

JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed report
for the six months period ended 30 June 2018

TABLE OF CONTENTS	Page
Altum Group	2
Report of the board of directors	3 - 7
Supervisory council and board of directors	8
Statement of management's responsibility	9
Financial statements:	
Statement of comprehensive income	10
Statement of financial position	11
Consolidated statement of changes in equity	12
Statement of changes in equity for the Company	13
Cash flow statement	14
Notes	15 - 51
Other notes to interim condensed report	52 - 54

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Altum group

MISSION We help Latvia grow!

VISION Cooperation partner and expert in finance promoting the growth of national economy

VALUES Excellence / Team / Responsibility

JSC Development Finance Institution Altum as Altum Group parent company is a Latvia state-owned company ensuring access of enterprises and households to the financing resources by means of support financial instruments - loans, guarantees, investments in venture capital funds - in areas defined as important and to be supported by the state, thus developing national economy and by such way enhancing mobilization of private capital and financial resources.

Long-term financial objectives until 2018

The Management Board and Supervisory Council of JSC Development Finance Institution Altum have approved the Company's strategic development directions and long-term financial objectives for the period 2016 – 2018, which are:

Effective management of State funds, preserving the capital and achieving positive return on equity in the long-term

Implement new state aid programmes, including, multi-apartment buildings energy efficiency programmes, several new guarantee and agricultural land sales and leaseback products

Considerably increase the scope of activities

- Steep growth of guarantee portfolio
- Moderate growth of loan and investments in venture capital funds portfolios

Increase operational efficiency



Report of the board of directors

Activity during the reporting period

During the 6 months of year 2018 the joint-stock company Development Finance Institution Altum group (hereinafter – Group) made a profit of EUR 2.5 mln. The Group's parent company the joint-stock company Development Finance Institution Altum (Company) made a profit of EUR 1 mln.

Key financial and performance indicators of the Group

	2018, I H (not audited)	2017, I H (not audited)	2017 (audited)	2016 (audited)
Key financial data				
Net income from interest, fees and commission (fEUR)	5,767	6,639	11,374	11,024
Profit for the period (fEUR)	2,489	5,414	6,945	2,170
Cost to income ratio (CIR)	63.0%	43.1%	54.7%	88.4%
Employees	227	228	230	242
Total assets (fEUR)	468,886	438,889	451,686	443,126
Tangible common equity (TCE)/total tangible managed assets (TMA)	33.6%	35.5%	35.6%	35.2%
Equity and reserves (fEUR)	222,658	216,596	222,486	210,094
Total risk coverage: (fEUR)	70,644	63,162	65,002	67,705
Risk coverage reserve	68,044	60,788	60,060	64,833
Risk coverage reserve used for provisions	-7,453	-4,821	-4,753	-4,323
Portfolio loss reserve (specific reserve capital)	9,695	7,195	9,695	7,195
Liquidity ratio for 180 days	276%	568%	507%	449%
Financial instruments (gross value)				
Outstanding (fEUR) (by financial instrument)				
Loans	209,721	209,364	207,585	217,429
Guarantees	211,563	165,941	182,376	147,175
Venture capital funds	49,830	56,974	51,310	58,541
Total	471,114	432,279	441,271	423,145
Number of contracts	16,264	13,005	14,402	11,449
Volumes issued (fEUR) (by financial instrument)				
Loans	29,374*	25,366	51,869	59,465
Guarantees	41,403	34,422	68,615	56,109
Venture capital funds	1,240	1,219	2,638	21,356
Total	72,017	61,007	123,122	136,929
Number of contracts	2,684	2,314	4,697	4,461
Leverage for raised private funding	202%	181%	185%	162%

* issued loans

The data are explained in Other notes to interim condensed report "Group's key financial and performance indicators".

Financial Instruments Portfolio

As at 30 June 2018 the Group held a gross portfolio of the financial instruments issued within the state aid programmes for the total value of 471 mln euro made up of 16,264 projects.

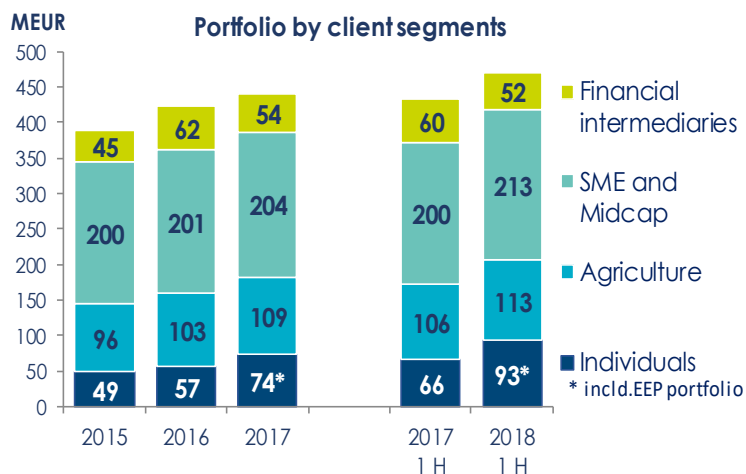
In the first half-year of 2018 the portfolio of the Group's financial instruments increased by 6.8% (30.9 mln euro) in terms of volume and by 13% in terms of the number of projects (by 1,862 projects). Among the financial instruments the guarantee portfolio had the most rapid growth by 16% in terms of volume (29.1 mln euro) and by 22% in terms of the number of transactions.

In Q2 of year 2018 the volume of the guarantee portfolio exceeded the loan portfolio attaining the target set in the Company's Strategy for years 2016 – 2018 – to achieve a significant augmentation of the operational volumes through emphasis on the indirect financial instruments (guarantees).

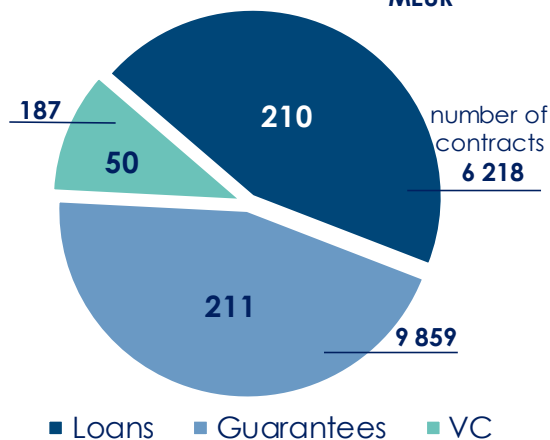
Analysing the segments, the financed projects of the Small, Medium and Midcap enterprises (SME and Midcap) account for most of the portfolio. In the first half-year, the highest growth was in the segment of Individuals +26% (+19 mln euro). During the reporting period, the portfolio has increased in the SME and Midcap segment (+9 mln euro) and also in the agriculture segment (+4 mln euro), whilst it has decreased in the Financial intermediaries segment (-2 mln euro).

Report of the board of directors (continued)

Portfolio by client segments



Portfolio by financial instruments, MEUR



Group 30.06.2018

In terms of the number of transactions the largest increase was observed in the segment of Individuals. Implementation of the Housing Guarantee Programme has contributed to the rise of the number of transactions in this segment. The amendments to the programme's framework by expanding the programme to young professionals effective as of March 2018 have given a new impetus to implementation of the programme.

The portfolio structure of the loan and guarantee financial instruments reflects the state aid implementation priorities of the Latvian government.

The state aid programmes implemented by the Group embrace a vast variety of the industries of the national economy and client segments resulting in broadly diversified financial instruments' portfolio of the Group.

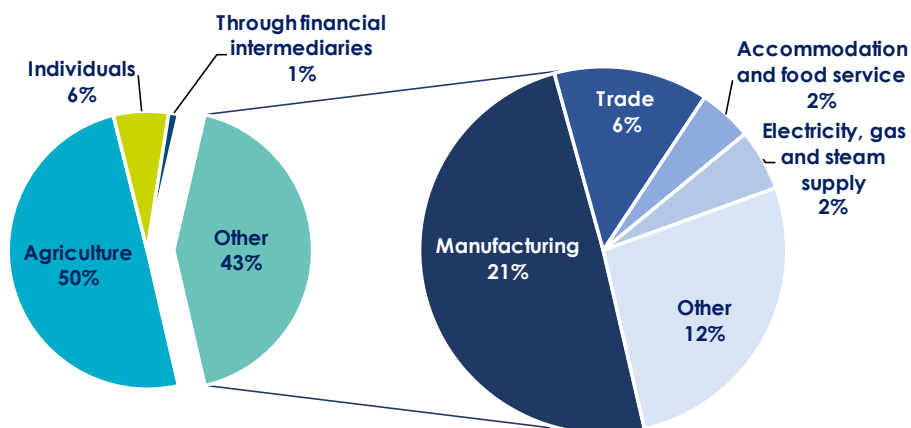
It has evolved over the course of time that the Group implements a range of lending programmes for farmers that is reflected in the structure of the loan portfolio where the Agriculture segment accounts for 50%. Considerable portion of the loan portfolio goes to manufacturing (21%) and trading companies (6%).

Promotion of entrepreneurship is a significant business segment of the Group. By 30 June 2018 47.01 mln euro were issued to business commencement projects within the framework of "The loan to start a business" programme that funded 2,457 projects.

With the approved state aid programmes closing the market gaps, the Small and Medium enterprises and Midcaps account for most of the Group's guarantees - 58%, while Individuals account for 37% of the guarantees comprised of the housing acquisition guarantees issued to the families with children and young professionals, as well as guarantees within the Energy Efficiency Programme of Multi-apartment Buildings (EEP).

In terms of industries, the guarantees to manufacturing account for 30% of the guarantee portfolio with considerable guarantee amounts of 10% and 9% respectively being issued also in the trade and construction industries.

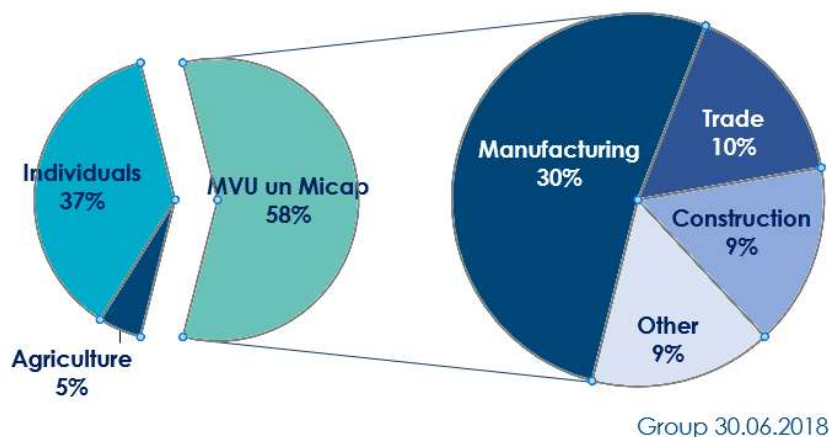
Loan portfolio by industry



Group 30.06.2018

Report of the board of directors (continued)

Guarantee portfolio by industry



By 30 June 2018, as part of the housing acquisition state aid for the families with children, the Housing Guarantee Programme had granted 8,708 guarantees worth 61 mln euro. The families throughout Latvia use the programme's guarantees that help to save for the first instalment required to obtain a mortgage loan: of the total number of the issued guarantees 67% were granted in Riga and outskirts, 14% - in Vidzeme, 9% - in Kurzeme, 7% - in Zemgale and 3% - in Latgale. The average amount of one guarantee is 7 thsd euro. As from 1 March 2018 when the programme was expanded to young professionals, and up to 30 June 2018, the total of 300 guarantees worth 2 mln euro were issued to young professionals.

As at 30 June 2018, the balance sheet of the Land Fund administered by the Group enlisted 335 properties with the total land area of 5,842 ha worth 15.97 mln euro, including 57 reverse rent transactions with the total land area of 1,070 ha worth 3 mln euro.

Volumes issued

The funding issued while implementing the state aid programmes amounted to 72 mln euro (57% - guarantees, 41% - loans and 2% - investments in venture capital funds) in the reporting period. In total, 2,684 projects were supported. Compared to the respective period last year, the volume of new transactions has increased by 18% (11 mln euro), 20% more guarantees were issued (7 mln euro), whereas the amount of loans increased by 16% (4 mln euro).

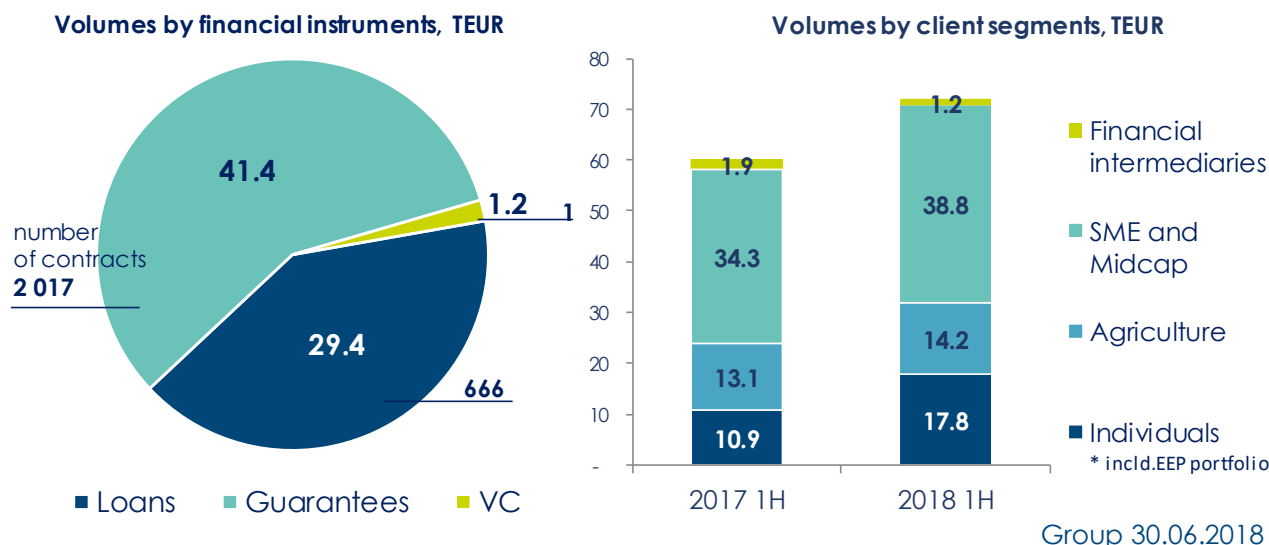
So far the Energy Efficiency Programme of Multi-apartment Buildings has received a total of 374 project applications for 65 mln. euro 279 projects for the total amount of 48 mln euro have been approved. The number of projects submitted accounts for 40% of the total number of projects planned for the entire EEP implementation period (absorption of funds until 2022). Within this programme a total of 139 grants were given (of which 54 in Q2 of year 2018) for 24 mln euro, 71 guarantees for 9,4 mln euro and 7 Altum loans for 1,1 mln euro.

To ensure access to the funding to a broader scope of clients, SME loans for new businesses underwent a range of considerable improvements that took effect as from February 2018 by extending the loan term from 8 to 10 years, and in case of funding real estate – up to 15 years, as well as by accepting enterprises who have been functioning for up to 5 years (replacing the previous 3 years criteria), and accepting self-employed persons as having the right to apply for a loan. These changes have resulted in the increase of new loan applications.

During the 6 months period, in order to facilitate entrepreneurship, new guarantees for the total amount of 18.4 mln euro was issued to the business projects. The commercial banks have taken particular advantage of the loan guarantees when funding construction companies using the guarantees as the security for the issued bank credit lines. Like in the previous periods, the portfolio of the newly issued guarantees was well diversified, and the amount of transactions ranged from 50 thsd euro to 2.2. mln euro. The decision to increase, in 2017, the maximum amount of the guarantee from 1.5 mln euro to 3 mln euro had a positive effect since more and more enterprises that had reached the maximum available guarantee limits asked for new support. The delegated guarantees are used more actively, which liberates the administrative resources of ALTUM.

During the first half-year, the amount of short-term export guarantees has increased significantly reaching 4.56 mln euro (it was 0.64 mln euro in the respective period last year). The product sales increase that had taken up in Q1 of this year continued throughout Q2. The increase was brought about by last year's expansion of the programme to the transactions of the small-scale exporters (export turnover less than 2 mln euro) or exporters with larger export turnovers provided the maturity of the deferred payment exceeded 180 days conducted with the European Union and some OECD member states as well as by revocation of the local product criterion making it possible also for the re-exporters to qualify for the guarantee cover.

Report of the board of directors (continued)



During the reporting period, the largest number of new transactions was recorded in the following segments - SME and Midcaps - 54%, Individuals - 25% and Agriculture - 20%. Compared to the first half-year of 2017 the segment of Individuals demonstrated a 63% (6,9 mln euro) increase in new transactions brought about by expansion of the Housing Guarantee Programme to the young professionals effected as of this March as well as improvement of accessibility of the Energy Efficiency Programme of Multi-apartment Buildings (EEP).

In the Financial intermediaries segment dominated by venture capital investments, the volumes of new transactions have remained low during the reporting period since the managers of the new accelerator funds and venture capital funds (Stage 4) are expected to commence their investment activities in the second half of 2018.

New Products and Increasing Operational efficiency

In order to foster development of the national economy through an influx of additional funds, the Group, following its Strategy for Years 2016–2018, expanded its business of loan guarantees for promotion of entrepreneurship by offering both – new guarantee products and enhancing of the existing products.

In year 2018 the Group launched a new financial instrument in Latvia – portfolio guarantees. Unlike with individual guarantees, credit institution may provide portfolio guarantee instrument to its own financial services, providing loans to entrepreneurs on better terms. On 6 April 2018 the selection of credit institutions for implementation of the portfolio guarantees was finalised. The first co-operation agreement on implementation of the portfolio guarantees was signed with SIA Unicredit Leasing on 18 June 2018. The agreements with Luminor Bank and Swedbank was signed in summer of this year. It is expected that already in Q3 of year 2018 the credit institutions will issue loans of up to 250 thsd euro with Altum guarantees, providing better terms to entrepreneurs – lower interest rate, faster receipt of the loan (probably within a couple of days).

In the first half-year of 2018 the range of the eligible recipients of the guarantee products was expanded. Now also the companies renting vehicles, personal goods, domestic hardware and appliances, producing electricity and heat and real estate developers working for the hotel and service operator will be eligible for guarantees.

An agreement has been reached with the European Investment Fund (EIF) on attribution of the Employment and Social Innovation Programme (EaSI) counter-guarantees to Altum's loans issued to micro entrepreneurs and new businesses. The Agreement with EIF was concluded on 6 July 2018 and stipulated raising the loan portfolio of up to 15 mln euro within 3 years having a counter-guarantee of EIF programme. EIF counter-guarantees would ensure Altum to issue loans without additional collaterals, just limited to personal guarantee and at lower interest rate. EIF counter-guarantees for Altum's loans below 25 thsd euro are to be introduced in August 2018 and will be available to a vast range of aid recipients – both farmers and entrepreneurs.

In Q2 of year 2018, substantial changes were introduced in the programme for acquisition of agricultural land - agricultural start-ups were made eligible for the loans of the programme and requirements for farmers whose income plummeted due to unfavourable weather (incessant rain, frost, draught) were alleviated. This September a new loan programme will be introduced for small-scale farmers and agricultural start-ups. Concurrently amendments to the agriculture guarantee programme are being elaborated that will streamline the programme's framework.

Altum is working actively to introduce customer service improvements and make the process of reviewing the applications more efficient. As of this August the clients of Altum will be able to submit their applications for state aid funding and upload the required documents only electronically. Implementation of entirely electronic application system will decrease the number of the documents that the clients have to submit. Also it will speed up the decision-taking on issue of the

Report of the board of directors (continued)

state aid funding. The first ones to benefit from faster reviewing of the applications will be the clients applying for new businesses or business development loans below 25 thousand euro, available also with personal guarantee and without further collateral. These clients will be able to complete all the required activities remotely and visit ALTUM only to sign the loan agreement.

In Q3 of the year 2018 venture capital acceleration investments for very early stage companies will be available in Latvia which is a novelty in the start-ups environment of Latvia. It is planned that in August 2018, 3 acceleration funds will commence their activities where the acceleration investments would receive approx. 120 feasible and sustainable business ideas within the next 3 years. The Group's investments in these funds would amount to 15 million euro.

It is planned that both, seed and start-up venture capital funds whose managers were selected in 2017 in the process of raising the private funding will commence their activities in Q4 of the year 2018. The total public funding for the Group's investments in these seed and start-up venture capital funds is expected to reach 30 million euro. Meanwhile, the growth venture capital fund will commence activities as from Q4 of the year 2018 with the total public funding for the Group's investments in this fund amounting to 15 million euro. In year 2018 a manager was selected for one more growth venture capital fund.

Continuing to work at optimisation of the management cost of the programmes, in April 2018 the Group transitioned to a new information system for transactions accounting that would ensure further gradual reduction of the management costs over the coming years. Once implemented, the annual maintenance costs of the information system would decrease by more than 0.4 million euro, without taking into consideration the upgrade and maintenance costs of the related infrastructure. The new system would improve the speed of information circulation and client service since the visual layout of the modern software would let its users find the necessary information intuitively without specific training. Moreover, the reports and extracts could be generated without using any additional software.

Long-term Funding

In October 2017 the Company issued transferable debt securities as series of notes in the form of a programme, registered them with the Latvian Central Depository and listed on Nasdaq Riga. With a view to diversify the funding sources on 2 March 2018 the Company emitted debt securities of 7 years with the total value of 10 million euro within the framework of this 30 million euro bonds programme. The investors of Latvia, Lithuania and Estonia have shown a substantial interest. Like in the case with the emission of bond securities by the Company in October 2017, this time, too, the subscribed volume exceeded the issued volume more than 6 times. 14 investors purchased the bonds: asset management funds, insurance companies and banks in Latvia (53%), Lithuania (22%) and Estonia (25%). Having issued these notes the Group continues activities in the capital markets with a long-term perspective in mind aiming to proceed with diversification of the structure of the attracted funding.

Risk Management

In order to have an adequate risk management, the Group has developed the Risk Management System that provides both preventive risk management and timely implementation of risk mitigation or prevention measures. While assuming the risks, the Group remains capable of implementing the established operational targets and assignments in the long run. In its risk management the Group makes use of various risk management methods and instruments as well as establishes risk limits and restrictions. The risk management methods are chosen based on materiality of the particular risk and its impact on the Group's operations.

In view of the Group's activities in the increased risk areas when implementing the state aid programmes, the Group has amassed the risk coverage of 70.6 million euro (as at 30.06.2018) that is available for coverage of expected credit loss of the state aid programmes. The expected loss is assessed before implementation of the respective aid programme and a portion of the public funding received within respective state aid programme for coverage of the expected credit loss is transferred to the Risk Coverage. The Risk Coverage consists of the sum total of the Risk Coverage Reserve and Portfolio Loss Reserve (special reserve capital) less the Risk Coverage Reserve used for provisions.

Rating

On 15 June 2017 international credit rating agency Moody's Investors Service assigned to Altum (the parent company of the Group) an investment grade rating Baa1 with a stable outlook. The assigned rating is among the highest ratings ever assigned to a Latvian capital company. The assigned rating makes it possible for the Group to implement the Group's long-term strategy for raising funding through becoming a member of the capital market and issuing the notes with more success.

Future Outlook

In view of what has been achieved and in order to put forward new long-term financial goals, a medium-term strategy of Altum is being drafted for years 2019-2021.



Reinis Bērziņš
Chairman of the Board

29 Augusts 2018

Supervisory Council and Board of Directors

The Supervisory Council

Name, surname	Position	Date appointed
Līga Kļaviņa	Chairperson of the Council	29/12/2016 – present
Jānis Šnore	Council Member	29/12/2016 - present
Kristaps Soms	Council Member	29/12/2016 - present

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

The Board of directors

On 11 June 2018, four members of Company's Board of directors were re-elected. There have been no changes in the membership of the Board of directors.

Name, surname	Position	Date appointed – removed
Reinis Bērziņš	Chairman of the Board	11/06/2018 – present
Jēkabs Krieviņš	Board Member	11/06/2018 – present
Juris Vaskāns	Board Member	11/06/2018 – present
Inese Zīle	Board Member	11/06/2018 – present
Aleksandrs Bimbirulis	Board Member	07/07/2017 – present

Statement of the management's responsibility

Riga

29 Augusts 2018

The Board of Directors (Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements on pages 10 to 51 for the period from 1 January 2018 to 30 June 2018. The Management confirms that the Group's and Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 Interim Financial Reporting.

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



Reinis Bērziņš
Chairman of the Board

Statement of comprehensive income

all amounts in thousands of euro

	Notes	Group 01/01/2018- 30/06/2018 (unaudited)	Group 01/01/2017- 30/06/2017 (unaudited)	Company 01/01/2018- 30/06/2018 (unaudited)	Company 01/01/2017- 30/06/2017 (unaudited)
Interest income	4	6,238	6,756	5,874	5,961
Interest expense		(682)	(220)	(682)	(220)
Net interest income		5,556	6,536	5,192	5,741
Fee and commission income		260	241	261	241
Fee and commission expense		(49)	(138)	(103)	(139)
Net income from fees and commissions		211	103	158	102
Net trading income		(250)	(103)	(250)	(103)
Share of profit of investment in joint venture and associate	9	1,055	(693)	-	-
Other income		1,614	5,491	1,614	5,491
Operating income before operating expenses		8,186	11,334	6,714	11,231
Staff costs		(3,318)	(2,932)	(3,318)	(2,932)
Administrative expense		(1,581)	(1,743)	(1,581)	(1,743)
Amortisation of intangible assets and depreciation of property, plant and equipment		(261)	(210)	(261)	(210)
(Impairment) loss, net	6	(537)	(1,035)	(537)	(1,031)
Profit before corporate income tax		2,489	5,414	1,017	5,315
Corporate income tax		-	-	-	-
Profit for the period		2,489	5,414	1,017	5,315
Other comprehensive income: Net loss from financial assets measured at fair value through other comprehensive income	19	(1,120)	(561)	(1,120)	(561)
Total comprehensive income for the period		1,369	4,853	(103)	4,754

The Notes on pages 15 to 51 are an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board



Mariņa Baranovska
 Chief accountant


29 Augusts 2018

Statement of financial position


all amounts in thousands of euro

	Notes	Group 30/06/2018 (unaudited)	Group 31/12/2017 (audited)	Company 30/06/2018 (unaudited)	Company 31/12/2017 (audited)
Assets					
Due from other credit institutions and Treasury	7	121,376	109,594	121,217	109,594
Financial assets at fair value through profit or loss - derivatives		-	142	-	142
Financial assets at fair value through other comprehensive income - investment securities		60,093	61,760	60,093	61,760
Financial assets at amortised cost:					
Investment securities		342	443	342	443
Loans and receivables	8	189,607	192,147	189,607	192,147
Deferred expense		350	176	347	176
Accrued income		2,151	2,080	2,151	2,080
Assets held for sale		13,477	12,935	10,742	10,565
Investments in venture capital funds – associates	9	49,690	51,170	47,153	49,108
Investment property	10	12,775	10,808	12,775	10,808
Property, plant and equipment		4,205	3,828	4,205	3,828
Intangible assets		1,100	771	1,100	771
Other assets	11	13,720	5,832	13,720	5,832
Total assets		468,886	451,686	463,452	447,254
Liabilities					
Due to credit institutions	12	42,587	46,933	42,587	46,933
Financial assets at fair value through profit or loss - derivatives		182	-	182	-
Due to general governments		44,606	43,609	44,606	43,609
Financial liabilities at amortised cost - Issued debt securities	13	29,988	19,852	29,988	19,852
Deferred income		1,839	1,395	1,839	1,395
Accrued expense		413	982	413	982
Liabilities directly associated with assets held for sale		2,000	2,000	-	-
Provisions for financial guarantees	14	10,179	14,531	10,179	14,531
Support programme funding	15	107,545	90,757	108,858	94,080
State aid	15	3,968	3,968	3,968	3,968
Other liabilities		2,921	3,764	2,644	3,488
Corporate Income tax liabilities		-	125	-	125
Total liabilities		246,228	229,200	245,264	228,963
Capital and reserves					
Share capital		204,862	204,862	204,862	204,862
Reserves	16	7,085	2,398	5,498	(386)
Reserve of disposal group classified as held for sale	19	2,017	1,839	2,017	1,839
Financial assets' measured at fair value through other comprehensive income revaluation reserve	19	4,794	6,092	4,794	6,092
Retained earnings		3,900	7,295	1,017	5,884
Total capital and reserves		222,658	222,486	218,188	218,291
Total liabilities, capital and reserves		468,886	451,686	463,452	447,254

The Notes on pages 15 to 51 are an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board



Marina Baranovska
 Chief accountant

Consolidated statement of changes in equity

all amounts in thousands of euro

	Share capital	Reserves	Financial assets measured at fair value through other comprehensive income revaluation reserve	Reserve of disposal group classified as held for sale	Retained earnings	Total capital and reserves
As at 31 December 2016 (audited)	204,862	(8,235)	9,092	-	4,375	210,094
Profit for the period	-	-	-	-	5,414	5,414
Other comprehensive income	-	-	(561)	-	-	(561)
Total comprehensive income	-	-	(561)	-	5,414	4,853
Changes of reserves (see Note 16)	-	1,649	-	-	-	1,649
Distribution of 2016 year profit of Company (Note 16)	-	4,025	-	-	(4,025)	-
As at 30 June 2017 (unaudited)	204,862	(2,561)	8,531	-	5,764	216,596
Profit for the period	-	-	-	-	1,531	1,531
Other comprehensive (loss)	-	-	(600)	-	-	(600)
Other comprehensive income associated with assets held for sale	-	-	(1,839)	1,839	-	-
Total comprehensive income	-	-	(2,439)	1,839	1,531	931
Changes of reserves (see Note 16)	-	2,459	-	-	-	2,459
Increase of reserve capital (see Note 16)	-	2,500	-	-	-	2,500
As at 31 December 2017 (audited)	204,862	2,398	6,092	1,839	7,295	222,486
Profit for the period	-	-	-	-	2,489	2,489
Other comprehensive (loss)	-	-	(1,298)	-	-	(1,298)
Other comprehensive income associated with assets held for sale	-	-	-	178	-	178
Total comprehensive income	-	-	(1,298)	178	2,489	1,369
Changes of reserves (see Note 16)	-	(1,197)	-	-	-	(1,197)
Distribution of 2017 year profit of Company (Note 16)	-	5,884	-	-	(5,884)	-
As at 30 June 2018 (unaudited)	204,862	7,085	4,794	2,017	3,900	222,658

The Notes on pages 15 to 51 are an integral part of these financial statements.

Statement of changes in equity for the Company

all amounts in thousands of euro

	Share capital	Reserves	Financial assets measured at fair value through other comprehensive income revaluation reserve	Reserve of disposal group classified as held for sale	Retained earnings	Total capital and reserves
as at 31 December 2016 (audited)	204,862	(6,911)	9,092	-	4,025	211,068
Profit for the period	-	-	-	-	5,315	5,315
Other comprehensive income (Note 19)	-	-	(561)	-	-	(561)
Total comprehensive income	-	-	(561)	-	5,315	4,754
Distribution of 2016 year profit (Note 16)	-	4,025	-	-	(4,025)	-
as at 30 June 2017 (unaudited)	204,862	(2,886)	8,531	-	5,315	215,822
Profit for the period	-	-	-	-	569	569
Other comprehensive income (Note 19)	-	-	(600)	-	-	(600)
Other comprehensive income associated with assets held for sale (Note 19)	-	-	(1,839)	1,839	-	-
Total comprehensive income	-	-	(2,439)	1,839	569	(31)
Increase of reserve capital (Note 16)	-	2,500	-	-	-	2,500
as at 31 December 2017 (audited)	204,862	(386)	6,092	1,839	5,884	218,291
Profit for the period	-	-	-	-	1,017	1,017
Other comprehensive income (Note 19)	-	-	(1,298)	-	-	(1,298)
Other comprehensive income associated with assets held for sale (Note 19)	-	-	-	178	-	178
Total comprehensive income	-	-	(1,298)	178	1,017	(103)
Distribution of 2017 year profit (Note 16)	-	5,884	-	-	(5,884)	-
as at 30 June 2018 (unaudited)	204,862	5,498	4,794	2,017	1,017	218,188

The notes on pages 15 to 51 are an integral part of these financial statements.

Cash flow statement

all amounts in thousands of euro

	Notes	Group 01/01/2018- 30/06/2018 (unaudited)	Group 01/01/2017- 30/06/2017 (unaudited)	Company 01/01/2018- 30/06/2018 (unaudited)	Company 01/01/2017- 30/06/2017 (unaudited)
Profit before taxes		2,489	5,414	1,017	5,315
Amortisation of intangible assets and depreciation of property, plant and equipment		261	210	261	210
Interest income	4	(5,874)	(6,756)	(5,874)	(5,961)
Interest received		3,094	5,548	3,094	4,804
Interest expenses		682	220	682	220
Interests paid		(51)	(508)	(51)	(298)
Increase in provisions for impairment of loans, guarantees, other assets and investment securities measured at amortised cost	6	433	1,035	433	1,031
Increase in share of profit in joint venture and associate capital funds	9	247	693	-	-
Increase / (decrease) in deferred income and accrued expense		(125)	16	(125)	16
(Decrease) in deferred expense and accrued income		(245)	(577)	(242)	(577)
Increase / (decrease) of cash and cash equivalents used before changes in assets and liabilities		911	5,295	(805)	4,760
(Increase) of other assets		(8,728)	(4,466)	(8,365)	(4,412)
Increase / (decrease) in other liabilities		11,617	(6,385)	13,139	(9,705)
Due from credit institutions decrease		1,997	-	1,997	2
Decrease of loans		707	7,667	707	7,668
Due to credit institutions increase / (decrease)		(3,410)	(3,302)	(3,411)	1,817
Corporate income tax		-	-	-	-
Net cash flow from operating activities		3,094	(1,191)	3,262	130
Cash flows from investment activities					
Sale of investment securities, net		2,484	8,949	2,484	8,851
Acquisition of property, plant and equipment and intangible assets		(963)	(558)	(963)	(559)
Purchase of investment properties		(1,967)	(3,129)	(1,967)	(3,129)
Investments in venture capital funds, net		1,233	872	905	(426)
Net cash flow of investment activities		787	6,134	459	4,737
Cash flows from financing activities					
Issued debt securities		9,901	-	9,901	-
Net cash flow from financing activities		9,901	-	9,901	-
Increase in cash and cash equivalents		13,782	4,943	13,622	4,867
Cash and cash equivalents at the beginning of period		100,597	84,553	100,597	84,406
Cash and cash equivalents at the end of period	18	114,379	89,496	114,219	89,273

The Notes on pages 15 to 51 are an integral part of these financial statements

Approval of the financial statements

The management of the Group/Company has approved these unaudited interim condensed financial statements on 29 August 2018.

1 General information

(1) Background information

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

The Group ensures access of enterprises and households to the financing resources by means of support financial instruments – loans, guarantees, investments in venture capital funds – in areas defined as important and to be supported by the state, thus developing national economy and by such way enhancing mobilisation of private capital and financial resources.

Company is a Latvia state owned company, established on 27 December 2013 based on the decision of the Cabinet of Ministers.

The mission of the Company is, by merging the SJS Rural Development Fund (RDF), single registration No 40003227583, Latvian Guarantee Agency Ltd (LGA), single registration No 40003375584, and SJS Latvian Development Finance Institution ALTUM (ALTUM), single registration No 40003132437, into a unified aid-providing institution, to become an integrated development finance institution, which, by means of state aid financial instruments, would provide aid in an efficient and professional manner to particular target groups in the form of financial instruments (loans, guarantees, investments in venture capital funds, etc.), complementing this also with non-financial support (consultations, training, mentoring, etc.) within some programmes, as well as implementing other Government-delegated functions.

The establishment of the integrated Development Finance Institution was accomplished in two stages. The first stage was the transferring of the equity of RDF, LGA and ALTUM to the Company, thus establishing a group of development finance institutions. This stage was accomplished successfully on 11 September 2014, when all shares of ALTUM, LGA and RDF were invested in the equity capital of the Company as investment in kind

The second stage encompassed reorganization of the Company, ALTUM, LGA and RDF thus establishing an integrated development finance institution. For this purpose, on 28 October 2014, ALTUM, LGA and RDF signed a reorganization agreement on merging these companies with JSC Development Finance Institution.

This stage was successfully completed by registration with the Enterprise Register of the Republic of Latvia on 15 April 2015. As a result, ALTUM, LGA, RDF and Company's accounting records were merged on 1 April 2015. The newly established integrated development finance institution will implement the existing state aid programmes and financial instruments of ALTUM, LGA and RDF and, together with policy makers, develop new programmes and financial instruments.

As of 15 April 2015 the Company has changed its name from JSC Development Finance Institution to JSC Development Finance Institution Altum.

2 Accounting policies

(1) Basis of preparation

These interim condensed financial statements for the three months period ended on 30 June 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as adopted in the European Union. These financial statements are to be used together with uncondensed financial statements for the year 2017 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

(2) Application of IFRS 9 “Financial Instruments”

As a result of application of classification of financial assets and liabilities according to IFRS 9 “Financial Instruments” – a) measured at amortised cost, b) measured at fair value through other comprehensive income or c) measured at fair value through profit and loss – their carrying values as at 1 January 2018 did not changed and there was no impact on financial result of the Group / Company.

Comparison of classifications of financial instruments according to IAS 39 and IFRS 9:

	Classification according to IAS 39	Classification according to IFRS 9	Change in carrying amount due to classification
Financial assets			
Due from other credit institutions and Treasury	Loans and receivables	Measured at amortised cost	-
Derivatives	Measured at fair value through profit and loss	Measured at fair value through profit and loss	-
Investment securities - available for sale	Financial assets available for sale	Measured at fair value through other comprehensive income	-
Investment securities - held to maturity	Financial assets held to maturity	Measured at amortised cost	-
Loans and receivables	Loans and receivables	Measured at amortised cost	-
Other financial assets	Loans and receivables	Measured at amortised cost	-
Financial liabilities			
Due to credit institutions	Measured at amortised cost	Measured at amortised cost	-
Derivatives	Measured at fair value through profit and loss	Measured at fair value through profit and loss	-
Due to general governments	Measured at amortised cost	Measured at amortised cost	-
Issued debt securities	Measured at amortised cost	Measured at amortised cost	-
Support programm funding and state aid	Measured at amortised cost	Measured at amortised cost	-
Other financial liabilities	Measured at amortised cost	Measured at amortised cost	-

As a result of transition to IFRS 9, incurred loss model used in the measurement of impairment allowances applied to financial instruments was replaced by expected loss model, where expected credit losses are measured due to changes in credit quality of financial instruments:

- Financial instruments which are not considered to have significantly increased in credit risk at initial recognition or on the balance sheet date have loss allowances measured at an amount equal to 12-month expected credit losses, while interest income is calculated from gross carrying amount of financial instrument.
- Financial instruments which are considered to have significantly increased in credit risk since initial recognition, but there are no relevant objective evidence, have loss allowances measured at an amount equal to expected credit losses over the expected life of the financial instrument, while interest income is calculated from gross carrying amount of financial instrument.
- Financial instruments for which there is objective evidence of impairment on the balance sheet date, have loss allowances measured at an amount equal to expected credit losses over the expected life of the financial instrument, while interest income is calculated from net carrying amount of financial instrument, i.e. gross carrying amount less allowance for expected credit losses.

2 Accounting policies (continued)

(2) Application of IFRS 9 “Financial Instruments” (continued)

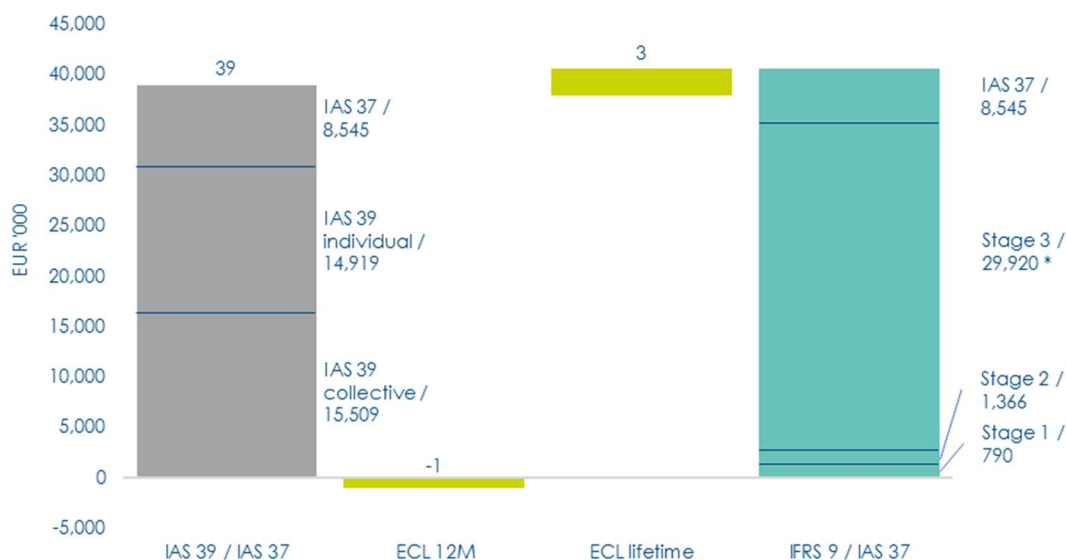
Expected credit losses for financial instruments, which are not considered to have significantly increased in credit risk, are measured based on historical data of probability of default and loss given default, adjusted to take into account future macroeconomical forecasts, for example changes in gross domestic product or real estate prices. Investment securities and claims to credit institutions and State Treasury are measured based on credit ratings assigned and public statistics of rating agency Moody’s on probability of default and loss given default.

Expected credit losses for individually significant financial instruments are measured at amount equal to the difference between gross carrying amount of financial instrument and discounted future cash flow of particular financial instrument. Expected credit losses for other individually significant financial instruments are measured by applying average historical loss given default rates of the group of financial instruments that have similar credit risk characteristics.

(3) Impact from transition to IFRS 9 “Financial Instruments”

On 1 January 2018, the Group / Company adopted the requirements of IFRS 9 “Financial Instruments” with respect to recognition and measurement of financial instruments. The impact of transitioning from IAS 39 to IFRS 9 at 1 January 2018 was a decrease in equity of 1,648 thsd euros, arising from additional impairment allowances.

IAS 39 / IAS 37 allowances to IFRS 9 ECL / IAS 37 allowance walk:



* 2,093 thsd euros were impairment allowances for restructured loans for which there was no relevant objective evidence of impairment on the balance sheet date and which will be moved to stage 2 after certain observation period (min 1 year).

The Group’s / Company’s total allowance for expected credit losses as at 1 January 2018 was 32,075 thsd euros, which comprises 27,114 thsd euros allowance for expected credit losses in respect of financial assets measured at amortised cost, 33 thsd euros allowance for expected credit losses in respect of financial assets measured at fair value through other comprehensive income and 4,928 thsd euros allowance for credit losses in respect of financial guarantees.

2 Accounting policies (continued)

(3) Impact from transition to IFRS 9 “Financial Instruments” (continued)

Financial instruments to which the impairment requirements in IFRS 9 are applied:

	Gross carrying amount	01.01.2018.		Gross carrying amount	31.12.2017.	
		Allowance for credit losses			Allowance for credit losses	
		IAS 37	IFRS 9		IAS 37	IAS 39
Due to credit institutions and Treasury	109,594	-	6	109,594	-	-
Investment securities held to maturity	4,247	-	3,804	4,247	-	3,804
Loans and receivables	207,586	-	17,907	207,585	-	15,438
Other financial assets	6,588	-	5,397	6,588	-	5,200
Financial assets measured at amortised cost, total	328,015	-	27,114	328,014	-	24,442
Investment securities available for sale	61,760	-	33	61,760	-	-
Financial assets measured at fair value through other comprehensive income, total	61,760	-	33	61,760	-	-
Financial guarantees	182,376	8,545	4,928	182,376	8,545	5,986

The Group / Company continue to test and refine the new accounting processes internal controls and governance framework necessitated by the adoption of IFRS 9. Therefore the estimation of expected credit losses and related impacts remains subject to change until finalisation of the financial statements for the year ending 31 December 2018.

4) Classification of Investments of 4th Stage Venture Capital Funds

In Q2 of year 2018 the Group/Company made the first disbursements to the 4th stage venture capital funds. The disbursements made to *Overkill Ventures Fund I AIF* and *Buildit Latvia Pre-Seed Fund AIF* were classified as investments in associates. The investments made in the capital of these venture capital funds were insignificant, therefore in these financial statements it was assumed that the net value of these investments equalled zero.

Examination of the provisions of the concluded contracts and their assessment for compliance with IFRS control and qualifying holding will continue until the end of the reporting year that may result in change of the investment classification.

As at 30 June 2018 there were contracts concluded with two more funds – *Overkill Ventures Fund II AIF* and *Buildit Latvia Seed Fund AIF* that also were classified as investments in the associates. The Group/Company has made no investments in these funds in the reporting period. For information about the subscribed capital of the venture capital funds see Note 17.

(5) Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Several new standards and interpretations have been published that become effective for the financial reporting periods beginning on or after 1 April 2018 or have not been endorsed by the European Union yet:

- **IFRS 16: Leases**
The standard is effective for annual periods beginning on or after 1 January 2019.
- **IFRS 9: Prepayment features with negative compensation (Amendment)**
The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.
- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.
- **IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments**
The Interpretation is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted.

3 Risk management

The most significant risks to which the Group / Company is exposed are credit risk, liquidity risk and operational risk. These unaudited interim condensed financial statements do not include all information on risk management and disclosure required in the annual financial statements. They are to be used together with uncondensed financial statements for year 2017 prepared in accordance with IFRS.

4 Interest income

	Group	Group	Company	Company
	01/01/2018-30/06/2018 (unaudited)	01/01/2017-30/06/2017 (unaudited)	01/01/2018-30/06/2018 (unaudited)	01/01/2017-30/06/2017 (unaudited)
Interest on loans and guarantees*	4,839	4,814	4,839	4,814
Interest on securities at amortised cost	12	35	12	35
Interest on securities at fair value	1,023	1,052	1,023	1,052
Other interest income**	364	846	-	51
Interest on balances due from credit institutions	-	9	-	9
Interest on investments of venture capital funds***	-	-	-	-
Total interest income	6,238	6,756	5,874	5,961

* Based on the Mezzanine and Guarantee Fund Activity Agreement concluded with the Ministry of Economics (agreement No 2011/16) in year 2016, the financing given by the Ministry of Economics must be increased by income of the Mezzanine and Guarantee Fund on placement of the free funds, interest income on the loans, premium income on the issued guarantees, commissions, contractual penalties, etc. As a result, the Group's/Company's sub-item *Interest income on loans and guarantees* is reduced by 247 thsd euros (the first half-year of 2017: 0 euros).

** Group Item *Other interest income* for the period ended 30 June 2018, includes interest income from *Alternative investment Funds'* investments in amount of 364 thsd euros (the first half-year of 2017: 795 thsd euros).

*** Based on the Investment Fund Activity Agreement (agreement No Līg.2011/15) concluded with the Ministry of Economics, the financing given by the Ministry of Economics must be increased by net interest and other income as stipulated by contracts with financial intermediaries, including from the venture capital funds. As a result, the Company's sub-item *Interest on investments of venture capital funds* is reduced by 452 thsd euros (the first half-year of 2017: 302 thsd euros). Hence the item *Interest on investments of venture capital funds* equals zero (Note 20).

At the Group level, in line with application of equity method, all interest income received from venture capital funds reduces the value of investments made by venture capital funds.

6 Impairment losses, net

	Group	Group	Company	Company
	01/01/2018-30/06/2018 (unaudited)	01/01/2017-30/06/2017 (unaudited)	01/01/2018-30/06/2018 (unaudited)	01/01/2017-30/06/2017 (unaudited)
impairment losses on:	9,897	4,230	9,897	4,226
Loans	7,661	2,197	7,661	2,197
other assets	1,249	558	1,249	554
debt securities	33	-	33	-
investments in venture capital funds	-	-	-	-
guarantees	954	1,475	954	1,475
Reversal of impairment on:	(7,389)	(2,295)	(7,389)	(2,295)
loans	(2,877)	(1,389)	(2,877)	(1,389)
other assets	(274)	(69)	(274)	(69)
debt securities	(2)	(54)	(2)	(54)
investments in venture capital funds	-	-	-	-
guarantees	(4,236)	(783)	(4,236)	(783)
(Income) from release of provisions for onerous contracts (guarantees)	(1,066)	(437)	(1,066)	(437)
Recovery of loans written off in previous periods	(905)	(463)	(905)	(463)
Total impairment losses, net	537	1,035	537	1,031

6 Impairment losses, net (continued)

In the Company's financial statements the value impairment for the 2nd stage and 3rd stage venture capital funds was increased by 1,007 thsd euro that were 100% compensated from the Risk Cover Reserve in accordance with agreement No Līg.2011/15 On Implementation of the Holding Fund concluded with the Ministry of Economy. Also the value impairment of the Baltic Innovation Fund was increased by 43 thsd euro that was 100% compensated from the Risk Cover Reserve in accordance with the agreement signed with the Ministry of Economy on 29 December 2017 regarding use of the public funding re-flows from the activities co-financed by the European Union structural funds.

In the Group's financial statements the amount of venture capital funds' impairment that was compensated to the Group relating the decrease in the value of all venture capital funds amounts of 1,302 thsd euros (Note 9).

7 Due from other credit institutions and treasury

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Due from credit institutions registered in Latvia and Treasury	121,381	109,594	121,222	109,594
Allowance for impairment loss	(5)	-	(5)	-
Total net	121,376	109,594	121,217	109,594

When placing the funds with the Treasury of the Republic of Latvia and monetary financial institutions, the external credit ratings assigned to these financial institutions are evaluated. The evaluation of the financial institutions not having been assigned an individual rating is based on the ratings assigned to their parent banks that are one notch lower as well as their financial and operational assessments. Once the contracts have been concluded, the Group / Company supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment:

The distribution of Group's / Company's balances due from credit institutions and Treasury of the Republic of Latvia as at 30 June 2018:

Moody`s ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	WR	Total
Due from credit institutions registered in Latvia and Treasury	-	21,014	97,196	-	3,171	-	-	-	121,381
Total gross	-	21,014	97,196	-	3,171	-	-	-	121,381

The distribution of Group's / Company's balances due from credit institutions and Treasury of the Republic of Latvia as at 31 December 2017:

Moody`s ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	WR	Total
Due from credit institutions registered in Latvia and Treasury	-	21,094	85,297	-	3,203	-	-	-	109,594
Total gross	-	21,094	85,297	-	3,203	-	-	-	109,594

The increase of *Due from other credit institutions and the State Treasury* item is related to the advance payment in amount of 14 mln euros received in February 2018 from the Central Finance and Contracting Agency (CFLA) for the issued grants under the Energy Efficiency Programme of Multi-apartment Buildings. In addition, in March 2018, the Company issued 10 mln euros bonds maturing on 7 March 2025 (Note 13).

As at 30 June 2018 the Group/Company had accounts with 5 banks and Treasury of the Republic of Latvia.

The average interest rate on balances due from credit institutions was -0.39% as at 30 June 2018 (at 31 December 2017: -0.2%).

8 Loans

Group's/ Company's loans by type of borrower:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Private companies	180,925	180,833	180,925	180,833
Individuals	23,851	23,324	23,851	23,324
Financial institutions	2,255	2,431	2,255	2,431
Local governments	264	292	264	292
Public and religious institutions	381	269	381	269
Accrued interest*	2,045	436	2,045	436
Total gross loans	209,721	207,585	209,721	207,585
Allowance for impairment loss*	(20,114)	(15,438)	(20,114)	(15,438)
Total net loans	189,607	192,147	189,607	192,147

* As of 1 January 2018, the Group / Company improves the methodology for calculating interest income on loans. Now, in accordance with IFRS 9 interest income is recognized in the Group's / Company's profit and loss statement also for loans whose repayment is overdue by more than 90 days (Note 2 (3)). As a result of the change, on 1 January 2018, the balance sheet positions such as *Accrued interest* and *Allowance for impairment loss* were increased by 1,745 thsd euros without affecting the Group's / Company's profit and loss statement.

The increase in provision for loan impairment was affected by the transition from IAS 39 to IFRS 9, as well as changes in provisions for estimating expected credit losses in the first half-year of 2018.

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

Granted loans by branches of economy:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Agriculture and forestry	89,224	83,948	89,224	83,948
Manufacturing	42,846	44,855	42,846	44,855
Private individuals	22,720	23,324	22,720	23,324
Other industries	17,539	14,137	17,539	14,137
Retail and wholesale	12,384	14,568	12,384	14,568
Hotels and restaurants	6,718	6,564	6,718	6,564
Electricity, gas and water utilities	4,878	5,550	4,878	5,550
Transport, warehousing and communications	1,137	1,885	1,137	1,885
Real estate	3,742	4,332	3,742	4,332
Construction	3,356	3,132	3,356	3,132
Financial intermediation	1,047	1,218	1,047	1,218
Fishing	1,821	3,345	1,821	3,345
Municipal authorities	264	292	264	292
Accrued interest on loans	2,045	435	2,045	435
Total gross loans	209,721	207,585	209,721	207,585

The extent of loan and advance concentration with respect to a single customer with total credit exposures equal to or exceeding 1,000 thsd euros is presented below:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Number of customers	14	23	14	23
Total credit exposure of customers (thsd euros)	19,473	36,895	19,473	36,895
Percentage of total gross portfolio of loans	9,38%	17,7%	9,38%	17,7%

8 Loans (continued)

Breakdown of the Group / Company's loans by their qualitative assessment after the adoption of IFRS 9:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Credit risk has not increased significantly (Stage 1)	153,249	149,296	153,249	149,296
Credit risk has increased significantly (Stage 2)	12,500	10,349	12,500	10,349
Loans that have objective evidence of impairment (Stage 3)	43,972	47,940	43,972	47,940
Total loans gross	209,721	207,585	209,721	207,585
Allowance for impairment loss	(20,114)	(19,651)	(20,114)	(19,651)
Total net loans	189,607	187,934	189,607	187,934

Breakdown of the loans issued by the Group / Company by past due term profile, without interest accrued on the loans:

	Group	Group	Company	Company
	30.06.2018 (not audited)	31.12.2017 (audited)	30.06.2018 (not audited)	31.12.2017 (audited)
Performing	163,281	171,560	163,281	171,560
Past due up to 30 days	20,754	12,034	20,754	12,034
Past due from 31 to 60 days	1,770	885	1,770	885
Past due from 61 to 90 days	707	283	707	283
Past due over 90 days	21,164	22,388	21,164	22,388
Total gross loans, without interest accrued on the loans	207,676	207,150	207,676	207,150

Group's / Company's movement in impairment allowance for loans:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	15,438	16,179	15,438	16,179
Provision for accrued income*	1,745	-	1,745	-
Impairment allowance increase	7,664	4,294	7,664	4,294
Impairment allowance decrease	(2,877)	(3,487)	(2,877)	(3,487)
Accrued interest	-	(406)	-	(406)
Write-off of loans	(1,856)	(906)	(1,856)	(906)
Provisions at the period ended 30 June (unaudited)	20,114	15,674	20,114	15,674
Impairment allowance increase	-	1,389	-	1,389
Impairment allowance decrease	-	1,375	-	1,375
Accrued interest	-	(387)	-	(387)
Write-off of loans	-	(2,613)	-	(2,613)
Provisions at the period ended 31 December (audited)	-	15,438	-	15,438

* As of 1 January 2018, the Group / Company improves the methodology for calculating interest income on loans. Now, in accordance with IFRS 9 interest income is recognized in the Group's / Company's profit and loss statement also for loans whose repayment is overdue by more than 90 days (Note 2 (3)). As a result of the change, on 1 January 2018, the balance sheet positions such as *Accrued interest* and *Allowance for impairment loss* were increased by 1,745 thsd euros without affecting the Group's / Company's profit and loss statement.

Calculating the loss on asset impairment that has occurred due to default on loan principal or interest payments or other events resulting in losses are taken into account:

- collateral, including real estates and commercial pledges assessed at market value. The assessment is based on valuations performed by accredited independent valuator;
- risk coverage reserve (Note 15).

8 Loans (continued)

Information about value of collateral (based on fair value as at 30 June 2018) and position against net loan is provided below:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Real estate (loans)	150,970	151,321	150,970	151,321
Real estate (reverse rent)	3,074	520	3,074	520
Movable property	20,915	26,250	20,915	26,250
Guarantees	283	238	283	238
Risk coverage of loan funds	5,150	2,557	5,150	2,557
Total collateral	180,392	180,886	180,392	180,886
Loan portfolio, gross	209,721	207,585	209,721	207,585
Provisions	(20,114)	(15,438)	(20,114)	(15,438)
Loan portfolio, net	189,607	192,147	189,607	192,147
Exposed	4.86%	5.86%	4.86%	5.86%

According to the Group's/Company's estimates as at June 30 2018 the loan loss provisions should amount to 25,264 thsd euros (2017: 17,836 thsd euros). The risk coverage amount available for such loan loss provisions equals to 5,150 thsd euros (2017: 2,557 thsd, euros). Risk coverage is not attributable to compensation of accrued interest income for loans in amount of 1,791 thsd euro.

The average annual interest rate for the loan portfolio of the Group/Company is 4.08 % as at 30 June 2018 (as at 30 June 2017: 4.14%).

9 Investments in venture capital funds

The Group/Company has a number of investments in the capital of venture capital funds, which are listed below.

All venture capital funds, except *Baltic Innovation Fund*, are limited partnership that are registered in Latvia. *Baltic Innovation fund* is a Fund-of-Fund initiative launched by the European Investment Fund (EIF) in close co-operation with the Governments of Lithuania, Latvia and Estonia to boost equity investments made into Baltic Small and Medium sized enterprises with high growth potential. *Baltic Innovation Fund* is registered in Luxembourg. None of the fund is listed on any public exchange.

The Group's carrying value of investment in associates is analysed below:

Company	Country of incorporation	30/06/2018 (unaudited)		Group's share of total share capital, %	30/06/2018 (unaudited)		31/12/2017 (audited)		
		Equity per company	Group's correction*		Carrying amount under equity method	Equity per company	Group's correction*	Carrying amount under equity method	
KS Otrais Eko Fonds	LV	2,238	-	33.33	746	2,387	-	33.33	796
KS Baltcap Latvia Venture Capital Fund	LV	9,656	-	66.67	6,438	10,272	-	66.67	6,848
KS Imprimator Capital Seed Fund	LV	4,102	(24)	100	4,078	4,474	(24)	100	4,450
KS Imprimator Capital Technology Venture Fund	LV	4,097	(18)	67	2,733	3,899	(18)	67	2,600
KS Expansion Capital Fund	LV	13,660	-	95.24	13,010	13,738	-	95.24	13,084
KS ZGI-3	LV	7,784	-	95.24	7,413	7,474	-	95.24	7,118
KS Flycap Investment Fund	LV	9,013	-	95.24	8,584	10,502	-	95.24	10,002
Baltic Innovation Fund	LU	34,141	-	20	6,828	32,058	-	20	6,412
Total investments in associates		84,691	(42)	x	49,830	84,804	(42)	x	51,310

* Adjustment to align with Group's accounting policies.

9 Investments in venture capital funds (continued)

The movement of in the investments in associates in the Group's financial statements is presented below:

	Group	Group
	01/01/2018-30/06/2018	01/01/2017-31/12/2017
Carrying amount at the beginning of period	51,310	58,541
Invested	1,990	134
Refunded	(3,223)	(1,008)
Share of profit of investment in joint venture and associate *	1,055	(693)
Compensation of impairment loss	(1,302)	-
Carrying amount at the period ended 30 June under equity method (unaudited)	49,830	56,974
Invested	-	3,864
Refunded	-	(2,022)
Share of (loss) of investment in joint venture and associate	-	(7,506)
Carrying amount at the period ended 31 December under equity method (audited)	-	51,310
Allowance for impairment loss	(140)	(140)
Net value at the end of period under equity method	49,690	51,170

* In the first half-year of 2018 the Group had compensated for the value impairment of the venture capital funds from the Risk Coverage Reserve in the amount of 1,302 thsd euro in accordance with agreement No Līg.2011/15 On Implementation of the Holding Fund concluded with the Ministry of Economy and agreement signed with the Ministry of Economy on 29 December 2017 regarding use of the public funding re-flows from the activities co-financed by the European Union structural funds (Note 6). In 2017 there are aligned principles of use of Risk Coverage Reserve for venture capital funds between the Company and the Group financial statements. Thus leads to considerably higher portion of Risk Coverage Reserve used for compensating "Share of (loss) of investment in joint venture and associates" vs charge to be recognised in Comprehensive statement of income comparing to prior years in the consolidated financial statements.

The Company's investments in venture capital funds are recognized at cost less any impairment in value.

The following table illustrates the Company's movements in the investments in associates:

	Company	Company
	01/01/2018-30/06/2018	01/01/2017-31/12/2017
Carrying amount at the beginning of period	63,504	64,746
Invested	1,990	1,895
Management fee*	(750)	(881)
Refunded	(2,145)	(588)
Carrying amount at the period ended 30 June under cost less impairment method (unaudited)	62,599	65,172
Invested	-	2,103
Management fee	-	(834)
Refunded	-	(1,197)
Written-off	-	(1,740)
Carrying amount at the period ended 31 December under cost less impairment method (audited)	-	63,504
Allowance for impairment loss**	(15,446)	(14,396)
Net value at the end of period under cost less impairment method	47,153	49,108

* In the reporting period the Company's expenses include:

- management fees of the 2nd and 3rd stage venture capital funds amounting to 656 thsd euro that were 100 % compensated from the Risk Coverage Reserve;
- management fees of the *Baltic Innovation Fund* amounting to 94 thsd euro of which 40 thsd euro were compensated from the Risk Coverage Reserve.

** In the first half-year of 2018 the Company built provisions for the investments in the 2nd and 3rd stage venture capital funds in the amount of 1,007 thsd euro that, based on agreement No Līg.2011/15 On Implementation of the Holding Fund concluded with the Ministry of Economy, were 100 % compensated from the Risk Coverage Reserve (Note 6). Also the Company amassed provisions of 43 thsd euro for the investments in the *Baltic Innovation Fund* that, based on the agreement signed with the Ministry of Economy on 29 December 2017 regarding use of the public funding re-flows from the activities co-financed by the European Union structural funds, were 100 % compensated from the Risk Coverage Reserve (Note 6).

In Q2 of year 2018 disbursements were made to the 4th stage venture capital funds - *Overkill Ventures Fund I AIF* and *Buildit Latvia Pre-Seed Fund AIF* that were classified as investments in the associates. For more information about classification see Note 2 (4).

For information about the subscribed capital of the funds see Note 17.

10 Investment property

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Carrying amount at the beginning of period	10,808	4,869	10,808	4,869
Acquired during the period*	1,967	3,150	1,967	3,150
Disposals during the financial period	-	(21)	-	(21)
Net gain from fair value adjustment	-	-	-	-
Carrying amount at the period ended 30 June (unaudited)	12,775	7,998	12,775	7,998
Reclassified as Assets held for sale	-	-	-	-
Acquired during the period*	-	2,689	-	2,689
Disposals during the financial period	-	-	-	-
Net gain from fair value adjustment	-	121	-	121
Carrying amount at the period ended 31 December (audited)	-	10,808	-	10,808

* All investment property during the reporting period was acquired by the Land Fund.

11 Other assets

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Financial assets	27,064	16,735	27,064	16,735
Other assets (inventory)	1,168	1,946	1,168	1,946
Total other assets (gross)	28,232	18,681	28,232	18,681
Impairment provision for financial assets	(14,512)	(12,849)	(14,512)	(12,849)
Total other assets (net)	13,720	5,832	13,720	5,832

Group's / Company's item *Financial assets* includes the following assets generated by:

- disbursed guaranteed compensations amounting to 6,550 thsd euros (2017: 5,073 thsd euros) for which provisions of 6,550 thsd euros (2017: 5,073 thsd euros) were accumulated;
- term deposits of 7,648 thsd euros of JSC Latvijas Krājbanka (Savings Bank of Latvia) being in liquidation that were 100% provisioned for;
- issued grants under Energy Efficiency programme of Multi-apartment Buildings 11,258 thsd euros (2017: 2,772)
- financial assets of 1,161 thsd euros (2017: 197 thsd euros) provisioned for 257 thsd euros (2017: 122 thsd euros).
- other financial assets of 447 thsd euros (2017: 1,045 thsd euros) provisioned for 77 thsd euros (2017: 6 thsd euros).

Other assets - assets, that have been taken over in the debt collection process for the purpose to hold them and sale in an ordinary course of business.

12 Due to credit institutions

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Due to credit institutions registered in OECD countries	42,587	46,933	42,587	46,933
Total	42,587	46,933	42,587	46,933

Credit institutions registered in OECD area include loans received by Group/Company from the European Investment Bank (EIB) of 42,587 thsd euros, where 0.5 thsd euros are accrued interest expenses. In the reporting period the Group/Company repaid 4,432 thsd euros of which the accrued interest amounted to 92 thsd euros.

The Ministry of Finance of the Republic of Latvia has issued 42,587 thsd euros guarantee (Note 22) for the loan that is a parent guarantee on behalf of the Group/Company.

The average interest rate for *Due to credit institutions* as at 30 June 2018 was 0.81% (2017: 0.41%).

13 Issued debt securities

In March 2018 the Company issued its second bond emission in amount of 10 mln euros. All bonds are listed on the Baltic Bond List by Nasdaq Riga.

ISIN	Currency	Number of initially issued securities	Par value	Date of emission	Date of maturity	Discount / Coupon rate, %	Group	Group	Company	Company
							30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
LV0000802353	EUR	20,000	1,000	17.10.2017	17.10.2024	1.37	19,997	19,852	19,997	19,852
LV0000880037	EUR	10,000	1,000	07.03.2018	07.03.2025	1.3	9,991	-	9,991	-
Total issued debt securities							29,988	19,852	29,988	19,852

14 Provisions for financial guarantees

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Provisions for:				
Provision (onerous contracts)	7,478	8,545	7,478	8,545
Other guarantee programmes	803	3,817	803	3,817
Guarantee activity	1,330	941	1,330	941
Loan guarantees to rural entrepreneurs for agricultural	529	824	529	824
Guarantees under the Mezzanine loan programme	24	391	24	391
Housing Guarantee Programme	15	13	15	13
Total provisions	10,179	14,531	10,179	14,531

Provision (onerous contracts) includes the loss from the concession which is the discounted difference between total of actual receivable commissions and total of commissions under market rate. Onerous contracts relate to issued guarantees which are measured at fair value based on equivalent market rates at initial recognition.

14 Provisions for financial guarantees (continued)

Group's / Company's movement in provisions for financial guarantees:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	5,986	7,845	5,986	7,845
Impairment allowance increase	954	1,475	954	1,475
Impairment allowance decrease	(4,236)	(783)	(4,236)	(783)
Currency change	(3)	-	(3)	-
Provisions at the period ended 30 June* (unaudited)	2,701	8,537	2,701	8,537
Impairment allowance increase	-	1,783	-	1,783
Impairment allowance decrease	-	(4,318)	-	(4,318)
Currency change	-	(16)	-	(16)
Provisions at the period ended 31 December* (audited)	-	5,986	-	5,986

*According to the Group's/Company's estimates as at 30 June 2018 the guarantee provisions should amount to 4,646 thsd euros (2017: 8,182 thsd euros), of which 1,945 thsd euros are covered from the risk coverage amount (2017: 2,196 euros).

The guarantee provisions are measured at the highest of the unamortised amount and impairment amount of expected credit loss in accordance with IFRS 9, which amounts to 2,701 thsd euros as at 30 June 2018.

Movement in onerous contracts provisions for guarantees:

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	8,544	9,019	8,544	9,019
Impairment allowance increase	27	2,507	27	2,507
Impairment allowance decrease	(1,093)	(2,943)	(1,093)	(2,943)
Provisions at the period ended 30 June (unaudited)	7,478	8,583	7,478	8,583
Impairment allowance increase	-	1,433	-	1,433
Impairment allowance decrease	-	(1,472)	-	(1,472)
Provisions at the period ended 31 December (audited)	-	8,544	-	8,544

Financial guarantee gross and net amounts

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Maximum exposure to credit for off balance sheet amount	211,563	182,376	211,563	182,376
Provisions for guarantees	(2,701)	(5,986)	(2,701)	(5,986)
Off-balance sheet amount of guarantee	208,862	176,390	208,862	176,390

For information on amounts and categories of guarantees see Note 17.

15 Support programme funding and state aid

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Support programme funding	107,545	92,041	108,858	94,080
State aid Service	3,968	3,968	3,968	3,968

Support programme funding is considered a liability of the Group/Company while state aid is a grant. The major state aid programmes benefiting from the received financing are:

- Fund of funds – 28,187 thsd euros;
- Energy Efficiency Programme of Multi-apartment Buildings (EEPMB) – 23,928 thsd euros;
- ERDFII – 22,908 thsd euros;
- Other support programmes finance – 45,324 thsd euros.

The terms for use of the public funding of each state aid programme, including covering of the management expenses and credit risk losses, are stipulated by agreement between the implementing body and line ministry and/or state-owned Central Finance and Contracting Agency.

The support programme funding is provided with zero interest rate.

The repayment terms for the co-financing received by the Group / Company for implementation of largest state aid programs are presented below:

- Fund of funds – till the end of 2029
- Programme for improving energy efficiency in multi-apartment residential buildings – till the end of 2034;
- ERAFII – till the end of 2020;
- ESFII – till the end of 2020.

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Group's credit risk losses as at 30 June 2018:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/03/2018, thsd EUR
ERDFII	22,908	8,667	66%	5,720
ESF II	3,885	2,250	80%	1,800
Microcredits of Swiss programme	5,592	2,024	80%	1,619
ERAF I	953	552	50%	276
ESF I	370	192	90%	172
Microcredits	15	19	80%	15
ERAF II (second round)	5,911	3,295	68%	2,240
Incubators (from ESF II)	74	27	100%	27
ERAF II 2 Public fund	2,485	581	100%	581
Fund of funds and venture capital funds	11,350	-	0%	9,113
Fund of funds programme - Start-up loans	1,573	6,088	100%	1,573
Fund of funds programme – Microcredits	279	1,115	100%	279
Fund of funds programme - Parallel loans	2,359	1,311	100%	2,359
Fund of funds programme - Guarantees	12,626	-	100%	12,626
EEPMB* loan fond	2,512	251	100%	2,512
EEPMB guarantees	2,984	-	80%	2,381
EEPMB grants	18,432	11,164	0%	-
Housing Guarantee Programme	6,849	1,643	100%	6,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	1,000	1,918	100%	1,000
KBLG **	6,158	-	100%	6,158
Other loans to start-ups	2,249	1,428	70%	1,000
Mezzanine Loan Programme	3,853	-	85%	3,275
Investment Fund Activity	1,302	-	87%	1,133
Baltic Innovation Fund	393	-	100%	393
Garantees and interest grants programme	4,363	-	100%	4,363
Parallel loans to large entrepreneurs	580	-	100%	580
Total	121,055			68,044

15 Support programme funding and state aid (continued)

* EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

** KBLG – Guarantee Programme for Clients of State Aid Cumulation, Grace Period and Large Economic Operators.

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Group's credit risk losses as at 31 December 2017:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/12/2017, thsd EUR
ERDFII	25,269	9,775	66%	6,451
ESF II	6,392	3,045	80%	2,436
Microcredits of Swiss programme	5,643	2,071	80%	1,657
ERAF I	1,285	1,239	50%	620
ESF I	1,008	204	90%	184
Microcredits	605	4	80%	3
ERAF II (second round)	5,528	3,974	68%	2,703
Incubators (from ESF II)	546	33	100%	546
ERAF II 2 Public fund	2,485	960	100%	960
Fund of funds and venture capital funds	16,424	-	77%	12,699
Fund of funds programme - Start-up loans	1,316	4,066	82%	1,079
Fund of funds programme – Microcredits	257	867	55%	141
Fund of funds programme - Parallel loans	1,200	1,556	90%	1,080
Fund of funds programme - Guarantees	9,500	-	91%	8645
EEPMB* loan fund	2,512	-	18%	452
EEPMB guarantees	2,994	-	67%	2,006
EEPMB grants	4,856	4,856	0%	-
Housing Guarantee Programme	2,849	1,803	100%	2,849
Social Entrepreneurship Programme	-	-	-	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	5,000	-	95%	4,750
Other loans to start-ups	2,239	1,744	0%	1,677
Mezzanine Loan Programme	4,462	-	85%	3,793
Investment Fund Activity***	1,074	-	96%	1,031
Guarantees and interest grants programme	1,904	-	100%	1,904
Baltic Innovation Fund	394	-	100%	394
Total	107,742			60,060

15 Support programme funding and state aid (continued)

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Company's credit risk losses as at 30 June 2018:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/03/2018, thsd EUR
ERDFII	22,908	8,667	66%	5,720
ESF II	3,885	2,250	80%	1,800
Microcredits of Swiss programme	5,592	2,024	80%	1,619
ERAF I	953	552	50%	276
ESF I	370	192	90%	172
Microcredits	15	19	80%	15
ERAF II (second round)	5,911	3,295	68%	2,240
Incubators (from ESF II)	74	27	100%	27
ERAF II 2 Public fund	2,485	581	100%	581
Fund of funds and venture capital funds	11,350	-	0%	9,113
Fund of funds programme - Start-up loans	1,573	6,088	100%	1,573
Fund of funds programme – Microcredits	279	1,115	100%	279
Fund of funds programme - Parallel loans	2,359	1,311	100%	2,359
Fund of funds programme - Guarantees	12,626	-	100%	12,626
EEPMB* loan fond	2,512	251	100%	2,512
EEPMB guarantees	2,984	-	80%	2,381
EEPMB grants	18,432	11,164	0%	-
Housing Guarantee Programme	6,849	1,643	100%	6,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	1,000	1,918	100%	1,000
KBLG **	6,158	-	100%	6,158
Other loans to start-ups	2,249	1,428	70%	1,000
Mezzanine Loan Programme	3,853	-	85%	3,275
Investment Fund Activity	677	-	87%	589
Baltic Innovation Fund	310	-	100%	310
Guarantees and interest grants programme	4,363	-	100%	4,363
Parallel loans to large entrepreneurs	580	-	100%	580
Total	120,347			67,417

15 Support programme funding and state aid (continued)

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Company's credit risk losses as at 31 December 2017:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/12/2017, thsd EUR
ERDFII	25,269	9,775	66%	6,451
ESF II	6,392	3,045	80%	2,436
Microcredits of Swiss programme	5,643	2,071	80%	1,657
ERAF I	1,285	1,239	50%	620
ESF I	1,008	204	90%	184
Microcredits	605	4	80%	3
ERAF II (second round)	5,528	3,974	68%	2,703
Incubators (from ESF II)	546	33	100%	546
ERAF II 2 Public fund	2,485	960	100%	960
Fund of funds and venture capital funds	16,424	-	77%	12,699
Fund of funds programme - Start-up loans	1,316	4,066	82%	1,079
Fund of funds programme – Microcredits	257	867	55%	141
Fund of funds programme - Parallel loans	1,200	1,556	90%	1,080
Fund of funds programme - Guarantees	9,500	-	91%	8,645
EEPMB* loan fond	2,512	-	18%	452
EEPMB guarantees	2,994	-	67%	2,006
EEPMB grants	4,856	4,856	0%	-
Housing Guarantee Programme	2,849	1,803	100%	2,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	5,000	-	95%	4,750
Other loans to start-ups	2,239	1,744	0%	1,677
Mezzanine Loan Programme	4,462	-	85%	3,793
Investment Fund Activity	1,286	-	96%	1,235
Garantees and interest grants programme	1,904	-	100%	1,904
Baltic Innovation Fund	394	-	100%	394
Total	107,954			60,264

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

16 Reserves

Information about the Group's reserves movements below:

	Specific reserves		General reserve capital, thsd EUR	Reserve of disposal group classified as held for sale, thsd EUR	Financial assets' measured at fair value through other comprehensive income revaluation reserve, thsd EUR	Reserves, thsd EUR
	Difference recognised in Group's reorganisation reserve, thsd EUR	Reserve capital for Housing Guarantee Programme, thsd EUR				
Reserves as at 01/01/2017 (audited)	(17,259)	7,195	1,829	-	9,092	857
Changes of reserves	1,649	-	-	-	-	1,649
Distribution of 2016 year profit of Company	-	-	4,025	-	-	4,025
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	-	-	(561)	(561)
Reserves as at 30/06/2017 (unaudited)	(15,610)	7,195	5,854	-	8,531	5,970
Changes of reserves	2,459	-	-	-	-	2,459
Increase of reserve capital	-	2,500	-	-	-	2,500
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (note 19)	-	-	-	-	(600)	(600)
Increase / (decrease) of reserve of disposal group classified as held for sale (Note 19)	-	-	-	1,839	(1,839)	-
Reserves as at 31/12/2017 (audited)	(13,151)	9,695	5,854	1,839	6,092	10,329
Changes of reserves	(1,197)	-	-	-	-	(1,197)
Distribution of 2017 year profit of Company	-	-	5,884	-	-	5,884
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	-	-	(1,298)	(1,298)
Increase of reserve of disposal group classified as held for sale (Note 19)	-	-	-	178	-	178
Reserves as at 30/06/2018 (unaudited)	(14,348)	9,695	11,738	2,017	4,794	13,896

16 Reserves (continued)

See information about the Company's reserves movements below:

	Difference recognised in Company's reorganisation reserve, thsd EUR	Reserve of disposal group classified as held for sale, thsd EUR	Financial assets' measured at fair value through other comprehensive income revaluation reserve, thsd EUR	Reserve capital for Housing Guarantee Programme*, thsd EUR	Reserve capital, thsd EUR	Reserves, thsd EUR
Reserves as at 01/01/2017 (audited)	(15,935)	-	9,092	7,195	1,829	2,181
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(561)	-	-	(561)
Distribution of 2016 year profit	-	-	-	-	4,025	4,025
Reserves as at 30/06/2017 (unaudited)	(15,935)	-	8,531	7,195	5,854	5,645
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(600)	-	-	(600)
Increase / (decrease) of reserve of disposal group classified as held for sale (Note 19)	-	1,839	(1,839)	-	-	-
Increase of reserve capital*	-	-	-	2,500	-	2,500
Reserves as at 31/12/2017 (audited)	(15,935)	1,839	6,092	9,695	5,854	7,545
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(1,298)	-	-	(1,298)
Increase of reserve of disposal group classified as held for sale (Note 19)	-	178	-	-	-	178
Distribution of 2017 year profit	-	-	-	-	5,884	5,884
Reserves as at 30/06/2018 (unaudited)	(15,935)	2,017	4,794	9,695	11,738	12,309

*One of the Group's/Company's reserve capital is related to *Housing Guarantee Programme*. To implement this programme the Group's/Company's reserve capital was increased 2,500 thsd euros in 2017.

17 Off-balance sheet items and contingent liabilities

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Contingent liabilities:				
outstanding guarantees	211,563	182,376	211,563	182,376
Financial commitments:				
unutilised loan facilities	24,108	8,788	24,108	8,788
commitments to venture capital funds	35,040	27,020	35,040	27,020
Total contingent liabilities	270,711	218,184	270,711	218,184

The guarantees issued by Group/Company account for the largest sum in the Group's/Company's off-balance sheet items as contingent liabilities. The Company's guarantee portfolio consists of the portfolios of the state aid programmes implemented through guarantees.

Commitments to venture capital funds are contingent liabilities, which are based on contractual agreements between the Group/Company and a venture capital fund that obligates the Group/Company to contribute money to the fund. In the reporting period the Group/Company has concluded several agreements with the 4th stage venture capital funds. For more information about the new classification of the venture capital funds see Note 2 (3).

17 Off-balance sheet items and contingent liabilities (continued)

The table below presents the information about commitments to venture capital funds:

	Contract period	Commitment, thsd EUR	Sum of commitment, which is not contributed to the fund 30/06/2018, thsd EUR (unaudited)	Sum of commitment, which is not contributed to the fund 31/12/2017, thsd EUR (audited)
BaltCap Latvia Venture Capital Fund, KS	22.01.2020.	20,000	4,114	4,114
AIF Impr. Cap. Technol. Vent. Fund, KS	11.06.2020.	4,966	638	638
AIF Imprimatur Capital Seed Fund, KS	11.06.2020.	10,000	858	893
ZGI-3, KS	31.12.2020.	11,800	1,389	1,502
FlyCap Investment Fund I AIF, KS	31.12.2020.	15,000	1,709	1,875
Expansion Capital Fund AIF, KS	31.12.2020.	15,000	331	331
Baltic Innovation Fund	01.01.2029.	26,000	17,067	17,667
Overkill Ventures Fund I AIF	09.05.2026.	3,200	3,086	-
Overkill Ventures Fund II AIF	09.08.2026.	1,800	1,800	-
Buildit Latvia Seed Fund AIF	20.06.2026.	1,800	1,800	-
Buildit Latvia Pre-Seed Fund	31.06.2026.	3,200	3,082	-
Total		112,766	35,039	27,020

The table below allocates the Group's / Company's off balance sheet items and contingent liabilities to maturity groupings as at 30 June 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Contingent liabilities							
outstanding guarantees	8,063	9782	8,844	29,280	57,758	97,836	211,563
Financial commitments							
unutilised loan facilities	24,108	-	-	-	-	-	24,108
commitments to venture capital funds	750	1,500	2,116	6,938	19,878	3,858	35,040
Total financial commitments	24,858	1,500	2,116	6,938	19,878	3,858	59,148
Total	32,921	11,282	10,960	36,218	77,636	101,694	270,711

The table below allocates the Group's / Company's off balance sheet items and contingent liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Contingent liabilities							
outstanding guarantees	-	19	832	13,165	58,688	109,672	182,376
Financial commitments							
unutilised loan facilities	8,788	-	-	-	-	-	8,788
commitments to venture capital funds	436	714	1,676	3,732	16,246	4,216	27,020
Total financial commitments	9,224	714	1,676	3,732	16,246	4,216	35,808
Total	9,224	733	2,508	16,897	74,934	113,888	218,184

18 Cash and cash equivalents

	Group 30/06/2018 (unaudited)	Group 30/06/2017 (unaudited)	Company 30/06/2018 (unaudited)	Company 30/06/2017 (unaudited)
Demand deposits with other credit institutions	114,379	89,496	114,219	89,273
Total	114,379	89,496	114,219	89,273

19 Financial assets measured at fair value through other comprehensive income revaluation reserve

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
As at 1 January	7,931	9,092	7,931	9,092
(Loss) from changes in fair value*	(1,151)	(1,161)	(1,151)	(1,161)
Impairment loss**	31	-	31	-
Other comprehensive income	(1,120)	(1,161)	(1,120)	(1,161)
Total	6,811	7,931	6,811	7,931
Reserve of disposal group classified as held for sale**	(2,017)	(1,839)	(2,017)	(1,839)
Financial assets' measured at fair value through other comprehensive income revaluation reserve	4,794	6,092	4,794	6,092

* The position *Loss from changes in fair value* includes the revaluation of Latvian Treasury bills and government bonds as well as *Alternative investment fund Hipo Latvia Real Estate Fund I* and *Alternative investment fund Hipo Latvia Real Estate Fund II* registered in Latvia.

** More information see Note 2 (3).

*** The reserve of disposal groups classified as held for sale includes the revaluation result of the *Alternative Investment Fund Hipo Latvia Real Estate Fund I* and the *Alternative Investment Fund Hipo Latvia Real Estate Fund II*.

20 Related party transactions

Related parties are defined as Council and Board members of the Group/Company, their close relatives, as well as companies under their control.

In accordance with the International Accounting Standards (IAS) 24 *Related Party Disclosures* also the managing personnel, directly or indirectly authorised and responsible for planning, management and control of the Group's/Company's operations are treated as related parties to the Group/Company.

The powers granted to the heads of the Group's/Company's structural units do not allow them to manage the operations of the Group/Company and decide on material transactions that could affect the Group's/Company's operations and/or result in legal consequences.

The remuneration of the members of the Company's Council and Board in the reporting period amounted to 270 thsd euros.

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

The following table provides the total amount of transactions of the Group that have been entered into with related parties for the relevant financial year as at 30 June 2018 and 31 December 2017:

		Received support programme funding, thsd EUR	Granted support programme funding or funding paid back, thsd EUR
Transactions with shareholders: Ministry of Finance	30/06/2018	-	-
	31/12/2017	-	(336)
Ministry of Economics	30/06/2018	-	-
	31/12/2017	5,349	(217)
Associates: Venture capital funds	30/06/2018	3,223	(1,990)
	31/12/2017	3,030	(3,998)
Other companies owned by Group shareholders: Rural Support Service	30/06/2018	-	-
	31/12/2017	-	(3,304)
Central Finance and Contracting Agency	30/06/2018	14,000	-
	31/12/2017	4,946	-

During the reporting period, the Group had no gains and expenses from transactions with related parties.

Balances, including off-balance sheet financial liabilities of the Group with related parties as at 30 June 2018 and as at 31 December 2017:

		Entity with significant influence, thsd. EUR	Transactions with shareholders, thsd. EUR	Associates, thsd. EUR	Other companies owned by Group shareholders, thsd. EUR
Investments in venture capital funds – associates	30/06/2018	-	-	49,830	-
	31/12/2017	-	-	51,310	-
(Allowance for impairment loss) (Note 9)	30/06/2018	-	-	(140)	-
	31/12/2017	-	-	(140)	-
Assets held for sale	30/06/2018	13,477	-	-	-
	31/12/2017	12,935	-	-	-
Due to general governments	30/06/2018	-	-	-	9,682
	31/12/2017	-	-	-	9,686
Support programme funding and state aid (Note 15)	30/06/2018	-	87,494	-	23,928
	31/12/2017	-	84,363	-	10,362
Liabilities directly associated with assets held for sale	30/06/2018	2,000	-	-	-
	31/12/2017	2,000	-	-	-
Commitments to venture capital funds (Note 17)	30/06/2018	-	-	35,040	-
	31/12/2017	-	-	27,020	-

20 Related party transactions (continued)

The following table provides the total amounts of transactions of the Company that have been entered into with related parties as at 30 June 2018 and as at 31 December 2017:

		Received state aid funding, thsd EUR	Granted state aid funding or repayment of the funding, thsd EUR
Transactions with shareholders: Ministry of Finance	30/06/2018	-	-
	31/12/2017	-	(336)
Ministry of Economics	30/06/2018	-	-
	31/12/2017	5,349	(217)
Associates: Venture capital funds	30/06/2018	2,145	(1,990)
	31/12/2017	1,785	(3,998)
Other companies owned by Altum shareholders Rural Support Service	30/06/2018	-	-
	31/12/2017	-	(3,304)
Central Finance and Contracting Agency	30/06/2018	14,000	-
	31/12/2017	4,946	-

Gain and expense on related party transactions within period ended 30 June 2018 and 30 June 2017:

		Interest received, thsd EUR	Interest paid, thsd EUR	Realized gains, thsd EUR	Paid realized gains, thsd EUR
Associates:					
Venture capital funds	01/01/2018- 30/06/2018	452	(452)	626	(626)
	01/01/2017- 30/06/2017	302	(302)	118	(118)

In the first half-year of 2018 the venture capital funds yielded 452 thsd euros of interest income and 626 thsd euros of income realised on the investments that were 100% attributed to the funding by Ministry of Economics of the Republic of Latvia (Note 4).

Balances, including off-balance sheet financial liabilities of the Company with related parties as at 30 June 2018 and as at 31 December 2017:

		Significant influence entity, thsd EUR	Transactions with shareholders, thsd EUR	Associates, thsd, EUR	Other companies owned by Altum shareholders, thsd EUR
Investments in venture capital funds – associates (Provisions for impairment) (Note 9)	30/06/2018	-	-	62,599	-
	30/06/2018	-	-	(15,446)	-
	31/12/2017	-	-	63,504	-
	31/12/2017	-	-	(14,396)	-
Due to general governments	30/06/2018	-	-	-	9,682
	31/12/2017	-	-	-	9,685
Support programme funding and state aid (Note 15)	30/06/2018	-	88,898	-	23,928
	31/12/2017	-	87,686	-	10,362
Off-balance sheet financial liabilities for venture capital funds (Note 17)	30/06/2018	-	-	35,040	-
	31/12/2017	-	-	27,020	↓

20 Related party transactions (continued)

The table below provides information about Group:

Name	Legal address	Investment % in capital
<i>Investments in associates</i>		
KS Otrais Eko Fonds	Dārza 2, Rīga, LV-1007	33
KS Baltcap Latvia Venture Capital Fund	Jaunmoku street 34, Rīga, Latvia, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes street 85a-18, Rīga, Latvia, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes street 85a-18, Rīga, Latvia, LV-1050	100
KS ZGI-3	Daugavgrīvas street 21, Rīga, Latvia, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvia, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona street 32-7, Rīga, Latvia, LV-1011	95
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20
Overkill Ventures Fund I AIF	Dzirnavu street 105, Rīga, Latvia, LV-1011	100
Overkill Ventures Fund II AIF	Dzirnavu street 105, Rīga, Latvia, LV-1011	80
Buildit Latvia Seed Fund AIF	Sporta street 2, Rīga, Latvia, LV-1013	80
Buildit Latvia Pre-Seed Fund AIF	Sporta street 2, Rīga, Latvia, LV-1013	100
<i>Alternative investment funds over which Company has control</i>		
Hipo Latvia Real Estate Fund I	Elizabetes street 41/43, Rīga, Latvia, LV-1010	100
Hipo Latvia Real Estate Fund II	Elizabetes street 41/43, Rīga, Latvia, LV-1010	100

21 Segment information

The management of the Group believe that the Group's operations can be organised into four segments based on the core business activities as follows: loan service, guarantee service, venture capital funds service and other services.

The Group defines its operating segments based on financial products, which are issued to Group clients.

Operating segment information is prepared on the basis of internal reports.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Management board of the Company is the chief operating decision maker.

The Group doesn't provide detailed information on the type of transaction since all the transactions are external.

Analysis of the operating segments of the Group for the period from 1 January 2018 till 30 June 2018:

	Loan service, thsd EUR	Guarantee service, thsd EUR	Venture capital funds service, thsd EUR	Other services, thsd EUR	Total, thsd EUR
Net interest income / (expense)	3,890	1,240	17	409	5,556
Net income / (expense) from fees and commissions	458	(296)	(1)	50	211
Net trading income	(117)	(118)	(4)	(11)	(250)
Share of profit of investment in joint venture and associate	-	-	-	1,055	1,055
Other income	313	397	179	725	1,614
Operating income before operating expenses	4,544	1,223	191	2,228	8,186
Staff costs	(1,675)	(616)	(128)	(899)	(3,318)
Administrative expense	(954)	(281)	(85)	(261)	(1,581)
Amortisation of intangible assets and depreciation of property, plant and equipment	(166)	(45)	(6)	(44)	(261)
Net impairment provisions	(3,879)	3,373	-	(31)	(537)
Corporate income tax	-	-	-	-	-
Total segment profit/(loss)	(2,130)	3,654	(28)	993	2,489
Investments in venture capital funds - associates	-	-	49,830	-	49,830
Additions of property and equipment, intangible assets and investment property	2,846	925	95	14,213	18,080
Total segment assets	274,285	87,373	54,498	52,730	468,886
Total segment liabilities	158,348	53,425	11,563	22,892	246,228

21 Segment information (continued)

Analysis of the operating segments of the Group for the period from January 1, 2017 till December 31, 2017:

	Loan service, thsd EUR	Guarantee service, thsd EUR	Venture capital funds service, thsd EUR	Other services, thsd EUR	Total, thsd EUR
Net interest income	9,671	1,399	96	208	11,374
Net income from fees and commissions	449	(24)	(191)	(6)	228
Net trading income	(97)	(83)	(10)	(1)	(191)
Share of profit of investment in joint venture and associate	-	-	818	-	818
Other income	1,623	454	636	5,078	7,791
Operating income before operating expenses	11,646	1,746	1,349	5,279	20,020
Staff costs	(3,653)	(1,203)	(241)	(1,425)	(6,522)
Administrative expense	(2,849)	(275)	(140)	(746)	(4,010)
Amortisation of intangible assets and depreciation of property, plant and equipment	(344)	(40)	(7)	(26)	(417)
Net impairment provisions	(2,390)	2,318	-	(1,929)	(2,001)
Corporate income tax	(43)	(45)	(17)	(20)	(125)
Total segment profit	2,367	2,501	944	1,133	6,945
Investments in venture capital funds - associates	-	-	51,310	-	51,310
Additions of property and equipment, intangible assets and investment property	786	234	49	273	1,342
Total segment assets	286,204	82,305	57,582	25,595	451,686
Total segment liabilities	176,196	31,014	12,453	9,537	229,200

Other services include Land Fund's transactions, service centres for Energy Efficiency Programme for Multi-apartment Buildings, Social Entrepreneurship Programme's grants, transaction, which are connected to the assets that have been taken over in the debt collection process, new state aid development, as well as transactions, which cannot be attributed to state aid programmes.

22 Maximum exposure to credit risk

The credit risk is a risk that a customer or cooperation partner of the Group/Company is unable or unwilling to meet its liabilities towards the Group/Company in full and within the established term.

The table below shows credit risk exposures of the balance and off-balance sheet items (before collateral held or other credit security):

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Statement of financial position assets exposed to credit risk				
Due from other credit institutions and Treasury	121,376	109,594	121,217	109,594
Financial assets at fair value through other comprehensive income - investment securities	60,093	61,760	60,093	61,760
Financial assets at amortised cost:				
Investment securities	342	443	342	443
Loans and receivables	189,607	192,147	189,607	192,147
Investments in venture capital funds	49,690	51,170	47,153	49,108
Other assets	12,552	3,886	12,552	3,886
Total	433,660	419,000	430,964	416,938

22 Maximum exposure to credit risk (continued)

	Group	Group	Company	Company
	30/06/2018 (unaudited)	31/12/2017 (audited)	30/06/2018 (unaudited)	31/12/2017 (audited)
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 17)	211,563	182,376	211,563	182,376
Financial commitments (Note 17)	59,148	35,808	59,148	35,808
Total	270,711	218,184	270,711	218,184

As at June 30, 2018 a part of the Group's/Company's assets amounting to EUR 74,788 thsd has been pledged. Detailed information about the loan agreements concluded by the Group/Company as at 30 June 2018:

On June 16, 2015 the commercial pledge stemming from the loan agreement No A/1/F12/296 and its amendments concluded between the Group/Company and Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge is related to the loans granted by Group/Company in compliance with the Cabinet of Ministers Regulations No 381 dated May 29, 2012 Procedure for Granting State Aid when Acquiring Farmland for Agricultural Production as well as future components of the aggregation of property. The claim amount is 32,201 thsd euros (2017: 32,201 thsd euros).

As at 30 June 2018 the total amount of Group's/Company's entitlements considered as an aggregate property in favour of the Ministry of Finance was 42,587 thsd euros (2017: 46,933 thsd euros). Guarantee of the Ministry of Finance of the Republic of Latvia amounting to 42,587 thsd euros that has been issued to back the Group's/Company's loan from EIB (Note 12).

Further disclosed information on commercial pledges stemming from the signed loan agreements where, as at 30 June 2018, the available funding has not been disbursed at all:

Based on the loan agreement No A1/1/F16/474 dated 24 November 2016 between the Group/Company and Treasury of the Republic of Latvia a commercial pledge agreement was concluded on the same date. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 469 dated 15 July 2016 On Parallel Loans for Improvement of Competitiveness of Businesses. The maximum secured claim amount is 24,000 thsd euros. The composition of the commercial pledge: claim rights and their future components resulting from the aforementioned loans the Group/Company has granted. Within year 2018 the Group/ Company had not started to use the Treasury's loan as yet.

On 29 December 2016 a commercial pledge agreement was concluded based on the following two loan agreements: loan agreement No A1/1/15/698 dated 18 December 2015 and loan agreement No A1/1/16/395 dated 26 September 2016. The loan agreement No A1/1/15/698 dated 18 December 2015 was concluded between the Group/Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 1065 dated 15 September 2009 On Loans for Promoting the Development of Micro, Small and Medium Sized Merchants and Agricultural Service Co-operative Societies. The loan agreement No A1/1/16/395 dated 26 September 2016 was concluded between the Group/Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 328 dated 31 May 2016 On Micro Loans and Start-up Loans. The total maximum secured claim amount is 39,600 thsd euros. The composition of the commercial pledge: claim rights and their future components resulting from the aforementioned loans the Group/Company has granted. Within 2018 year the Group/Company had not started to use the Treasury's loan as yet.

On 19 October 2017 a loan agreement with the Council of Europe Development Bank was signed. Within the framework of the loan agreement Group/Company would have the opportunity of borrowing EUR 50 mln for implementation of the energy efficiency improvement measures in multi-apartment buildings. The agreement has been signed to fund Group's/Company's loans within the energy efficiency programme of the multi-apartment buildings. Nevertheless, in year 2017 Group/Company didn't use the funds of the Council of Europe Development Bank as Group's/Company's loan for implementation of the project involving the multi-apartment buildings could only be issued if the commercial banks refused to fund the project, but in view of the current economic circumstances such occurrences were rare (in year 2017 – 4 loans worth EUR 0.6 mln). The funds available through the loan agreement won't be used to grant small loans; these funds will be used only if there is a demand for Group's/Company's loans of at least 12,5 mln which is the minimum amount of the tranche. As stipulated by agreement, the first tranche has to be disbursed within 12 months and there is no payment on the portion of the loan that has not been disbursed. The loan is not secured by a registered collateral, but presents *pari passu* rights against other collaterals.

Transactions with derivatives, in effect on 30 June 2018, had been concluded seeking to cushion the effect of exchange rate fluctuations on the value of balance-sheet assets.

Loans to customers are secured, mostly by real estate, to a lesser extent – by other types of assets or commercial pledge. Some loans, granted during lending campaigns, are partially covered by guarantees of the state aid programmes. Loan impairment estimates take into account the expected cash flows from collateral. Loan quality is described in Note 8.

22 Maximum exposure to credit risk (continued)

The counter-guarantees of the Treasury are available for the following guarantee programmes:

- under the Funding Covenant concluded with the Central Finance and Contracting Agency (contract dated 08/06/2016) on implementation of the fund of funds the guarantees are available under specific support objective 3.1.1.1 with the earmarked funding of 44.8 mln euro (incl. performance framework of 6.5 mln euro);
- funding of 6 mln euros is earmarked for the state aid combination guarantees for the small and medium-sized enterprises sourced from repayments made on sub-activity 2.2.1.4.1. Support in the Form of Loan for Improvement of Competitiveness of Businesses; as regards the guarantees for large companies – the funding of 675 thsd euros is available from activity 3.1.3. Training and Consultations for Business and Self-employment Start-ups as well as reflows from activity 1.3.1.2. Support to Self-employment and Business Start-ups under operational programme Human Resources and Employment (482 thsd euros), as well as funding of 1.5 mln euros from repayments of the small and medium-sized programme;
- Loan guarantees of 4,3 mln euro are available to the farmers;
- The funding available for the export credit guarantees amounts to the public funding reflows of 2 030 000 euro under sub-activity 2.2.1.4.1. Support in the Form of Loans for Improvement of Competitiveness of Businesses and public funding reflows of 470 000 euro under activity 1.3.1.2. Support to Starting Self-employment and Business;
- The guarantees of the Energy Efficiency Programme of Multi-apartment Buildings (EEP) are issued within the framework of the specific objective's measure 4.2.1.1. To Increase Energy Efficiency in Residential Buildings. The funding of 12,2 mln euro is earmarked for EEP guarantees;
- From 1 January 2018 to 30 June 2018 within the specific support objective 3.1.1.1. there were 79 guarantees granted for the total funding of 14.7 mln euro. Meanwhile, 10 guarantees were issued for the sum total of 3.4 mln euro within the Additional Guarantee Programme and to large businesses. In the same period the farmers were issued 7 guarantees for 677 thsd euro;
- InnovFIN Facility guarantees are available to the innovative companies complying with the conditions of specific support objective 3.1.1.1. as well as large economic operator. There is an agreement (dated 13/10/2016) concluded with the European Investment Fund on InnovFIN Facility counter-guarantees for 30 mln euro. As of conclusion of the agreement up to 30 June 2018 there were 7 guarantees issued with InnovFin counter guarantee with the total funding of 1,2 mln euro;
- 30 EEP guarantees for the total funding of 4.5 mln euro were issued in the reporting period;
- 69 export credit guarantees for 4.8 mln euro were issued in the reporting period;
- Based on the Cabinet of Ministers Regulation No 95 of 20.02.2018 On State Assistance to Acquisition or Construction of Living Accommodation the housing guarantees are available to: 1) families with children (until 23 years of age); 2) young professionals (persons having acquired the secondary vocational or higher education and not exceeding 35 years of age). The Housing Guarantee Programme has been running since January, 2015 with 5 co-operating commercial banks involved in its implementation. From 1 January 2018 to 30 June 2018 the families with children were issued 1 479 housing guarantees for the sum total of 11 mln euro, whereas the young professionals - 300 guarantees for the total funding of 2 mln euro.

23 Fair values of assets and liabilities

In the opinion of Management, the fair value of assets and liabilities held in the Group's balance sheet at amounts other than fair value differs from their carrying values and those booked at fair value, as follows:

	30/06/2018 (unaudited)		31/12/2017 (audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Due from other credit institutions and Treasury	121,376	121,354	109,594	109,594
Individuals	21,776	21,687	21,635	21,597
Companies	167,831	165,731	170,512	169,699
Loans and receivables	189,607	187,418	192,147	191,296
Debt securities	342	1,223	443	1,208
Investments in venture capital funds	49,690	49,690	51,170	51,170
Assets held for sale	13,477	13,477	12,935	12,935
Liabilities				
Due to credit institutions	42,587	42,587	46,933	46,933
Due to general governments	44,606	43,835	43,609	42,103
Support program funding, net of state aid	107,545	107,545	90,757	90,757

In the opinion of Management, the fair value of assets and liabilities held in the Company's balance sheet at amounts other than fair value differs from their carrying values and those booked at fair value, as follows:

	30/06/2018 (unaudited)		31/12/2017 (audited)	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Due from other credit institutions and Treasury	121,217	121,195	109,594	109,594
Individuals	21,776	21,687	21,635	21,597
Companies	167,831	165,731	170,512	169,699
Loans and receivables	189,607	187,418	192,147	191,296
Debt securities	342	1,223	443	1,208
Investments in venture capital funds	47,153	47,153	49,108	49,108
Assets held for sale	10,742	10,742	10,565	10,565
Liabilities				
Due to credit institutions	42,587	42,587	46,933	46,933
Due to general governments	44,606	43,835	43,609	42,103
Support program funding, net of state aid	108,858	108,858	94,080	94,080

23 Fair values of assets and liabilities (continued)

The following table shows the hierarchy of the Group's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 30 June 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	12,775	12,775
Financial assets at fair value through other comprehensive income - investment securities	36,436	23,657	-	60,093
Derivatives	-	-	-	-
Assets held for sale	-	-	10,742	10,742
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	187,418	187,418
Due from other credit institutions and Treasury (Notes 7, 18)	112,376	-	8,978	121,354
Total assets	148,812	23,657	219,913	392,382
Liabilities measured at fair value:				
Derivatives	-	182	-	182
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	42,587	42,587
Due to general governments	-	-	43,835	43,835
Support program funding (Note 15)	-	-	107,545	107,545
Total liabilities	-	182	193,967	194,149

The following table shows the hierarchy of the Group's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	10,808	10,808
Financial assets at fair value through other comprehensive income - investment securities	37,723	24,037	-	61,760
Derivatives	-	142	-	142
Assets held for sale	-	-	12,935	12,935
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	191,296	191,296
Due from other credit institutions and Treasury (Notes 7, 18)	100,594	-	9,000	109,594
Total assets	138,317	24,179	224,039	386,535
Liabilities measured at fair value:				
Derivatives	-	-	-	-
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	46,933	46,933
Due to general governments	-	-	43,609	43,609
Support program funding (Note 15)	-	-	90,757	90,757
Total liabilities	-	-	181,299	181,299

23 Fair values of assets and liabilities (continued)

The following table shows the hierarchy of the Company's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 30 June 2018:

	Level 1	Level 2	Level 3	Total
<i>Assets measured at fair value:</i>				
Investment property (Note 10)	-	-	12,775	12,775
Financial assets at fair value through other comprehensive income - investment securities	36,436	23,657	-	60,093
Derivatives	-	-	-	-
Assets held for sale	-	-	10,742	10,742
<i>Assets for which fair values are disclosed:</i>				
Loans and receivables (Note 8)	-	-	187,418	187,418
Due from other credit institutions and Treasury (Notes 7, 18)	112,217	-	8,978	121,195
Total assets	148,653	23,657	207,138	379,448
<i>Liabilities measured at fair value:</i>				
Derivatives	-	182	-	182
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	42,587	42,587
Due to general governments	-	-	43,835	43,835
Support program funding (Note 15)	-	-	108,858	108,858
Total liabilities	-	182	195,280	195,462

The following table shows the hierarchy of the Company's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
<i>Assets measured at fair value:</i>				
Investment property (Note 10)	-	-	10,808	10,808
Financial assets at fair value through other comprehensive income - investment securities	37,723	24,037	-	61,760
Derivatives	-	142	-	142
Assets held for sale	-	-	10,565	10,565
<i>Assets for which fair values are disclosed:</i>				
Loans and receivables (Note 8)	-	-	191,296	191,296
Due from other credit institutions and Treasury (Notes 7, 18)	100,594	-	9,000	109,594
Total assets	138,317	24,179	221,669	384,165
<i>Liabilities measured at fair value:</i>				
Derivatives	-	-	-	-
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	46,933	46,933
Due to general governments	-	-	43,609	43,609
Support program funding (Note 15)	-	-	94,080	94,080
Total liabilities	-	-	184,622	184,622

23 Fair values of assets and liabilities (continued)

Fair value hierarchy of financial assets and liabilities

The Group/Company classifies the fair value measurements based on the fair value hierarchy, which reflects significance of the data used in measurement. The fair value hierarchy of the Group/Company has 3 levels:

- *Level 1* includes due from other credit institutions and the State Treasury as well as listed financial instruments having an active market, if the Group/Company, to determine their fair value, uses unadjusted quoted market prices, obtained from the stock-exchange or reliable information systems;
- *Level 2* includes financial instruments traded over the counter and financial instruments having no active market or declining active market whose fair value measurements are based mostly on observable market inputs (e.g., similar instruments, benchmark financial instruments, credit risk insurance transaction rates, a.o.);
- *Level 3* includes financial instruments whose fair value measurements rely on observable market inputs requiring significant adjustment due to the unobservable market inputs, and financial instruments whose fair value measurements are based primarily on the data that cannot be observed in the active market and assumptions and estimates of the Group/Company that enable a credible measurement of the financial instrument's value.

Debt securities

The debt securities are measured using the quoted prices or valuation techniques using both - observable and unobservable market inputs and a combination of the two. The majority of investments in debt securities recognised at fair value are investments in Latvian government debt securities having a quoted price, but not being traded on the active market. The management has estimated that the quoted price is a reasonable approximation of the fair value by reference to yield of similar risk investments.

Derivatives

The derivatives measured using valuation techniques relying on observable market inputs are mainly currency swaps and over-the-counter forward exchange contracts. Most frequently applied valuation techniques include discounted cash flow calculation, where inputs include foreign exchange spot and forward rates as well as interest rate curves.

Investments in venture capital funds

The Group/Company has a number of investments in the capital of venture capital funds.

The Group's and the Company's investments in venture capital funds are treated as *Associates*. An *Associate* is a company in which the Group or the Company has significant influence, but not control. Significant influence is defined as the power to affect the financial and operating policy decisions of the investee. Significance of influence is classified based on the same parameters that are applied to the branches.

For the purpose of evaluating investments in venture capital funds, the equity method is used at the level of the Group, but at the level of the Company these investments are recognized at cost less any impairment in value.

Investment property

Investments in real estate are evaluated in accordance with Latvian and International Valuation Standards (IVS) for real estate involving an independent and professional committee of experts.

Property investments are evaluated at their fair value using one of the following approaches:

- (a) market data (comparable sales) approach;
- (b) income approach;
- (c) depreciated replacement cost method.

The valuation method is selected depending on the type of property and acquisition purpose. Property valuation is carried out by a professional and certified valuator, selected by the Group, according to the abovementioned methods.

Assets held for sale

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

24 Liquidity risk

The table below provides the maturity structure of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets, which are included balances of due from other credit institutions and the State Treasury and investment securities as at 30 June 2018. The presentation is based on the expected future cash flows based on payment schedules and includes interest while the maturity analysis presented in Note 25 discloses the term structure of actual balances of liabilities and assets.

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,842	29,540	4,723	43,105
Due to general governments	123	653	42,292	43,068
Support programme funding	-	-	107,545	107,545
Other liabilities	-	-	2,921	2,921
Total financial liabilities	8,965	30,193	157,481	196,639
Off-balance items and contingent liabilities	91,382	77,636	101,693	270,711
Total financial liabilities, off-balance items and contingent liabilities	100,347	107,829	259,174	467,350
Due from other credit institutions and the State Treasury	121,376	-	-	121,376
Investment securities	421	49,467	10,546	60,435
Liquid assets	121,797	49,467	10,546	181,811

The table below provides the maturity structure of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2017:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	612	44,869	45,644
Support programme funding	-	-	90,757	90,757
Other liabilities	-	-	3,764	3,764
Total financial liabilities	9,020	32,988	145,699	187,707
Off-balance items and contingent liabilities	29,361	74,935	113,888	218,184
Total financial liabilities, off-balance items and contingent liabilities	38,381	107,923	259,587	405,891
Due from other credit institutions and the State Treasury	109,594	-	-	109,594
Investment securities	38	51,426	10,739	62,203
Liquid assets	109,632	51,426	10,739	171,797

24 Liquidity risk (continued)

The table below provides the maturity structure of expected undiscounted future cash flows of the Company's financial liabilities, off-balance liabilities and liquid assets as at 30 June 2018:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,842	29,540	4,723	43,105
Due to general governments	123	653	42,292	43,068
Support programme funding	-	-	108,858	108,858
Other liabilities	-	-	2,644	2,644
Total financial liabilities	8,965	30,193	158,517	197,675
Off-balance items and contingent liabilities	91,382	77,636	101,693	270,711
Total financial liabilities, off-balance items and contingent liabilities	100,347	107,829	260,210	468,386
Due from other credit institutions and the State Treasury	121,217	-	-	121,217
Investment securities	421	49,467	10,546	60,435
Liquid assets	121,638	49,467	10,546	181,652

The table below provides the maturity structure of expected undiscounted future cash flows of the Company's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2017:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	612	44,869	45,644
Support programme funding	-	-	94,080	94,080
Other liabilities	-	-	3,488	3,488
Total financial liabilities	9,020	32,988	148,746	190,754
Off-balance items and contingent liabilities	29,361	74,935	113,887	218,184
Total financial liabilities, off-balance items and contingent liabilities	38,381	107,923	262,633	408,938
Due from other credit institutions and the State Treasury	109,594	-	-	109,594
Investment securities	38	51,426	10,738	62,202
Liquid assets	109,632	51,426	10,738	171,796

25 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are settled according to contractual maturity. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

The table below allocates the Group's assets and liabilities to maturity groupings as at 30 June 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Assets							
Due from other credit institutions and the State Treasury	114,392	-	-	6,984	-	-	121,376
Investment securities	-	138	284	32	49,435	10,546	60,435
Loans and receivables	7,556	5,537	14,078	18,994	81,729	61,713	189,607
Derivatives	-	-	-	-	-	-	-
Investments in venture capital funds	746	-	-	-	42,116	6,828	49,690
Deferred expense and accrued income	510	1,991	-	-	-	-	2,501
Investment property	-	-	-	-	10,343	2,432	12,775
Property, plant and equipment	-	-	-	-	-	4,205	4,205
Intangible assets	-	-	-	-	-	1,100	1,100
Other assets	850	-	-	1,168	11,702	-	13,720
Assets held for sale	-	13,477	-	-	-	-	13,477
Total assets	124,054	21,143	14,362	27,178	195,325	86,824	468,886
Liabilities							
Due to credit institutions	-	4,341	-	4,340	29,166	4,740	42,587
Derivatives	-	182	-	-	-	-	182
Due to general governments	-	-	-	-	5,000	39,606	44,606
Issued debt securities	-	-	-	-	-	29,988	29,988
Deferred income and accrued expense	277	272	233	343	301	826	2,252
Support programme funding and state aid	23,437	-	-	1,323	22,859	63,894	111,513
Provisions for financial guarantees	1,429	195	98	509	2,994	4,954	10,179
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	2,273	-	-	57	-	591	2,921
Liabilities directly associated with assets held for sale	-	2,000	-	-	-	-	2,000
Total liabilities	27,416	6,990	331	6,572	60,320	144,599	246,228
Net liquidity	96,638	14,153	14,031	20,606	135,005	(57,775)	222,658

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Group's assets and liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Assets							
Due from other credit institutions and the State Treasury	100,597	-	-	8,997	-	-	109,594
Investment securities	-	-	-	38	51,426	10,739	62,203
Loans and receivables	9,708	11,789	10,152	19,765	-	140,733	192,147
Derivatives	-	142	-	-	-	-	142
Investments in venture capital funds	-	864	-	-	43,964	6,342	51,170
Deferred expense and accrued income	655	1,581	3	3	9	5	2,256
Investment property	-	-	-	234	8,142	2,432	10,808
Property, plant and equipment	-	-	-	-	-	3,828	3,828
Intangible assets	-	-	-	-	-	771	771
Other assets	271	-	139	-	1,966	3,456	5,832
Assets held for sale	-	-	-	12,935	-	-	12,935
Total assets	111,231	14,376	10,294	41,972	105,507	168,306	451,686
Liabilities							
Due to credit institutions	-	4,399	-	4,340	31,944	6,250	46,933
Due to general governments	-	-	-	-	5,000	38,609	43,609
Issued debt securities	-	-	-	53	-	19,799	19,852
Deferred income and accrued expense	48	87	451	425	135	1,231	2,377
Support programme funding and state aid	9,795	-	-	8,290	20,798	57,126	96,009
Provisions for off-balance sheet commitments	843	757	66	259	4 199	8,407	14,531
Corporate income tax liabilities	125	-	-	-	-	-	125
Other liabilities	2,962	-	53	319	-	430	3,764
Liabilities directly associated with assets held for sale	-	-	-	2,000	-	-	2,000
Total liabilities	13,773	5,243	570	15,686	62,076	131,852	229,200
Net liquidity	97,458	9,133	9,724	26,286	43,431	36,454	222,486

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Company's assets and liabilities to maturity groupings as at 30 June 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Assets							
Due from other credit institutions and the State Treasury	114,233	-	-	6,984	-	-	121,217
Investment securities	-	138	284	32	49,435	10,546	60,435
Loans and receivables	7,556	5,537	14,078	18,994	81,729	61,713	189,607
Derivatives	-	-	-	-	-	-	-
Investments in venture capital funds	864	-	-	-	38,926	7,363	47,153
Deferred expense and accrued income	508	1,990	-	-	-	-	2,498
Investment property	-	-	-	-	10,343	2,432	12,775
Property, plant and equipment	-	-	-	-	-	4,205	4,205
Intangible assets	-	-	-	-	-	1,100	1,100
Other assets	850	-	-	1,168	11,702	-	13,720
Assets held for sale	-	10,742	-	-	-	-	10,742
Total assets	124,011	18,407	14,362	27,178	192,135	87,359	463,452
Liabilities							
Due to credit institutions	-	4,341	-	4,340	29,166	4,740	42,587
Derivatives	-	182	-	-	-	-	182
Due to general governments	-	-	-	-	5,000	39,606	44,606
Issued debt securities	-	-	-	-	-	29,988	29,988
Deferred income and accrued expense	277	272	233	343	301	826	2,252
Support programme funding and state aid	23,437	-	-	1,323	22,859	65,207	112,826
Provisions for off-balance sheet commitments	1,429	195	98	509	2,994	4,954	10,179
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	1,996	-	-	57	-	591	2,644
Total liabilities	27,139	4,990	331	6,572	60,320	145,912	245,264
Net liquidity	96,872	13,417	14,031	20,606	131,815	(58,553)	218,188

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Company's assets and liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	Total
Assets							
Due from other credit institutions and the State Treasury	100,597	-	-	8,997	-	-	109,594
Investment securities	-	-	-	38	51,426	10,739	62,203
Loans and receivables	9,708	11,789	10,152	19,765	-	140,733	192,147
Derivatives	-	142	-	-	-	-	142
Investments in venture capital funds	-	1,008	-	-	41,757	6,343	49,108
Deferred expense and accrued income	655	1,581	3	3	9	5	2,256
Investment property	-	-	-	234	8,142	2,432	10,808
Property, plant and equipment	-	-	-	-	-	3,828	3,828
Intangible assets	-	-	-	-	-	771	771
Other assets	271	-	139	-	1,966	3,456	5,832
Assets held for sale	-	-	-	10,565	-	-	10,565
Total assets	111,231	14,520	10,294	39,602	103,300	168,307	447,254
Liabilities							
Due to credit institutions	-	4,399	-	4,340	31,944	6,250	46,933
Due to general governments	-	-	-	-	5,000	38,609	43,609
Issued debt securities	-	-	-	53	-	19,799	19,852
Deferred income and accrued expense	48	87	451	425	135	1,231	2,377
Support programme funding and state aid	9,625	-	-	1,904	29,392	57,127	98,048
Provisions for off-balance sheet commitments	843	757	66	259	4,199	8,407	14,531
Corporate income tax liabilities	125	-	-	-	-	-	125
Other liabilities	2,962	-	53	42	-	431	3,488
Total liabilities	13,603	5,243	570	7,023	70,670	131,854	228,963
Net liquidity	97,628	9,277	9,724	32,579	32,630	36,453	218,291

26 SUBSEQUENT EVENTS

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

OTHER NOTES TO INTERIM CONDENSED REPORT

Key financial and performance indicators

53

Definitions of ratios

54

Group's key financial and performance indicators

	2017 (audited)	2016 (audited)	2015 (audited)	2018 Q1 (unaudited)	2017 Q1 (unaudited)
Key financial data					
Net income from interest, fees and commission (tEUR)	11,374	11,024	16,419	2,647	3,569
Profit for the period (tEUR)	6,945	2,170	4,924	1,892	1,768
Cost to income ratio (CIR)	54.7%	88.4%	55.8%	55.5%	54.1%
Employees	230	242	282	231	226
Total assets (tEUR)	451,686	443,126	406,918	473,588	438,408
Tangible common equity (TCE)/total tangible managed assets (TMA)	35.6%	35.2%	37.3%	33.9%	36.0%
Equity and reserves (tEUR)	222,486	210,094	199,610	222,756	213,693
Total risk coverage: (tEUR)	65,002	67,705	41,021	73,573	-
Risk coverage reserve	60,060	64,833	40,662	70,872	-
Risk coverage reserve used for provisions	-4,753	-4,323	-1,276	-6,994	-
Portfolio loss reserve (specific reserve capital)	9,695	7,195	1,635	9,695	7,195
Liquidity ratio for 180 days	507%	449%	352%	382%	-
Financial instruments (gross value)					
Outstanding (tEUR) (by financial instrument)					
Loans	207,585	217,429	218,562	203,267	212,751
Guarantees	182,376	147,175	131,120	194,511	155,308
Venture capital funds	51,310	58,541	39,929	51,440	58,428
Total	441,271	423,145	389,611	449,218	426,487
Number of contracts	14,402	11,449	8,901	15,017	12,072
Volumes granted (tEUR) (by financial instrument)					
Loans	51,869	59,465	52,329	11,507*	14,085
Guarantees	68,615	56,109	50,065	18,319	14,208
Venture capital funds	2,638	21,356	18,798	546	274
Total	123,122	136,929	121,192	30,372	28,567
Number of contracts	4,697	4,461	2,819	1,021	1,008
Leverage for raised private funding	185%	162%	104%	175%	172%

* Issued loans

Definitions and ratios

<i>Net Income from Interest, Fees and Commission</i>	Net Income from Interest, Fees and Commission consists of the following items of the Income statement: Net Interest Income and Net Commission Income. The indicator demonstrates operating income of ALTUM Group.
<i>Cost to Income Ratio (CIR)</i>	Cost to Income Ratio (CIR) is calculated by dividing the sum of the Personnel expenses, Administrative expenses and Depreciation of intangible assets and property, plant and equipment by Operating income before operating expense included in the Income Statement. CIR is the indicator for establishing efficiency of the operating activities.
<i>Tangible Common Equity (TCE) / Tangible Managed Assets (TMA)</i>	<p>Tangible Common Equity (TCE) is calculated by subtracting from Total equity the Revaluation reserve of available for sale investments.</p> <p>The Total Tangible Managed Assets (TMA) include the total assets of ALTUM Group adding the guarantees entered into the off-balance and taking into account the provisions for guarantees from which the following is subtracted: Deferred expense, Accrued income, Property, plant and equipment, Intangible assets, Other assets and Available for sale assets.</p> <p>The items used to calculate both indicators (TCE, TMA) are included in the following financial statements of ALTUM Group: Statement of Financial Position and Statement of Changes in Equity, and in the following notes: Off-balance items and contingent liabilities and Provisions. TCE/TMA are used assess the Group's capital adequacy.</p>
<i>Total Risk Coverage</i>	<p>Total Risk Coverage is the net funding available for covering of the expected credit losses of the state aid programmes implemented by ALTUM. The Total Risk Coverage is the sum total of Risk Coverage Reserve and Portfolio Loss Reserve (Specific Reserve Capital) less Risk Coverage Reserve Used for Provisions. The expected losses are estimated before implementation of the respective state aid programme and a portion of the public funding intended for coverage of the credit risk losses expected in the respective state aid programme is either transferred to the Portfolio Loss Reserve that is the Group's specific reserve capital or accounted for separately as provisions for risk coverage under liabilities' item Risk Coverage Reserve. The Portfolio Loss Reserve (specific reserve capital) is included in the Note on Reserves to the financial statements of ALTUM Group. While the Risk Coverage Reserve is included in the Note on Support Programme Funding and State Aid to the financial statements of ALTUM Group. The Risk Coverage Reserve Used for Provisions is the amount of the Risk Coverage Reserve allocated to and used for provisioning for impairment of the loan portfolio and guarantees which in its turn is included in the Note on Loans and Note on Provisions to the financial statements of ALTUM Group.</p> <p>Total Risk Coverage is a key indicator for assessment of the risk coverage in the state aid programmes implemented by ALTUM and long-term financial stability of the Group.</p>
<i>The liquidity ratio for 180 days</i>	The liquidity ratio for 180 days is calculated by dividing the sum of Due from other credit institutions and Treasury with a maturity of up to 1 month and Investment securities – available for sale by sum of Total liabilities maturing within 6 months and Total financial liabilities maturing within 6 months (off-balance item). The data required for calculation of the liquidity ratio for 180 days are included in the following financial statements of ALTUM Group: Financial Position Statement and notes – Off-balance items and contingent liabilities and Maturity analysis of assets and liabilities. The liquidity ratio for 180 days represents ability of ALTUM Group to honour its obligations in due time with currently available liquid assets.
<i>Leverage for raised private funding</i>	Leverage for raised private funding indicates the amount of additional private funds invested in a project on top of funding provided by ALTUM. Leverage is determined considering the funding invested by a private co-financier and a project's implementer on top of ALTUM's funding, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for the first instalment of the Housing Guarantee Programme where the ratio is 795 per cent).
<i>Venture capital</i>	In accordance with the accounting policies, the part of the losses from investments in associates is included.