis. Interest income items are recognised on an accrual basis using the effective interest rate.

Dividend income is recognized when received.

Commission fees for administration of pension plans are set in regulations of each separate Pension plan. The Fund's contribution fees and their calculation is established and published in regulations of the Pension Plan, which are approved and registered with FCMC. If a participant takes part in the pension plan based on an individual participation agreement, the pension fund's deductions for administration of the pension plan do not exceed 0.75% per year from the additional pension capital accumulated by the participant. If a participant takes part in the pension plan based on a collective participation agreement the cost of administering the pension plan is set in the collective participation agreement.

The fee for pension plan administration services is calculated based on a fixed percentage of the value of additional pension capital of participants and is deducted from individual accounts of clients on a monthly basis.

### **IFRS 15 Revenue from contracts with customers**

Revenue from the administration of pension plans is recognised when the service is delivered.

Client acquisition expenses related to new participants of pension plans that meet the set provisions are capitalized. These client acquisition expenses are recognised as assets on the balance sheet as incurred and amortised over a period of 6 years on a straight line basis. The amortisation period is based on a calculation. Should a participant for whom deferred client acquisition expenses were accrued exit the Pension Plan early the remaining amount to be amortised is fully expensed in the reporting period.

## Foreign currency revaluation

Foreign currency transactions are revalued into euros at the official exchange rate set by the European Central Bank at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros applying the official exchange rate established by the European Central Bank at the last day of the reporting period. Any gain or loss resulting from a change in exchange rates is included in the statement of changes in net assets as gain or loss from revaluation of foreign currencies.

The exchange rates published by the European Central Bank (currency unit versus EUR) and applied in the preparation of these financial statements are as follows:

<u>Foreign currency</u>	<u>31/12/2021</u> <u>EUR</u>	<u>31/12/2020</u> <u>EUR</u>
1 USD	1.1326	1.2271

## Cash

Cash represents balances on current accounts and demand deposits due from credit institutions with maturities of up to 3 months.

## Term deposits

Term deposits are initially recognised at fair value and subsequently carried at amortised cost determined in line with the amount of cash placed as a term deposit plus capitalised and accrued interest income using the effective interest rate. Interest income on term deposits is recognised on an accrual basis, i.e. in proportion to the period of time from the date of placement of the deposit to the reporting date.

## Financial assets and liabilities measured at amortised cost

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment.

The impairment allowance for financial assets that are not-credit impaired (stage 1 and stage 2 classified) is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive discounted at the effective interest rate of a financial asset. The impairment allowance for financial assets that are credit impaired at the reporting date (stage 3 classified) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition. As the Company considers these losses to be non-material allowances have not been recognised in the reporting year.

A gain or a loss on a financial asset that is measured at amortised cost is recognised in the profit or loss when the financial asset is derecognised, reclassified, through the amortisation process, and to recognise impairment losses or their reversal.

## Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. Upon recognition, intangible assets are carried at cost; subsequently they are measured at cost net of accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful life (3 years) on a straight-line basis.

## Property and equipment

Property and equipment is recorded at historical cost less accumulated depreciation less impairment, if any. Should the recoverable amount of an asset become lower than its carrying amount for circumstances other than temporary the asset is written down to its recoverable amount.

Depreciation is calculated on a straight-line basis over the useful life of the asset. Depreciation rates range from 20% to 50% p.a.

Maintenance and repair expenses are charged to profit or loss as incurred.

Profit or loss from disposal of an asset is calculated as the difference between the carrying amount of the asset and proceeds from sale, and is recognised in the profit and loss statement as incurred.

### **Fair value of financial assets and liabilities**

Financial assets of the Fund are carried at amortised cost. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables and cash and cash equivalents. Financial liabilities that include trade accounts payable and other financial liabilities arising from the operating activities of the Fund are classified as other liabilities measured at amortised cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of liabilities represents the risk of default.

IFRS introduces a fair value hierarchy for the measurement of financial assets and liabilities, based on whether or not observable market data are used in the measurement of the fair value of financial assets and liabilities. The balance sheet of the Fund does not include assets and liabilities at fair value. Fair values of financial assets and liabilities not measured at fair value may be classified in the following fair value hierarchy levels:

Cash and cash equivalents are included in Level 1. The Fund believes that the fair value of these financial assets matches their initial nominal value and the carrying amount at any future date.

The Fund has no financial assets and liabilities categorised as Level 2 and 3.

Given the short term nature of settlements the carrying amounts of financial assets and liabilities are not materially different from their fair values.

### **Employee benefits**

Employee entitlements to the annual leave are recognized when the vacation days have been accrued to the employees. Accruals for employees' annual leave pay are estimated based on days of unused annual leave of the employees up to the reporting date.

The Fund pays social security contributions to the state funded pension scheme on behalf of its employees in accordance with the laws and regulations of Latvia. The state funded pension scheme is a defined contribution plan under which the Fund is to pay fixed contributions determined by law. The Fund is under no additional legal or constructive obligations to pay further contributions if the state funded pension scheme is unable to honour its liabilities towards its participants. State social security contributions are accrued in the year in which the associated services are rendered by the employees of the Company.

### **Taxes**

Due to its specifics of operation, the Fund has not been registered as a payer of value added tax and it is not a subject of corporate income tax.

### **Other receivables**

Other receivables are recognized and carried at contractual amounts less allowances for doubtful receivables. Doubtful debt allowances are recognised when recovery of the entire amount of the receivable is no longer reasonably expected. Receivables are written off when their recoverability is considered impossible.

### **Lease – the Fund as a lessee**

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are accounted under IFRS 16. SFPS. For qualifying lease assets, upon lease commencement, a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs. Subsequently the right-of-use asset is measured using a cost model. A right-of-use asset is measured at cost less any accumulated depreciation and impairment. The lease liability is initially measured as a discounted value of payments agreed over the lease term. An incremental borrowing rate which discounts future payments to estimated present value is applied. The Fund presents right-of-use assets in the same line items in which it presents assets of the same nature that it owns. Lease liabilities are presented within other liabilities. Operating lease expenses are disclosed as 'Depreciation of leased property and equipment'. Similarly the implied interest expense on lease liabilities is presented as interest expense. The three year lease term applied to the rent of the Fund's office is linked to the business planning horizon of AS Citadele banka. The incremental borrowing rate

derived from the deposit rate of AS Citadele banka adjusted for a risk spread to account for the absence of deposit guarantees for leases is used for transactions.

### Pension plan assets

Pension plan assets are administered by the Fund and the Fund does not assume liability for changes in the value of such assets, nor does it guarantee any return on the assets, and therefore such assets are treated as off-balance-sheet items.

### Transfers of retained earnings

It is stated in the Latvian law 'On private pension funds' that the excess of income over expenses of a pension fund cannot be distributed as dividends to shareholders and it should be fully transferred to pension plans in proportion to participant capitals as at 31 December 2021.

Under IAS 1, non-owner changes in equity should not be presented in the statement of changes in shareholders' equity. Retained earnings that relate to pension plans are presented separately as non-owner changes in equity and are classified as other expenses for the reporting year. The actual excess is transferred after the annual report has been approved by the shareholder's meeting. As at the end of the reporting year, amounts payable to plan participants are disclosed under other liabilities.

## 3 DEMAND DEPOSITS WITH CREDIT INSTITUTIONS AND TERM DEPOSITS WITH CREDIT INSTITUTIONS

	31/12/2021	31/12/2020
	EUR	EUR
AS Citadele banka	56 040	41 386
<b>Total due from credit institutions</b>	<b>56 040</b>	<b>41 386</b>

All demand deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia.

Excess funds consist of demand deposits and investment account balances with AS Citadele banka.

	31/12/2021		31/12/2020	
	EUR		EUR	
<u>Term deposits with credit institutions registered in Latvia</u>	Carrying value	Incl. accrued interest income	Carrying value	Incl. accrued interest income
AS Citadele banka	593 374	3 082	643 399	3 107
<b>Total term deposits with credit institutions</b>	<b>593 374</b>	<b>3 082</b>	<b>643 399</b>	<b>3 107</b>

All term deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia. There has not been a significant increase in credit risk related to the deposits and ECL allowances are considered to be immaterial.

The fair value of term deposits does not significantly differ from the carrying amount.

## 4 ACCRUED INCOME AND DEFERRED EXPENSES

	31/12/2021	31/12/2020
	EUR	EUR
Accrued income	40 041	-
Prepaid expenses	2 169	1 872
<b>Total</b>	<b>42 210</b>	<b>1 872</b>

Accrued income - the Fund receives compensation for the administration of plans calculated as a proportion of plan assets and accumulated and paid on a monthly basis. Given the short-term nature of payments, the absence of historical impairment losses and insolvency of pension plans, expected credit losses are estimated to be insignificant and were not recognised.

## 5 INTANGIBLE ASSETS, PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	2021 EUR			
	Right-of-use assets	Other property and equipment	Intangible assets	Total
<i>Historical cost</i>				
<b>As at the beginning of the year</b>	<b>25 802</b>	<b>39 452</b>	<b>90 945</b>	<b>156 199</b>
Additions	-	-	-	-
Disposals	-	(36 568)	(2 275)	(38 843)
<b>Year-end</b>	<b>25 802</b>	<b>2 884</b>	<b>88 670</b>	<b>117 356</b>
<i>Accumulated depreciation</i>				
<b>As at the beginning of the year</b>	<b>1 358</b>	<b>39 376</b>	<b>63 567</b>	<b>104 301</b>
Depreciation	8 148	76	94	8 318
Disposals	-	(36 568)	(2 276)	(38 844)
<b>Year-end</b>	<b>9 506</b>	<b>2 884</b>	<b>61 385</b>	<b>73 775</b>
<i>Carrying amount</i>				
<b>As at the beginning of the year</b>	<b>24 444</b>	<b>76</b>	<b>27 378</b>	<b>51 898</b>
<b>Year-end</b>	<b>16 296</b>	<b>-</b>	<b>27 285</b>	<b>43 581</b>

	2020 EUR			
	Right-of-use assets	Other property and equipment	Intangible assets	Total
<i>Historical cost</i>				
<b>As at the beginning of the year</b>	<b>66 752</b>	<b>39 897</b>	<b>74 045</b>	<b>180 694</b>
Additions	25 802	-	18 190	43 992
Disposals	(66 752)	(445)	(1 290)	(68 487)
<b>Year-end</b>	<b>25 802</b>	<b>39 452</b>	<b>90 945</b>	<b>156 199</b>
<i>Accumulated depreciation</i>				
<b>As at the beginning of the year</b>	<b>-</b>	<b>39 285</b>	<b>62 071</b>	<b>101 356</b>
Depreciation	19 900	536	2 786	23 222
Disposals	(18 542)	(445)	(1 290)	(20 277)
<b>Year-end</b>	<b>1 358</b>	<b>39 376</b>	<b>63 567</b>	<b>104 301</b>
<i>Carrying amount</i>				
<b>As at the beginning of the year</b>	<b>66 752</b>	<b>612</b>	<b>11 974</b>	<b>79 338</b>
<b>Year-end</b>	<b>24 444</b>	<b>76</b>	<b>27 378</b>	<b>51 898</b>



## 6 ACCRUED EXPENSES

	31/12/2021	31/12/2020
	EUR	EUR
Accrued expenses	24 339	18 856
Vacation reserve and provisions for bonuses	39 740	30 160
<b>Total</b>	<b>64 079</b>	<b>49 016</b>

The fair value of accrued expenses does not significantly differ from their book value.

## 7 LIABILITIES FOR LEASED TANGIBLE ASSETS

	2021	2020
	EUR	EUR
<b>Liabilities for leased tangible assets at the beginning of the year</b>	<b>24 455</b>	<b>66 810</b>
Calculated interest	114	(362)
Initiation/termination of lease agreements (net)	-	(21 763)
Lease payments	(8 221)	(20 230)
<b>Liabilities for leased tangible assets at the end of the year</b>	<b>16 348</b>	<b>24 455</b>

## 8 OTHER LIABILITIES

	31/12/2021	31/12/2020
	EUR	EUR
Profit of the pension fund	18 716	25 242
Trade accounts payable	549	4 443
FCMC charges	4 465	6 565
Other liabilities	-	126
<b>Total</b>	<b>23 730</b>	<b>36 376</b>

## 9 AUTHORISED SHARE CAPITAL

As at 31 December 2021, share capital of the Fund was comprised of registered and authorised share capital of EUR 640 292, which was divided into 640 292 ordinary name shares with voting rights.

	31/12/2021		31/12/2020	
	Number of shares	%	Number of shares	%
Citadele banka AS	640 292	100%	640 292	100%
<b>Total</b>	<b>640 292</b>	<b>100%</b>	<b>640 292</b>	<b>100%</b>

## 10 RELATED PARTY TRANSACTIONS

The Fund is a wholly owned subsidiary of AS Citadele banka. Other companies referred to as related parties are Citadele Group companies.

As at 31 December 2021 and 2020 balances due to and from related parties were as follows:

	31/12/2021 EUR	31/12/2020 EUR
<b><u>Assets</u></b>		
Due from AS Citadele banka*	16 296	24 444
<b>Total</b>	<b>16 296</b>	<b>24 444</b>
<b><u>Liabilities</u></b>		
Balances due to AS Citadele banka**	16 348	24 455
<b>Total liabilities</b>	<b>16 348</b>	<b>24 455</b>

\* IFRS 16 Right-of-use asset

\*\* IFRS 16 Lease liabilities

### Maturity analysis of lease liabilities

	31/12/2021 EUR		31/12/2020 EUR	
	Discounted cash flows	Undiscounted cash flows	Discounted cash flows	Undiscounted cash flows
Current liabilities	8 152	8 148	8 107	8 148
Non-current liabilities (less than 5 years)	8 196	8 379	16 348	16 527
<b>Total</b>	<b>16 348</b>	<b>16 527</b>	<b>24 455</b>	<b>24 675</b>

Income and expense from related parties were as follows:

	2021		2020	
	EUR		EUR	
	Expenses	Income	Expenses	Income
<b>Citadeles moduļi SIA</b>				
<b>(until 12.2017 – Rīgas pirmā garāža SIA)</b>				
Repayment of lease liabilities*	-	-	18 860	-
Interest expenses for lease liabilities	-	-	338	-
Parking	-	-	1 244	-
<b>Citadele banka AS</b>				
Interest income	-	3 177	-	3 263
Interest expenses	214	-	-	-
Current account servicing	1 409	-	1 225	-
Commission for customer attraction	16 970	-	7 607	-
IT services, security	34 692	-	36 636	-
Internal audit services	6 198	-	6 198	-
Record keeping, personnel and archive management, advertisement expenses	7 166	-	7 166	-
Repayment of lease liabilities*	8 148	-	1 370	-
Interest expenses for lease liabilities	114	-	23	-
Public utilities	2 762	-	460	-
Other services	6 576	-	-	-
<b>Total</b>	<b>84 249</b>	<b>3 177</b>	<b>81 127</b>	<b>3 263</b>

\* Includes all payments related to lease of premises

## 11 OPERATING INCOME

	2021	2020
	EUR	EUR
<b><u>Pension Plans</u></b>		
CBL Sabalansētais	337 300	254 007
CBL Aktīvais	120 645	108 187
CBL Aktīvais USD	7 490	6 448
<b>Total fee and commission</b>	<b>465 435</b>	<b>368 642</b>

## 12 INTEREST INCOME

	2021	2020
	EUR	EUR
Interest income on term deposits	3 177	3 263
<b>Total</b>	<b>3 177</b>	<b>3 263</b>

### 13 ADMINISTRATIVE EXPENSES

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Personnel expense	297 328	199 286
Public utilities	2 762	460
IT expenses	48 351	64 513
Professional services	35 954	20 671
Transport expenses	1 697	6 999
Postal expenses	11	8 736
Office expenses	571	918
Representation expenses	2 529	1 203
Advertisement and marketing expenses	4 841	-
Other	47 222	19 957
<b>Total</b>	<b>441 266</b>	<b>322 743</b>

\* Professional services include the fee for the audit of the annual report for 2021 paid to the auditor, EUR 7 865, including VAT (2020: EUR 6 679), including the cost of translation of the annual report of EUR 968, including VAT (2020: EUR 0).

### 14 PERSONNEL EXPENSES

In 2021, the average number of employees at the Fund was 19 (2020: 21). Personnel expenses are reflected as follows (including remuneration to the Board):

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Remuneration	220 768	156 153
Compulsory state social security payments	52 050	37 561
Health insurance premiums	1 557	1 316
Provision for vacations	22 688	4 061
Other personnel expenses	265	195
<b>Total</b>	<b>297 328</b>	<b>199 286</b>

Remuneration paid to the Board of the Fund during 2021 and 2020:

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
Remuneration	95 975	80 918
Compulsory state social security payments	22 640	19 088
<b>Total</b>	<b>118 615</b>	<b>100 006</b>

### 15 TRANSFERS TO PENSION PLANS

	<b>2021</b>	<b>2020</b>
<b>Pension Plans</b>	<b>EUR</b>	<b>EUR</b>
Pension plan 'CBL Sabalansētais'	12 620	17 156
Pension plan 'CBL Aktīvais'	5 677	7 628
Pension plan "CBL Aktīvais USD"	419	458
<b>Total</b>	<b>18 716</b>	<b>25 242</b>

The transfer is disclosed in the statement of financial position under other liabilities. Funds are transferred after the annual report has been approved by the shareholder's meeting.

## 16 INVESTMENT OVERVIEW FOR THE REPORTING YEAR

As at 31 December 2021, the estimated fair value of all financial assets and financial liabilities approximates their carrying amounts. As at 31 December 2021, the fair value of term deposits with credit institutions with the carrying amount of EUR 593 374 is estimated to be EUR 590 848; the estimated fair value of other financial assets and financial liabilities approximates their carrying amounts. The fair value of term deposits with credit institutions is estimated based on observable market inputs (level 2 in the fair value hierarchy).

	Term deposits	Total
<b>31/12/2020</b>	<b>643 399</b>	<b>643 399</b>
Partial repayment of the term deposit	(50 000)	(50 000)
Interest received during the year	(3 202)	(3 202)
Interest calculated during the year	3 177	3 177
<b>31/12/2021</b>	<b>593 374</b>	<b>593 374</b>

	Term deposits	Total
<b>31/12/2019</b>	<b>645 258</b>	<b>645 258</b>
Interest received during the year	(5 122)	(5 122)
Interest calculated during the year	3 263	3 263
<b>31/12/2020</b>	<b>643 399</b>	<b>643 399</b>

## 17 CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets at amortised cost (receivables) are financial assets with fixed or determinable payments that are not quoted in an active market and include trade and other receivables and cash and cash equivalents. Financial liabilities that include trade accounts payable and other financial liabilities arising from the operating activities of the Fund are classified as other liabilities measured at amortised cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Fund has access at that date. The fair value of liabilities represents the risk of default.

IFRS introduces a fair value hierarchy for the measurement of financial assets and liabilities, based on whether or not observable market data are used in the measurement of the fair value of financial assets and liabilities. The balance sheet of the Company does not include assets and liabilities at fair value.

Fair values of financial instruments of the Fund approximates their carrying amounts as financial instruments predominantly have short maturities. Regarding term deposits, the Fund believes that the fair value of these deposits matches their initial nominal value and the carrying amount at any future date. Therefore they are not separately assigned to levels of the fair value hierarchy.

## 18 RISK POLICY AND MANAGEMENT OF INVESTMENT-RELATED RISKS

### Introduction

Risks are an inherent part of the investment process. Risk management includes measures such as risk identification, risk measurement and risk governance. The Fund is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk, liquidity risk and other risks (including operational risk). The Fund's investment portfolio is managed and daily risk management is performed by asset manager IPAS CBL Asset Management. The activities performed with these funds by the asset manager are controlled by the Fund's management. The investment strategy of the Fund is aimed at minimising the aforementioned risks to the extent possible, however, the Fund cannot guarantee that these risks can be completely avoided in future.

## Risk management framework

Risk measurement is based on models developed by using historical data and are adjusted according to the current economic situation. Certain models are used to forecast changes in risk factors in the ordinary course of business and emergency cases.

Investment risks are mitigated by the Fund by way of diversification. The Fund acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Fund's assets have been or are to be invested.

The Fund, when developing the investment strategy and stating limits, performs the analysis of the Fund's investments by maturity, geographic placement, currency profile and assesses the risks inherent to each of the above factors.

When investments are made abroad, particular attention is paid to expected currency fluctuations against the official state currency. For risk mitigation purposes the Fund performs:

- country assessment according to international rating agencies scale;
- assessment of political situation in the country;
- assessment of economic situation in the country;

The investment strategy of the Fund is aimed at minimising investment risks to the extent possible.

### Market risk

Market risk is the likelihood that the Plan's value may decrease in response to changes in market factors such as securities prices, currency exchange rates or interest rates.

### Interest rate risk

Interest rate risk represents the effect of market interest rate fluctuations on the Fund's financial position. In its day-to-day activities the Fund is exposed to interest rate risk impacted by maturity dates of underlying assets related to interest income or repricing dates of interest rates. A portion of assets is held as demand deposits with AS Citadele banka, and the repricing date is set by the bank. The Fund is not significantly sensitive to fluctuations in interest rates.

### Currency risk

Financial assets and liabilities of the Fund that are exposed to currency risk include cash and cash equivalents, other receivables and other liabilities. The Fund is exposed to currency risk in relation to the USA dollar.

The following table demonstrates the sensitivity to a reasonably possible change in the USA dollar exchange rate, with all other variables held constant, of the Fund's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Fund's equity.

2021 EUR		
Increase/decrease in USD exchange	Effect on income/loss	Effect on equity
5%	134	134
-5%	(134)	(134)
2020 EUR		
Increase/decrease in USD exchange	Effect on income/loss	Effect on equity
5%	170	170
-5%	(170)	(170)

The currency analysis of assets and liabilities by currency profile as at 31 December 2021 was as follows:

	<u>EUR</u>	<u>USD</u>	<u>Total</u>
<b><u>Assets</u></b>			
Demand deposits due from credit institutions	54 054	1 986	56 040
Term deposits	593 374	-	593 374
Accrued income and deferred expenses	41 517	693	42 210
Intangible assets	27 285	-	27 285
Right-of-use assets	16 296	-	16 296
Contract assets	9 244	-	9 244
<b>Total assets</b>	<b><u>741 770</u></b>	<b><u>2 679</u></b>	<b><u>744 449</u></b>
<b><u>Equity and liabilities</u></b>			
Accrued expenses	(64 079)	-	(64 079)
Liabilities for leased tangible assets	(16 348)	-	(16 348)
Other liabilities	(23 730)	-	(23 730)
<b>Total equity and liabilities</b>	<b><u>(104 157)</u></b>	<b><u>-</u></b>	<b><u>(104 157)</u></b>
<b><u>Capital and reserves</u></b>			
Paid-up share capital	(640 292)	-	(640 292)
<b>Total capital and reserves</b>	<b><u>(640 292)</u></b>	<b><u>-</u></b>	<b><u>(640 292)</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>(744 449)</u></b>	<b><u>-</u></b>	<b><u>(744 449)</u></b>
<b>Net long/ (short) positions on foreign exchange</b>	<b><u>(2 679)</u></b>	<b><u>2 679</u></b>	<b><u>-</u></b>

The currency analysis of assets and liabilities by currency profile as at 31 December 2020 was as follows:

	<u>EUR</u>	<u>USD</u>	<u>Total</u>
<b><u>Assets</u></b>			
Demand deposits due from credit institutions	37 993	3 393	41 386
Term deposits	643 399	-	643 399
Accrued income and deferred expenses	1 872	-	1 872
Intangible assets	27 378	-	27 378
Fixed assets	76	-	76
Right-of-use assets	24 444	-	24 444
Contract assets	11 555	-	11 555
Other assets	29	-	29
<b>Total assets</b>	<b>746 746</b>	<b>3 393</b>	<b>750 139</b>
<b><u>Equity and liabilities</u></b>			
Accrued expenses	(49 016)	-	(49 016)
Liabilities for leased tangible assets	(24 455)	-	(24 455)
Other liabilities	(36 376)	-	(36 376)
<b>Total equity and liabilities</b>	<b>(109 847)</b>	<b>-</b>	<b>(109 847)</b>
<b><u>Capital and reserves</u></b>			
Paid-up share capital	(640 292)	-	(640 292)
<b>Total capital and reserves</b>	<b>(640 292)</b>	<b>-</b>	<b>(640 292)</b>
<b>Total liabilities and shareholders' equity</b>	<b>(750 139)</b>	<b>-</b>	<b>(750 139)</b>
<b>Net long/ (short) positions on foreign exchange</b>	<b>(3 393)</b>	<b>3 393</b>	<b>-</b>

### Liquidity risk

Liquidity risk is related to the ability of the Fund to meet its liabilities as they fall due without incurring significant losses. The majority of assets are placed in highly liquid assets that fully support the Fund's ability to meet its liabilities as they fall due.

Remaining maturities of the Fund's assets and liabilities as at 31 December 2021:

	<u>Up to 1 year</u>	<u>From 1 to 5 years</u>	<u>More than 5 years and without maturity</u>	<u>Total</u>
	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>
<b><u>Assets</u></b>				
Demand deposits due from credit institutions	56 040	-	-	56 040
Term deposits	3 082	590 292	-	593 374
Right-of-use assets	8 148	8 148	-	16 296
Contract assets	2 311	6 933	-	9 244
Accrued income	40 041	-	-	40 041
<b>Total assets</b>	<b>109 622</b>	<b>605 373</b>	<b>-</b>	<b>714 995</b>



**Equity and liabilities**

Accrued expenses	64 079	-	-	64 079
Liabilities for leased tangible assets	8 152	8 196	-	16 348
Other liabilities	23 730	-	-	23 730
<b>Total liabilities</b>	<b>95 961</b>	<b>8 196</b>	<b>-</b>	<b>104 157</b>

The Fund did not have overdue assets.

Remaining maturities of the Fund's assets and liabilities as at 31 December 2020:

	Up to 1 year	From 1 to 5 years	More than 5 years and without maturity	Total
	EUR	EUR	EUR	EUR
<b><u>Assets</u></b>				
Demand deposits with credit institutions	41 386	-	-	41 386
Term deposits	3 107	640 292	-	643 399
Right-of-use assets	8 148	16 296	-	24 444
Contract assets	2 311	9 244	-	11 555
Other assets	29	-	-	29
<b>Total assets</b>	<b>54 981</b>	<b>665 832</b>	<b>-</b>	<b>720 813</b>
<b><u>Equity and liabilities</u></b>				
Accrued expenses	49 016	-	-	49 016
Liabilities for leased tangible assets	8 221	16 234	-	24 455
Other liabilities	36 376	-	-	36 376
<b>Total liabilities</b>	<b>93 613</b>	<b>16 234</b>	<b>-</b>	<b>109 847</b>

The Fund did not have overdue assets.

***Legal risk***

Legal or legislation risk is related to potential changes in national or international laws (incl. tax policies) which may cause additional losses to the Fund. The Fund takes active part in coordination of amendments to legislation and plans the impact of such amendments in due time.

***Credit risk***

Credit risk is the likelihood to incur losses if a counterparty or an issuer of a debt security refuses or is unable to honour his liabilities. Transactions with the Fund's assets are conducted with safe counterparties with good reputation. The Fund is monitoring the solvency status of securities' issuers, their credit rates, financial position and mass media on a regular basis.

Credit quality of the Fund's assets is managed based on ratings assigned by international rating agencies Standards and Poor's, Moody's and Fitch. As an additional measure, issuer financial statements, financial position and future outlooks are analysed in detail.

The table presents credit ratings of issuers or debt securities and credit institutions that hold the Fund's investments.

<b><u>31/12/2021</u></b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>Without rating</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Demand deposits with credit institutions	-	56 040	-	-	-	56 040
Term deposits	-	593 374	-	-	-	593 374
<b>Total</b>	<b>-</b>	<b>649 414</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649 414</b>

  

<b><u>31/12/2020</u></b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>Without rating</b>	<b>Total</b>
	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Demand deposits with credit institutions	-	41 386	-	-	-	41 386
Term deposits	-	643 399	-	-	-	643 399
<b>Total</b>	<b>-</b>	<b>684 785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>684 785</b>

Refer to Note 3 for details on the Fund's investments by type, issuer and issuer's country of origin.

## Capital management

The Fund administers defined contribution pension plans without guaranteed income and coverage of biometric risks for the capital accumulated by participants. The size of shareholder's equity does not have any effect on the interests of pension plan participants.

## 19 OFF-BALANCE-SHEET ITEMS

	<b>2021</b>	<b>2020</b>
<b>Pension Plans</b>	<b>EUR</b>	<b>EUR</b>
<b><u>Assets</u></b>		
CBL Sabalansētais	39 401 443	34 385 066
CBL Aktīvais	17 724 007	15 280 606
CBL Aktīvais USD	1 306 172	920 078
<b>Total pension plan assets</b>	<b>58 431 622</b>	<b>50 585 750</b>
<b><u>Liabilities</u></b>		
CBL Sabalansētais	151 699	49 805
CBL Aktīvais	68 580	26 801
CBL Aktīvais USD	2 227	2 168
<b>Total pension plan liabilities</b>	<b>222 506</b>	<b>78 774</b>

<b>Net assets</b>		
CBL Sabalansētais	39 249 744	34 335 261
CBL Aktīvais	17 655 427	15 253 805
CBL Aktīvais USD	1 303 945	917 910
<b>Total pension plan net assets</b>	<b>58 209 116</b>	<b>50 506 976</b>

## 20 SUBSEQUENT EVENTS

A subsequent event that followed the reporting date and was not related to normal functioning of the financial market was the rapid escalation of the geopolitical tension in Eastern Europe which transformed into an invasion of Ukraine by Russia in the second half of February. As at the date of these financial statements, a war is raging in Ukraine with no signs of de-escalation in sight. It can be expected that the events unfolding in and around Ukraine (such as sanctions imposed on Russia, steep rises in prices of energy resources etc.) will have a detrimental effect on the pace of economic growth worldwide, will contribute to increased volatility in financial markets and may adversely affect client sentiment. The management has assessed the potential direct and indirect impact of the geopolitical situation on the Fund's operations. According to the management, the geopolitical tension may have an adverse effect on the valuation of financial assets and it cannot be precluded that a higher than normal outflow of customer funds will be observed. If this is the case, it will be difficult to achieve the Fund's budget for 2022 and it may have an adverse effect on asset managers and the rather ambitious asset management plans that they have budgeted. Nevertheless, the management does not believe the impact of these circumstances on the Fund's ability to continue as a going concern is significant and, although in reduced volumes, it will continue attracting and increasing its assets.

## REPORT ON PENSION PLAN 'CBL SABALANSĒTAIS'

### General information on the pension plan

PIAN 'CBL Sabalansētais' (before 06.02.2015 – 'Citadele Sabalansētais'), (hereinafter the Plan) was approved at the Board meeting of AS CBL Atklātais pensiju fonds on 8 December 2000.

Participants are natural persons who take part in the Plan based on individual and collective agreements.

Contributions are made in euro. The investment policy is balanced and up to 20% of the Fund's assets may be invested in equities.

The management of the plan is the responsibility of the Board and Chairperson of the Board of the Pension Fund. During the reporting period, the Board of the Pension Fund was comprised of:

Anna Fišere-Kaļķe – Chairperson of the Board – appointed on 26.02.2021

Jolanta Jērāne – Chairperson of the Board – appointed on 29.05.2018, released on 26.02.2021

Ivo Ailis – Board Member – appointed on 26.02.2021, released on 08.12.2021

Jānis Zivtiņš – Board Member – appointed on 29.05.2018, released on 30.07.2021

Karīna Maslakova – Board Member – appointed on 29.05.2018, released on 26.02.2021

The pension age at which a participant becomes entitled to the additional pension capital accumulated in the pension fund is 55 years, except for people working in special professions the list of which, including the minimum duration of service, is determined by the Cabinet of Ministers.

Fund manager is investment management joint stock company 'CBL Asset Management', registered address: Republikas laukums 2a, Rīga, LV-1010, Latvia.

The Plan's custodian is AS Citadele banka, legal address: Republikas laukums 2a, Rīga, LV-1010, Latvia.

### Pension plan operational assessment

During the reporting year, assets of the Plan were invested in financial instruments such as corporate bonds, investment funds, equities, deposits and government securities.

Investments in equities and investment funds of equal risk profile at the year end amounted to 18.3% of the Plan's assets. At the year end, 7.2% of the Plan's assets were invested in Latvia. Foreign investments are made in EUR and USD. All restrictions on investments have been observed.

In 2021, net assets of the Plan increased by EUR 4.91 million or 14%, which is 3.5 times more than in 2020, and amounted to EUR 39.25 million at the year end. During 2021, the number of participants increased by 3% and was 31 189 at the year end.

Expenses include deductions payable to the FCMC, and compensations to the Pension Fund, asset manager and the custodian.

Deductions payable to the FCMC are withheld from each contribution according to laws and regulations. Transfers between pension plans or pension funds do not qualify for deductions payable to the FCMC.

### Administrative expenses of the Pension fund:

If a participant takes part in the Plan based on an individual participation agreement, the Pension Fund's deductions for administration of the Plan do not exceed 0.75% per year from the additional pension capital accumulated by the participant. These deductions are calculated and withheld every month as a 1/12 share.

If a participant takes part based on a collective participation agreement the cost of administering the Plan is set in the collective participation agreement. These deductions are calculated and withheld every month as a 1/12 share.

For agreements signed during the period from 1 January 2021 to 31 December 2021 with EUR 3 000 or more accumulated a reduced price list was applied for the entire duration and deductions to finance the FCMC were compensated by the Pension Fund and lower deductions were made for administration of the Plan.

CBL Sabalansētais has the following management commission fees:

AS Citadele banka as the custodian – 0.15% per year. The custodian's commission is calculated every month from the average value of the Plan's assets.

IPAS CBL Asset Management as the asset manager – 0.7% per year. The asset manager's commission is calculated every month from the average value of the Plan's assets. The asset manager is entitled to additional compensation in the amount of not more than 10% of investment income from the additional pension capital in excess of the benchmark rate: 12 M EURIBOR.

## Future outlook

For the foreseeable future, a global risk that we perceive is a more rapid increase in inflation than currently expected by economists, which could trigger adverse effects on risk assets. This could give rise to speculations about a much quicker transition of world central banks to tighter monetary policies than forecast so far, which could translate into slower growth of balance sheets and higher base rates. Already last year, the US Federal Reserve System (FRS) secured against a temporary rise in inflation during the economic recovery, announcing that its policy will aim for medium inflation in the medium term. However, unexpectedly sharp and sustained increases in inflation will put pressure on the FRS to act. Current valuations of risk assets are largely based on expectations of a very loose monetary policy maintained by central banks and a record low interest rate climate for several years to come, so a sudden change in the monetary climate could lead to a revaluation of risk assets and a fall in prices. Another factor on a global scale is that there is a risk that new strains of the virus may keep the world under restrictions the entire year and also in 2023. This could necessitate revisions of future financial results of companies, which are more than likely to cause values of financial instruments to decline.

The course of action if the worst case scenario materializes:

- In the event of a critical situation or an expected overall worsening of the market situation when investors quickly dispose of risk assets, the asset manager will revise the quality of issuers included in the plan;
- In the event of a critical situation, the investor's risk appetite and the desire to invest in highly volatile assets changes significantly, thus certain classes of assets (equities, high-risk debt securities, etc.) may rapidly lose their attractiveness. If this is the case, investors are likely to prefer lower risk instruments and that is what the asset manager will focus on, and assess these assets for long-term attractiveness.

Seeking to promote accumulation of participant funds, in the first six months of 2022, the Fund will continue offering particularly beneficial terms for new contracts with deductions payable to the FCMC covered by the Fund and the total amount of commissions reduced to 0.6% per year if the accumulated amount is EUR 3 000. To improve competitiveness of the Fund's services, effective from 1 January 2022 the variable commission fee will be cancelled for the plan.

Effective from 1 July 2022, the investment policy for 2021 - 2023 of pension plan 'CBL Sabalansētais' will change. The distribution of assets of the Pension Plan will change, namely, the proportion of investments in equities, venture capital market, real estate properties, alternative investment funds and investment fund certificates will change from 20% to 25%. Following these changes in the investment policy, the Pension Plan is expected to retain a balanced investment policy and these changes will not impact the level of investment risk for the participants.

The report of the Plan has been approved by the Board of the Fund and signed on behalf of it by:

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Anna Fišere-Kalķe  
Chairperson of the Board

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Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL SABALANSĒTAIS'

	Note	2021 EUR	2020 EUR
<b><u>Assets</u></b>			
Demand deposits due from credit institutions	23	2 716 489	2 697 847
Financial investments at fair value through profit or loss			
Debt instruments	24	15 104 533	13 631 456
Equity instruments	25	21 313 341	17 065 679
Investments in venture capital market	26	182 092	148 516
Term deposits with credit institutions	27	-	756 956
Investment property	28	-	84 612
Receivables		84 988	-
<b>Total assets</b>		<b>39 401 443</b>	<b>34 385 066</b>
<b><u>Equity and liabilities</u></b>			
Accrued expenses		63 087	48 775
Other liabilities		88 612	1 030
<b>Total liabilities</b>		<b>151 699</b>	<b>49 805</b>
<b>Net assets</b>		<b>39 249 744</b>	<b>34 335 261</b>

The accompanying notes on pages 33 to 50 form an integral part of these financial statements.  
The financial statements on pages 28 to 50 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

\_\_\_\_\_  
Anna Fišere-Kaļķe  
Chairperson of the Board

\_\_\_\_\_  
Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL SABALANSĒTAIS'

		2021	2020
	Note	EUR	EUR
<b>Net assets of the Pension Plan in the beginning of the reporting year</b>		<b>34 335 261</b>	<b>32 911 600</b>
<b>Participant contributions</b>			
Participant contributions		5 315 529	2 973 826
Employer contributions		846 606	1 080 325
Contribution of the share of solidarity tax paid to VSAA		897	4
Transfers from other pension funds or plans		356 506	370 605
<b>Distributions of additional pension capital</b>			
Distributions to persons who reached the retirement age specified in the plan		(1 857 888)	(3 525 504)
Distributions to heirs upon participant's death		(111 719)	(77 381)
Transfers to other pension funds or plans		(361 470)	(167 734)
Administrative expenses	29	(352 962)	(264 736)
<b>Increase in net assets as a result of contributions and distributions</b>		<b>3 835 499</b>	<b>389 405</b>
<b>Income of the reporting period</b>			
Interest income	30	374 262	389 641
Dividend income		47 792	44 717
Income from the pension fund		17 283	65 325
<b>Total income</b>		<b>439 337</b>	<b>499 683</b>
<b>Expenses of the reporting period</b>			
Investment management expenses	31	(466 754)	(416 240)
<b>Total expenses</b>		<b>(466 754)</b>	<b>(416 240)</b>
<b>(Decrease)/increase in investment</b>			
Realized increase/decrease of investments	32	39 262	(176 934)
Unrealized increase of investments	32	1 067 139	1 127 747
<b>Increase in impairment value</b>		<b>1 106 401</b>	<b>950 813</b>
<b>Pension plan operational results</b>		<b>1 078 984</b>	<b>1 034 256</b>
<b>Increase in net assets</b>		<b>4 914 483</b>	<b>1 423 661</b>
<b>Net assets of the pension plan at the end of the reporting year</b>		<b>39 249 744</b>	<b>34 335 261</b>

The accompanying notes on pages 33 to 50 form an integral part of these financial statements.

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## STATEMENT OF CASH FLOW OF PENSION PLAN 'CBL SABALANSĒTAIS'

		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>EUR</b>	<b>EUR</b>
<b>Cash flow from operating activities</b>			
Result of Plan operations		1 078 984	1 034 256
Administrative expenses	28	(352 962)	(264 736)
Income/loss from investments – venture capital investments	32	(66 586)	(14 306)
Income/loss from investments – fixed income securities	32	264 124	(207 813)
Interest income calculated – fixed income securities	32	(373 343)	(382 685)
Income/loss from investments – non-fixed income securities	32	(1 140 199)	(952 202)
Calculated dividends		(47 791)	(44 717)
Calculated interest		1 856	159
Income/loss from investments – investment property	32	-	7 692
Income from investing activities – term deposits with credit institutions	32	(919)	(6 956)
Foreign currency translation	32	(163 676)	201 899
Decrease/(increase) in trade accounts receivable		(84 988)	1 115
Increase/(decrease) in other liabilities		87 582	(2 677)
Increase in accrued expenses		14 312	(10 514)
<b>Net cash flow from operating activities</b>		<b>(783 606)</b>	<b>(641 485)</b>
<b>Cash flow from investing activities</b>			
Disposal of investments – investments in venture capital	32	33 010	9 054
Acquisition of investments – fixed income securities	32	(5 320 476)	(4 119 367)
Disposal of investments – fixed income securities	32	3 735 361	2 813 764
Interest income	32	384 933	404 529
Acquisition of investments – non-fixed income securities	32	(5 217 712)	(3 521 309)
Disposal of investments – non-fixed income securities	32	2 110 249	4 393 595
Dividends received		47 791	44 717
Interest paid		(1 856)	(159)
Term deposits with credit institutions (increase)	32	750 000	(750 000)
Interest received – term deposits with credit institutions	32	7 875	-
Increase/(decrease) in investment property	32	84 612	-
<b>Net cash flow from investing activities</b>		<b>(3 386 213)</b>	<b>(725 176)</b>
<b>Cash flow from financing activities</b>			
Cash receipts from participants of the Pension Plan		6 519 538	4 424 760
Distributions to participants of the Pension Plan		(1 969 607)	(3 602 885)
Transfers to another pension fund		(176 953)	(142 980)
Transfers to another pension plan		(184 517)	(24 754)
<b>Net cash flow from financing activities</b>		<b>4 188 461</b>	<b>654 141</b>
<b>Increase/(decrease) of cash and cash equivalents</b>		<b>18 642</b>	<b>(712 520)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2 697 847</b>	<b>3 410 367</b>
<b>Cash and cash equivalents at the end of the year</b>	23	<b>2 716 489</b>	<b>2 697 847</b>

The accompanying notes on pages 33 to 50 form an integral part of these financial statements.

The financial statements on pages 28 to 50 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

Anna Fišere-Kalķe  
Chairperson of the Board

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## NOTES TO THE FINANCIAL STATEMENTS OF PENSION PLAN 'CBL SABALANSĒTAIS'

### 21 GENERAL INFORMATION ON THE PENSION PLAN

The plan 'CBL Sabalansētais' is established and operates in accordance with Latvian laws and regulations. For additional information on the Plan please refer to Section Report on pension plan 'CBL Sabalansētais' (pages 28-29). It is a defined contribution pension plan for the accumulation of additional pension capital without guaranteed income and coverage of biometric risks. The plan is intended for the accumulation of additional pension capital and is designed so that based on agreements contributions can be made either by natural persons or legal persons on behalf of natural persons.

### 22 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE PENSION PLAN

These financial statements are prepared using the accounting policies and valuation principles set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The financial statements of the Plan were prepared in accordance with 'Regulation on the preparation of annual reports of private pensions funds' issued by the Financial and Capital Market Commission (FCMC), which require that financial statements be prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements were prepared under the historical cost convention, except for financial assets and liabilities designated at fair value through profit or loss and investment properties that are measured at fair value.

The financial statements cover the period from the 1 January 2021 to 31 December 2021.

#### Functional and Presentation Currency

The Plan's financial accounting is maintained in euro, which the reporting and functional currency of the Plan. Opening net asset balances as at 1 January 2021 agree with the prior year closing balances.

#### Income and expense recognition

All interest income and expenses are carried on an accrual basis. Interest income and expenses on assets or liabilities at amortised cost are recognised in the statement of changes in net assets using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. Interest income on financial instruments designated at fair value through profit or loss is recognised on an accrual basis without using the effective interest rate. Dividend income is recognized when received. Remuneration for the administration and management of the Fund and for the functions of the custodian bank is calculated as a fixed share of the value of assets of the Plan, which is accrued and paid out on a monthly basis (except for the variable consideration to the asset manager based on the Plan's performance, which is calculated and paid for the reporting months in which the relevant indicators were achieved).

#### Foreign currency revaluation

Foreign currency transactions are revalued into euros at the official exchange rate set by the European Central Bank at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into euros applying the official exchange rate established by the European Central Bank at the last day of the reporting period. Any gain or loss resulting from a change in exchange rates is included in the statement of changes in net assets as gain or loss from revaluation of foreign currencies.

Exchange rates (by the European Central Bank) of foreign currencies most widely used in the preparation of the statement of assets and liabilities of the Plan, against the euro are as follows:

	31/12/2021	31/12/2020
<u>Foreign currency</u>	<u>EUR</u>	<u>EUR</u>
1 USD	1.1326	1.2271
1 GBP	0.84028	0.89903

#### Cash and cash equivalents

Cash and cash equivalents include balances of the current Plan accounts and other short-term highly liquid investments with original maturities of three months or less.

## Financial instruments

The Company recognises a financial asset on its balance sheet when, and only when, the Company becomes a party to the contract. Financial assets are classified as either subsequently measured at amortised cost, or fair value through profit or loss. The basis for classification is both business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. At acquisition the applicable classification is evaluated based on the guidelines established by the Group. For financial asset classification to a particular category, the Company at inception determines that the asset meets the relevant business model and contractual cash flow criteria. The business model is observable through the activities of the Plan. It follows from the way the Company typically manages the Plan's financial assets to generate cash flows. Therefore, such an assessment is not made based on scenarios that the Company does not believe to be sufficiently feasible. In a stress case, if cash flows are realised in a way that is different from the Company's expectations embedded in the business model, it does not give rise to a prior period error nor does it change the classification of the remaining financial assets held in that business model. However, for future acquisitions past cash flows are considered and may give rise to change in the business model. At initial recognition, the financial assets are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable incremental transaction costs. All "regular way" purchases and sales of investments are recognised using settlement date accounting. The settlement date is the date when an asset is delivered to the Plan or the Plan delivers the asset to another third party. Settlement date accounting refers to the recognition of an asset on the day it is transferred to the Plan and to the de-recognition of an asset, on the day that it is transferred by the Company to a third party.

### Financial assets and liabilities measured at amortised cost

For a financial asset to be measured at amortised cost it should both be held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset should give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are carried at amortised cost using the effective interest rate method, less any allowance for impairment. The impairment allowance for financial assets that are not-credit impaired (stage 1 and stage 2 classified) is measured as the present value of all cash shortfalls which is the difference between the cash flows due to the Company in accordance with contract and the cash flows that the Company expects to receive discounted at the effective interest rate of a financial asset. The impairment allowance for financial assets that are credit impaired at the reporting date (stage 3 classified) is measured as the difference between the gross carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the financial asset. For the purchased or originated credit-impaired financial assets the credit-adjusted effective interest rate is applied from initial recognition. A gain or loss on a financial asset that is measured at amortised cost is recognised in the profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or to recognise impairment losses or their reversal. Financial assets at amortised cost are recognised on drawdown. From the date of signing a contractual agreement till drawdown, the contractually committed amounts are accounted for as off-balance sheet commitments.

When the financial assets cannot be recovered, they are written-off and charged against impairment for credit losses. Management of the Company makes the decision on writing-off loans. Recoveries of previously written-off assets or parts of assets are credited to the statement of income. The Company classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method, except for derivatives which are measured at fair value through profit or loss. A gain or loss on a financial liability that is measured at amortised cost is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

### Financial instruments at fair value through profit and loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. Due to nature of the Plan, the majority of financial assets are classified into this category as the business model of the Plan is to achieve appreciation of net assets as a result of holding and trading in financial assets. Also a financial asset or liability, at initial recognition, may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces "accounting mismatch" that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases, or when a group of financial liabilities or a group of financial assets and financial liabilities are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the management.

Excluding interest on interest rate swaps, interest on financial assets measured at fair value through profit or loss is included in net interest income. Profit or loss from revaluation and trading resulting from changes in the fair value of the financial assets. Such financial assets and liabilities are subsequently re-measured at fair value based on available market prices or quotes of brokers.

Included in this category are certain assets and liabilities, which are managed and evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. Financial assets and liabilities which are held for trading are measured at fair value through profit or loss.

### **Recognition/derecognition**

Purchase and sale of financial assets is recognized on the performance date. Financial assets are derecognized when the rights to receive on demand cash flows from the financial asset have expired or when the Plan has transferred substantially all risks and rewards of ownership. Financial assets designated at fair value through profit or loss are initially carried at fair value with all costs related to the transaction recognized in the statement of income and expense. Other financial assets are initially carried at fair value, including transaction costs.

### **Provisions for impairment of financial assets**

The Fund estimates expected credit losses. Impairment provisioning requirements apply to financial assets at amortised cost, but do not apply to financial assets measured at fair value through profit or loss.

Impairment allowances are recognised based on forward looking information, even if no credit loss event has happened. The assessment considers broad range of information, but as most of these types of exposures are rated, it relies heavily on external credit ratings and rating agencies' reported default rates derived by calculating multi-period rating transition matrices. If unavailable for evaluation purposes, external credit ratings may be substituted by internally calculated credit quality levels. Credit risk triggers (event of insolvency, any delay of payments, restructuring of debt) and individual credit risk analysis of the issuer are also considered. The Company deems investment grade exposures as low credit risk, thus these are assumed not to have experienced a significant increase in credit risk. For non-investment grade exposures decrease in external credit rating by more than 3 notches since acquisition is deemed significant increase in credit risk. Expected credit losses are recognised based on the provisioning levels in which the exposure is allocated at issuers reporting date. 12-month expected credit losses are recognised for Stage 1 exposures, where credit risk since initial recognition has not increased significantly. Lifetime expected credit losses are recognised for Stage 2 exposures whose credit risk has increased significantly since initial recognition and Stage 3 exposures which are credit impaired. Stage 3 exposures, if any were identified, would additionally be subjected to comprehensive evaluation, including comparison to market valuations for similar exposures, analysis of market depth of the respective security, past trading performance and all other available information.

As the expected credit losses recognised for stage 1 exposures are non-material they have not been recognised.

### **Fair values of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company have access at that date. The fair value of liabilities represents the risk of default.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Securities are revalued using financial information on bid prices available from Bloomberg and NASDAQ OMX Riga. Purchases and sales of securities are recognised on the payment date. The value of sold securities is determined based on the FIFO method.

In the absence of quoted market prices, the Company uses valuation methods that rely on observable market data to the extent possible and minimize the use of unobservable inputs. The valuation method takes account of all factors that market participants would consider to determine the value of the transaction.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received. If it is determined by the Company upon initial recognition that the fair

value differs from the transaction value and the fair value is not supported by quoted prices of identical assets or liabilities in an active market or a valuation approach that relies only on observable inputs the financial instrument is initially measured at fair value adjusted to reflect the difference between the fair value at initial recognition and the transaction value. This difference is subsequently recognised in profit or loss in view of the expected term of the instrument but no later than the date the value can be fully supported by observable market data or the transaction has been completed.

Portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company based on net exposure either to market or credit risk are measured using the price that would have been paid to sell the net long position (or paid to transfer the net short position) of certain risks. These collective adjustments are applied to separate assets and liabilities based on relative risk adjustments related to each separate portfolio of instruments. Methods used to determine the fair value according to the three levels of hierarchy based on the degree to which valuation relies on observable inputs, are presented below.

Level 1 includes financial instruments whose fair value is based on quoted prices in an active market. This category includes mainly equity instruments, debt instruments, short term bonds and standard derivatives valued by reference to quoted prices. This category also includes over-the-counter securities.

Level 2 includes financial instruments whose fair values are determined using available market data such as prices of similar financial instruments that have been part of market transactions. This category includes less liquid debt instruments and derivatives valued by reference to available market data. The price of less liquid debt securities is adjusted for the difference in yields available on the market.

Level 3 includes financial instruments whose fair value is determined using observable market data and internal valuations. The Company recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred. Compared to the previous year, there have been no changes in the classification between levels of the fair value hierarchy. Portfolios of financial assets and financial liabilities exposed to market risk and credit risk managed by the Company on behalf of the Plan based on net exposure either to market or credit risk are measured using the price that would have been paid to sell the net long position (or paid to transfer the net short position) of certain risks. These collective adjustments are applied to separate assets and liabilities based on relative risk adjustments related to each separate portfolio of instruments.

## **Taxes**

According to the Latvian legislation, the Plan is not subject to corporate income tax (CIT) and value added tax (VAT).

## **Investment property**

Investment property represents land held for capital appreciation and not used by the Plan for own purposes. Real estate property is initially measured at cost including purchase price and related expenses (notary fees, state and municipal duties etc.). The cost of reconstructing, improving or renovating real estate properties is added to the historical cost of the real estate property if these costs are expected to increase future benefits expected from the property. Subsequently the property is revalued to fair value based on its market value. The fair value of investments in real estate property is measured on an annual basis. If during the reporting period the market value of the property becomes significantly different from that at the beginning of the reporting period, the revaluation may be carried out more often. The market value is determined by an independent certified real estate appraiser in accordance with the International Valuation Standards using one of the following approaches: Comparable transactions approach; income capitalisation approach, cost approach or substitution approach.

Changes in the fair value of investment properties are recognised in the statement of changes in net assets.

## **Changes in accounting policies**

Except for the changes below, the Plan has consistently applied the accounting policies set out herein to all periods presented in these financial statements.

## **New standards and interpretations**

New accounting and financial reporting standards, interpretations and amendments which were not applicable to the previous annual financial statements have been issued. These standards, interpretations and amendments did not have a significant impact on the financial statements. The Plan has not had any transactions that would be impacted by the new standards or the accounting policies in place are already compliant with the new standards.

A number of new standards are effective for annual periods beginning after 1 January 2021, with earlier application permitted; however, the Plan has not early adopted the new standards in preparing these financial statements. The expected impact on the financial statements of the Plans is immaterial or has not yet been evaluated.

Amendments to References to Conceptual Framework in IFRS Standards

*Amendments to IFRS 16 – COVID-19-Related Rent Concessions*

*Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 16 and IFRS 7 – Interest Rate Benchmark Reform – Phase 2*

*Amendments to IAS 1 – Classification of Liabilities as Current or Non-current*

*Amendments to IAS 1 and IFRS 2 practice statement – Disclosure of accounting policies*

*Amendments to IAS 8 – Definition of accounting estimate*

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

### Use of estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates. The financial statements were prepared on the historical cost basis except for financial instruments at fair value which are disclosed at fair value through profit and loss.

## 23 DEMAND DEPOSITS WITH CREDIT INSTITUTIONS

Excess funds consist of demand deposits and investment account balances with AS Citadele banka.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
AS Citadele banka	2 716 489	6.92	2 697 847	7.86
<b>Total</b>	<b>2 716 489</b>	<b>6.92</b>	<b>2 697 847</b>	<b>7.86</b>

## 24 DEBT INSTRUMENTS

<u>Financial instruments traded on regulated markets</u>	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b>Corporate bonds</b>	<b>10 346 849</b>	<b>26.36</b>	<b>10 415 609</b>	<b>30.34</b>
Corporate bonds of companies in other OECD countries	8 158 873	20.79	9 137 486	26.61
Corporate bonds of companies in non-OECD region	1 225 371	3.12	671 447	1.96
Latvian government bonds	962 605	2.45	606 676	1.77
<b>Credit institution bonds</b>	<b>2 126 714</b>	<b>5.42</b>	<b>904 765</b>	<b>2.64</b>
Credit institution bonds of OECD countries	1 206 198	3.07	503 074	1.47
Latvian government bonds	920 516	2.35	401 691	1.17
<b>Government debt instruments</b>	<b>2 630 970</b>	<b>6.70</b>	<b>2 311 082</b>	<b>6.73</b>
Romania government bonds	649 627	1.65	344 345	1.00
US government bonds	1 981 343	5.05	1 966 737	5.73
<b>Total debt instruments</b>	<b>15 104 533</b>	<b>38.48</b>	<b>13 631 456</b>	<b>39.71</b>

## 25 EQUITY INSTRUMENTS

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b>Investment certificates of investment funds</b>	<b>18 902 964</b>	<b>48.16</b>	<b>14 962 367</b>	<b>43.58</b>
<b>investment certificates of investment funds of the OECD region</b>	<b>16 097 974</b>	<b>41.01</b>	<b>12 604 623</b>	<b>36.71</b>
Equity funds	3 488 593	8.89	2 928 896	8.53
Bond funds	12 609 381	32.12	9 675 727	28.18
<b>Investment certificates of investment funds of Latvia</b>	<b>2 804 990</b>	<b>7.15</b>	<b>2 357 744</b>	<b>6.87</b>
Equity funds	1 285 811	3.28	352 135	1.03
Bond funds	1 519 179	3.87	2 005 609	5.84
<b>Corporate shares</b>	<b>2 410 377</b>	<b>6.14</b>	<b>2 103 312</b>	<b>6.13</b>
Corporate shares of the OECD region	1 969 177	5.02	1 742 912	5.08
Corporate shares of Latvian companies	441 200	1.12	360 400	1.05
<b>Total equity instruments</b>	<b>21 313 341</b>	<b>54.30</b>	<b>17 065 679</b>	<b>49.71</b>

As the Plan does not have access to sufficiently detailed information about investment fund assets such assets are classified by the country of registration of investment funds.

## 26 INVESTMENTS IN VENTURE CAPITAL MARKET

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
BaltCap Latvia Venture Capital Fund KS	182 092	0.46	148 516	0.43
<b>Total</b>	<b>182 092</b>	<b>0.46</b>	<b>148 516</b>	<b>0.43</b>

## 27 TERM DEPOSITS WITH CREDIT INSTITUTIONS

All demand deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia.

Excess funds consist of demand deposits and investment account balances with AS Citadele banka.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
AS Citadele banka	-	-	756 956	2.20
<b>Total due from credit institutions</b>	<b>-</b>	<b>-</b>	<b>756 956</b>	<b>2.20</b>

	2021	2021	2020	2020
	EUR	EUR	EUR	EUR
<b><u>Term deposits with credit institutions registered in Latvia</u></b>	<b>Carrying value</b>	<b>Incl. accrued interest income</b>	<b>Carrying value</b>	<b>Incl. accrued interest income</b>
AS Citadele banka	-	-	750 000	6 956
<b>Total term deposits with credit institutions</b>	<b>-</b>	<b>-</b>	<b>750 000</b>	<b>6 956</b>

All term deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia.

The fair value of term deposits does not significantly differ from the carrying amount.

## 28 INVESTMENT PROPERTY

During 2021, an investment property was sold which consisted of a land plot located in the territory of low-rise residential buildings in Riga region based on the purchase agreement signed in 2021 for an amount appraised in 2020 and recognised in the balance sheet as at 31 December 2020.

According to IFRS 13, there is a hierarchy of valuation approaches based on whether or not observable market data are used. Observable market data are obtained from independent sources. In case of unobservable inputs, the valuation approach reflects the market assumptions.

Level 3 – the valuation method is based on the market or comparable transaction approach which is not based on observable market data. This level includes investments in investment properties whose valuation relies significantly on data that are not observable in an active market. Investment properties were valued based on real estate appraiser reports. The real estate property was revalued based on a valuation provided by a certified appraiser. The value was estimated based on an analysis of the property and factors that impacted its value. The appraisal was made according to the definition of the value of property formulated in the Latvian Property Valuation standards LVS 401:2013 using the market approach (comparable transaction) based on the definition of the best and most efficient use of the property.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
Value at the beginning of the year	84 612	0.25	92 304	0.28
Revaluation during the year	-	-	(7 692)	-
Sales	(84 612)	-	-	-
<b>Value at the end of the year</b>	<b>-</b>	<b>-</b>	<b>84 612</b>	<b>0.25</b>

## 29 ADMINISTRATIVE EXPENSES

	2021	2020
	EUR	EUR
Deductions to the pension fund for administration of the pension plan	337 300	254 007
from Participant contributions	51	104
from accumulated amounts	337 249	253 903
Deductions from participant contributions to finance the FCMC	15 662	10 729
<b>Total</b>	<b>352 962</b>	<b>264 736</b>

Administrative expenses are calculated based on both amounts accumulated and contributed by participants.

## 30 INTEREST INCOME

	2021	2020
	EUR	EUR
Interest income from debt instruments	373 343	382 685
Interest income on term deposits	919	6 956
<b>Total</b>	<b>374 262</b>	<b>389 641</b>

## 31 INVESTMENT MANAGEMENT EXPENSES

	2021	2020
	EUR	EUR
Remuneration to asset manager	413 721	368 594
fixed consideration	246 136	222 350
variable consideration	167 585	146 244
Remuneration to the custodian	53 033	47 646
<b>Total</b>	<b>466 754</b>	<b>416 240</b>

## 32 INCREASE/(DECREASE) IN INVESTMENTS

### Realized increase/(decrease) in investments

	2021	2020
	EUR	EUR
Gain on disposal of investments	5 878 619	7 234 670
Cost of investments sold	(5 743 275)	(7 397 687)
Profit/(loss) realized as a result of disposal of investments	135 344	(163 017)
Profit/(loss) from trading and revaluation of currencies	(96 082)	(13 917)
<b>Total</b>	<b>39 262</b>	<b>(176 934)</b>

### Unrealized increase/(decrease) in investments

	2021	2020
	EUR	EUR
Debt instruments	(32 180)	74 183
Equity instruments	1 099 319	1 061 256
Investment property	-	(7 692)
<b>Total</b>	<b>1 067 139</b>	<b>1 127 747</b>



### 33 INVESTMENT OVERVIEW

	Debt instruments	Equity instruments	Investments in venture capital market	Term deposits with credit institutions	Investment property	Total
<b>31/12/2020</b>	13 631 456	17 065 679	148 516	756 956	84 612	<b>31 687 219</b>
Increase during the reporting year	5 320 476	5 217 712	-	-	-	10 538 188
Disposal, repayment of investments during the year	(3 735 361)	(2 110 249)	(33 010)	(750 000)	(84 612)	(6 713 232)
Interest received during the year	(384 933)	-	-	(7 875)	-	(392 808)
Dividends received during the year	-	(47 791)	-	-	-	(47 791)
Foreign exchange revaluation result	163 676	-	-	-	-	163 676
Revaluation result for the year	(264 124)	1 140 199	66 586	-	-	942 661
Interest calculated during the year	373 343	-	-	919	-	374 262
Dividends calculated during the year	-	47 791	-	-	-	47 791
<b>31/12/2021</b>	<b>15 104 533</b>	<b>21 313 341</b>	<b>182 092</b>	<b>-</b>	<b>-</b>	<b>36 599 966</b>
	Debt instruments	Equity instruments	Investments in venture capital market	Term deposits with credit institutions	Investment property	Total
<b>31/12/2019</b>	<b>12 341 783</b>	<b>16 985 763</b>	<b>143 264</b>	<b>-</b>	<b>92 304</b>	<b>29 563 114</b>
Increase during the reporting year	4 119 367	3 521 309	-	750 000	-	8 390 676
Disposal, repayment of investments during the year	(2 813 764)	(4 393 595)	(9 054)	-	-	(7 216 413)
Interest received during the year	(404 529)	-	-	-	-	(404 529)
Dividends received during the year	-	(44 717)	-	-	-	(44 717)
Foreign exchange revaluation result	(201 899)	-	-	-	-	(201 899)
Revaluation result for the year	207 813	952 202	14 306	-	(7 692)	1 166 629
Interest calculated during the year	382 685	-	-	6 956	-	389 641
Dividends calculated during the year	-	44 717	-	-	-	44 717
<b>31/12/2020</b>	<b>13 631 456</b>	<b>17 065 679</b>	<b>148 516</b>	<b>756 956</b>	<b>84 612</b>	<b>31 687 219</b>

### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analysis financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Level 1	Level 2	Level 3	Total
<u>2021</u>	EUR	EUR	EUR	EUR
<b>Financial assets</b>				
Financial investments at fair value through profit or loss				
Debt instruments	11 316 517	3 788 016	-	15 104 533
Equity instruments	21 313 341	-	-	21 313 341
Investments in venture capital market	-	-	182 092	182 092
<b>Total</b>	<b>32 629 858</b>	<b>3 788 016</b>	<b>182 092</b>	<b>36 599 966</b>

During 2021, securities of EUR 6 602 871 underwent transfers between Level 2 and Level 2 of the hierarchy.

	Level 1	Level 2	Level 3	Total
<u>2020</u>	EUR	EUR	EUR	EUR
<b>Financial assets</b>				
Financial investments at fair value through profit or loss				
Debt instruments	3 456 569	10 174 887	-	13 631 456
Equity instruments	16 849 679	216 000	-	17 065 679
Investments in venture capital market	-	-	148 516	148 516
<b>Total</b>	<b>20 306 248</b>	<b>10 390 887</b>	<b>148 516</b>	<b>30 845 651</b>

During 2020, securities of EUR 9 260 880 underwent transfers between Level 1 and Level 2 of the hierarchy.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value from the hierarchy of fair values.

	Investments in venture capital market	Total
	EUR	EUR
<b>Balance at 1 January 2021</b>	<b>148 516</b>	<b>148 516</b>
Total profit or loss		
In profit or loss	66 586	<b>66 586</b>
Acquisitions	-	-
Account settlement	(33 010)	<b>(33 010)</b>
<b>Balance at 31.12.2021</b>	<b>182 092</b>	<b>182 092</b>

	Investments in venture capital market EUR	Total EUR
<b>Balance at 1 January 2020</b>	<b>143 264</b>	<b>143 264</b>
Total profit or loss		
In profit or loss	14 306	<b>14 306</b>
Acquisitions	-	-
Account settlement	(9 054)	<b>(9 054)</b>
<b>Balance at 31.12.2020</b>	<b>148 516</b>	<b>148 516</b>

The table describes the valuation method used to arrive at the Level 2 and 3 fair value, and the significant unobservable inputs:

Type	Valuation approach	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Financial investments at fair value through profit or loss (debt, equity instruments) - Level 2	Quoted prices of securities	Not applicable	Not applicable
Financial investments at fair value through profit or loss (Equity instruments) – Level 3	NAV is quoted by the fund manager.	Net asset value	The estimated fair value would increase (decrease), if: - Net asset value would be higher (lower)

A change in a significant unobservable input used in the fair value measurement of available-for-sale equity securities as at the reporting date, with all other inputs remaining constant, would have the following effect:

	Effect on the profit and loss statement EUR	
	Increase	(Decrease)
<b>As at 31.12.2021</b>		
Net asset value (5% changes)	9 105	(9 105)
<b>As at 31.12.2020</b>		
Net asset value (5% changes)	7 426	(7 426)

### 35 DYNAMICS IN THE NUMBER OF THE PENSION PLAN PARTICIPANTS

	2021 people	2020 people
<b>Number of participants at the beginning of the reporting period</b>	<b>30 197</b>	<b>30 288</b>
Number of new participants of the pension plan	1 617	1 027
Exits due to reaching the pension age	(475)	(960)
Exits due to death	(53)	(24)
Exits based on Cabinet Regulation No. 466	(4)	(54)
Exits due to transfers of funds to other pension funds or plans	(93)	(80)
<b>Number of participants at the end of the reporting period</b>	<b>31 189</b>	<b>30 197</b>

Each participant has an individual account. Each participant is provided with a calculation of the accumulated additional capital which is registered in the individual account. The participant's account contains records of all contributions and income generated from investments, and costs related to fund operational monitoring, administering, custody and management of assets, and other eligible deductions. Return on investments of plan assets is determined at the end of every month for a full calendar month and allocated to all Participants in proportion to their additional pension capital.

After approval of the annual report of the Fund all excess of income over expenses at the end of the year (after covering losses carried forward from previous years) should be transferred to individual accounts of Participants in proportion to their additional pension capital.

### 36 AGEING STRUCTURE OF THE PENSION PLAN

	<b>2021</b>	<b>2020</b>
	<b>people</b>	<b>people</b>
Participants up to age 30	297	294
Participants between age 31 and 40	4 143	4 517
Participants between age 41 and 50	7 718	7 528
Participants between age 51 and 60	9 138	8 972
Participants from age 61 and older	9 893	8 886
<b>Total number of participants</b>	<b>31 189</b>	<b>30 197</b>

### 37 YIELD OF THE PENSION PLAN

The Plan's yield during the reporting year was 2.94% (2020: 3.01%).

Yield is calculated as the proportion of performance of the pension fund versus the mathematical average net assets of each month of the reporting year divided by the number of months in a year and presented as a percentage. Yield is calculated, assuming that there are 365 days in a year.

### 38 RELATED PARTY TRANSACTIONS

The custodian is AS Citadele banka and the Plan Manager is IPAS CBL Asset Management. Other companies are Citadele Group companies.

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Deductions for administration of the pension plan</b>		
AS CBL Atklātais pensiju fonds	(337 300)	(254 007)
AS Citadele banka	(53 033)	(47 646)
IPAS CBL Asset Management	(413 721)	(368 594)
<b>Total</b>	<b>(804 054)</b>	<b>(670 247)</b>
<b>Payments to pension plan</b>		
AS CBL Atklātais pensiju fonds	17 156	65 344
<b>Total</b>	<b>17 156</b>	<b>65 344</b>

Investments in funds managed by IPAS CBL Asset Management.

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial instruments traded on regulated markets</b>		
<b>Credit institution bonds</b>		
Citadele Banka	920 516	401 691
<b>Investment certificates of investment funds</b>		
CBL US LEADERS EQ F KL R EUR HEDGED	957 406	-
CBL GLOBAL EMERGING MARKETS BF	-	305 176
CBL EUROPEAN LEADERS EQUITY FUND	328 405	352 135
CBL EASTERN EUROPEAN BOND FUND	1 314 720	1 494 515
	<b>3 521 047</b>	<b>2 553 517</b>

## 39 RISK POLICY AND MANAGEMENT OF INVESTMENT-RELATED RISKS

### Investment policy

The aim of the Plan is to ensure long-term capital appreciation for its participants using a balanced investment structure by investing primarily in equity and debt securities and term deposits with credit institutions in Latvia, other member states of the EU and developed countries of the world. Up to 20% of the Plan's assets may be invested in equities and up to 10% of assets may be invested in real estate properties. The Fund's open position in foreign currencies cannot exceed 20% of all assets held in foreign currencies, except investments in euro, which are not subject to the restriction.

### Risk management

Investment risk is defined as the likelihood of an adverse result that may materialise in a specific market economy or a specific period of time. Risk management is characterised as identification, measurement and potential prevention of risk. Investment risk may be impacted by currency risk, interest rate risk, price risk, and credit risk, liquidity risk and other risks, including operational risk. The investment strategy of the Plan is aimed at minimising the aforementioned risks; however, the Fund is unable to guarantee that these risks can be completely avoided in the future.

### Risk management framework

Identification and measurement of risk is the responsibility of an independent unit, Risk Management Department, which is tasked with developing risk profiles and presenting them to the Plan Manager. The Plan Manager may make specific decisions on limiting existing or potential risks.

Risk measurement is based on models developed by the Fund using historical data adjusted according to the economic situation. Certain models are used to forecast changes in financial risk factors both under regular and stress conditions.

Investment plan Manager acts according to diversification and hedging principles seeking to reduce investment risks to the extent possible in line with the management policy. When investing on behalf of the Plan, the Plan Manager acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Plan's property has been or is to be invested.

When developing investing strategy of the Plan and stating risk limits, the Fund performs the analysis of the Plan's investments by maturity, geographic placement, currency profile and assesses the degree of risk inherent to each of the above factors. The Fund Manager acts in strict compliance with the Prospectus of the Plan, Plan Management Regulations, as well as regulations and restrictions imposed by the legislation of the Republic of Latvia.

### *Market risk*

Market risk is the likelihood that the Plan's value may decrease in response to changes in market factors such as interest rates (interest rate risk), securities prices on the (price change risk), currency exchange rates (currency risk) or other market risk factors. The following is an assessment of the sources of market risk referred to above that cannot be fully diversified.

### *Interest rate risk*

Security price risk for fixed income securities (bonds) depends, to a large extent, on fluctuations of market interest rates and changes in the credit quality of the issuer. Changes in market interest rates directly impact attractiveness of a security, which in essence is a source of alternative interest income. As interest rates in the market grow, prices of fixed income securities decrease, and vice versa. On the other hand, growing (decreasing) market interest rates have a positive (negative) impact on coupon rates of fixed income securities issued at floating rates (when the coupon is set as the base rate, such as Euribor or Libor, plus an additional margin). After repricing (the moment from which the new interest rate is applicable) the coupon rate for such securities increases (decreases) which causes interest income to increase (decrease).

The tables below present the potential effect of changes in market interest rates for certain currencies on the value of the specific Plan, where changes in interest income are calculated for a single year. Actual changes in the values of the Plan may differ from calculations and the difference may be substantial .

Changes in market values and interest income of fixed income securities  
(2021, EUR)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	27 487	(602 478)	(574 991)
USD	100	-	(216 221)	(216 221)
<b>Total</b>		<b>27 487</b>	<b>(818 699)</b>	<b>(791 212)</b>

Changes in market values and interest income of fixed income securities  
(2021, % of net assets)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	0.07%	-1.56%	-1.49%
USD	100	0.00%	-0.56%	-0.56%
<b>Total</b>		<b>0.07%</b>	<b>-2.12%</b>	<b>-2.05%</b>

Changes in market values and interest income of fixed income securities  
(2021, EUR)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	(27 487)	602 478	574 991
USD	-100	-	216 221	216 221
<b>Total</b>		<b>(27 487)</b>	<b>818 699</b>	<b>791 212</b>

Changes in market values and interest income of fixed income securities  
(2021, % of net assets)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	-0.07%	1.56%	1.49%
USD	-100	0.00%	0.56%	0.56%
<b>Total</b>		<b>-0.07%</b>	<b>2.12%</b>	<b>2.05%</b>

Changes in market values and interest income of fixed income securities  
(2020, EUR)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	19 843	(519 088)	(499 245)
USD	100	-	(214 525)	(214 525)
<b>Total</b>		<b>19 843</b>	<b>(733 613)</b>	<b>(713 770)</b>

Changes in market values and interest income of fixed income securities  
(2020, % of net assets)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	0.06%	-1.54%	-1.48%
USD	100	0.00%	-0.63%	-0.63%
<b>Total</b>		<b>0.06%</b>	<b>-2.17%</b>	<b>-2.11%</b>

Changes in market values and interest income of fixed income securities  
(2020, EUR)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	(19 843)	519 088	499 245
USD	-100	-	214 525	214 525
<b>Total</b>		<b>(19 843)</b>	<b>733 613</b>	<b>713 770</b>

Changes in market values and interest income of fixed income securities  
(2020, % of net assets)

Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	-0.06%	1.54%	1.48%
USD	-100	0.00%	0.63%	0.63%
<b>Total</b>		<b>-0.06%</b>	<b>2.17%</b>	<b>2.11%</b>

### Price fluctuation risk

Changes in prices of equity securities (shares) depend on two variables – changes in equity indexes of the respective country (in Latvia these are changes in the corporate share index RIGSE) and the issuer's financial position (ability to generate future profits), which in turn affects the fluctuations between demand and supply. The former is often also referred to as the systemic risk while the latter is the specific risk.

Systemic risk is managed on the basis of forecasts of the overall economic development in the specific geographic area and the potential economic development in the sector. Specific risk is managed by making detailed studies of the issuer's financial position and profitability, as well as other factors that affect the price of the security, mainly based on the issuer's published financial statements, information in the media, etc. These studies focus both on the volatility of securities prices (deviations) and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, taking into account their historical yield.

Equity price risk is assessed using a beta coefficient, while changes in the market index are calculated as a one-year standard deviation for the same reporting period.

Market price fluctuation risk was calculated as at 31 December 2021. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
		EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Investments in venture capital market and alternative investment funds	10.00%	182 092	(18 209)	18 209
Equity funds	15.00%	4 774 404	(716 161)	716 161
Bond funds	10.00%	14 128 560	(1 412 856)	1 412 856
Equity instruments	15.00%	2 410 377	(361 557)	361 557
<b>Total:</b>		<b>21 495 433</b>	<b>(2 508 783)</b>	<b>2 508 783</b>

Market price fluctuation risk was calculated as at 31 December 2020. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
		EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Investments in venture capital market and alternative investment funds	30.00%	148 516	(44 555)	44 555
Equity funds	30.00%	3 281 031	(984 309)	984 309
Bond funds	25.00%	11 681 336	(2 920 334)	2 920 334
Equity instruments	35.00%	2 103 312	(736 159)	736 159
<b>Total:</b>		<b>17 214 195</b>	<b>(4 685 357)</b>	<b>4 685 357</b>

At the end of 2021, the proportion of equities in the Plan was 6.14%, and the predominant type in equity funds was funds with global allocations. At the end of 2020, the proportion of equities in the Plan was 6.14%, and the predominant type in equity funds at the that time was also funds with world allocations.

### Currency risk

Currency risk arises if the nominal value of securities or other financial instruments in the Plan is different from the Plan's currency (other than euro). Depending on the direction of fluctuations and the currency position in the Plan, fluctuations in currency rates may result in profit or loss.

<b>31/12/2021</b>	<b>EUR</b>	<b>USD</b>	<b>Total</b>
Demand deposits with credit institutions	2 577 650	138 839	<b>2 716 489</b>
Debt instruments	13 021 081	2 083 452	<b>15 104 533</b>
Equity instruments	21 313 341	-	<b>21 313 341</b>
Investments in venture capital market	182 092	-	<b>182 092</b>
<b>Total</b>	<b>37 094 164</b>	<b>2 222 291</b>	<b>39 316 455</b>

  

<b>31/12/2020</b>	<b>EUR</b>	<b>USD</b>	<b>Total</b>
Demand deposits with credit institutions	2 619 524	78 323	<b>2 697 847</b>
Debt instruments	11 567 005	2 064 451	<b>13 631 456</b>
Equity instruments	17 065 679	-	<b>17 065 679</b>
Investments in venture capital market	148 516	-	<b>148 516</b>
Term deposits with credit institutions	756 956	-	<b>756 956</b>
<b>Total</b>	<b>32 157 680</b>	<b>2 142 774</b>	<b>34 300 454</b>

The impact of fluctuations in exchange rates on the Plan's value is presented in the table below. Changes in exchange rates represent standard deviations of the respective rate in a single year.

Currency	Impact of changes in exchange rates (2021)			Currency	Impact of changes in exchange rates (2020)		
	Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan		Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan
EUR	94.27%	0.00%	0.00%	EUR	93.66%	0.00%	0.00%
USD	5.73%	5.73%	0.33%	USD	6.34%	7.57%	0.48%
<b>Total</b>	<b>100.00%</b>		<b>0.33%</b>	<b>Total</b>	<b>100.00%</b>		<b>0.48%</b>

### Credit risk

Credit risk is the likelihood that the Plan's value will decrease as a counterparty or an issuers of debt securities of the Plan is unable or refuses to honour his liabilities. Therefore to mitigate this risk, transactions with the Plan's assets are conducted with safe counterparties with good reputation. The Manager of the Plan is monitoring the solvency status of counterparties, their credit rates, financial position and mass media on a regular basis.

Credit quality of the plan assets is managed based on ratings assigned by international rating agencies Standards and Poor's, Moody's and Fitch. As an additional measure, issuer financial statements, financial position and future outlooks are analysed.

The issuer's industry and geographic location are additional credit risk factors that may impact both the price of the security and solvency of the issuer. It is therefore critical to be aware of concentration risk, i.e. the degree to which the value of the Plan depends on changes in certain regions and/or industries. The table presents issuers of securities and credit institutions that hold the Plan's investments by their credit ratings according to the following classification:

High quality financial instruments: AAA – AA- (Standard & Poor's); Aaa – Aa3 (Moody's Investors Service); AAA - AA- (Fitch);

Investment grade financial instruments: AA+ - BBB- (Standard & Poor's); Aa1 – Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);



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Higher risk financial instruments: BB+ - BB- (Standard & Poor's); Ba1 – Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);

Speculative financial instruments: B+ - C (Standard & Poor's); B1 – C (Moody's Investors Service); B+ - C (Fitch).

<b>31/12/2021</b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>No rating</b>	<b>Total</b>
Demand deposits with credit institutions	-	2 716 489	-	-	-	<b>2 716 489</b>
Debt instruments	1 981 343	8 437 850	1 331 418	614 904	2 739 018	<b>15 104 533</b>
Equity instruments	-	-	-	-	21 313 341	<b>21 313 341</b>
Investments in venture capital market	-	-	-	-	182 092	<b>182 092</b>
<b>Total</b>	<b>1 981 343</b>	<b>11 154 339</b>	<b>1 331 418</b>	<b>614 904</b>	<b>24 234 451</b>	<b>39 316 455</b>

<b>31/12/2020</b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>No rating</b>	<b>Total</b>
Demand deposits with credit institutions	-	2 697 847	-	-	-	<b>2 697 847</b>
Debt instruments	1 966 737	8 208 342	1 809 611	580 883	1 065 883	<b>13 631 456</b>
Equity instruments	-	-	-	-	17 065 679	<b>17 065 679</b>
Investments in venture capital market	-	-	-	-	148 516	<b>148 516</b>
Term deposits with credit institutions	-	756 956	-	-	-	<b>756 956</b>
<b>Total</b>	<b>1 966 737</b>	<b>11 663 145</b>	<b>1 809 611</b>	<b>580 883</b>	<b>18 280 078</b>	<b>34 300 454</b>

For an analysis of the Plan's investments by type, issuer and country please refer to Notes 23 - 26.

### Liquidity risk

Liquidity risk may arise when the Plan encounters difficulties to meet its financial liabilities. The Plan Manager maintains an asset structure that supports its ability to sell securities in due time and without significant losses. In addition, a significant portion of the Plan's assets is invested into short term investment grade government bonds, one of the most liquid types of assets.

The ageing structure of assets and liabilities is presented below. Assets are presented according to maturities. Open-ended assets are presented together with assets with maturities of up to one month as open-ended assets are liquid securities and may be sold in due time to cover the plan's liabilities.

<b>31/12/2021</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>No term</b>	<b>Total</b>
Demand deposits with credit institutions	2 716 489	-	-	<b>2 716 489</b>
Debt instruments	15 104 533	-	-	<b>15 104 533</b>
Equity instruments	21 313 341	-	-	<b>21 313 341</b>
Investments in venture capital market	-	-	182 092	<b>182 092</b>

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Receivables	84 988	-		84 988
Accrued expenses and other liabilities	(151 699)	-		(151 699)
<b>Total</b>	<b>39 067 652</b>	<b>-</b>	<b>182 092</b>	<b>39 249 744</b>
<b>Net assets available for distribution</b>	<b>(39 249 744)</b>	<b>-</b>	<b>-</b>	<b>(39 249 744)</b>
<b>Net liquidity</b>	<b>(182 092)</b>	<b>-</b>	<b>182 092</b>	<b>-</b>

	Up to 1 month	From 1 to 3 months	No term	Total
<b>31/12/2020</b>				
Demand deposits with credit institutions	2 697 847	-		2 697 847
Debt instruments	13 631 456	-		13 631 456
Equity instruments	17 065 679	-		17 065 679
Investments in venture capital market	-	-	148 516	148 516
Term deposits with credit institutions	-	756 956		756 956
Accrued expenses and other liabilities	(49 805)	-		(49 805)
<b>Total</b>	<b>33 345 177</b>	<b>756 956</b>	<b>148 516</b>	<b>34 250 649</b>
<b>Net assets available for distribution</b>	<b>(34 335 261)</b>	<b>-</b>	<b>-</b>	<b>(34 335 261)</b>
<b>Net liquidity</b>	<b>(990 084)</b>	<b>756 956</b>	<b>148 516</b>	<b>(84 612)</b>

#### 40 INVESTMENTS EXCEEDING 5% OF NET ASSETS

<u>Financial asset</u>	<u>Issuer</u>	<u>Residence country</u>	<u>31/12/2021</u>	<u>% net assets</u>
Investment funds				
JPM US AGGREGATE BD-IACC EUR	Luxembourg	Luxembourg	1 992 910	5%
VANGUARD US 500 STK IDX-INS	Ireland	Ireland	2 071 461	5%
BLACKROCK GIF I EMMK GV-I2HE	Luxembourg	Luxembourg	2 315 668	6%
<b>Financial asset</b>	<b>Issuer</b>	<b>Residence country</b>	<b>31/12/2020</b>	<b>% net assets</b>
Investment funds				
PIMCO-GBL INV GRADE-IHD-ACC EUR	Ireland	Ireland	1 935 434	6%
NN L-US CREDIT IH	Luxembourg	Luxembourg	1 730 398	5%
JPM US AGGREGATE BD-IACC EUR	Luxembourg	Luxembourg	2 040 410	6%

#### 41 SUBSEQUENT EVENTS

A subsequent event that followed the reporting date and was not related to normal functioning of the financial market was the rapid escalation of the geopolitical tension in Eastern Europe which transformed into an invasion of Ukraine by Russia in the second half of February. As at the date of these financial statements, a war is raging in Ukraine with no signs of de-escalation in sight. As at the date of these financial statements, the Plan's investments do not contain material exposures to Russia and Belarus. It can be expected that the events unfolding in and around Ukraine (such as sanctions imposed on Russia, steep rises in prices of energy resources etc.) will have a detrimental effect on the pace of economic growth worldwide, will contribute to increased volatility in financial markets and may adversely affect client sentiment. According to the management of the Plan, the geopolitical tension may have an adverse effect on the valuation of financial assets and a higher than normal outflow of customer funds has been observed in the first quarter of the year.

## REPORT OF PENSION PLAN 'CBL AKTĪVAIS'

### General information on the pension plan

Pension plan 'CBL Aktīvais' (hereinafter – the Plan) (before 06.02.2015 – 'Citadele Aktīvais') was approved at the Board meeting of AS CBL Atklātais pensiju fonds on 21 January 2000 (Meeting Minutes No. 7).

Contributions are made in euro. The investment policy is active and up to 50% of the Fund's assets may be invested in equities.

The management of the plan is the responsibility of the Board and Chairperson of the Board of the Pension Fund. During the reporting period, the Board of the Pension Fund was comprised of:

Anna Fišere-Kaļķe – Chairperson of the Board – appointed on 26.02.2021

Jolanta Jērāne – Chairperson of the Board – appointed on 29.05.2018, released on 26.02.2021

Ivo Ailis – Board Member – appointed on 26.02.2021, released on 08.12.2021

Jānis Zivtiņš – Board Member – appointed on 29.05.2018, released on 30.07.2021

Karīna Maslakova – Board Member – appointed on 29.05.2018, released on 26.02.2021

Participants are natural persons who take part in the Plan based on individual and collective agreements.

The pension age at which a participant becomes entitled to the additional pension capital accumulated in the pension fund is 55 years, except for people working in special professions the list of which, including the minimum duration of service, is determined by the Cabinet of Ministers.

Fund manager is investment management joint stock company CBL Asset Management IPAS, registered address: Republikas laukums 2a, Rīga, LV-1010, Latvia. The custodian is Citadele banka AS, registered address: Republikas laukums 2a, Rīga, LV-1010, Latvia.

### Pension plan operational assessment

During the reporting year, assets of the Plan were invested in financial instruments such as corporate bonds, investment funds, equities, deposits and government securities.

Investments in equities and investment funds of equal risk profile at the year ended amounted to 39.42% of the Plan's assets. At the year end, 9.8% of the Plan's assets were invested in Latvia. Foreign investments are made in EUR and USD. All restrictions on investments have been observed.

In 2021, net assets of the Plan increased by EUR 2.4 million or 16%, which is 3.8 times more than in 2020, and amounted to EUR 17.66 million at the year end. During 2021, the number of participants increased by 1% and was 22 725 at the year end.

Expenses include deductions payable to the FCMC, and compensations to the Pension Fund, asset manager and the custodian.

Deductions payable to the FCMC are withheld from each contribution according to laws and regulations. Transfers between pension plans or pension funds do not qualify for deductions payable to the FCMC.

Administrative expenses of the Pension fund:

If a participant takes part in the Plan based on an individual participation agreement, the Pension Fund's deductions for administration of the Plan do not exceed 0.75% per year from the additional pension capital accumulated by the participant. These deductions are calculated and withheld every month as a 1/12 share.

If a participant takes part based on a collective participation agreement the cost of administering the Plan is set in the collective participation agreement. These deductions are calculated and withheld every month as a 1/12 share.

For agreements signed during the period from 1 January 2021 to 31 December 2021 with EUR 3 000 or more accumulated a reduced price list was applied for the entire duration and deductions to finance the FCMC were compensated by the Pension Fund and lower deductions were made for administration of the Plan.

CBL Aktīvais has the following management commission fees:

AS Citadele banka as the custodian – 0.15% per year. The custodian's commission is calculated every month from the average value of the Plan's assets.

IPAS CBL Asset Management as the asset manager – 0.8% per year. The asset manager's commission is calculated every month from the average value of the Plan's assets. The asset manager is entitled to additional compensation in the amount of not more than 10% of investment income from the additional pension capital in excess of the benchmark rate: 12 M EURIBOR.

## Future outlook

For the foreseeable future, a global risk that we perceive is a more rapid increase in inflation than currently expected by economists, which could trigger adverse effects on risk assets. This could give rise to speculations about a much quicker transition of world central banks to tighter monetary policies than forecast so far, which could translate into slower growth of balance sheets and higher base rates. Already last year, the US Federal Reserve System (FRS) secured against a temporary rise in inflation during the economic recovery, announcing that its policy will aim for medium inflation in the medium term. However, unexpectedly sharp and sustained increases in inflation will put pressure on the FRS to act. Current valuations of risk assets are largely based on expectations of a very loose monetary policy maintained by central banks and a record low interest rate climate for several years to come, so a sudden change in the monetary climate could lead to a revaluation of risk assets and a fall in prices. Another factor on a global scale is that there is a risk that new strains of the virus may keep the world under restrictions the entire year and also in 2023. This could necessitate revisions of future financial results of companies, which are more than likely to cause values of financial instruments to decline.

The course of action if the worst case scenario materializes:

- In the event of a critical situation or an expected overall worsening of the market situation when investors quickly dispose of risk assets, the asset manager will revise the quality of issuers included in the plan;
- In the event of a critical situation, the investor's risk appetite and the desire to invest in highly volatile assets changes significantly, thus certain classes of assets (equities, high-risk debt securities, etc.) may rapidly lose their attractiveness. If this is the case, investors are likely to prefer lower risk instruments and that is what the asset manager will focus on, and assess these assets for long-term attractiveness.

Seeking to promote accumulation of participant funds, in the first six months of 2022, the Fund will continue offering particularly beneficial terms for new contracts with deductions payable to the FCMC covered by the Fund and the total amount of commissions reduced to 0.6% per year if the accumulated amount is EUR 3 000. To improve competitiveness of the Fund's services, effective from 1 January 2022 the variable commission fee will be cancelled for the plan.

The report of the Plan has been approved by the Board of the Fund and signed on behalf of it by:

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Anna Fišere-Kaļķe  
Chairperson of the Board

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Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL AKTĪVAIS'

	Note	2021 EUR	2020 EUR
<b>Assets</b>			
Demand deposits due from credit institutions	44	826 138	1 952 823
Financial investments at fair value through profit or loss			
Debt instruments	45	4 726 827	4 825 144
Equity instruments	46	12 018 416	7 870 509
Investments in venture capital market	47	125 189	102 105
Term deposits with credit institutions	48	-	504 637
Investment property	49	-	25 388
Receivables		27 437	-
<b>Total assets</b>		<b>17 724 007</b>	<b>15 280 606</b>
<b>Equity and liabilities</b>			
Accrued expenses		42 817	26 801
Other liabilities		25 763	-
<b>Total equity and liabilities</b>		<b>68 580</b>	<b>26 801</b>
<b>Net assets</b>		<b>17 655 427</b>	<b>15 253 805</b>

The accompanying notes on pages 56 to 70 form an integral part of these financial statements.  
The financial statements on pages 51 to 70 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

\_\_\_\_\_  
Anna Fišere-Kaļķe  
Chairperson of the Board

\_\_\_\_\_  
Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL AKTĪVAIS'

	Note	2021 EUR	2020 EUR
<b>Net assets of the Pension Plan in the beginning of the reporting year</b>		<b>15 253 805</b>	<b>14 628 714</b>
<b>Participant contributions</b>			
Participant contributions		2 235 076	1 409 309
Employer contributions		28 744	29 548
Contribution of the share of solidarity tax paid to VSAA		-	844
Transfers from other pension funds or plans		216 674	195 098
<b>Distributions of additional pension capital</b>			
Distributions to persons who reached the retirement age specified in the plan		(714 824)	(1 045 621)
Distributions to heirs upon participant's death		(56 442)	(16 529)
Transfers to other pension funds or plans		(201 193)	(153 643)
Administrative expenses	50	(126 688)	(112 373)
<b>Increase in net assets as a result of contributions and distributions</b>		<b>1 381 347</b>	<b>306 633</b>
<b>Income of the reporting period</b>			
Interest income	51	133 660	145 897
Dividends		23 727	21 416
Income from the pension fund		7 838	29 058
<b>Total income</b>		<b>165 225</b>	<b>196 371</b>
<b>Expenses of the reporting period</b>			
Investment management expenses	52	(284 332)	(185 138)
<b>Total expenses</b>		<b>(284 332)</b>	<b>(185 138)</b>
<b>Increase in impairment value</b>			
Realized increase/(decrease) in investments	53	124 440	(215 658)
Unrealized increase of investments	53	1 014 942	522 883
<b>Increase in impairment value</b>		<b>1 139 382</b>	<b>307 225</b>
<b>Pension plan operational results</b>		<b>1 020 275</b>	<b>318 458</b>
<b>Increase in net assets</b>		<b>2 401 622</b>	<b>625 091</b>
<b>Net assets of the pension plan at the end of the reporting year</b>		<b>17 655 427</b>	<b>15 253 805</b>

The notes on pages 56 to 70 are an integral part of these financial statements.

The financial statements on pages 51 to 70 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

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Member of the Board

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## STATEMENT OF CASH FLOW OF PENSION PLAN 'CBL AKTĪVAIS'

	Note	2021 EUR	2020 EUR
<b>Cash flow from operating activities</b>			
Result of Plan operations		1 020 275	318 458
Administrative expenses	50	(126 688)	(112 373)
Profit/loss from investments in venture capital	54	(45 778)	(9 835)
Income/loss from investments – fixed income securities	54	98 124	(94 347)
Interest income calculated – fixed income securities	54	(133 047)	(141 260)
Income/loss from investments – non-fixed income securities	54	(1 097 225)	(316 698)
Calculated dividends		(23 727)	(21 416)
Calculated interest		767	884
Income from investments – investment property	54	-	2 308
Income from investing activities – term deposits with credit institutions	54	(613)	(4 637)
Foreign currency translation		(92 591)	101 662
Decrease in accounts receivable		(27 437)	1 150
(Decrease) in other liabilities		25 763	(1 643)
(Decrease) in accrued expenses		16 016	(1 560)
<b>Net cash flow from operating activities</b>		<b>(386 161)</b>	<b>(279 307)</b>
<b>Cash flow from investing activities</b>			
Disposal of investments – investments in venture capital	54	22 694	6 224
Acquisition of investments – fixed income securities	54	(1 443 490)	(1 574 750)
Disposal of investments – fixed income securities	54	1 508 900	931 116
Interest income	54	144 397	145 783
Acquisition of investments – non-fixed income securities	54	(4 045 317)	(1 714 485)
Disposal of investments – non-fixed income securities	54	1 010 659	2 867 337
Dividends received		23 727	21 416
Interest paid		(767)	(884)
Increase (decrease) in term deposits with credit institutions	54	500 000	(500 000)
Interest received – term deposits with credit institutions	54	5 250	-
Increase/(decrease) in investment property	54	25 388	-
<b>Net cash flow from investing activities</b>		<b>(2 248 559)</b>	<b>181 757</b>
<b>Cash flow from financing activities</b>			
Cash receipts from participants of the Pension Plan		2 480 494	1 634 799
Distributions to participants of the Pension Plan		(771 266)	(1 062 150)
Transfers to another pension fund		(122 721)	(52 132)
Transfers to another pension plan		(78 472)	(101 511)
<b>Net cash flow from financing activities</b>		<b>1 508 035</b>	<b>419 006</b>
<b>Increase of cash and cash equivalents</b>		<b>(1 126 685)</b>	<b>321 456</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1 952 823</b>	<b>1 631 367</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	44	<b>826 138</b>	<b>1 952 823</b>

The accompanying notes on pages 56 to 70 form an integral part of these financial statements.

The financial statements on pages 51 to 70 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

Anna Fišere-Kaļķe  
Chairperson of the Board

Valērija Urtāne  
Member of the Board

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## NOTES TO THE FINANCIAL STATEMENTS OF PENSION PLAN 'CBL AKTĪVAIS'

### 42 GENERAL INFORMATION ON THE PENSION PLAN

The plan 'CBL Aktīvais' is established and operates in accordance with Latvian laws and regulations. For additional information on the Plan please refer to Section Report on pension plan 'CBL Aktīvais' (pages 51-52). It is a defined contribution pension plan for the accumulation of additional pension capital without guaranteed income and coverage of biometric risks. The plan is intended for the accumulation of additional pension capital and is designed so that based on agreements contributions can be made either by natural persons or legal persons on behalf of natural persons.

### 43 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE PENSION PLAN

These financial statements are prepared using the accounting policies and valuation principles set in Appendix 22. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 44 DEMAND DEPOSITS WITH CREDIT INSTITUTIONS

Excess funds consist of demand deposits and investment account balances with AS Citadele banka.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
AS Citadele banka	826 138	4.68	1 952 823	12.80
<b>Total</b>	<b>826 138</b>	<b>4.68</b>	<b>1 952 823</b>	<b>12.80</b>

### 45 DEBT INSTRUMENTS

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b><u>Financial instruments traded on regulated markets</u></b>				
<b>Corporate bonds</b>	<b>3 035 026</b>	<b>17.19</b>	<b>3 729 972</b>	<b>24.45</b>
Latvian government bonds	98 323	0.55	87 848	0.58
Debt securities of companies in other OECD countries	2 425 484	13.74	3 480 141	22.81
Debt securities of companies in non-OECD region	511 219	2.90	161 983	1.06
<b>Credit institution bonds</b>	<b>602 514</b>	<b>3.41</b>	-	-
Latvian government bonds	400 190	2.26	-	-
Bonds of credit institutions in OECD countries	202 324	1.15	-	-
<b>Government debt instruments</b>	<b>1 089 287</b>	<b>6.17</b>	<b>1 095 172</b>	<b>7.17</b>
Romania government bonds	871 980	4.94	229 563	1.50
US government bonds	217 307	1.23	865 609	5.67
<b>Total debt instruments</b>	<b>4 726 827</b>	<b>26.77</b>	<b>4 825 144</b>	<b>31.62</b>



## 46 EQUITY INSTRUMENTS

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b>Investment certificates of investment funds</b>	<b>10 860 355</b>	<b>61.51</b>	<b>6 929 392</b>	<b>45.43</b>
<b>Other investment certificates of investment funds of the OECD region</b>	<b>8 892 055</b>	<b>50.36</b>	<b>5 828 113</b>	<b>38.21</b>
Equity funds	4 791 263	27.13	3 686 146	24.17
Bond funds	4 100 792	23.23	2 141 967	14.04
<b>Investment certificates of other non-OECD investment funds</b>	<b>231 252</b>	<b>1.31</b>	-	-
Equity funds	231 252	1.31	-	-
<b>Investment certificates of investment funds of Latvia</b>	<b>1 737 048</b>	<b>9.84</b>	<b>1 101 279</b>	<b>7.22</b>
Equity funds	1 011 145	5.73	373 676	2.45
Bond funds	725 903	4.11	727 603	4.77
<b>Corporate shares</b>	<b>1 158 061</b>	<b>6.56</b>	<b>941 117</b>	<b>6.17</b>
Corporate shares of non-OECD region	903 149	5.12	806 017	5.28
Corporate shares of Latvian companies	254 912	1.44	135 100	0.89
<b>Total equity instruments</b>	<b>12 018 416</b>	<b>68.07</b>	<b>7 870 509</b>	<b>51.60</b>

As the Plan does not have access to sufficiently detailed information about investment fund assets such assets are classified by the country of registration of investment funds.

## 47 INVESTMENTS IN VENTURE CAPITAL MARKET

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
BaltCap Latvia Venture Capital Fund KS	125 189	0.71	102 105	0.67
<b>Total Investments in venture capital market</b>	<b>125 189</b>	<b>0.71</b>	<b>102 105</b>	<b>0.67</b>

## 48 TERM DEPOSITS WITH CREDIT INSTITUTIONS

All demand deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia.

Excess funds consist of demand deposits and investment account balances with AS Citadele banka.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
AS Citadele banka	-	-	504 637	3.31
<b>Total due from credit institutions</b>	<b>-</b>	<b>-</b>	<b>504 637</b>	<b>3.31</b>

	2021	2021	2020	2020
	EUR	EUR	EUR	EUR
<b><u>Term deposits with credit institutions registered in Latvia</u></b>	<b>Carrying value</b>	<b>Incl. accrued interest income</b>	<b>Carrying value</b>	<b>Incl. accrued interest income</b>
AS Citadele banka	-	-	500 00	4 637
<b>Total term deposits with credit institutions</b>	<b>-</b>	<b>-</b>	<b>500 00</b>	<b>4 637</b>

All term deposits are placed with credit institutions that have been licensed to conduct credit institution activities in the Republic of Latvia.

The fair value of term deposits does not significantly differ from the carrying amount.

## 49 INVESTMENT PROPERTY

During 2021, an investment property was sold which consisted of a land plot located in the territory of low-rise residential buildings in Riga region based on the purchase agreement signed in 2021 for an amount appraised in 2020.

According to IFRS 13, there is a hierarchy of valuation approaches based on whether or not observable market data are used. Observable market data are obtained from independent sources. In case of unobservable inputs, the valuation approach reflects the market assumptions.

Level 3 – the valuation method uses market data which are not based on observable market data. This level includes investments in investment properties whose valuation relies significantly on data that are not observable in an active market. Investment properties were valued based on real estate appraiser reports. The real estate property was revalued based on a valuation provided by a certified appraiser. The value was estimated based on an analysis of the property and factors that impacted its value. The appraisal was made according to the definition of the value of property formulated in the Latvian Property Valuation standards LVS 401:2013 using the market approach (comparable transaction) based on the definition of the best and most efficient use of the property.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
Value at the beginning of the year	25 388	0.17	27 696	0.19
Revaluation during the year	-	-	(2 308)	-
Sales during the year	(25 388)	-	-	-
<b>Value at the end of the year</b>	<b>-</b>	<b>-</b>	<b>25 388</b>	<b>0.17</b>

## 50 ADMINISTRATIVE EXPENSES

	2021	2020
	EUR	EUR
Deductions to the pension fund for administration of the pension plan from accumulated amounts	120 645	108 187
Deductions from participant contributions to finance the FCMC	6 043	4 186
<b>Total</b>	<b>126 688</b>	<b>112 373</b>

Administrative expenses are calculated based on amounts accumulated by participants.

## 51 INTEREST INCOME

	2021 EUR	2020 EUR
Interest income from debt instruments	133 047	141 260
Interest income from term deposits	613	4 637
<b>Total</b>	<b>133 660</b>	<b>145 897</b>

## 52 INVESTMENT MANAGEMENT EXPENSES

	2021 EUR	2020 EUR
Remuneration to asset manager	260 441	164 077
fixed consideration	126 324	112 327
variable consideration	134 117	51 750
Remuneration to the custodian	23 891	21 061
<b>Total</b>	<b>284 332</b>	<b>185 138</b>

## 53 INCREASE/(DECREASE) IN INVESTMENTS

### Realized increase/(decrease) in investments

	2021 EUR	2020 EUR
Gain on disposal of investments	2 542 253	3 817 229
Cost of investments sold	(2 419 724)	(4 023 264)
Profit/(loss) realized as a result of disposal of investments	122 529	<b>(206 035)</b>
(Loss) from trading and revaluation of currencies	1 911	(9 623)
<b>Total</b>	<b>124 440</b>	<b>(215 658)</b>

### Unrealized increase/(decrease) in investments

	2021 EUR	2020 EUR
Debt instruments	(34 499)	19 403
Equity instruments	1 049 441	505 851
Investment property	-	(2 371)
<b>Total</b>	<b>1 014 942</b>	<b>522 883</b>

## 54 INVESTMENT OVERVIEW

	<u>Debt instruments</u>	<u>Equity instruments</u>	<u>Investments in venture capital market</u>	<u>Term deposits with credit institutions</u>	<u>Investment property</u>	<u>Total</u>
<b>31/12/2020</b>	4 825 144	7 870 509	102 105	504 637	25 388	<b>13 327 783</b>
Increase during the reporting year	1 443 490	4 045 317	-	-	-	5 488 807
Disposal, repayment of investments during the year	(1 508 900)	(1 010 659)	(22 694)	(500 000)	(25 388)	(3 067 641)
Interest received during the year	(144 397)	-	-	(5 250)	-	(149 647)
Dividends received during the year	-	(23 727)	-	-	-	(23 727)
Foreign exchange revaluation result	76 567	16 024	-	-	-	92 591
Revaluation result for the year	(98 124)	1 097 225	45 778	-	-	1 044 879
Interest calculated during the year	133 047	-	-	613	-	133 660
Dividends calculated during the year	-	23 727	-	-	-	23 727
<b>31/12/2021</b>	<b>4 726 827</b>	<b>12 018 416</b>	<b>125 189</b>	<b>-</b>	<b>-</b>	<b>16 870 432</b>

	<u>Debt instruments</u>	<u>Equity instruments</u>	<u>Investments in venture capital market</u>	<u>Term deposits with credit institutions</u>	<u>Investment property</u>	<u>Total</u>
<b>31/12/2019</b>	<b>4 184 650</b>	<b>8 715 361</b>	<b>98 494</b>	<b>-</b>	<b>27 696</b>	<b>13 026 201</b>
Increase during the reporting year	1 574 750	1 714 485	-	500 000	-	3 789 235
Disposal, repayment of investments during the year	(931 116)	(2 867 337)	(6 224)	-	-	(3 804 677)
Interest received during the year	(145 783)	-	-	-	-	(145 783)
Dividends received during the year	-	(21 416)	-	-	-	(21 416)
Foreign exchange revaluation result	(92 964)	(8 698)	-	-	-	(101 662)
Revaluation result for the year	94 347	316 698	9 835	-	(2 308)	418 572
Interest calculated during the year	141 260	-	-	4 637	-	145 897
Dividends calculated during the year	-	21 416	-	-	-	21 416
<b>31/12/2020</b>	<b>4 825 144</b>	<b>7 870 509</b>	<b>102 105</b>	<b>504 637</b>	<b>25 388</b>	<b>13 327 783</b>

## 55 FAIR VALUE OF FINANCIAL INSTRUMENTS

### Financial instruments measured at fair value

The table below analysis financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

<b>2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Financial investments at fair value through profit or loss				
Debt instruments	3 875 939	850 888	-	4 726 827
Equity instruments	12 018 416	-	-	12 018 416
Investments in venture capital market	-	-	125 189	125 189
<b>Total</b>	<b>15 894 355</b>	<b>850 888</b>	<b>125 189</b>	<b>16 870 432</b>

During 2021, securities of EUR 2 617 600 underwent transfers between Level 1 and Level 2 of the hierarchy.

<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>	<b>EUR</b>
Financial investments at fair value through profit or loss				
Debt instruments	1 455 656	3 369 488	-	4 825 144
Equity instruments	7 771 509	99 000	-	7 870 509
Investments in venture capital market	-	-	102 105	102 105
<b>Total</b>	<b>9 227 165</b>	<b>3 468 488</b>	<b>102 105</b>	<b>12 797 758</b>

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value from the hierarchy of fair values in 2021.

	<b>Investments in venture capital market</b>
	<b>EUR</b>
<b>Balance at 1 January 2021</b>	<b>102 105</b>
Total profit or loss	
In profit or loss	45 778
Acquisitions	-
Account settlement	(22 694)
<b>Balance at 31.12.2021</b>	<b>125 189</b>

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value from the hierarchy of fair values in 2020.

	<b>Investments in venture capital market</b>
	<b>EUR</b>
<b>Balance at 1 January 2020</b>	<b>98 494</b>
Total profit or loss	
In profit or loss	9 835
Acquisitions	-
Account settlement	(6 224)
<b>Balance at 31.12.2020</b>	<b>102 105</b>

The table describes the valuation method used to arrive at the Level 2 and 3 fair value, and the significant unobservable inputs:

Type	Valuation approach	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Financial investments at fair value through profit or loss (debt, equity instruments) - Level 2	Quoted prices of securities	Not applicable	Not applicable
Financial investments at fair value through profit or loss (Equity instruments) – Level 3	NAV is quoted by the fund manager.	Net asset value	The estimated fair value would increase (decrease), if: - Net asset value would be higher (lower) if:

A change in a significant unobservable input used in the fair value measurement of available-for-sale equity securities as at the reporting date, with all other inputs remaining constant, would have the following effect:

	Effect on the profit and loss statement	
	EUR	
	Increase	(Decrease)
<b>As at 31.12.2021</b>		
Net asset value (5% changes)	6 259	(6 259)
<b>As at 31.12.2020</b>		
Net asset value (5% changes)	5 105	(5 105)

## 56 DYNAMICS IN THE NUMBER OF THE PENSION PLAN PARTICIPANTS

	2021 people	2020 people
<b>Number of participants at the beginning of the reporting period</b>	<b>22 525</b>	<b>22 764</b>
Number of new participants of the pension plan	564	254
Exits due to reaching the pension age	(246)	(391)
Exits due to death	(21)	(20)
Exits based on Cabinet Regulation No. 466	(4)	(6)
Exits due to transfers of funds to other pension funds or plans	(93)	(76)
<b>Number of participants at the end of the reporting period</b>	<b>22 725</b>	<b>22 525</b>

Each participant has an individual account. Each participant is provided with a calculation of the accumulated additional capital which is registered in the individual account. The participant's account contains records of all contributions and income generated from investments, and costs related to fund operational monitoring, administering, custody and management of assets, and other eligible deductions. Return on investments of plan assets is determined at the end of every month for a full calendar month and allocated to all Participants in proportion to their additional pension capital.

After approval of the annual report of the Fund all excess of income over expenses at the end of the year (after covering losses carried forward from previous years) should be transferred to individual accounts of Participants in proportion to their additional pension capital.

## 57 AGEING STRUCTURE OF THE PENSION PLAN

	<b>2021</b>	<b>2020</b>
	<b>people</b>	<b>people</b>
Participants up to age 30	295	278
Participants between age 31 and 40	4 757	5 106
Participants between age 41 and 50	6 477	6 464
Participants between age 51 and 60	6 857	6 849
Participants from age 61 and older	4 339	3 828
<b>Total number of participants</b>	<b>22 725</b>	<b>22 525</b>

## 58 YIELD OF THE PENSION PLAN

The Plan's yield during the reporting year was 6.24% (2020: 2.04%).

Yield is calculated as the proportion of performance of the pension fund versus the mathematical average net assets of each month of the reporting year divided by the number of months in a year and presented as a percentage. Yield is calculated, assuming that there are 365 days in a year.

## 59 RELATED PARTY TRANSACTIONS

The custodian is AS Citadele banka and the Plan Manager is IPAS CBL Asset Management. Other companies are Citadele Group companies.

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Deductions for administration of the pension plan</b>		
AS CBL Atklātais pensiju fonds	(120 645)	(108 187)
AS Citadele banka	23 891	(21 061)
IPAS CBL Asset Management	(260 441)	(164 077)
<b>Total</b>	<b>(381 086)</b>	<b>(293 325)</b>
<b>Payments to pension plan</b>		
AS CBL Atklātais pensiju fonds	7 628	29 044
<b>Total</b>	<b>7 628</b>	<b>29 044</b>

Investments in funds managed by IPAS CBL Asset Management.

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Financial instruments traded on regulated markets</b>		
<b>Credit institution bonds</b>		
Citadele Banka	400 190	-
<b>Investment certificates of investment funds</b>		
CBL EASTERN EUROPEAN BOND FUND	569 552	570 136
CBL EUROPEAN LEADERS EQUITY FUND	477 870	373 676
CBL US LEADERS EQ F KL R EUR HEDGED	533 275	-
<b>Total</b>	<b>1 980 887</b>	<b>943 812</b>

## 60 RISK POLICY AND MANAGEMENT OF INVESTMENT-RELATED RISKS

### Investment policy

The aim of the Plan is to ensure long-term capital appreciation for its participants using an active investment structure by investing primarily in equity and debt securities and term deposits with credit institutions in Latvia, other member states of the EU and developed countries of the world. Up to 50% of the Plan's assets may be invested in equities,

risk capital market, real estate property and alternative investment funds and investment funds that invest in equity securities. The Fund's open position in foreign currencies cannot exceed 20 % of all assets held in foreign currencies, except investments in euro, which are not subject to the restriction.

## Risk management

Investment risk is defined as the likelihood of an adverse result that may materialise in a specific market economy or a specific period of time. Risk management is characterised as identification, measurement and potential prevention of risk. Investment risk may be impacted by currency risk, interest rate risk, price risk, and credit risk, liquidity risk and other risks, including operational risk. The investment strategy of the Plan is aimed at minimising the aforementioned risks; however, the Fund is unable to guarantee that these risks can be completely avoided in the future.

### Risk management framework

Identification and measurement of risk is the responsibility of an independent unit, Risk Management Department, which is tasked with developing risk profiles and presenting them to the Plan Manager. The Plan Manager may make specific decisions on limiting existing or potential risks.

Risk measurement is based on models developed by the Fund using historical data adjusted according to the economic situation. Certain models are used to forecast changes in financial risk factors both under regular and stress conditions.

Investment plan Manager acts according to diversification and hedging principles seeking to reduce investment risks to the extent possible in line with the management policy. When investing on behalf of the Plan, the Plan Manager acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Plan's property has been or is to be invested.

When developing investing strategy of the Plan and stating risk limits, the Fund performs the analysis of the Plan's investments by maturity, geographic placement, currency profile and assesses the degree of risk inherent to each of the above factors. The Fund Manager acts in strict compliance with the Prospectus of the Plan, Plan Management Regulations, as well as regulations and restrictions imposed by the legislation of the Republic of Latvia.

### Market risk

Market risk is the likelihood that the Plan's value may decrease in response to changes in market factors such as interest rates (interest rate risk), securities prices on the (price change risk), currency exchange rates (currency risk) or other market risk factors. The following is an assessment of the sources of market risk referred to above that cannot be fully diversified.

### Interest rate risk

Security price risk for fixed income securities (bonds) depends, to a large extent, on fluctuations of market interest rates and changes in the credit quality of the issuer. Changes in market interest rates directly impact attractiveness of a security, which in essence is a source of alternative interest income. As interest rates in the market grown, prices of fixed income securities decrease, and vice versa. On the other hand, growing (decreasing) market interest rates have a positive (negative) impact on coupon rates of fixed income securities issued at floating rates (when the coupon is set as the base rate, such as Euribor or Libor, plus an additional margin). After repricing (the moment from which the new interest rate is applicable) the coupon rate for such securities increases (decreases) which causes interest income to increase (decrease).

The tables below present the potential effect of changes in market interest rates for certain currencies on the value of the specific Plan, where changes in interest income are calculated for a single year. Actual changes in the values of the Plan may differ from calculations and the difference may be substantial .

Changes in market values and interest income of fixed income securities (2021, EUR)					Changes in market values and interest income of fixed income securities (2020, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio	Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	8 958	(175 987)	(167 029)	EUR	100	10 154	(166 227)	(156 073)
USD	100	-	(98 205)	(98 205)	USD	100	-	(97 566)	(97 566)
<b>Total</b>		<b>8 958</b>	<b>(274 192)</b>	<b>(265 234)</b>	<b>Total</b>		<b>10 154</b>	<b>(263 793)</b>	<b>(253 639)</b>



Changes in market values and interest income of fixed income securities (2021, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	0.05%	-1.02%	-0.96%
USD	100	0.00%	-0.56%	-0.56%
<b>Total</b>		<b>0.05%</b>	<b>-1.58%</b>	<b>-1.52%</b>

Changes in market values and interest income of fixed income securities (2020, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	100	0.07%	-1.11%	-1.04%
USD	100	0.00%	-0.65%	-0.65%
<b>Total</b>		<b>0.07%</b>	<b>-1.76%</b>	<b>-1.69%</b>

Changes in market values and interest income of fixed income securities (2021, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	(8 958)	175 987	167 029
USD	-100	-	98 205	98 205
<b>Total</b>		<b>(8 958)</b>	<b>274 192</b>	<b>265 234</b>

Changes in market values and interest income of fixed income securities (2020, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	(10 154)	166 227	156 073
USD	-100	-	97 566	97 566
<b>Total</b>		<b>(10 154)</b>	<b>263 793</b>	<b>253 639</b>

Changes in market values and interest income of fixed income securities (2021, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	-0.05%	1.02%	0.96%
USD	-100	0.00%	0.56%	0.56%
<b>Total</b>		<b>-0.05%</b>	<b>1.58%</b>	<b>1.52%</b>

Changes in market values and interest income of fixed income securities (2020, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
EUR	-100	-0.07%	1.11%	1.04%
USD	-100	0.00%	0.65%	0.65%
<b>Total</b>		<b>-0.07%</b>	<b>1.76%</b>	<b>1.69%</b>

### Price fluctuation risk

Price fluctuation risk – fluctuations in prices of securities have a direct impact on the Plan's capital owned by the investor. Investments are made by the Asset Manager based on an adequate investment analysis and diversification into various investment objects to reduce the adverse impact of a potential decrease in prices of a single security, sector, country or region. The asset manager does not use derivatives to hedge price fluctuation risk.

Investments in investment funds and venture capital are exposed to price fluctuation risk. A decrease in the market price will reduce the value of investment funds and venture capital. The expected volatility for each investment fund and venture capital category is different due to their different nature, currency, regions and past volatility, and therefore the impact on the Plan's income is different. The price risk of government bonds, corporate bonds and bond funds is included in the calculation of interest rate risk.

Systemic risk is managed on the basis of forecasts of the overall economic development in the specific geographic area and the potential economic development in the sector. Specific risk is managed by making detailed studies of the issuer's financial position and profitability, as well as other factors that affect the price of the security, mainly based on the issuer's published financial statements, information in the media, etc. These studies focus both on the volatility of securities prices (deviations) and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, taking into account their historical yield.

Market price fluctuation risk was calculated as at 31 December 2021. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
		EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Investments in venture capital market and alternative investment funds	10.00%	125 189	(12 519)	12 519
Equity funds	15.00%	6 033 659	(905 049)	905 049
Bond funds	10.00%	4 826 696	(482 670)	482 670
<i>Equity instruments</i>	15.00%	1 158 061	(173 709)	173 709
<b>Total:</b>		<b>12 143 605</b>	<b>(1 573 947)</b>	<b>1 573 947</b>

Market price fluctuation risk was calculated as at 31 December 2020. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
		EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Investments in venture capital market and alternative investment funds	30.00%	102 105	(30 632)	30 632
Equity funds	30.00%	4 059 822	(1 217 947)	1 217 947
Bond funds	25.00%	2 869 569	(717 392)	717 392
<i>Equity instruments</i>	35.00%	941 117	(329 391)	329 391
<b>Total:</b>		<b>7 972 613</b>	<b>(2 295 362)</b>	<b>2 295 362</b>

At the end of 2021, the proportion of equities in the specific Plan was 6.17%, and the predominant type in equity funds was funds with global allocations. At the end of 2020, the proportion of equities in the specific Plan was 6.56%, and the predominant type in equity funds at the that time was also funds with world allocations.

### Currency risk

Currency risk arises if the nominal value of securities or other financial instruments in the Plan is different from the Plan's currency (other than euro). Depending on the direction of fluctuations and the currency position in the Plan,

fluctuations in currency rates may result in profit or loss. Depending on the direction of fluctuations and the currency position in the Plan, fluctuations in currency rates may result in profit or loss.

<b>31/12/2021</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
Demand deposits with credit institutions	720 054	83 088	22 996	<b>826 138</b>
Debt securities and other fixed income securities	3 752 738	974 089	-	<b>4 726 827</b>
Shares and other non-fixed income securities	11 787 164	231 252	-	<b>12 018 416</b>
Investments in venture capital market	125 189	-	-	<b>125 189</b>
Receivables	27 437	-	-	<b>27 437</b>
<b>Total</b>	<b>16 412 582</b>	<b>1 288 429</b>	<b>22 996</b>	<b>17 724 007</b>

  

<b>31/12/2020</b>	<b>EUR</b>	<b>USD</b>	<b>GBP</b>	<b>Total</b>
Demand deposits with credit institutions	1 884 537	46 792	21 494	<b>1 952 823</b>
Debt instruments	3 861 823	963 321	-	<b>4 825 144</b>
Equity instruments	7 703 438	167 071	-	<b>7 870 509</b>
Investments in venture capital market	102 105	-	-	<b>102 105</b>
Term deposits with credit institutions	504 637	-	-	<b>504 637</b>
<b>Total</b>	<b>14 056 540</b>	<b>1 177 184</b>	<b>21 494</b>	<b>15 255 218</b>

The impact of fluctuations in exchange rates on the Plan's assets is presented in the table below. Changes in exchange rates represent standard deviations of the respective rate in a single year.

<b>Impact of changes in exchange rates (2021)</b>				<b>Impact of changes in exchange rates (2020)</b>			
Currency	Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan	Currency	Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan
EUR	92.48%	0.00%	0.00%	EUR	92.03 %	0.00%	0.00%
USD	7.39%	5.73%	0.42%	USD	7.82 %	7.57%	0.59%
GBP	0.13%	5.34%	0.01%	GBP	0.15 %	9.04%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>0.43%</b>	<b>Total</b>	<b>100.00 %</b>		<b>0.60%</b>

### **Credit risk**

Credit risk is the likelihood that the Plan's value will decrease as a counterparty or an issuers of debt securities of the Plan is unable or refuses to honour his liabilities. Therefore to mitigate this risk, transactions with the Plan's assets are conducted with safe counterparties with good reputation. The Manager of the Plan is monitoring the solvency status of counterparties, their credit rates, financial position and mass media on a regular basis.

Credit quality of the plan assets is managed based on ratings assigned by international rating agencies Standards and Poor's, Moody's and Fitch. As an additional measure, issuer financial statements, financial position and future outlooks are analysed.

The issuer's industry and geographic location are additional credit risk factors that may impact both the price of the security and solvency of the issuer. It is therefore critical to be aware of concentration risk, i.e. the degree to which the value of the Plan depends on changes in certain regions and/or industries. Credit risk concentration by geographical market. The table presents issuers of securities and credit institutions that hold the Plan's investments by their credit ratings according to the following classification:

Pension plan 'CBL Aktīvais'  
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High quality financial instruments: AAA – AA- (Standard & Poor's); Aaa – Aa3 (Moody's Investors Service); AAA - AA- (Fitch);

Investment grade financial instruments: A+ - BBB- (Standard & Poor's); Aa1 – Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);

High risk financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);

Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

<b>31/12/2021</b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>No rating</b>	<b>Total</b>
Demand deposits with credit institutions	-	826 138	-	-	-	<b>826 138</b>
Debt instruments	871 980	2 455 874	490 457	307 452	601 064	<b>4 726 827</b>
Equity instruments	-	-	-	-	12 018 416	<b>12 018 416</b>
Investments in venture capital market	-	-	-	-	125 189	<b>125 189</b>
<b>Total</b>	<b>871 980</b>	<b>3 282 012</b>	<b>490 457</b>	<b>307 452</b>	<b>12 744 669</b>	<b>17 696 570</b>

<b>31/12/2020</b>	<b>High quality financial instruments</b>	<b>Investment grade financial instruments</b>	<b>Higher risk financial instruments</b>	<b>Speculative financial instruments</b>	<b>No rating</b>	<b>Total</b>
Demand deposits with credit institutions	-	1 952 823	-	-	-	<b>1 952 823</b>
Debt instruments	865 609	2 426 080	784 829	290 442	458 184	<b>4 825 144</b>
Equity instruments	-	-	-	-	7 870 509	<b>7 870 509</b>
Investments in venture capital market	-	-	-	-	102 105	<b>102 105</b>
Term deposits with credit institutions	--	504 637	-	-	-	<b>504 637</b>
<b>Total</b>	<b>865 609</b>	<b>4 883 540</b>	<b>784 829</b>	<b>290 442</b>	<b>8 430 798</b>	<b>15 255 218</b>

For an analysis of the Plan's investments by type, issuer and country please refer to Notes 43 - 46.

### *Liquidity risk*

Liquidity risk may arise when the Plan encounters difficulties to meet its financial liabilities. The Plan Manager maintains an asset structure that supports its ability to sell securities in due time and without significant losses. In addition, a significant portion of the Plan's assets is invested into short term investment grade government bonds, one of the most liquid types of assets.

The ageing structure of assets and liabilities is presented below. Assets are presented according to maturities. Open-ended assets are presented together with assets with maturities of up to one month as open-ended assets are liquid securities and may be sold in due time to cover the plan's liabilities.

<b>31/12/2021</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>No term</b>	<b>Total</b>
Demand deposits with credit institutions	826 138	-		<b>826 138</b>
Debt instruments	4 726 827	-		<b>4 726 827</b>
Equity instruments	12 018 416	-		<b>12 018 416</b>
Investments in venture capital market	-	-	125 189	<b>125 189</b>
Receivables	27 437	-		<b>27 437</b>
Accrued expenses and other liabilities	(68 580)	-		<b>(68 580)</b>
<b>Total</b>	<b>17 530 238</b>	<b>-</b>	<b>125 189</b>	<b>17 655 427</b>
<b>Net assets available for distribution</b>	<b>(17 655 427)</b>	<b>-</b>	<b>-</b>	<b>(17 655 427)</b>
<b>Net liquidity</b>	<b>(125 189)</b>	<b>-</b>	<b>125 189</b>	<b>-</b>

<b>31/12/2020</b>	<b>Up to 1 month</b>	<b>From 1 to 3 months</b>	<b>No term</b>	<b>Total</b>
Demand deposits with credit institutions	1 952 823	-		<b>1 952 823</b>
Debt instruments	4 825 144	-		<b>4 825 144</b>
Equity instruments	7 870 509	-		<b>7 870 509</b>
Investments in venture capital market	-	-	102 105	<b>102 105</b>
Term deposits with credit institutions	-	504 637		<b>504 637</b>
Accrued expenses and other liabilities	(26 801)	-		<b>(26 801)</b>
<b>Total</b>	<b>14 621 675</b>	<b>504 637</b>	<b>102 105</b>	<b>15 228 417</b>
<b>Net assets available for distribution</b>	<b>(15 253 805)</b>	<b>-</b>	<b>-</b>	<b>(15 253 805)</b>
<b>Net liquidity</b>	<b>(632 130)</b>	<b>504 637</b>	<b>102 105</b>	<b>(25 388)</b>

## 61 INVESTMENTS EXCEEDING 5% OF NET ASSETS

<b>Financial asset</b>	<b>Issuer</b>	<b>Term</b>	<b>Residence country</b>	<b>31/12/2021</b>	<b>% of net assets</b>
<b>Investment funds</b>					
VONTOBEL-EMERG MARKET EQ-HI-EUR	Luxembourg	-	Luxembourg	948 833	5%
GOLD SACHS GLB CORE-IESNAPA	Luxembourg	-	Luxembourg	1 071 680	6%
BLACKROCK GIF I EMMK GV-I2HE	Luxembourg	-	Luxembourg	1 118 693	6%
VANGUARD US 500 STK IDX-INS	Ireland	-	Ireland	1 645 332	9%

<b>Financial asset</b>	<b>Issuer</b>	<b>Term</b>	<b>Residence country</b>	<b>31/12/2020</b>	<b>% of net assets</b>
<b>Investment funds</b>					
VANGUARD US 500 STK IDX-INS	Ireland	-	Ireland	1 935 432	13%
GOLD SACHS GLB CORE-IESNAPA	Luxembourg	-	Luxembourg	803 840	5%
VONTOBEL-EMERG MARKET EQ-HI-EUR	Luxembourg	-	Luxembourg	1 026 844	7%
JPM US AGGREGATE BD-IACC EUR	Luxembourg	-	Luxembourg	816 164	5%

## **62 SUBSEQUENT EVENTS**

A subsequent event that followed the reporting date and was not related to normal functioning of the financial market was the rapid escalation of the geopolitical tension in Eastern Europe which transformed into an invasion of Ukraine by Russia in the second half of February. As at the date of these financial statements, a war is raging in Ukraine with no signs of de-escalation in sight. As at the date of these financial statements, the Plan's investments do not contain material exposures to Russia and Belarus. It can be expected that the events unfolding in and around Ukraine (such as sanctions imposed on Russia, steep rises in prices of energy resources etc.) will have a detrimental effect on the pace of economic growth worldwide, will contribute to increased volatility in financial markets and may adversely affect client sentiment. According to the management of the Plan, the geopolitical tension may have an adverse effect on the valuation of financial assets and a higher than normal outflow of customer funds has been observed in the first quarter of the year.

## REPORT OF PENSION PLAN 'CBL AKTĪVAIS USD'

### General information on the pension plan

Pension plan 'CBL Aktīvais USD' was approved at the Board meeting of AS CBL Atklātais pensiju fonds on 6 January 2006 and registered with the Financial and Capital Market Commission on 3 March 2006.

Contributions are made in USD. The investment policy is active and up to 50% of the Fund's assets may be invested in equities.

The management of the plan is the responsibility of the Board and Chairperson of the Board of the Pension Fund. During the reporting period, the Board of the Pension Fund was comprised of:

Anna Fišere-Kaļķe – Chairperson of the Board – appointed on 26.02.2021

Jolanta Jērāne – Chairperson of the Board – appointed on 29.05.2018, released on 26.02.2021

Ivo Aillis – Board Member – appointed on 26.02.2021, released on 08.12.2021

Jānis Zivtiņš – Board Member – appointed on 29.05.2018, released on 30.07.2021

Karīna Maslakova – Board Member – appointed on 29.05.2018, released on 26.02.2021

Participants are natural persons who take part in the Pension Plan based on individual and collective agreements.

The pension age at which a participant becomes entitled to the additional pension capital accumulated in the pension fund is 55 years, except for people working in special professions the list of which, including the minimum duration of service, is determined by the Cabinet of Ministers.

Fund manager is investment management joint stock company 'CBL Asset Management', registered address: Republikas laukums 2a, Rīga, LV-1010, Latvia.

The Plan's custodian is AS Citadele banka, legal address: Republikas laukums 2a, Rīga, LV-1010, Latvia.

### Pension plan operational assessment

During the reporting year, assets of the Plan were invested in financial instruments such as corporate bonds, investment funds, deposits and government securities.

Investments in equities at the year ended amounted to 38.5% of the Plan's assets. At the year end, more than 8.2% of the Plan's assets were invested in Latvia. Foreign investments are made in USD. All restrictions on investments have been observed.

During 2021, net assets of the Plan increased by EUR 0.39 million or 42% and at the year end amounted to EUR 1.30 million. During 2021, the number of participants increased by 4% and was 571 at the year end.

Expenses include deductions payable to the FCMC, and compensations to the Pension Fund, asset manager and the custodian.

Deductions payable to the FCMC are withheld from each contribution according to laws and regulations. Transfers between pension plans or pension funds do not qualify for deductions payable to the FCMC.

### Administrative expenses of the Pension fund:

If a participant takes part in the Plan based on an individual participation agreement, the Pension Fund's deductions for administration of the Plan do not exceed 0.75% per year from the additional pension capital accumulated by the participant. These deductions are calculated and withheld every month as a 1/12 share.

For agreements signed during the period from 1 January 2021 to 31 December 2021 with USD 3 500 or more accumulated a reduced price list was applied for the entire duration and deductions to finance the FCMC were compensated by the Pension Fund and lower deductions were made for administration of the Plan.

CBL Aktīvais USD has the following management commission fees:

AS Citadele banka as the custodian – 0.15% per year. The custodian's commission is calculated every month from the average value of the Plan's assets.

IPAS CBL Asset Management as the asset manager – 0.8% per year. The asset manager's commission is calculated every month from the average value of the Plan's assets. The asset manager is entitled to additional compensation in the amount of not more than 10% of investment income from the additional pension capital in excess of the benchmark rate: 12 M LIBOR.

## Future outlook

For the foreseeable future, a global risk that we perceive is a more rapid increase in inflation than currently expected by economists, which could trigger adverse effects on risk assets. This could give rise to speculations about a much quicker transition of world central banks to tighter monetary policies than forecast so far, which could translate into slower growth of balance sheets and higher base rates. Already last year, the US Federal Reserve System (FRS) secured against a temporary rise in inflation during the economic recovery, announcing that its policy will aim for medium inflation in the medium term. However, unexpectedly sharp and sustained increases in inflation will put pressure on the FRS to act. Current valuations of risk assets are largely based on expectations of a very loose monetary policy maintained by central banks and a record low interest rate climate for several years to come, so a sudden change in the monetary climate could lead to a revaluation of risk assets and a fall in prices. Another factor on a global scale is that there is a risk that new strains of the virus may keep the world under restrictions the entire year and also in 2023. This could necessitate downward revisions of future financial results of companies, which are more than likely to cause values of financial instruments to decline.

The course of action if the worst case scenario materializes:

- In the event of a critical situation or an expected overall worsening of the market situation when investors quickly dispose of risk assets, the asset manager will revise the quality of issuers included in the plan;
- In the event of a critical situation, the investor's risk appetite and the desire to invest in highly volatile assets changes significantly, thus certain classes of assets (equities, high-risk debt securities, etc.) may rapidly lose their attractiveness. If this is the case, investors are likely to prefer lower risk instruments and that is what the asset manager will focus on, and assess these assets for long-term attractiveness.

Seeking to promote accumulation of participant funds, in the first six months of 2022, the Fund will continue offering particularly beneficial terms for new contracts with deductions payable to the FCMC covered by the Fund and the total amount of commissions reduced to 0.6% per year if the accumulated amount is EUR 3 000. To improve competitiveness of the Fund's services, effective from 1 January 2022 the variable commission fee will be cancelled for the plan.

The report of the Plan has been approved by the Board of the Fund and signed on behalf of it by:

---

Anna Fišere-Kalķe  
Chairperson of the Board

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Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL AKTĪVAIS USD'

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<b>EUR</b>	<b>EUR</b>
<b><u>Assets</u></b>			
Demand deposits due from credit institutions	65	96 697	81 228
Financial investments at fair value through profit or loss			
Debt instruments	66	123 406	290 458
Equity instruments	67	1 086 063	548 376
Receivables		6	16
<b>Total assets</b>		<b>1 306 172</b>	<b>920 078</b>
<b><u>Equity and liabilities</u></b>			
Accrued expenses		2 227	2 168
<b>Total liabilities</b>		<b>2 227</b>	<b>2 168</b>
<b>Net assets</b>		<b>1 303 945</b>	<b>917 910</b>

The notes on pages 76 to 86 are an integral part of these financial statements.

The financial statements on pages 71 to 86 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

\_\_\_\_\_  
Anna Fišere-Kaļķe  
Chairperson of the Board

\_\_\_\_\_  
Valērija Urtāne  
Member of the Board

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## STATEMENT OF NET ASSETS OF PENSION PLAN 'CBL AKTĪVAIS USD'

	Note	2021 EUR	2020 EUR
<b>Net assets of the Pension Plan in the beginning of the reporting year</b>		<b>917 910</b>	<b>950 997</b>
<b>Participant contributions</b>			
Participant contributions		275 532	80 931
Transfers from other pension funds or plans		5 210	1 374
<b>Distributions of additional pension capital</b>			
Distributions to persons who reached the retirement age specified in the plan		(26 852)	(55 424)
Distributions to heirs upon participant's death		(2 815)	(759)
Transfers to other pension funds or plans		(190)	(33 575)
Administrative expenses	68	(7 794)	(6 711)
<b>Increase/(decrease) in net assets as a result of contributions and distributions</b>		<b>243 091</b>	<b>(14 164)</b>
<b>Income of the reporting period</b>			
Interest income	69	6 947	12 538
Dividend income		-	905
Income from the pension fund		458	1 893
<b>Total income</b>		<b>7 405</b>	<b>15 336</b>
<b>Expenses of the reporting period</b>			
Investment management expenses	70	(15 677)	(15 683)
<b>Total expenses</b>		<b>(15 677)</b>	<b>(15 683)</b>
<b>Increase/(decrease) in investment</b>			
Realized increase/(decrease) of investments	71	15 952	(9 829)
Unrealized increase/(decrease) in investments	71	135 264	(8 747)
<b>Increase/(decrease) in investment</b>		<b>151 216</b>	<b>(18 576)</b>
<b>Pension plan operational results</b>		<b>142 944</b>	<b>(18 923)</b>
<b>Increase/(decrease) in net assets</b>		<b>386 035</b>	<b>(33 087)</b>
<b>Net assets of the pension plan at the end of the reporting year</b>		<b>1 303 945</b>	<b>917 910</b>

The notes on pages 76 to 86 are an integral part of these financial statements.

The financial statements on pages 71 to 86 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

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Anna Fišere-Kalķe  
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\_\_\_\_\_  
Valērija Urtāne  
Member of the Board

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## STATEMENT OF CASH FLOW OF PENSION PLAN 'CBL AKTĪVAIS USD'

	Note	2021 EUR	2020 EUR
<b>Cash flow from operating activities</b>			
Result of Plan operations		142 944	(18 923)
Administrative expenses	68	(7 794)	(6 711)
Income/loss from investments – fixed income securities	72	13 466	(15 280)
Interest income calculated – fixed income securities	72	(6 947)	(12 538)
Income/loss from investments – non-fixed income securities	72	(74 397)	(45 700)
Calculated dividends		-	(875)
Foreign currency translation		(80 429)	73 778
Decrease/(increase) in trade accounts receivable		10	(16)
Increase in accrued expenses		59	306
<b>Net cash flow from operating activities</b>		<b>(13 088)</b>	<b>(25 959)</b>
<b>Cash flow from investing activities</b>			
Disposal of investments – fixed income securities	72	164 962	94 428
Interest income	72	7 275	14 061
Acquisition of investments – non-fixed income securities	72	(448 051)	(217 474)
Disposal of investments – non-fixed income securities	72	53 486	140 895
Dividends received		-	875
<b>Net cash flow from investing activities</b>		<b>(222 328)</b>	<b>32 785</b>
<b>Cash flow from financing activities</b>			
Cash receipts from participants of the Pension Plan		280 742	82 305
Distributions to participants of the Pension Plan		(29 667)	(56 183)
Transferred to another pension fund		(127)	(11 831)
Transferred to another pension plan		(63)	(21 744)
<b>Net cash flows from financing activities</b>		<b>250 885</b>	<b>(7 453)</b>
<b>Increase/(decrease) of cash and cash equivalents</b>		<b>15 469</b>	<b>(627)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>81 228</b>	<b>81 855</b>
<b>Cash and cash equivalents, end of the reporting period</b>	65	<b>96 697</b>	<b>81 228</b>

The accompanying notes on pages 76 to 86 form an integral part of these financial statements.  
The financial statements on pages 71 to 86 have been approved and authorised for issue by the Board of the Fund and signed on their behalf by:

\_\_\_\_\_  
Anna Fišere-Kaļķe  
Chairperson of the Board

\_\_\_\_\_  
Valērija Urtāne  
Member of the Board

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## NOTES TO THE FINANCIAL STATEMENTS OF PENSION PLAN 'CBL AKTĪVAIS USD'

### 63 GENERAL INFORMATION ON THE PENSION PLAN

The pension plan 'CBL Aktīvais USD' is established and operates in accordance with Latvian laws and regulations. For additional information on the Plan please refer to Section Report on pension plan 'CBL Aktīvais USD' (pages 70-71). It is a defined contribution pension plan for the accumulation of additional pension capital without guaranteed income and coverage of biometric risks. The plan is intended for the accumulation of additional pension capital and is designed so that based on agreements contributions can be made either by natural persons or legal persons on behalf of natural persons.

### 64 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES OF THE PENSION PLAN

The functional currency of the pension plan is USD. Transactions in other currencies are accounted in USD. Profit or loss arising from the fluctuations in the exchange rate on assets and liabilities denominated in a foreign currency are recognized in the profit and loss statement of the reporting period.

These financial statements are presented in EUR. Assets and liabilities in these financial statements are translated into EUR according to the official exchange rate published by the ECB on the balance sheet date and the accounting and assessment principles described in Note 22. Unless indicated otherwise, these principles are consistent with those used in previous years.

### 65 DEMAND DEPOSITS WITH CREDIT INSTITUTIONS

Excess funds consist of demand deposits and investment account balances.

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
AS Citadele banka	96 697	7.42	81 228	8.85
<b>Total</b>	<b>96 697</b>	<b>7.42</b>	<b>81 228</b>	<b>8.85</b>

### 66 DEBT INSTRUMENTS

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b><u>Financial instruments traded on regulated markets</u></b>				
<b>Government debt instruments</b>				
Latvian government bonds	-	-	166 608	18.15
Lithuanian government bonds	-	-	-	-
US government bonds	123 406	9.46	123 850	13.49
<b>Total government bonds</b>	<b>123 406</b>	<b>9.46</b>	<b>290 458</b>	<b>31.64</b>
<b>Total debt instruments</b>	<b>123 406</b>	<b>9.46</b>	<b>290 458</b>	<b>31.64</b>

### 67 EQUITY INSTRUMENTS

	2021		2020	
	EUR	% of the Plan's net assets	EUR	% of the Plan's net assets
<b>Investment certificates of investment funds</b>				
<b>Investment certificates of other investment funds of the OECD region</b>	<b>978 962</b>	<b>75.08</b>	<b>471 467</b>	<b>51.36</b>
Equity funds	490 410	37.61	341 301	37.18
Bond funds	488 552	37.47	130 166	14.18
<b>Investment certificates of investment funds of Latvia</b>	<b>107 101</b>	<b>8.21</b>	<b>76 909</b>	<b>8.38</b>
Equity funds	11 346	0.87		
Bond funds	95 755	7.34	76 909	8.38
<b>Total</b>	<b>1 086 063</b>	<b>83.29</b>	<b>548 376</b>	<b>59.74</b>

As the Plan does not have access to sufficiently detailed information about investment fund assets such assets are classified by the country of registration of investment funds.

## 68 ADMINISTRATIVE EXPENSES

	2021 EUR	2020 EUR
Deductions to the pension fund for administration of the pension plan from accumulated amounts	7 490	6 448
Deductions from participant contributions to finance the FCMC	304	263
<b>Total</b>	<b>7 794</b>	<b>6 711</b>

Administrative expenses are calculated based on amounts accumulated by participants.

## 69 INTEREST INCOME

	2021 EUR	2020 EUR
Interest income from debt instruments	6 947	12 538
<b>Total</b>	<b>6 947</b>	<b>12 538</b>

## 70 INVESTMENT MANAGEMENT EXPENSES

	2021 EUR	2020 EUR
Remuneration to asset manager	14 125	14 300
fixed consideration	8 076	7 378
variable consideration	6 049	6 922
Remuneration to the custodian	1 552	1 383
<b>Total</b>	<b>15 677</b>	<b>15 683</b>

## 71 INCREASE/(DECREASE) IN INVESTMENTS

### Realized increase/(decrease) in investments

	2021 EUR	2020 EUR
Gain on disposal of investments	218 448	235 324
Cost of investments sold	(212 352)	(239 375)
Profit/(loss) realized as a result of disposal of investments	<b>6 096</b>	<b>(4 051)</b>
Profit from trading and revaluation of currencies	9 856	(5 778)
<b>Total</b>	<b>15 952</b>	<b>(9 829)</b>

### Unrealized increase/(decrease) in investments

	2021 EUR	2020 EUR
Debt instruments	(448)	(12 839)
Equity instruments	135 712	4 092
<b>Total</b>	<b>135 264</b>	<b>(8 747)</b>

## 72 INVESTMENT OVERVIEW

	Debt instruments	Equity instruments	Total
<b>31/12/2020</b>	<b>290 458</b>	<b>548 376</b>	<b>838 834</b>
Increase during the reporting year	-	448 051	448 051
Disposal, repayment of investments during the year	(164 962)	(53 486)	(218 448)
Interest received during the year	(7 275)	-	(7 275)
Foreign exchange revaluation result	11 704	68 725	80 429
Revaluation result for the year	(13 466)	74 397	60 931
Interest calculated during the year	6 947	-	6 947
<b>31/12/2021</b>	<b>123 406</b>	<b>1 086 063</b>	<b>1 209 469</b>

	Debt instruments	Equity instruments	Total
<b>31/12/2019</b>	<b>397 916</b>	<b>473 088</b>	<b>871 004</b>
Increase during the reporting year	-	217 474	217 474
Disposal, repayment of investments during the year	(94 428)	(140 895)	(235 323)
Interest received during the year	(14 061)	-	(14 061)
Dividends received during the year	-	(875)	(875)
Foreign exchange revaluation result	(26 787)	(46 991)	(73 778)
Revaluation result for the year	15 280	45 700	60 980
Interest calculated during the year	12 538	-	12 538
Dividends calculated during the year	-	875	875
<b>31/12/2020</b>	<b>290 458</b>	<b>548 376</b>	<b>838 834</b>

## 73 FAIR VALUE OF FINANCIAL INSTRUMENTS

### Financial instruments measured at fair value

The table below analysis financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised.

<b>2021</b>	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets</b>				
Financial investments at fair value through profit or loss				
Debt instruments	123 406	-	-	123 406
Equity instruments	1 086 063	-	-	1 086 063
<b>Total</b>	<b>1 209 469</b>	<b>-</b>	<b>-</b>	<b>1 209 469</b>
<b>2020</b>	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets</b>				
Financial investments at fair value through profit or loss				
Debt instruments	123 850	166 608	-	290 458
Equity instruments	548 376	-	-	548 376
<b>Total</b>	<b>672 226</b>	<b>166 608</b>	<b>-</b>	<b>838 834</b>

During 2020, securities of EUR 166 608 underwent transfers between Level 1 and Level 2 of the hierarchy.

Type	Valuation approach	Significant unobservable data	Inter-relation between significant unobservable inputs and fair value measurement
Financial investments at fair value through profit or loss (debt instruments) - Level 2	Quoted prices of securities	Not applicable	Not applicable

## 74 DYNAMICS IN THE NUMBER OF THE PENSION PLAN PARTICIPANTS

	2021 people	2020 people
<b>Number of participants at the beginning of the reporting period</b>	<b>549</b>	<b>559</b>
Number of new participants of the pension plan	33	13
Exits due to reaching the pension age	(7)	(18)
Exits due to death	(1)	(1)
Exits based on Cabinet Regulation No. 466	-	(1)
Exits due to transfers of funds to other pension funds or plans	(3)	(3)
<b>Number of participants at the end of the reporting period</b>	<b>571</b>	<b>549</b>

Each participant has an individual account. Each participant is provided with a calculation of the accumulated additional capital which is registered in the individual account. The participant's account contains records of all contributions and income generated from investments, and costs related to fund operational monitoring, administering, custody and management of assets, and other eligible deductions. Return on investments of plan assets is determined at the end of every month for a full calendar month and allocated to all Participants in proportion to their additional pension capital.

After approval of the annual report of the Fund all excess of income over expenses at the end of the year (after covering losses carried forward from previous years) should be transferred to individual accounts of Participants in proportion to their additional pension capital.

## 75 AGEING STRUCTURE OF THE PENSION PLAN

	2021 people	2020 people
Participants up to age 30	7	8
Participants between age 31 and 40	103	113
Participants between age 41 and 50	129	126
Participants between age 51 and 60	163	158
Participants from age 61 and older	169	144
<b>Total number of participants</b>	<b>571</b>	<b>549</b>

## 76 YIELD OF THE PENSION PLAN

The Plan's yield in 2021 in US dollars was 4.80%. (2020 yield in US dollars was 6.84%).

Yield is calculated as the proportion of performance of the pension fund versus the mathematical average net assets of each month of the reporting year divided by the number of months in a year and presented as a percentage. Yield is calculated, assuming that there are 365 days in a year.

## 77 RELATED PARTY TRANSACTIONS

The Plan's custodian is Citadele banka AS and the asset manager is CBL Asset Management IPAS (a subsidiary of Citadele banka AS).

	<b>2021</b>	<b>2020</b>
	<b>EUR</b>	<b>EUR</b>
<b>Deductions for administration of the pension plan EUR</b>		
AS CBL Atklātais pensiju fonds	(7 490)	(6 448)
AS Citadele banka	(1 552)	(1 383)
IPAS CBL Asset Management	(14 125)	(14 300)
<b>Total</b>	<b>(23 167)</b>	<b>(22 131)</b>
<b>Payments to pension plan</b>		
AS CBL Atklātais pensiju fonds	458	1 888
<b>Total</b>	<b>458</b>	<b>1 888</b>

Investments in funds managed by IPAS CBL Asset Management.

<b><u>Financial instruments traded on regulated markets</u></b>	<b>2021</b>	<b>2020</b>
<b>Investment certificates of investment funds</b>	<b>EUR</b>	<b>EUR</b>
CBL Eastern European Bond fund Klase R Acc USD	59 071	43 081
CBL Global Emerging Markets Bond Fund R Acc USD	36 684	-
CBL US Leaders Equity Fund R Acc USD	11 346	-
	<b>107 101</b>	<b>43 081</b>

## 78 RISK POLICY AND MANAGEMENT OF INVESTMENT-RELATED RISKS

### Investment policy

The aim of the Plan is to ensure long-term capital appreciation for its participants using an active investment structure by investing primarily in equity and debt securities and term deposits with credit institutions in Latvia, other member states of the EU and developed countries of the world. Up to 50% of the Plan's assets may be invested in equities and up to 15% of assets may be invested in real estate properties. The Fund's open position in foreign currencies cannot exceed 20 % of all assets held in foreign currencies, except investments in euro, which are not subject to the restriction.

### Risk management

Investment risk is defined as the likelihood of an adverse result that may materialise in a specific market economy or a specific period of time. Risk management is characterised as identification, measurement and potential prevention of risk. Investment risk may be impacted by currency risk, interest rate risk, price risk, and credit risk, liquidity risk and other risks, including operational risk. The investment strategy of the Plan is aimed at minimising the aforementioned risks; however, the Fund is unable to guarantee that these risks can be completely avoided in the future.

### Risk management framework

Identification and measurement of risk is the responsibility of an independent unit, Risk Management Department, which is tasked with developing risk profiles and presenting them to the Plan Manager. The Plan Manager may make specific decisions on limiting existing or potential risks.

Risk measurement is based on models developed by the Fund using historical data adjusted according to the economic situation. Certain models are used to forecast changes in financial risk factors both under regular and stress conditions.



Investment plan Manager acts according to diversification and hedging principles seeking to reduce investment risks to the extent possible in line with the management policy. When investing on behalf of the Plan, the Plan Manager acquires sufficient information on potential or current investment objects, as well as supervises financial and economic position of issuers of the securities in which the Plan's property has been or is to be invested.

When developing investing strategy of the Plan and stating risk limits, the Fund performs the analysis of the Plan's investments by maturity, geographic placement, currency profile and assesses the degree of risk inherent to each of the above factors. The Fund Manager acts in strict compliance with the Prospectus of the Plan, Plan Management Regulations, as well as regulations and restrictions imposed by the legislation of the Republic of Latvia.

### Market risk

Market risk is the likelihood that the Plan's value may decrease in response to changes in market factors such as interest rates (interest rate risk), securities prices on the (price change risk), currency exchange rates (currency risk) or other market risk factors. The following is an assessment of the sources of market risk referred to above that cannot be fully diversified.

### Interest rate risk

Security price risk for fixed income securities (bonds) depends, to a large extent, on fluctuations of market interest rates and changes in the credit quality of the issuer. Changes in market interest rates directly impact attractiveness of a security, which in essence is a source of alternative interest income. As interest rates in the market grown, prices of fixed income securities decrease, and vice versa. On the other hand, growing (decreasing) market interest rates have a positive (negative) impact on coupon rates of fixed income securities issued at floating rates (when the coupon is set as the base rate, such as Euribor or Libor, plus an additional margin). After repricing (the moment from which the new interest rate is applicable) the coupon rate for such securities increases (decreases) which causes interest income to increase (decrease).

The tables below present the potential effect of changes in market interest rates for certain currencies on the value of the specific Plan, where changes in interest income are calculated for a single year. Actual changes in the values of the Plan may differ from calculations and the difference may be substantial .

Changes in market values and interest income of fixed income securities (2021, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	100	-	(17 373)	(17 373)
<b>Total</b>		-	<b>(17 373)</b>	<b>(17 373)</b>

Changes in market values and interest income of fixed income securities (2020, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	100	-	(17 625)	(17 625)
<b>Total</b>		-	<b>(17 625)</b>	<b>(17 625)</b>

Changes in market values and interest income of fixed income securities (2021, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	100	0.00%	-1.35%	-1.35%
<b>Total</b>		<b>0.00%</b>	<b>-1.35%</b>	<b>-1.35%</b>

Changes in market values and interest income of fixed income securities (2020, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	100	0.00%	-1.95%	-1.95%
<b>Total</b>		<b>0.00%</b>	<b>-1.95%</b>	<b>-1.95%</b>

Changes in market values and interest income of fixed income securities (2021, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	-100	-	17 373	17 373
<b>Total</b>		-	<b>17 373</b>	<b>17 373</b>

Changes in market values and interest income of fixed income securities (2020, EUR)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	-100	-	17 625	17 625
<b>Total</b>		-	<b>17 625</b>	<b>17 625</b>

Changes in market values and interest income of fixed income securities (2021, % of net assets)					Changes in market values and interest income of fixed income securities (2020, % of net assets)				
Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio	Currency	Change in base rates, bp	Changes in annual interest income	Changes in market value	Effect of changes in base rates on the total value of the portfolio
USD	-100	0.00%	1.35%	1.35%	USD	-100	0.00%	1.95%	1.95%
<b>Total</b>		<b>0.00%</b>	<b>1.35%</b>	<b>1.35%</b>	<b>Total</b>		<b>0.00%</b>	<b>1.95%</b>	<b>1.95%</b>

### Price fluctuation risk

Price fluctuation risk – fluctuations in prices of securities have a direct impact on the Plan's capital owned by the investor. Investments are made by the Asset Manager based on an adequate investment analysis and diversification into various investment objects to reduce the adverse impact of a potential decrease in prices of a single security, sector, country or region. The asset manager does not use derivatives to hedge price fluctuation risk.

Investments in investment funds and venture capital are exposed to price fluctuation risk. A decrease in the market price will reduce the value of investment funds and venture capital. The expected volatility for each investment fund and venture capital category is different due to their different nature, currency, regions and past volatility, and therefore the impact on the Plan's income is different. The price risk of government bonds, corporate bonds and bond funds is included in the calculation of interest rate risk.

Systemic risk is managed on the basis of forecasts of the overall economic development in the specific geographic area and the potential economic development in the sector. Specific risk is managed by making detailed studies of the issuer's financial position and profitability, as well as other factors that affect the price of the security, mainly based on the issuer's published financial statements, information in the media, etc. These studies focus both on the volatility of securities prices (deviations) and their correlations. As a result, it is possible to calculate the total price risk of the securities in the portfolio, taking into account their historical yield.

Market price fluctuation risk was calculated as at 31 December 2021. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
		EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Equity funds	15.00%	501 756	(75 263)	75 263
Bond funds	10.00%	584 307	(58 431)	58 431
<b>Total:</b>		<b>1 086 063</b>	<b>(133 694)</b>	<b>133 694</b>

Market price fluctuation risk was calculated as at 31 December 2020. Calculations of price fluctuation risk were made using standard deviations of benchmark index values of the relevant category of investment funds.

	Standard deviation of benchmark	Carrying amount	Potential adverse effect on profit for the reporting year	Potential positive effect on profit for the reporting year
	EUR	EUR	EUR	EUR
Financial investments at fair value through profit or loss				
<i>Investments in fund certificates:</i>				
Equity funds	30.00%	342 584	(102 775)	102 775
Bond funds	25.00%	207 074	(51 769)	51 769
<b>Total:</b>		<b>549 658</b>	<b>(154 544)</b>	<b>154 544</b>

At the end of 2021 and 2020 the Plan did not have equities.

### Currency risk

Currency risk arises if the nominal value of securities or other financial instruments in the Plan is different from the Plan's currency (other than USD). Depending on the direction of fluctuations and the currency position in the Plan, fluctuations in currency rates may result in profit or loss. Depending on the direction of fluctuations and the currency position in the Plan, fluctuations in currency rates may result in profit or loss.

31/12/2021	EUR	USD	Total
Demand deposits with credit institutions	13 853	82 844	96 697
Debt instruments	-	123 406	123 406
Equity instruments	-	1 086 063	1 086 063
<b>Total</b>	<b>13 853</b>	<b>1 292 313</b>	<b>1 306 166</b>

  

31/12/2020	EUR	USD	Total
Demand deposits with credit institutions	2 901	78 327	81 228
Debt instruments	-	290 458	290 458
Equity instruments	-	548 376	548 376
<b>Total</b>	<b>2 901</b>	<b>917 161</b>	<b>920 062</b>

The impact of fluctuations in exchange rates on the Plan's assets is presented in the table below. Changes in exchange rates represent standard deviations of the respective rate in a single year.

Impact of changes in exchange rates (2021)				Impact of changes in exchange rates (2020)			
Currency	Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan	Currency	Proportion in the plan (% of assets)	Change of exchange rate versus EUR	Effect on the value of the plan
EUR	1.07%	5.72%	0.06%	EUR	0.32%	7.57%	0.02%
USD	98.93%	0.00%	0.00%	USD	99.68%	0.00%	0.00%
<b>Total</b>	<b>100.00%</b>		<b>0.06%</b>	<b>Total</b>	<b>100.00%</b>		<b>0.02%</b>

### Credit risk

Credit risk is the likelihood that the Plan's value will decrease as a counterparty or an issuers of debt securities of the Plan is unable or refuses to honour his liabilities. Therefore to mitigate this risk, transactions with the Plan's assets are conducted with safe counterparties with good reputation. The Manager of the Plan is monitoring the solvency status of counterparties, their credit rates, financial position and mass media on a regular basis.

Credit quality of the plan assets is managed based on ratings assigned by international rating agencies Standards and Poor's, Moody's and Fitch. As an additional measure, issuer financial statements, financial position and future outlooks are analysed.

The issuer's industry and geographic location are additional credit risk factors that may impact both the price of the security and solvency of the issuer. It is therefore critical to be aware of concentration risk, i.e. the degree to which the value of the Plan depends on changes in certain regions and/or industries. Credit risk concentration by geographical market was assessed.

The table presents issuers of securities and credit institutions that hold the Plan's investments by their credit ratings according to the following classification:

High quality financial instruments: AAA – AA- (Standard & Poor's); Aaa – Aa3 (Moody's Investors Service); AAA - AA- (Fitch);

Investment grade financial instruments: AA+ - BBB- (Standard & Poor's); Aa1 – Baa3 (Moody's Investors Service); A+ - BBB- (Fitch);

High risk financial instruments: BB+ - BB- (Standard & Poor's); Ba1 - Ba3 (Moody's Investors Service); BB+ - BB- (Fitch);

Speculative financial instruments: B+ - C (Standard & Poor's); B1 - C (Moody's Investors Service); B+ - C (Fitch).

31/12/2021	High quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	No rating	Total
Demand deposits with credit institutions	-	96 697	-	-	-	96 697
Debt instruments	123 406	-	-	-	-	123 406
Equity instruments	-	-	-	-	1 086 063	1 086 063
Receivables	-	-	-	-	6	6
<b>Total</b>	<b>123 406</b>	<b>96 697</b>	<b>-</b>	<b>-</b>	<b>1 086 069</b>	<b>1 306 172</b>

31/12/2020	High quality financial instruments	Investment grade financial instruments	Higher risk financial instruments	Speculative financial instruments	No rating	Total
Demand deposits with credit institutions	-	81 228	-	-	-	81 228
Debt instruments	123 850	166 608	-	-	-	290 458
Equity instruments	-	-	-	-	548 376	548 376
Receivables	16	-	-	-	-	16
<b>Total</b>	<b>123 866</b>	<b>247 836</b>	<b>-</b>	<b>-</b>	<b>548 376</b>	<b>920 078</b>

For an analysis of the Plan's investments by type, issuer and country please refer to Notes 63 - 65.

### Liquidity risk

Liquidity risk may arise when the Plan encounters difficulties to meet its financial liabilities. The Plan Manager maintains an asset structure that supports its ability to sell securities in due time and without significant losses. In addition, a significant portion of the Plan's assets is invested into short term investment grade government bonds, one of the most liquid types of assets.

Pension plan 'CBL Aktīvais USD'  
Annual Report for 2021

The ageing structure of assets and liabilities is presented below. Assets are presented according to maturities. Open-ended assets are presented together with assets with maturities of up to one month as open-ended assets are liquid securities and may be sold in due time to cover the plan's liabilities.

31/12/2021	Up to 1 month	Total
Demand deposits with credit institutions	96 697	<b>96 697</b>
Debt instruments	123 406	<b>123 406</b>
Equity instruments	1 086 063	<b>1 086 063</b>
Receivables	6	<b>6</b>
Accrued expenses and other liabilities	(2 227)	<b>(2 227)</b>
<b>Total</b>	<b>1 303 945</b>	<b>1 303 945</b>
<b>Net assets available for distribution</b>	<b>(1 303 945)</b>	<b>(1 303 945)</b>
<b>Net liquidity</b>	-	-

31/12/2020	Up to 1 month	Total
Demand deposits with credit institutions	81 228	<b>81 228</b>
Debt instruments	290 458	290 458
Equity instruments	548 376	548 376
Receivables	16	16
Accrued expenses and other liabilities	(2 168)	(2 168)
<b>Total</b>	<b>917 910</b>	<b>917 910</b>
<b>Net assets available for distribution</b>	<b>(917 910)</b>	<b>(917 910)</b>
<b>Net liquidity</b>	-	-

## 79 INVESTMENTS EXCEEDING 5% OF NET ASSETS

<u>Financial asset</u>	<u>Issuer</u>	<u>Term</u>	<u>Residence country</u>	<u>31/12/2021</u>	<u>% net assets</u>
Government bonds	US government	15.05.2043	USA	123 406	9%
<b>Investment funds</b>					
CBL Eastern European Bond fund Klase R Acc USD	Latvia		Latvia	59 071	5%
PIMCO Funds Global Investors Series PLC - Total Return Bond Fund	Ireland		Ireland	78 643	6%
Vontobel Fund - Emerging Markets Equity	Luxembourg		Luxembourg	76 886	6%
BlackRock Global Funds - European Focus Fund	Luxembourg		Luxembourg	88 155	7%
JPMorgan Funds - JPM US Aggregate Bond Fund	Luxembourg		Luxembourg	78 318	6%
NN L US Credit	Luxembourg		Luxembourg	70 053	5%
Robeco Capital Growth - US Premium Equities	Luxembourg		Luxembourg	106 447	8%
BlackRock Global Index Funds - iShare Emerging Markets Government Bond Index LU	Luxembourg		Luxembourg	91 719	7%
Vanguard Investment Series PLC - US 500 Stock Index Fund	Ireland		Ireland	111 241	9%
Vontobel Fund - US Equity	Luxembourg		Luxembourg	107 681	8%

<b>Financial asset</b>	<b>Issuer</b>	<b>Term</b>	<b>Residence country</b>	<b>31/12/2020</b>	<b>% net assets</b>
Government bonds	Government of Latvia	16.06.2021	Latvia	166 608	18%
Government bonds	US government	15.05.2043	USA	123 850	13%
<b>Investment funds</b>					
PIMCO-US HYL BD-USDINST ACC	Ireland		Ireland	47 019	5%
VANGRD US 500 STK IDX-USDINS	Ireland		Ireland	69 928	8%
ROBECO BP US PREMIUM EQ-IUSD	Luxembourg		Luxembourg	58 913	6%
VONTOBEL-EMERG MARKET EQ-I USD	Luxembourg		Luxembourg	74 715	8%
ROBECO HIGH YLD BD-IUSD	Luxembourg		Luxembourg	46 535	5%
DEUTSCHE INV GERMA EQ-US LCH	Luxembourg		Luxembourg	46 077	5%
BGF-EUROPEAN FOCUS FD-A2HU USD	Luxembourg		Luxembourg	63 032	7%

## 80 SUBSEQUENT EVENTS

A subsequent event that followed the reporting date and was not related to normal functioning of the financial market was the rapid escalation of the geopolitical tension in Eastern Europe which transformed into an invasion of Ukraine by Russia in the second half of February. As at the date of these financial statements, a war is raging in Ukraine with no signs of de-escalation in sight. As at the date of these financial statements, the Plan's investments do not contain material exposures to Russia and Belarus. It can be expected that the events unfolding in and around Ukraine (such as sanctions imposed on Russia, steep rises in prices of energy resources etc.) will have a detrimental effect on the pace of economic growth worldwide, will contribute to increased volatility in financial markets and may adversely affect client sentiment. According to the management of the Plan, the geopolitical tension may have an adverse effect on the valuation of financial assets and a higher than normal outflow of customer funds has been observed in the first quarter of the year.



KPMG Baltics SIA  
Vesetas iela 7  
Rīga, LV-1013  
Latvia

T: + 371 67038000  
[kpmg.com/lv](http://kpmg.com/lv)  
[kpmg@kpmg.lv](mailto:kpmg@kpmg.lv)

## Independent Auditors' Report

### To the shareholder of AS CBL Atklātais Pensiju fonds

#### Report on the Audit of the separate Financial Statements

##### *Our Opinion on the separate Financial Statements*

We have audited the accompanying separate financial statements of AS CBL Atklātais Pensiju fonds ("the Company") set out on pages 7 to 26 of the accompanying Annual Report, which comprise:

- separate balance sheet as at 31 December 2021,
- separate income statement for the year then ended,
- separate statement of changes to shareholder's equity for the year then ended,
- separate statement of cash flows for the year then ended, and
- notes to the separate financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of AS CBL Atklātais Pensiju fonds as at 31 December 2021, and of its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the separate Financial Statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the separate financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



We have determined the matter described below to be the key audit matter to be communicated in our report.

### **Existence and accuracy of revenue**

The Company's revenue for the year ended 31 December 2021 amounted to EUR 465 436 (2020: EUR 368 642).

Reference to the separate financial statements: Note 2 'Income and expense recognition' on page 12 (accounting policy); Note 11 'Operating income' on page 19 (notes to the separate financial statements).

#### ***Key Audit Matter***

As described in the notes to the financial statements, the Pension Fund provides administrative services to level 3 pension plans for a fee, which is generally calculated as a certain percentage of the net asset values of the assets under management attributable to individual members as defined in the Pension Fund Agreements concluded with the members of the pension plans.

We focus on this area because the transactions involve large sums that affect the amount of revenue, and use different commission rates depending on the level of involvement of the participant in the plan.

#### ***Our response***

Our audit procedures included, among others:

- Evaluated and tested the design and implementation and effectiveness of the Pension Fund's main internal controls related to the calculation and recognition of commission income, as well as the revaluation of the net asset value of managed investments.
- We have prepared independent commission revenue estimates for the year ended 31 December 2021:
  - comparison of the rates in the calculation of commission income with the rates specified in the relevant standardized contracts of individual pension plan members, and
  - when evaluating the amounts of assets under management, we compared them with the information presented in the reports of the custodian bank;
- Evaluated the accuracy and completeness of disclosures on revenue recognition against the





requirements of applicable financial reporting standards.

#### *Reporting on Other Information*

The Fund's management is responsible for the other information. The other information comprises:

- General Information about the Fund, as set out on page 3 of the accompanying Annual Report,
- Management Report, as set out on pages 5 and 6 of the accompanying Annual Report,
- the Statement on Management Responsibility, as set out on page 4 of the accompanying Annual Report.

Our opinion on the separate financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Company and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – "Normative Regulations for the Preparation of the Annual Report of Private Pension Funds ("Regulation No. 35").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of Regulation No. 35 of the Financial and Capital Market Commission of the Republic of Latvia.



### *Responsibilities of Management and Those Charged with Governance for the separate Financial Statements*

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's separate financial reporting process.

### *Auditors' Responsibility for the Audit of the separate Financial Statements*

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our



auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

*Other Reporting Responsibilities and Confirmations Required by the Legislation of the Republic of Latvia and the European Union when Providing Audit Services to Public Interest Entities*

We were appointed by those charged with governance on 4 November 2021 to audit the separate financial statements of AS CBL Atklātais Pensiju fonds for the year ended 31 December 2021. Our total uninterrupted period of engagement is 9 years, covering the periods ending 31 December 2013 to 31 December 2021.



We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company;
- as referred to in the paragraph 37.6 of the 'Law on Audit Services' of the Republic of Latvia we have not provided to the Company the prohibited non-audit services (NASs) referred to of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

For the period to which our statutory audit relates, we have not provided any services to the Company in addition to the audit, which have not been disclosed in the Management Report or in the separate financial statements of the Company.

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License No. 55

*Rainers Vilāns*

Rainers Vilāns  
Partner pp KPMG Baltics SIA  
Sworn auditor  
Certificate No. 200  
Riga, Latvia  
21 April 2022

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails

## Independent Auditors' Report

### To the shareholders of CBL Sabalansētais Pension Plan

#### Report on the Audit of the Financial Statements

##### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of CBL Sabalansētais Pension Plan ("the Pension Plan") set out on pages 29 to 49 of the accompanying Annual Report, which comprise:

- the statement of net assets as at 31 December 2021,
- the statement of net asset movement for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CBL Sabalansētais Pension Plan as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Pension Fund and Pension Plan in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Reporting on Other Information*

The Pension Plan's management is responsible for the other information. The other information comprises the Management Report, as set out on pages 27 and 28 of the accompanying Annual Report

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Pension Plan and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – "Normative Regulations for the Preparation of the Annual Report of Private Pension Funds ("Regulation No. 35").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of Regulation No. 35 of the Financial and Capital Market Commission of the Republic of Latvia.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Plan's financial reporting process.

#### *Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA  
License No. 55

*Rainers Vilāns*

Rainers Vilāns  
Partner pp KPMG Baltics SIA  
Sworn auditor  
Certificate No. 200  
Riga, Latvia  
21 April 2022

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## Independent Auditors' Report

### To the shareholders of CBL Aktīvais Pension Plan

#### Report on the Audit of the Financial Statements

##### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of CBL Aktīvais Pension Plan ("the Pension Plan") set out on pages 52 to 69 of the accompanying Annual Report, which comprise:

- the statement of net assets as at 31 December 2021,
- the statement of net asset movement for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CBL Aktīvais Pension Plan as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Pension Fund and Pension Plan in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Reporting on Other Information*

The Pension Plan's management is responsible for the other information. The other information comprises the Management Report, as set out on pages 50 and 51 of the accompanying Annual Report

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Pension Plan and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – "Normative Regulations for the Preparation of the Annual Report of Private Pension Funds ("Regulation No. 35").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of Regulation No. 35 of the Financial and Capital Market Commission of the Republic of Latvia.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Plan's financial reporting process.

*Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Baltics SIA  
License No. 55

*Rainers Vilāns*

Rainers Vilāns  
Partner pp KPMG Baltics SIA  
Sworn auditor  
Certificate No. 200  
Riga, Latvia  
21 April 2022

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails

## Independent Auditors' Report

### To the shareholders of CBL Aktīvais USD Pension Plan

#### Report on the Audit of the Financial Statements

##### *Our Opinion on the Financial Statements*

We have audited the accompanying financial statements of CBL Aktīvais USD Pension Plan ("the Pension Plan") set out on pages 72 to 85 of the accompanying Annual Report, which comprise:

- the statement of net assets as at 31 December 2021,
- the statement of net asset movement for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of CBL Aktīvais USD Pension Plan as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

##### *Basis for Opinion*

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Financial Statements* section of our report.

We are independent of the Pension Fund and Pension Plan in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Reporting on Other Information*

The Pension Plan's management is responsible for the other information. The other information comprises the Management Report, as set out on pages 70 and 71 of the accompanying Annual Report

Our opinion on the financial statements does not cover the other information included in the Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Pension Plan and its environment obtained in the course of our audit, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information*

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the Financial and Capital Market Commission of the Republic of Latvia – "Normative Regulations for the Preparation of the Annual Report of Private Pension Funds ("Regulation No. 35").

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the separate financial statements are prepared is consistent with the separate financial statements; and
- the Management Report has been prepared in accordance with the requirements of Regulation No. 35 of the Financial and Capital Market Commission of the Republic of Latvia.

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Plan's financial reporting process.

*Auditors' Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Plan's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Pension Plan to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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