

AS ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM

Unaudited interim condensed financial report
for the three-month period ended 31 March 2019

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Altum Group

- MISSION** We help Latvia grow!
- VISION** To be a partner and financial expert in economic development
- VALUES** Excellence / Team / Responsibility

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

Long-term objectives until 2021

The Management Board of JSC Development Finance Institution Altum has drafted and submitted for approval the Company's strategic development directions and long-term financial objectives for the period 2019 – 2021:

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



Management report

Activity during the reporting period

During the 3 months of year 2019, Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company), earned a profit of EUR 2.089 million.

Key financial and performance indicators of the Group

	2019, 1 st quarter (not audited)	2018, 1 st quarter (not audited)	2018 (audited)
Key financial data			
Net income from interest, fees and commission (tEUR)	2,903	2,647	11,554
Profit for the period (tEUR)	2,089	1,892	4,092
Cost to income ratio (CIR)	62.5%	55.5%	77.1%
Employees	201	231	222
Total assets (tEUR)	500,298	473,588	495,939
Tangible common equity (TCE)/total tangible managed assets (TMA) *	31.3%	33.9%	31.7%
Equity and reserves (tEUR)	223,524	222,756	221,590
Total risk coverage: (tEUR)	78,582	73,573	77,815
Risk coverage reserve	87,441	70,872	85,276
Risk coverage reserve used for provisions	-20 666	-6,994	-19,268
Portfolio loss reserve (specific reserve capital)	11,807	9,695	11,807
Liquidity ratio for 180 days **	219%	382%	227%
Financial instruments (gross value)			
Outstanding (tEUR) (by financial instrument)			
Loans	220,043	203,267	217,131
Guarantees	252,409	194,511	236,895
Venture capital funds	61,939	51,440	59,698
Total	534,391	449,218	513,724
Number of contracts	19,184	15,017	18,280
Volumes issued (tEUR) (by financial instrument)			
Loans***	14,644	11,507	66,443
Guarantees	26,472	18,319	88,765
Venture capital funds	1,044	546	4,149
Total	42,160	30,372	159,357
Number of contracts	1,351	1,021	5,464
Leverage for raised private funding	157%	175%	162%

* TMA includes off-balance sheet item outstanding guarantees.

** Liquidity ratio calculation takes into account previous experience and management estimate of expected amount and timing of guarantees claims.

*** Loans issued.

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

Financial instrument portfolio

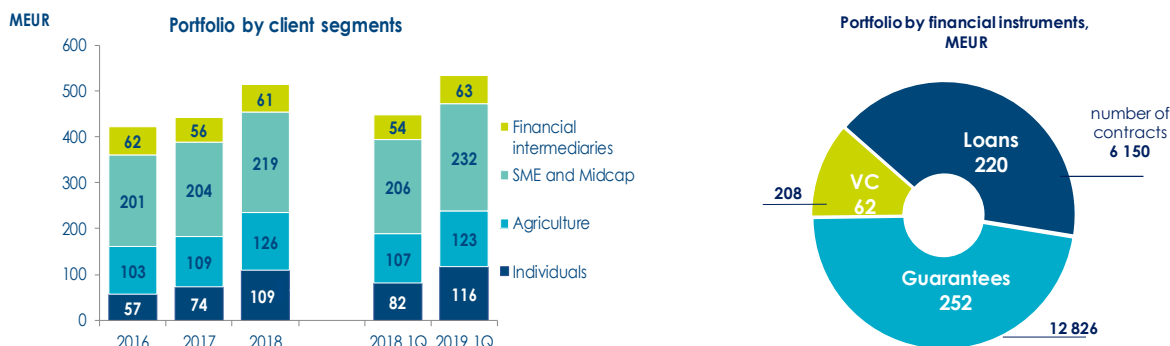
As at 31 March 2019 the Group held a gross portfolio of the financial instruments for the total value of EUR 534 million (gross) issued for 19,184 projects under the support programmes.

In 1Q 2019 the portfolio of the Group's financial instruments increased by 4% (EUR 20.7 million) in terms of the volume and by 5% in terms of the number of projects (by 904 projects). Increase of the Group's portfolio of financial instruments recorded in 1Q 2019 was considerably faster, compared to 1Q 2018 when the Group's portfolio of financial instruments increased by 1.8% (EUR 7.9 million) in terms of the volume and by 4.3% in terms of the number of projects (615 projects).

Out of the financial instruments, the guarantee portfolio has had the most rapid growth in 1Q having increased by 6.6% in terms of the volume (EUR 15.5 million) and by 8% in terms of the number of transactions. In 1Q most of the increase of the guarantee portfolio was due to the following: Business Support Guarantees (+ EUR 9.3 million), Housing Guarantees for Families with Children (+ EUR 4.5 million) and Portfolio Guarantee Programme having demonstrated so far the most rapid breakthrough with a portfolio increase of EUR 2.8 million. A sizeable portfolio growth was demonstrated also by the Housing Guarantees for Young Professionals and Guarantee Programme for Improvement of Energy Efficiency of Multi-apartment Buildings (EEPMB) (each increased by EUR 1.8 million). Among the active guarantee programmes the largest decrease of the portfolio was

Management report (cont'd)

recorded for the guarantees for farmers' loans (-EUR 0.7 million) brought about by the highly seasonal nature of the programme.



Group 31/03/2019

The portfolio structure of the loan and guarantee financial instruments demonstrates the priorities of the Latvian government regarding the implementation of State aid.

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

Having closed the market gaps with the approved aid programmes, the largest portfolio of the Group's financial instruments has been built in the SMEs and Mid-caps segment (small medium-sized and mid-cap companies) – 43.5%, the segment of Agriculture accounts for 23%, Individuals - 21.8% and Financial Intermediaries - 11.7%.

In 1Q the largest growth was recorded in the SME and Midcap segments 6% (+EUR 13.5 million) and segment of Individuals 7% (+EUR 7.7 million). In the reporting period the portfolio of the Farmers' segment decreased by -2% (-EUR 2.7 million).

In terms of the number of transactions the largest increase was in the segment of Individuals. Increase in the number of transactions in this segment was due to implementation of the Housing Guarantee Programme for Young Professionals and Families with Children.

As at 31 March 2019, as part of the State aid for housing acquisition by families with children, the Housing Guarantee Programme had granted 11,100 guarantees worth EUR 79 million. In 1Q there were 690 guarantees granted for EUR 5.5 million which was an 8% increase in terms of the number and 11% increase in terms of the volume, compared to 1Q 2018. The programme's guarantees that help saving for the first instalment required to obtain a mortgage loan are used by families throughout Latvia: of the total number of the issued guarantees 67% were granted in Riga and its conurbations, 14% - in Vidzeme, 9% - in Kurzeme, 7% - in Zemgale and 3% - in Latgale. The average amount of one guarantee is EUR 7 thousand. From 1 March 2018, when the programme was expanded to include young professionals, up to 31 March 2019, a total of 1144 guarantees worth EUR 8 million were issued to young professionals.

As at 31 March 2019, the balance sheet of the Land Fund administered by the Group listed 502 properties with a total land area of 9,036 ha worth EUR 25.01 million, including investment properties rented to the farmers with a total land area of 6,038 ha worth EUR 16.02 million and sales and leaseback transactions accounted for in the loan portfolio with a total land area of 2,998 ha worth EUR 8.99 million.

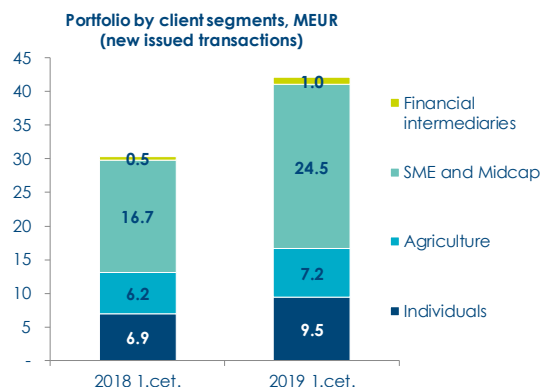
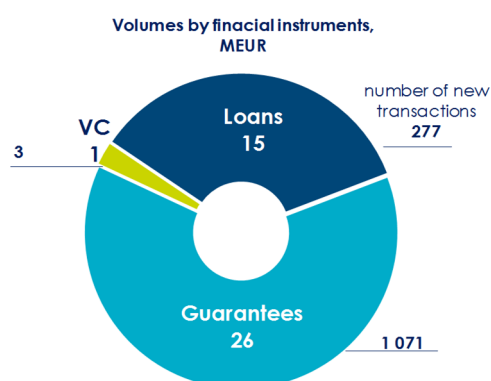
Volume of new transactions

As at the end of the reporting period the state aid programmes had granted the funding worth EUR 42 million (62.8% - guarantees, 34.7% - loans and 2.5% - investments of the venture capital funds). In total, 1,351 projects were supported. Compared to the same period last year, the volume of new transactions was larger by 38.8% (EUR 11.8 million).

In the reporting period the largest volume of new transactions was recorded in the SME and Mid-cap companies segment - 58%, in the Individuals segment - 22.5%, Agriculture segment - 17%.

Compared to 1Q 2018, the volume of new transactions in the SMEs and Mid-cap companies segment has grown by 47% (EUR 7.8 million). While the segment of Individuals demonstrates a 37% (EUR 2.6 million) increase, followed by a 15% increase (EUR 0.9 million) in the Agriculture segment.

Management Report (cont'd)



Group 31/03/2019

In the reporting period, compared to the respective quarter of the last year, there were by 27.3% (EUR 3.14 million) more loans granted with the following programmes contributing the most to upsurge of the volume of new transactions: the SME Growth Loans Programme (+EUR 1.5 million), Parallel Loans Programme (+EUR 1.4 million) and Leaseback of Land (+EUR 0.7 million).

In terms of the segments the largest increase in the new transactions of the loan portfolio was in the SME and Midcap segments where the volume of new transactions recorded in 1Q 2019 exceeded the data captured for 1Q 2018 by EUR 1.9 million (35.2%).

In 1Q 2019 the average amount of new loan was EUR 53 thousand (in 1Q 2018 – EUR 45 thousand) which was mostly due to increase of the average amount of new loans granted under the SME Growth Loans Programme from EUR 62 thousand in 1Q 2018 to EUR 94 thousand in 1Q 2019.

The SME loans for energy efficiency are being granted actively by making use of the Green Bonds' resources. In 1Q loans worth EUR 3.8 million were granted (in 4Q 2018 – EUR 3.7 million).

With the continued growth of the guarantees, in 1Q there were EUR 26.4 million issued in new guarantees. In 1Q 2019, taken against 1Q 2018, the volumes of the issued guarantees had increased substantially - by + 45% (+ EUR 8.2 million) with the following contributing the most to the increase: Business Support Guarantees (+EUR 5.6 million) and programmes where issuing of new transactions was not yet started in 1Q 2018 – Portfolio Guarantees (+EUR 2.8 million) and Housing Guarantees for Young Professionals (+EUR 1.8 million). Comparison of 1Q 2019 with 1Q 2018 revealed that the largest drop in the issued guarantees was recorded for the Export Credit Guarantees (-EUR 2.5 million) that was largely due to lengthier customer compliance assessment done according to the requirements of the Law on the Prevention of Money Laundering and Terrorism Financing and Law on International Sanctions and National Sanctions of the Republic of Latvia.

The portfolio of the newly issued guarantees was just as well diversified as the portfolios of the previous reporting periods. In 1Q EUR 17.1 million were issued in guarantees for promotion of entrepreneurship with the majority being granted to business projects in the manufacturing industry - 30%, trade - 23%, construction - 22%, agriculture, forestry and fisheries - 14%, other branches - 11%.

So far a total of 495 project applications for EUR 89 million, of which 60 for EUR 10.8 million during 1Q 2019, have been submitted to the Energy Efficiency Programme for Multi-apartment Buildings for reviewing, and 376 projects for a total amount of EUR 67.6 million have been approved (in 1Q 2019, 42 for EUR 7.5 million). The number of projects submitted so far accounts for 57% (6% submitted during 1Q 2019) of the total number of projects planned for the entire EEPMB implementation period (utilisation of the funds until 2022). Within this programme, a total of 181 grant were given for EUR 36 million (in 1Q 2019, 12 for EUR 3.9 million), 97 guarantees for EUR 16 million (in 1Q 2019, 10 guarantees for EUR 1.8 million) and 15 Altum loans for EUR 2.1 million (in 1Q 2019 no loans were granted).

In the first quarter, there was active selection of investments in all 3 venture capital funds - the seed fund, the startup fund and the growth fund, where the investment period started in the second half of 2018. The accelerator program's venture capital funds made two new seed capital investments, where the share of Altum was EUR 0.3 million, while pre-seed investments continued in pre-selected companies as part of the acceleration program. Investments made by the Baltic Innovation Fund during the reporting period amounted to EUR 0.5 million.

Management Report (cont'd)

The activities of the Land Fund gained momentum. In 1Q the fund effected the land acquisition transactions for EUR 1.23 million, in the same period last year – EUR 0.83 million, in the previous quarter – EUR 0.91 million. In 1Q the leaseback transactions were concluded for EUR 2.22 million, in the same period last year – EUR 1.58 million, in previous quarter – EUR 2.09 million.

New products and increasing operational efficiency

In January new Cabinet of Ministers regulations concerning guarantees to farmers were adopted and took effect. These amendments unified the maximum guarantee amount and intensity for various activities. The total maximum amount of guarantees per single economic operator has been increased to EUR 1 million, without the limits that were earlier applied to some groups of the guarantee beneficiaries. Now the eligible agricultural service co-operatives and forestry service companies can apply for a guarantee amount of EUR 3.5 million and EUR 2 million respectively. From now on, disregarding the type of the loan and support measure, the guarantees will cover up to 80% of the amount of the financial service not only for investment loans and working capital loans, but also for financial leasing and financial leasing limit, factoring, limit of the bank guarantee and letter of credit. The new regulations will improve access to funding, decrease the administrative burden and speed up issuing of guarantees to economic operators working in agriculture, processing of agricultural produce, rural territories, fisheries and forestry.

As of 15 March 2019, following the amendments to the Cabinet of Ministers regulations, for EEPMB programme the maximum amount of the grant from ERDF and national budget has been increased from 35% to 50% for the implementing bodies of EEPMB projects provided the project is implemented with the help of Altum's loan that would foster a further increase of the volumes of the loans issued under this programme of Altum.

Altum manages the fourth generation venture capital funds where the total public funding from the Group's investments is planned at EUR 75 million. At the beginning of 2019 one of the selected seed capital funds where the estimated investments of the Group amounted to EUR 4.5 million and one of the start-up capital funds where the estimated investments of the Group amounted to EUR 10.5 million, failed to attract the required funding from the private investors within the established deadline. For this reason, in March 2019 it was decided to wind up the operations of these two funds and initiate their liquidation. It needs to be said that investors in the Baltic region have a broad range of opportunities in terms of expected return, risk appetite, and investment amounts, which further heightens competition among fund managers.

The Board of Altum passed a decision to transfer up to EUR 9 million of the EUR 15 million funding earmarked for the funds to be liquidated to increasing of the funds of the current fund managers of the seed, start-up and growth capital funds provided the funds can attract additional private capital. Increasing of Altum's investment in the funds would be done concurrently with increasing of the private capital investment. The use options of the remaining funding of EUR 6 million initially earmarked for the funds to be liquidated are still being discussed.

The growth capital fund *FlyCap Mezzanine Fund II* proceeds with attraction of the private capital; by 15 July 2019 the fund has to attract a minimum of EUR 5 million of private capital.

This April the Cabinet of Ministers approved the amendments to the State Aid Regulations for Guarantees that were initiated by the Group increasing the maximum guarantee amount for the small and medium enterprises from EUR 3 million to EUR 5 million. It will make it possible to support larger projects as well as enable the companies that had achieved the maximum available guarantee limits request new aid. An important change brought about by the amendments to the regulations is that from now on also acquisition of capital shares will be eligible for aid provided it is needed for expansion and development.

In April 2019, Altum received an approval of the European Investment Bank support – grant to large investment project promoters for applying to the European Investment Bank to recover up to 75 per cent from the project application (business plan, financial forecasts and other outsourced project preparing services) costs. By this Altum develops and strengthens "Juncker Plan" investment advisory services at a national level, allowing more qualitative applicants to submit their projects.

As a result of the measures increasing operational efficiency, in 1Q 2019, within the framework of the state aid programmes, the portfolio of the financial instruments issued by Altum per one employee reached EUR 2.55 million and amount of newly issued financial instruments per quarter per one employee amounted to EUR 210 thousand (in the same period last year – EUR 1.95 million and EUR 132 thousand respectively per employee).

Proceeding with the centralised reviewing of the applications for micro loans (up to EUR 25 thousand) introduced within the framework of increasing and automation of Altum's operational efficiency, in 1Q 29% of the total number of the granted loans were reviewed remotely, without involving the employees of the regional centres in the process of reviewing of the applications. In 1Q 2019 the total number of the granted loans, compared to 1Q 2018, increased by 18%.

Management Report (cont'd)

The Small Loans Programme granting small loans in rural territories that was launched successfully in September last year turned out to be a success; in 1Q there were loans issued for EUR 445 thousand (in 4Q of year 2018 – EUR 576 thousand) and loan portfolio of this programme increased by 61%.

Long-term funding

In order to diversify the funding base, in October 2017 and March 2018, the Company issued transferrable debt securities as a series of notes within the framework of a EUR 30 million bonds programme, which was registered with the Latvian Central Depository and listed on Nasdaq Riga.

On 21 May 2019 Latvian Financial and Capital Market Commission has registered the Base Prospectus of second programme of AS "Atfīstības finanšu institūcija Altum" for the issuance of notes in the total amount of EUR 70 million.

By having issued notes, the Group continues its long term active participation in the capital markets and also diversifies the structure of the attracted funding.

In January 2019 Altum received Nasdaq Baltic Awards 2019 prize in the nomination "Latvian Stock Exchange Event of the Year".

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 retains the long-term capability of implementing the established operational targets and assignments. To manage risks, the Group makes use of various risk management methods and instruments as well as establishes risk limits and restrictions. The choice of the risk management methods is based on the materiality of the particular risk and its impact on the Group's operations.

In view of the Group's activities in high-risk areas when implementing the State aid programmes, the Group has created risk coverage of EUR 78.6 million (as at 31 March 2019) which is available to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within the respective State aid programme for coverage of the expected credit loss is allocated 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.

Altum performs customer compliance assessment in a centralised manner based on the Law on Prevention of Money Laundering and Terrorism Financing (AML/CFT) and Law on International Sanctions and National Sanctions of the Republic of Latvia. Also the very process of customer compliance assessment has been automated.

In February 2019, Altum launched customer's AML/CFT scoring system. According to the scoring system, each customer who applies to loan, grant or export credit guarantee instrument as well as each investee under venture capital instruments has been assigned the AML/CFT risk score.

Rating

On 25 March 2019 Moody's Investors Service ("Moody's") confirmed Altum's (the parent company of the Group) Baa1 long-term issuer rating. The baseline credit assessment (BCA) was upgraded to baa3 from ba2. The short-term issuer rating was affirmed at P-2. The outlook on the long-term issuer rating is stable. This action concludes the Moody's review for upgrade initiated on 12 December 2018 following the introduction of an updated Moody's finance companies methodology on 10 December 2018.

Moody's initially assigned to Altum a long-term issuer rating Baa1 in June 2017. The assigned Moody's rating of Altum of Baa1 is one of the highest issuer ratings assigned to corporate entities in Latvia.

Altum baseline credit assessment upgrade from ba2 to investment grade rating baa3 as follows from Moody's assessment, represents:

the strong financial profile of the company with very strong capitalization, large risk coverage reserve incorporated in the public funding as well as the funding reinvestment in implementation of new financial instruments products against moderate profitability and level of problem loans, as stipulated by Altum business specifics; and

the unique standing of Altum in Latvia's financial services industry reflecting its policy mandate to provide a distribution channel for state and EU program funds to both end-customers (business start-ups, small and medium corporates, farmers, etc.) and other financial institutions.

The assigned rating makes it possible for the Group to implement more successfully the Group's long-term strategy for raising funding by being a regular participant in the capital market and issuing of notes.

Management Report (cont'd)

Future outlook

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

A handwritten signature in blue ink, consisting of several overlapping, fluid strokes that form a stylized, somewhat abstract shape.

Reinis Bērziņš
Chairman of the Board

29 May 2019

Supervisory Council and Management Board

Supervisory Council

Name, surname	Position	Appointment date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	29/12/2016	28/12/2019
Jānis Šnore	Council Member	29/12/2016	28/12/2019
Kristaps Soms	Council Member	29/12/2016	28/12/2019

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

Management Board

On 11 June 2018, four members of Company's Board were re-elected.

Name, surname	Position	Appointment date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	11/06/2018	10/06/2021
Jēkabs Krieviņš	Board Member	11/06/2018	10/06/2021
Juris Vaskāns	Board Member	11/06/2018	10/06/2021
Inese Zīle	Board Member	11/06/2018	10/06/2021
Aleksandrs Bimbirulis	Board Member	07/07/2017	06/07/2020

Statement of Management's responsibility

Riga

30 May 2019

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 11 to 51 for the period 1 January 2019 to 31 March 2019. The Management confirms that the Group's and the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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



Reinis Bērziņš
Chairman of the Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group 01/01/2019- 31/03/2019 (unaudited)	Group 01/01/2018- 31/03/2018 (unaudited)	Company 01/01/2019- 31/03/2019 (unaudited)	Company 01/01/2018- 31/03/2018 (unaudited)
Interest income	4	3,011	3,069	3,011	3,069
Interest expense		(201)	(487)	(201)	(331)
Net interest income		2,810	2,582	2,810	2,738
Fee and commission income		112	84	112	84
Fee and commission expense		(19)	(19)	(19)	(73)
Net income from fees and commissions		93	65	93	11
Gains less losses from trading securities and foreign exchange translation		105	(88)	105	(88)
Share of gain or (loss) of investment in joint venture and associate	8	638	1,003	638	-
Losses from liabilities at fair value through profit or loss	14	(638)	-	(638)	-
Other income		609	921	609	921
Operating income before operating expenses		3,617	4,483	3,617	3,582
Staff costs		(1,536)	(1,613)	(1,536)	(1,613)
Administrative expense		(516)	(764)	(516)	(764)
Amortisation of intangible assets and depreciation of property, plant and equipment		(207)	(112)	(207)	(112)
(Impairment) loss, net	5	731	(96)	731	(96)
Profit before corporate income tax		2,089	1,898	2,089	997
Corporate income tax		-	(6)	-	(6)
Profit for the period		2,089	1,892	2,089	991
Other comprehensive income: Net loss from financial assets measured at fair value through other comprehensive income		(188)	(902)	(188)	(902)
Total comprehensive income for the period		1,901	990	1,901	89
Profit is attributable to:					
Owners of the Company		2,089	1,892	-	-
Non-controlling interest		-	-	-	-
Profit for the period		2,089	1,892	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(188)	(902)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		(188)	(902)	-	-

The accompanying notes on pages 16 through 51 form an integral part of these financial statements.


 Reinis Bērziņš
 Chairman of the Board


 Marina Baranovska
 Chief Accountant

30 May 2019

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 31/03/2019 (unaudited)	Group 31/03/2019 (unaudited)	Group 31/12/2018 (audited)	Company 31/12/2018 (audited)
Assets					
Due from other credit institutions and Treasury	6	133,818	137,026	133,353	136,646
Financial assets at fair value through profit or loss		1,409	1,160	-	-
Financial assets at fair value through other comprehensive income - investment securities		47,881	50,389	47,881	50,389
Financial assets at amortised cost:					
Investment securities		481	467	481	467
Loans and receivables	7	200,390	197,755	199,958	197,473
Deferred expense		378	349	680	349
Accrued income		2,096	1,723	2,096	1,723
Assets held for sale		11,343	11,343	11,343	11,343
Investments in venture capital funds – associates	8	51,173	50,239	51,173	50,239
investments in subsidiaries		-	-	1,684	1,492
Investment property	9	16,020	14,794	16,020	14,794
Property, plant and equipment		4,707	4,228	4,707	4,228
Intangible assets		1,302	1,347	1,302	1,347
Other assets	10	29,300	25,119	29,298	25,119
Total assets		500,298	495,939	499,976	495,609
Liabilities					
Due to credit institutions	11	33,864	38,245	33,864	38,245
Financial liabilities at fair value through profit or loss – derivatives		-	2	-	2
Due to general governments	12	52,258	48,110	52,258	48,110
Financial liabilities at amortised cost - Issued debt securities		29,919	29,943	29,919	29,943
Deferred income		2,287	2,181	2,287	2,181
Accrued expense		808	830	808	830
Provisions	13	26,629	25,373	26,629	25,373
Support programme funding	14	128,096	126,959	128,110	126,959
Other liabilities		2,913	2,706	2,877	2,643
Corporate Income tax liabilities		-	-	-	-
Total liabilities		276,774	274,349	276,752	274,286
Equity					
Share capital		204,862	204,862	204,862	204,862
Reserves	15	7,965	7,965	7,610	7,610
Revaluation reserve of financial assets measured at fair value through other comprehensive income		3,409	3,597	3,409	3,597
Retained earnings		6,989	4,900	7,343	5,254
Net assets attributable to the Company's owners		223,225	221,324	-	-
Non-controlling interest		299	266	-	-
Total equity		223,524	221,590	223,224	221,323
Total equity and liabilities		500,298	495,939	499,976	495,609

The accompanying notes on pages 16 through 51 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board
 30 May 2019



Marina Baranovska
 Chief Accountant

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company						Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	Non-controlling interest	
As at 31 December 2017 (audited)	204,862	722	6,092	1,839	9,333	-	222,848
Impact of IFRS 9 adoption	-	-	-	(1,839)	(812)	-	(2,651)
Reclassification of distribution of 2015 year profit of the Company	-	-	-	-	(1,829)	-	(1,829)
As at 1 January 2018 (audited)	204,862	722	6,092	-	6,692	-	218,368
Profit for the period	-	-	-	-	1,892	-	1,892
Other comprehensive income	-	-	(902)	-	-	-	(902)
Total comprehensive income	-	-	(902)	-	1,892	-	990
Changes of reserves (see Note 15)	-	(720)	-	-	-	-	(720)
As at 31 March 2018 (unaudited)	204,862	2	5,190	-	8,584	-	218,638
Profit for the period	-	-	-	-	2,200	-	2,200
Other comprehensive income	-	-	(1,593)	-	-	-	(1,593)
Total comprehensive income	-	-	(1,593)	-	2,200	-	607
Changes of reserves (see Note 15)	-	(33)	-	-	-	-	(33)
Increase of reserve capital	-	2,112	-	-	-	-	2,112
Distribution of 2017 year profit of Company	-	5,884	-	-	(5,884)	-	-
Non-controlling interest	-	-	-	-	-	266	266
As at 31 December 2018 (audited)	204,862	7,965	3,597	-	4,900	266	221,590
Profit for the period	-	-	-	-	2,089	-	2,089
Other comprehensive income	-	-	(188)	-	-	-	(188)
Total comprehensive income	-	-	(188)	-	2,089	-	1,901
Non-controlling interest	-	-	-	-	-	33	33
As at 31 March 2019 (unaudited)	204,862	7,965	3,409	-	6,989	299	223,524

The accompanying notes on pages 16 through 51 form an integral part of these financial statements.

Company's Statement of Changes in Equity

All amounts in thousands of euro

	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	Total capital
As at 31 December 2017 (audited)	204,862	(386)	6,092	1,839	7,488	219,895
Impact of IFRS 9 adoption (Note 2 (17))	-	-	-	(1,839)	(812)	(2,651)
As at 1 January 2018 (audited)	204,862	(386)	6,092	-	6,676	217,244
Profit for the year	-	-	-	-	991	991
Other comprehensive income	-	-	(902)	-	-	(902)
Total comprehensive income	-	-	(902)	-	991	89
As at 31 March 2018 (unaudited)	204,862	(386)	5,190	-	7,667	217,333
Profit for the year	-	-	-	-	3,471	3,471
Other comprehensive income	-	-	(1,593)	-	-	(1,593)
Total comprehensive income	-	-	(1,593)	-	3,471	1,878
Increase of reserve capital	-	2,112	-	-	-	2,112
Distribution of 2017 year profit	-	5,884	-	-	(5,884)	-
As at 31 December 2018 (audited)	204,862	7,610	3,597	-	5,254	221,323
Profit for the year	-	-	-	-	2,089	2,089
Other comprehensive income	-	-	(188)	-	-	(188)
Total comprehensive income	-	-	(188)	-	2,089	1,901
As at 31 March 2019 (unaudited)	204,862	7,610	3,409	-	7,343	223,224

The accompanying notes on pages 16 through 51 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)
Profit before taxes		2,089	1,898	2,089	997
Amortisation of intangible assets and depreciation of property, plant and equipment		208	112	208	112
Interest income		(3,011)	(3,069)	(3,011)	(3,069)
Interest received		651	566	651	566
Interest expenses		201	487	201	331
Interests paid		(54)	(172)	(54)	(16)
(Decrease) / increase in provisions for impairment	5	(731)	96	(731)	96
(Increase) in share of profit / (loss) in joint venture and associate capital funds	8	(638)	(1,003)	(638)	-
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		(1,285)	(1,085)	(1,285)	(983)
Increase in deferred income and accrued expense		84	234	84	233
(Decrease) in deferred expense and accrued income		(403)	(472)	(704)	(471)
(Increase) of other assets		(3,983)	(2,077)	(3,983)	(2,237)
Increase in other liabilities		2,078	16,021	2,086	16,312
Due from credit institutions decrease		3,111	8	3,111	8
Decrease of loans		207	8,107	357	8,107
Due to credit institutions (decrease)		(251)	(4,432)	(251)	(4,432)
Corporate income tax		-	-	-	-
Net cash flows to/ from operating activities		(442)	16,304	(584)	16,537
Cash flows from investment activities					
Sale of investment securities		2,875	2,561	2,875	2,561
Acquisition of property, plant and equipment and intangible assets		(641)	(211)	(641)	(211)
Purchase of investment properties		(1,226)	(889)	(1,226)	(889)
Sale of assets held for sale		-	-	-	-
Investments in venture capital funds, net		(415)	688	(415)	455
Investments of subsidiaries in share capital		(249)	-	-	-
Investments in subsidiaries		-	-	(192)	-
Net cash flows to/ from investing activities		344	2,149	401	1,916
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		(98)	28,354	(183)	28,354
Cash and cash equivalents at the beginning of period		128,916	100,597	128,536	100,597
Cash and cash equivalents at the end of period	17	128,818	128,951	128,353	128,951

The accompanying notes on pages 16 through 51 form an integral part of these financial statements.

Approval of the Financial Statements

The Management of the Group/Company has approved these unaudited interim condensed financial statements on 30 May 2019.

1 General information

(1) Corporate information

These unaudited interim condensed financial statements contain the financial information about AS Attīstības finanšu institūcija Altum (AS Development Finance Institution Altum) (hereinafter – the Company) and its subsidiaries (hereinafter – the Group). To comply with legal requirements, the separate financial statements of the Company are included in these consolidated financial statements. The Company is the parent entity of the Group.

By means of support financial instruments – loans, guarantees, investments in venture capital funds – the Group ensures access of enterprises and households to financing resources in the areas the state has defined to be important and supportable, thus developing the national economy and promoting the mobilisation of private capital and financial resources.

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

The mission of the Company is, by merging VAS Lauku attīstības fonds (the Rural Development Fund) (hereinafter – RDF), unified registration No 40003227583, SIA Latvijas Garantiju aģentūra (the Latvian Guarantee Agency)(hereinafter - LGA), unified registration No 40003375584, and VAS Latvijas Attīstības finanšu institūcija Altum (VAS Latvian Development Finance Institution Altum) (hereinafter – ALTUM), unified registration No 40003132437, into a single aid-providing institution, to become an integrated development finance institution, which, by means of the State aid financial instruments, provides support 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 it with non-financial support (consultations, training, mentoring, etc.) 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 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 into the share capital of the Company as contributions in kind.

The second stage was the 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 which established the merger of these companies with AS 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, the accounting records of ALTUM, LGA, RDF and the Company were merged on 1 April 2015. The newly established integrated development finance institution set its business to be implementation of the existing State aid programmes and financial instruments of ALTUM, LGA and RDF and, together with policy makers, develop new programmes and financial instruments.

On 15 April 2015 the Company changed its name from AS Attīstības finanšu institūcija (AS Development Finance Institution) to AS Attīstības finanšu institūcija Altum (AS Development Finance Institution Altum).

2 Summary of significant accounting policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the three-month period ended 31 March 2019 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted in the European Union. These financial statements are to be used together with the complete financial statements for the year 2018 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

(2) Application of new and/or amended IFRS and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC)

Several new standards and interpretations have been published which become effective for the financial reporting periods beginning on or after 1 January 2019 or have not yet been endorsed by the European Union:

- **IFRS 16: Leases**
The standard is effective for annual reporting 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 Interpretation 23: Uncertainty over Income Tax Treatments**
The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.

3 Risk management

The most significant risks to which the Group / Company are exposed are credit risk, liquidity risk and operational risk. These unaudited interim condensed financial statements do not include all information on risk management and disclosures required in the annual financial statements. They are to be viewed together with the complete financial statements for the year 2018.

4 Interest income

	Group	Group	Company	Company
	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)
Interest on loans and guarantees*	2,620	2,499	2,620	2,499
Interest on securities at amortised cost	5	6	5	6
Interest on securities at fair value	378	485	378	485
Other interest income	2	79	2	79
Interest on balances due from credit institutions	6	-	6	-
Total interest income	3,011	3,069	3,011	3,069

* Based on the Mezzanine and Guarantee Fund Activity Agreement concluded with the Ministry of Economics in 2016 (Agreement No 2011/16), the financing given by the Ministry of Economics must be increased by the income of the Mezzanine and Guarantee Fund from the placement of free funds, interest income from loans, premium income on 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 EUR 116 thousand (1 quarter of 2018: EUR 127 thousand).

5 Impairment losses, net

	Group	Group	Company	Company
	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)*	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/03/2018 (unaudited)*
impairment losses on:	2,142	6,018	2,142	6,018
Loans, net	1,108	4,684	1,108	4,684
<i>impairment losses (Note 7)</i>	1,554	4,684	1,554	4,684
<i>impairment losses covered by risk coverage reserve</i>	(446)	-	(446)	-
other assets, net	311	632	311	632
<i>impairment losses</i>	431	632	431	632
<i>impairment losses covered by risk coverage reserve</i>	(120)	-	(120)	-
debt securities	-	33	-	33
Guarantees, net	697	669	697	669
<i>impairment losses (Note 13)</i>	3,056	669	3,056	669
<i>impairment losses covered by risk coverage reserve</i>	(2,359)	-	(2,359)	-
Loan commitments, net	26	-	26	-
<i>impairment losses</i>	27	-	27	-
<i>compensation of impairment losses from risk coverage reserve</i>	(1)	-	(1)	-
Reversal of impairment on:	(2,087)	(5,676)	(2,087)	(5,676)
Loans, net	(1,188)	(3,117)	(1,188)	(3,117)
<i>reversal of impairment (Note 7)</i>	(1,277)	(3,117)	(1,277)	(3,117)
<i>reversal of impairment covered by risk coverage reserve</i>	89	-	89	-
other assets, net	(507)	(36)	(507)	(36)
<i>reversal of impairment</i>	(512)	-	(512)	-
<i>reversal of impairment covered by risk coverage reserve</i>	5	-	5	-
debt securities	-	(2)	-	(2)
Guarantees, net	(392)	(2,521)	(392)	(2,521)
<i>reversal of impairment (note 30)</i>	(1,365)	(2,521)	(1,365)	(2,521)
<i>reversal of impairment covered by risk coverage reserve</i>	973	-	973	-
Loan commitments, net	-	-	-	-
<i>reversal of impairment</i>	(462)	-	(462)	-
<i>reversal of impairment covered by risk coverage reserve</i>	462	-	462	-
(Income) from release of provisions for onerous contracts (guarantees)	55	342	55	342
Recovery of loans written off in previous periods	(786)	(246)	(786)	(246)
Total impairment losses, net	(731)	96	(731)	96

* In the first quarter of 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. In the first quarter of 2018, these processes were at the beginning and the quality of the data was not comparable with the 1st quarter of 2019.

6 Due from other credit institutions and the Treasury

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Due from credit institutions registered in Latvia and the Treasury	133,823	137,031	133,358	136,651
Impairment allowances	(5)	(5)	(5)	(5)
Total net	133,818	137,026	133,353	136,646

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 individual ratings is based on the ratings assigned to their parent banks as well as their financial and operational assessments. Once the contracts have been concluded, the Group/Company supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment.

The table below shows the breakdown of the Group's balances due from credit institutions and the Treasury by categories as at 31 March 2019 (gross):

Moody's ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	13,643	94,796	21,660	3,724	-	-	-	133,823
Total gross	-	13,643	94,796	21,660	3,724	-	-	-	133,823

The table below shows the breakdown of the Company's balances due from credit institutions and the Treasury by categories as at 31 March 2019 (gross):

Moody's ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	13,453	94,796	21,385	3,724	-	-	-	133,358
Total gross	-	13,453	94,796	21,385	3,724	-	-	-	133,358

The table below shows the breakdown of the Group's balances due from credit institutions and the Treasury by categories as at 31 December 2018 (gross):

Moody's ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	12,595	96,875	22,159	5,402	-	-	-	137,031
Total gross	-	12,595	96,875	22,159	5,402	-	-	-	137,031

The table below shows the breakdown of the Company's balances due from credit institutions and the Treasury by categories as at 31 December 2018 (gross):

Moody's ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	12,411	96,875	21,963	5,402	-	-	-	136,651
Total gross	-	12,411	96,875	21,963	5,402	-	-	-	136,651

As at 31 March 2019, the Group/Company held accounts with 4 banks and the Treasury of the Republic of Latvia.

As at 31 March 2019, the average interest rate on balances due from credit institutions was 0.012% (31 December 2017: - 0.012%).

Notes to the financial report

7 Loans

The Group's/ Company's loans by the borrower profile:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Private companies	192,330	189,549	191,898	189,267
Individuals	25,785	25,853	25,785	25,853
Financial institutions	800	867	800	867
Local governments	226	239	226	239
Public and religious institutions	902	623	902	623
Total gross loans	220,043	217,131	219,611	216,849
Impairment allowances*	(19,653)	(19,376)	(19,653)	(19,376)
Total net loans	200,390	197,755	199,958	197,473

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

Granted loans by industries:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Agriculture and forestry	95,012	94,954	95,012	94,954
Manufacturing	46,778	46,192	46,778	46,192
Private individuals	23,183	23,481	23,183	23,481
Other industries	24,363	21,508	23,931	21,226
Retail and wholesale	11,254	11,371	11,254	11,371
Hotels and restaurants	4,002	4,256	4,002	4,256
Electricity, gas and water utilities	3,777	3,958	3,777	3,958
Transport, warehousing and communications	1,097	1,166	1,097	1,166
Real estate	4,612	4,219	4,612	4,219
Construction	2,478	2,586	2,478	2,586
Financial intermediation	800	867	800	867
Fishing	2,461	2,334	2,461	2,334
Municipal authorities	226	239	226	239
Total gross loans	220,043	217,131	219,611	216,849

The loan amount, equalling to or exceeding EUR 1,000 thousand, issued to one customer is presented below:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Number of customers	27	26	27	26
Total credit exposure of customers (EUR '000)	36,339	35,652	36,339	35,652
Percentage of total gross portfolio of loans	16.5%	16.42%	16.6%	16.44%

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

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Credit risk has not increased significantly (Stage 1)	161,897	163,133	161,465	162,851
Credit risk has increased significantly (Stage 2)	18,647	16,597	18,647	16,597
Loans which have objective evidence of impairment (Stage 3)	39,499	37,401	39,499	37,401
Total loans gross	220,043	217,131	219,611	216,849
Impairment allowances	(19,653)	(19,376)	(19,653)	(19,376)
Total net loans	200,390	197,755	199,958	197,473

Notes to the financial report

7 Loans (cont'd)

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

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Performing	186,297	178,557	185,865	178,275
Past due up to 30 days	11,832	17,565	11,832	17,565
Past due from 31 to 60 days	1,906	3,012	1,906	3,012
Past due from 61 to 90 days	278	618	278	618
Past due over 90 days	19,730	17,379	19,730	17,379
Total gross loans, without interest accrued on the loans	220,043	217,131	219,611	216,849

Movement in the Group's/ Company's impairment allowances:

	Group	Group	Company	Company
	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/12/2018 (audited)*	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/12/2018 (audited)*
Allowances at the beginning of the period	19,376	15,438	19,376	15,438
Covered by risk coverage reserve	-	2,557	-	2,557
Impact of IFRS 9 adoption	-	4,324	-	4,324
Allowances for accrued income	-	1,745	-	1,745
Allowances at 1 January 2018	19,376	24,064	19,376	24,064
Increase in impairment allowances (Note 5)	1,554	4,684	1,554	4,684
Decrease in impairment allowances (Note 5)	(1,277)	(3,117)	(1,277)	(3,117)
Accrued interest	-	(164)	-	(164)
Write-off of loans	-	(27)	-	(27)
Currency change	-	-	-	-
Allowances at the end of the period ended 31 March	19,653	25,440	19,653	25,440
Increase in impairment allowances (Note 5)	-	1,233	-	1,233
Decrease in impairment allowances (Note 5)	-	(291)	-	(291)
Accrued interest	-	164	-	164
Write-off of loans	-	(7,173)	-	(7,173)
Currency change	-	3	-	3
Allowances at the end of the period ended 31 December	-	19,376	-	19,376
Group's / Company's share of provisions	14,345	14,426	14,345	14,426
Provisions covered by risk coverage*	5,308	4,950	5,308	4,950

* In the first quarter of 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. In the first quarter of 2018, these processes were at the beginning and the quality of the data was not comparable with the 1st quarter of 2019.

In calculating the impairment loss due to default on loan principal or interest payments or other loss events the following is taken into account:

- Collateral, including real estate and commercial pledges measured at market value. The value of collateral is based on the valuations performed by independent valuers;
- Risk coverage reserve (Note 14).

7 Loans (cont'd)

Information on the value of collateral (assessed at fair value as at 31 March 2019) and position against net loan portfolio is provided below:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Real estate (loans)	145,785*	155,299	145,785*	155,299
Real estate (leaseback)	8,971	6,923	8,971	6,923
Movable property	21,458	22,273	21,458	22,273
Guarantees	1,006	305	1,006	305
Total collateral	177,220	184,800	177,220	184,800
Loan portfolio, gross	220,043	217,131	219,611	216,849
Provisions (only Impairment applied to the Group / Company)	(14,345)	(14,426)	(14,345)	(14,426)
Risk coverage of loan funds	(5,308)	(4,950)	(5,308)	(4,950)
Loan portfolio, net	200,390	197,755	199,958	197,473
Exposed	11.56%	6.55%	11.37%	6.42%

* This collateral includes real estate at a market value of EUR 10 million, for which the value of the collateral has not been updated taking into account the increase in market prices in recent years. The Group / Company will update the collateral value of these collateral and as a result no impairment of the collateral value is expected.

As at 31 March 2018, the average annual interest rate for the loan portfolio of the Group/Company was 4.17% (31 December 2018: 4.15%).

8 Investments in venture capital funds

The Group's/Company's investments in associates as at 31/03/2019 and as at 31/12/2018, based on information provided by venture capital fund managers:

Company or VCF generation	Country of incorporation	31/03/2019 VCF's equity	31/03/2019 Carrying amount	31/12/2018 VCF's equity	31/12/2018 Carrying amount
The 1 st generation of VCF	LV	2,387	746	2,387	746
The 2 nd generation of VCF	LV	23,501	14,736	20,399	14,623
The 3 rd generation of VCF	LV	29,151	24,150	24,950	23,763
The 4 th generation of VCF	LV	148	-	186	119
Baltic Innovation fund	LU	54,942	11,541	54,942	10,988
Total investments		110,129	51,173	102,864	50,239

At 31/03/2019 the VCF portfolio value at cost value is 61,939 thsd. euros (at 31/12/2018: 59,698 thsd. euros)

The movement in the Group's/Company's investments in associates in the 1st quarter of 2019:

	Investments in associates	BIF investments	Group/Company 01/03/2019-31/03/2019 Total amount (unaudited)
Carrying amount at the beginning of period	39,252	10,988	50,239
Invested	-	553	553
Refunded	(138)	-	(138)
Share of loss of investment in joint venture and associate*	518	-	518
Share of loss of investment in joint venture and associate at fair value through profit or loss	-	-	-
Carrying amount at the end of the period ended	39,632	11,541	51,173

* The 2nd and 3rd generation risk venture funds' revaluation result in the 1st quarter of 2019 was compensated by Risk coverage reserve in amount of EUR 638 thousand (see Note 14). The 4th generation risk venture funds' revaluation result in the 1st quarter of 2019 in amount of 120 thsd. euro, without affecting profit or loss statement, was covered by Risk coverage reserve.

Notes to the financial report

8 Investments in venture capital funds (cont'd)

The movement in the Group's/Company's investments in associates in 2018:

	Investments in associates	BIF investments	Group/Company 01/01/2018-31/03/2018 Total amount (unaudited)
Carrying amount at the beginning of period	44,898	8,394	53,292
Invested	334	600	934
Refunded	(1,622)	-	(1,622)
Share of net loss of investment in joint venture and associate	1,003	-	1,003
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-
Compensation of impairment	(185)	-	(185)
Carrying amount at the end of the period ended at 31 March	44,428	8,994	53,422
Impairment	(140)	-	(140)
Net carrying amount at the period ended at 31 March	44,288	8,994	53,282
Invested	(80)	2,225	2,145
Refunded	(2,931)	(488)	(3,419)
Share of net loss of investment in joint venture and associate	(2,351)	-	(2,351)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	257	257
Compensation of impairment	185	-	185
Impairment	140	-	140
Net carrying amount at the period ended at 31 December	39,251	10,988	50,239

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

- EUR 268 thousand from the risk coverage reserve used to cover management fees for the 2nd and 3rd generation venture capital funds (the 1st quarter of 2018: EUR 346 thousand) (see Note 14);
- Management fees for the *Baltic Innovation Fund* amounting to EUR 47 thousand (the 1st quarter of 2018: EUR 54 thousand), of which EUR 121 thousand was compensated from the risk coverage reserve (see Note 14).

The program, through which are made investments into 4nd generation venture capital funds, is based on the *Agent* accounting principle. As a result, EUR 119 thousand from the risk coverage reserve used to cover management fees for the 4th generation venture capital funds while it had no impact on the profit or loss statement of the Group / Company.

Part of disbursements, made into the 4th generation venture capital funds, are classified as *Investments in subsidiaries*. More information is available in Note 18. The 4th generation venture capital funds' management fees in amount of EUR 300 thousand were covered by the risk coverage reserve while it had no impact on the profit or loss statement of the Group / Company.

9 Investment properties

	Group 31/03/2019 (unaudited)	Group 31/12/2018 (audited)	Company 31/03/2019 (unaudited)	Company 31/12/2018 (audited)
Carrying amount at the beginning of period	14,794	10,808	14,794	10,808
Acquired during the reporting period*	1,226	3,988	1,226	3,988
Disposals during the reporting period	-	(234)	-	(234)
Net gain from fair value adjustment	-	232	-	232
Carrying amount at the end of the period	16,020	14,794	16,020	14,794

* In the reporting period, all acquisitions of investment properties were related to the activities of the Land Fund programme.

Notes to the financial report

10 Other assets

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Financial assets	34,075	30,349	34,073	30,349
Other assets (inventory)	1,193	819	1,193	819
Total other assets (gross)	35,268	31,168	35,266	31,168
Impairment provision for financial assets	(5,968)	(6,049)	(5,968)	(6,049)
Group's / Company's share of provisions	(5,830)	(3,828)	(5,830)	(3,828)
Provisions covered by risk coverage*	(138)	(23)	(138)	(23)
Provisions compensated by risk coverage	-	(2,198)	-	(2,198)
Total other assets (net)	29,300	25,119	29,298	25,119

Other assets - assets that have been taken over in the debt collection process and are held to be sold in the ordinary course of business.

The following table presents Group's/Company's movements in book value of financial assets, thsd. euro in the 1st quarter of 2019:

	Disbursed compensations	Grants*	Financial assets related to loan agreements	Other financial assets	Total 01/01/2019- 31/03/2019
Financial assets					
At the beginning of period	5,694	22,575	1,142	938	30,349
Changes	(81)	4,307	(927)	425	3,724
As at 31 March 2019	5,613	26,882	215	1,363	34,073
Impairment provision					
At the beginning of period	5,694	14	76	265	6,049
Changes in Impairment provisions	(81)	-	(20)	20	(81)
As at 31 March 2019	5,613	14	56	285	5,968
Net book value at the beginning of period	-	22,561	1,066	673	24,300
Net book value as at 31 March 2019	-	26,868	159	1,078	28,105

*All issued grants represent Stage 1 for ECL calculation purposes and there were no changes in staging during the reporting period. There were no major changes in calculated ECL during the 1st quarter in 2019.

11 Due to credit institutions

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Due to credit institutions registered in OECD countries	33,864	38,245	33,864	38,245
Total	33,864	38,245	33,864	38,245

Balances due to credit institutions registered in the OECD countries include loans received by the Group/Company from the European Investment Bank (EIB) of EUR 33,864 thousand, of which EUR 17 thousand constitutes accrued interest expenses.

During the reporting period, the Group/Company repaid EUR 4,420 thousand, of which accrued interest was EUR 80 thousand.

The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan of EUR 33,864 thousand (Note 19), which is considered a parent guarantee on behalf of the Group/Company.

As at 31 March 2019, the average interest rate for the balances due to credit institutions was 0.45% (2018: 0.41%).

12 Due to general governments

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Due to government entities	3,793	2,724	3,793	2,724
Loans received from Rural Support Service	7,171	7,171	7,171	7,171
Loans received from the Treasury	41,294	38,215	41,294	38,215
Total due to general governments	52,258	48,110	52,258	48,110

Liabilities due to government entities obligations worth 3,793 thsd euros (2018: 2,724 thsd euros), which, in amount of 1,723 thsd. euros, originate from reduction of capital of ERDFII and ESFI loan funds effected in year 2013 by ALTUM, whereby a share of public financing of ERDFII and ESFI was not repaid to the investors (state companies), although, an agreement was reached with the investors about accounting that amount outside the Statement of financial position of ERDFII and ESFI loan funds, i.e. on the liabilities side of the ALTUM Statement of financial position. In 2018, *Liabilities due to government entities* were increased by 1,001 thsd euros, because of Start-up State Aid Cumulation Lending Programme's funding redistribution. In the 1st quarter of 2019 *Liabilities due to government entities* were increased by 1,069 thsd euros, because of ESFI funding redistribution.

Item *Loans from Rural Support Service* – in accordance with the Cabinet Regulation No 664 dated 20 July 2010 *Procedure for Administering and Supervising the State and European Union Aid for Agriculture, Rural and Fisheries Development through Establishment of the Loan Fund* and Financing Agreement dated 7 September 2010 concluded among the Ministry of Agriculture, Rural Support Service and ALTUM stipulating the provisions for establishment, operation and supervision of the Loan Fund, absorption of the funds and performance of the Business Plan and its purpose, ALTUM was granted 44, 711 thsd euros (7,114 thsd euros from the European Fisheries Fund (EFF); 37,596 thsd euros – European Agricultural Fund for Rural Development (EAFRD)) to transfer these resources of the Loan Fund to the eligible beneficiaries via financial intermediaries.

As at 31 March of 2019 Group/Company liabilities towards RSS consist of the principal amount of 6,903 thsd euros and accrued interest – 268 thsd euros.

The granted financing is to be repaid by 31 December 2030.

Loans received from the Treasury of Latvia includes the loan of 41,294 thsd euros received by the Group/Company for implementation of land acquisition programmes.

In compliance with Articles 9 and 13 of the Cabinet regulation No 381 "Procedure of granting state aid for procurement of agricultural land for producing agricultural produce" of 29 May 2012, the Republic of Latvia and Group/Company concluded loan agreement No A1/11/F12/296 and the State Treasury on 25 June 2012.

Based on the Loan agreement dated 25 June 2012 with the Ministry of Finance on the financing in compliance with the Cabinet regulations No 295 "Procedure of Granting State Aid for Acquisition of Agricultural Land for Producing Agricultural Production" of 22 May 2018 (till May 25 2018 in compliance with the Cabinet regulations No 381 "Procedure of Granting State Aid for Acquisition of Agricultural Land for Producing Agricultural Production" of 29 May 2012) the loan was issued in amount of 3,078 thsd euros with floating interest rate, which is revised every six months. The maturity of the loan is 20 January 2034.

These assets are pledged. The secured claim amount is 41,294 thsd euros. More information is available in Note 19.

Notes to the financial report

13 Provisions

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Provisions for financial guarantees	25,835	24,144	25,835	24,144
Provisions for loan commitments	785	1,220	785	1,220
Provisions for grant commitments	9	9	9	9
Total provisions	26,629	25,373	26,629	25,363

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

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Provisions for:				
Other guarantee programmes	11,755	10,294	11,755	10,294
Guarantee activity	1,158	1,219	1,158	1,219
Loan guarantees to rural entrepreneurs	2,137	2,220	2,137	2,220
Guarantees under the Mezzanine loan programme	1,375	1,421	1,375	1,421
Housing Guarantee Programme	9,410	8,990	9,410	8,990
Total provisions	25,835	24,144	25,835	24,144
Group's / Company's share of provisions	11,287	10,982	11,287	10,982
Provisions covered by risk coverage	14,548	13,162	14,548	13,162

Group's / Company's provisions for loan commitments:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Total provisions for loan commitments	785	1,220	785	1,220
Group's / Company's share of provisions	113	88	113	88
Provisions covered by risk coverage	672	1,132	672	1,132

Group's / Company's provisions for grant commitments:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Total provisions for grant commitments	9	9	9	9
Group's / Company's share of provisions	9	9	9	9
Provisions covered by risk coverage	-	-	-	-

Grant commitments, gross and net amounts:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Grant commitments	5,700	7,320	5,700	7,320
Provisions for grant commitments	(9)	(9)	(9)	(9)
Net amount of loan commitments	5,691	7,311	5,691	7,311

For more information on the amount of grant commitments see Note 16.

13 Provisions (cont'd)

Analysis of the movement in the Group's / Company's provisions for onerous contracts:

	Group	Group	Company	Company
	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/12/2018 (audited)	01/01/2019- 31/03/2019 (unaudited)	01/01/2018- 31/12/2018 (audited)
Provisions at the beginning of the period	24,144	5,986	24,144	5,986
Impact of IFRS 9 adaption	-	6,123	-	6,123
Reclassification IAS 37 (Provisions for onerous contracts)	-	8,544	-	8,544
Provisions covered by risk coverage	-	2,196	-	2,196
Provisions as at 1 January 2018	24,144	22,849	24,144	22,849
Increase in provisions (Note 5)	3,056	669	3,056	669
Decrease in provisions (Note 5)	(1,365)	(2,521)	(1,365)	(2,521)
Currency change	-	(2)	-	(2)
Provisions at the end of the period ended 31 March (unaudited)	25,835	20,995*	25,835	20,995*
Increase in provisions (Note 5)	-	7,505	-	7,505
Decrease in provisions (Note 5)	-	(4,355)	-	(4,355)
Currency change	-	(1)	-	(1)
Provisions at the end of the period ended 31 March	-	24,144	-	24,144
Group's / Company's share of provisions	11,287	10,982	11,287	10,982
Provisions covered by risk coverage	14,548	13,162	14,548	13,162

* In the first quarter of 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. In the first quarter of 2018, these processes were at the beginning and the quality of the data was not comparable with the 1st quarter of 2019.

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

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Credit risk has not increased significantly (Stage 1)	243,771	228,082	243,771	228,082
Credit risk has increased significantly (Stage 2)	1,118	2,496	1,118	2,496
Loans which have objective evidence of impairment (Stage 3)	7,520	6,317	7,520	6,317
Total gross	252,409	236,895	252,409	236,895
Impairment allowances	(25,835)	(24,144)	(25,835)	(24,144)
Total net	226,574	212,751	226,574	212,751

Financial guarantees, gross and net amounts:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Maximum exposure to credit risk with regard to the off-balance sheet amount	252,409	236,895	252,409	236,895
Provisions for financial guarantees	(25,835)	(24,144)	(25,835)	(24,144)
Off-balance sheet net amount of guarantees	226,574	212,751	226,574	212,751

Unutilised loan facilities, gross and net amounts:

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Unutilised loan facilities	23,668	19,611	23,668	19,611
Provisions for unutilized loan facilities	(785)	(1,220)	(785)	(1,220)
Net amount of unutilized loan facilities	22,883	18,391	22,883	18,391

For more information on the amount of guarantees and unutilized loan facilities see Note 16.

14 Support programme funding

	Group	Group	Group	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Support programme funding	128,096	126,959	128,110	126,959

The table below presents the Risk coverage reserve included in the Support programme funding and State aid, which can be used for covering the Group's credit risk losses as at 31 March 2019:

Programme	Programme funding as at 31/03/2019, EUR '000	Credit risk cover as at 31/03/2019, EUR '000	Provisions covered by risk coverage as at 31/03/2019, EUR '000	Net programme funding as at 31/03/2019, EUR '000
ERDFII	10,818	4,997	(982)	9,836
ESF II	1,425	1,087	(388)	1,037
Microcredits of Swiss programme	5435	1,133	(38)	5,397
ERAF I	606	185	(26)	580
ESF I	380	153	(89)	291
Microcredits	15	-	-	15
ERAF II (second round)	5,741	1,386	(168)	5,573
Incubators (from ESF II)	78	18	(1)	77
ERAF II 2 Public fund	2,396	276	(15)	2,381
Fund of Funds and venture capital funds	19,086	14,769	-	19,086
Fund of Funds programme - Start-up loans	2,719	2,719	(400)	2,319
Fund of Funds programme – Microcredits	327	327	(40)	287
Fund of Funds programme - Parallel loans	2,195	2,195	(1,913)	282
Fund of Funds programme - Guarantees	20,611	20,497	(4,666)	15,945
EEPMB* loan fond	2,387	2,387	-	2,387
EEPMB guarantees	3,029	2,400	(614)	2,415
EEPMB grants	31,305	-	-	31,305
Housing Guarantee Programme	9,659	9,659	(6,319)	3,340
Social Entrepreneurship Programme	652	-	-	652
Start-up State Aid Cumulation Lending Programme	1,000	1,000	(353)	647
GPLEC **	6,158	6,158	(1,192)	4,966
Other loans to start-ups	2,410	1,687	(115)	2,295
Mezzanine Loan Programme	3,898	3,045	(2,801)	1,097
Investment Fund Activity	858	635	-	858
Baltic Innovation Fund	1,805	-	-	1,805
Guarantees and interest grants programme	4,217	4,217	-	4,217
Parallel loans to large entrepreneurs	580	580	-	580
Portfolio Guarantee Fund	1,923	1,726	(458)	1,465
Parallel loans	2,000	2,000	(20)	1,980
Export guarantees	2,029	2,030	(62)	1,967
Loans for enterprises in rural territories	2,500	175	(6)	2,494
Energy Efficiency Fund	131	-	-	131
Grants for energy efficiency project development	389	-	-	389
Total	148,762	87,441	(20,666)	128,096

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC - Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

14 Support programme funding (cont'd)

The table below presents the Risk coverage reserve included in the Support programme funding and State aid, which can be used for covering the Group's credit risk losses as at 31 December 2018:

Programme	Programme funding as at 31/12/2018, EUR '000	Credit risk cover as at 31/12/2018, EUR '000	Provisions covered by risk coverage as at 31/12/2018, EUR '000	Net programme funding as at 31/12/2018, EUR '000
ERDF II	11,888	5,208	(984)	10,904
ESF II	1,422	1,225	(363)	1,059
Microcredits of Swiss programme	5,435	1,366	(43)	5,392
ERDF I	606	197	(28)	578
ESF I	380	157	(77)	303
Microcredits	15	-	-	15
ERDF II (second round)	5,733	1,662	(186)	5,547
Incubators (from ESF II)	78	20	(2)	76
ERAF II 2 Public fund	2,396	317	(16)	2,380
Fund of Funds and venture capital funds	24,914	19,931	-	24,914
Fund of Funds programme - Start-up loans	2,283	2,282	(354)	1,929
Fund of Funds programme - Microcredits	297	297	(42)	255
Fund of Funds programme - Parallel loans	2,143	2,143	(2,044)	99
Fund of Funds programme - Guarantees	14,981	14,981	(4,254)	10,727
EEPMB* loan fond	2,388	2,388	-	2,388
EEPMB guarantees	3,008	2,400	(530)	2,478
EEPMB grants	31,305	-	-	31,305
Housing Guarantee Programme	6,849	6,849	(5,769)	1,080
Social Entrepreneurship Programme	302	-	-	302
Start-up State Aid Cumulation Lending Programme	1,000	1,000	(342)	658
GPLEC **	6,158	6,158	(1,090)	5,068
Other loans to start-ups	2,407	898	(94)	2,313
Mezzanine Loan Programme	3,806	3,045	(2,906)	900
Investment Fund Activity	1,130	836	-	1,130
Baltic Innovation Fund	1,860	930	-	1,860
Guarantees and interest grants programme	4,278	4,278	-	4,278
Parallel loans to large entrepreneurs	580	580	-	580
Portfolio Guarantee Fund	1,923	1,923	(42)	1,881
Parallel loans	2,000	2,000	(21)	1,979
Export guarantees	2,030	2,030	(79)	1,951
Loans for enterprises in rural territories	2,499	175	(2)	2,497
Energy Efficiency Fund	133	-	-	133
Total	146,227	85,276	(19,268)	126,959

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC – Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

14 Support programme funding (cont'd)

The table below presents the Risk coverage reserve included in the Support programme funding and State aid, which can be used for covering the Company's credit risk losses as at 31 March 2019:

Programme	Programme funding as at 31/03/2019, EUR '000	Credit risk cover as at 31/03/2019, EUR '000	Provisions covered by risk coverage as at 31/03/2019, EUR '000	Net programme funding as at 31/03/2019, EUR '000
ERDFII	10,818	4,997	(982)	9,836
ESF II	1,425	1,087	(388)	1,037
Microcredits of Swiss programme	5435	1,133	(38)	5,397
ERDF I	606	185	(26)	580
ESF I	380	153	(89)	291
Microcredits	15	-	-	15
ERDF II (second round)	5,741	1,386	(168)	5,573
Incubators (from ESF II)	78	18	(1)	77
ERAF II 2 Public fund	2,396	276	(15)	2,381
Fund of Funds and venture capital funds	19,100	14,769	-	19,100
Fund of Funds programme - Start-up loans	2,719	2,719	(400)	2,319
Fund of Funds programme - Microcredits	327	327	(40)	287
Fund of Funds programme - Parallel loans	2,195	2,195	(1,913)	282
Fund of Funds programme - Guarantees	20,611	20,497	(4,666)	15,945
EEPMB* loan fond	2,387	2,387	-	2,387
EEPMB guarantees	3,029	2,400	(614)	2,415
EEPMB grants	31,305	-	-	31,305
Housing Guarantee Programme	9,659	9,659	(6,319)	3,340
Social Entrepreneurship Programme	652	-	-	652
Start-up State Aid Cumulation Lending Programme	1,000	1,000	(353)	647
GPLEC **	6,158	6,158	(1,192)	4,966
Other loans to start-ups	2,410	1,687	(115)	2,295
Mezzanine Loan Programme	3,898	3,045	(2,801)	1,097
Investment Fund Activity	858	635	-	858
Baltic Innovation Fund	1,805	-	-	1,805
Guarantees and interest grants programme	4,217	4,217	-	4,217
Parallel loans to large entrepreneurs	580	580	-	580
Portfolio Guarantee Fund	1,923	1,726	(458)	1,465
Parallel loans	2,000	2,000	(20)	1,980
Export guarantees	2,029	2,030	(62)	1,967
Loans for enterprises in rural territories	2,500	175	(6)	2,494
Energy Efficiency Fund	131	-	-	131
Grants for energy efficiency project development	389	-	-	389
Total	148,776	87,441	(20,666)	128,110

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC - Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

14 Support programme funding (cont'd)

The table below presents the Risk coverage reserve included in the Support programme funding and State aid, which can be used for covering the Company's credit risk losses as at 31 December 2018:

Programme	Programme funding as at 31/12/2018, EUR '000	Credit risk cover as at 31/12/2018, EUR '000	Provisions covered by risk coverage as at 31/12/2018, EUR '000	Net programme funding as at 31/12/2018, EUR '000
ERDFII	11,888	5,208	(984)	10,904
ESF II	1,422	1,225	(363)	1059
Microcredits of Swiss programme	5,435	1,366	(43)	5,392
ERDF I	606	197	(28)	578
ESF I	380	157	(77)	303
Microcredits	15	-	-	15
ERDF II (second round)	5,733	1,662	(186)	5,547
Incubators (from ESF II)	78	20	(2)	76
ERAF II 2 Public fund	2,396	317	(16)	2,380
Fund of Funds and venture capital funds	24,914	19,931	-	24,914
Fund of Funds programme - Start-up loans	2,283	2,282	(354)	1,929
Fund of Funds programme – Microcredits	297	297	(42)	255
Fund of Funds programme - Parallel loans	2,143	2,143	(2,044)	99
Fund of Funds programme - Guarantees	14,981	14,981	(4,254)	10,727
EEPMB* loan fond	2,388	2,388	-	2,388
EEPMB guarantees	3,008	2,400	(530)	2,478
EEPMB grants	31,305	-	-	31,305
Housing Guarantee Programme	6,849	6,849	(5,769)	1,080
Social Entrepreneurship Programme	302	-	-	302
Start-up State Aid Cumulation Lending Programme	1,000	1,000	(342)	658
GPLEC **	6,158	6,158	(1,090)	5,068
Other loans to start-ups	2,407	898	(94)	2,313
Mezzanine Loan Programme	3,806	3,045	(2,906)	900
Investment Fund Activity	1,130	836	-	1,130
Baltic Innovation Fund	1,860	930	-	1,860
Guarantees and interest grants programme	4,278	4,278	-	4,278
Parallel loans to large entrepreneurs	580	580	-	580
Portfolio Guarantee Fund	1,923	1,923	(42)	1,881
Parallel loans	2,000	2,000	(21)	1,979
Export guarantees	2,030	2,030	(79)	1,951
Loans for enterprises in rural territories	2,499	175	(2)	2,497
Energy Efficiency Fund	133	-	-	133
Total	146,227	85,276	(19,268)	126,959

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC – Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

Group's / Company's provisions covered by risk coverage

	31/03/2019 (unaudited)	31/12/2018 (audited)
Provisions for financial guarantees covered by risk coverage (Note 13)	14,548	13,162
Provisions for loans covered by risk coverage (Note 7)	5,308	4,951
Provisions loan commitments covered by risk coverage (Note 13)	672	1,132
Provisions for financial assets (disbursed compensations) (Note 13)	138	23
Total provisions covered by risk coverage	20,666	19,268

14 Support programme funding (cont'd)

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

The table below presents the movement of Group's risk coverage reserve during the 1st quarter of 2019:

Programme	Programmes funding as at 31/12/2018, EUR '000	Received funding during report period, EUR '000	Reallocated funding among the programs, EUR'000	Management fees compensated by funding, EUR'000	Altum management fee, EUR'000	Other changes, EUR'000	Revaluation of liabilities EUR'000	Programs' funding as at 31/03/2019, EUR '000	Provisions covered by risk coverage as at 31/03/2019, EUR '000	Net programmes funding as at 31/03/2019, EUR '000
ERDFII	11,890	-	-	-	-	(1,072)	-	10,818	(982)	9,836
ESF II	1,422	-	-	-	-	3	-	1,425	(388)	1,037
Microcredits of Swiss programme	5,435	-	-	-	-	-	-	5435	(38)	5,397
ERDF I	606	-	-	-	-	-	-	606	(26)	580
ESF I	380	-	-	-	-	-	-	380	(89)	291
Microcredits	15	-	-	-	-	-	-	15	-	15
ERDF II (second round)	5,733	-	-	-	-	8	-	5,741	(168)	5,573
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(1)	77
ERAF II 2 Public fund	2,396	-	-	-	-	-	-	2,396	(15)	2,381
Fund of Funds and venture capital funds	24,914	-	(5,300)	(419)	-	(747)	-	18,448	-	18,448
Fund of Funds programme - Start-up loans	2,283	-	300	-	-	136	-	2,719	(400)	2,319
Fund of Funds programme - Microcredits	297	-	-	-	-	30	-	327	(40)	287
Fund of Funds programme - Parallel loans	2,143	-	-	-	-	52	-	2,195	(1,913)	282
Fund of Funds programme - Guarantees	14,981	-	5,000	-	-	630	-	20,611	(4,666)	15,945
EEPMB* loan fond	2,388	-	-	-	-	(1)	-	2,387	-	2,387
EEPMB guarantees	3,008	-	-	-	-	21	-	3,029	(614)	2,415
EEPMB grants	31,305	-	-	-	-	-	-	31,305	-	31,305
Housing Guarantee Programme	6,849	2,810	-	-	-	-	-	9,659	(6,319)	3,340
Social Entrepreneurship Programme	302	350	-	-	-	-	-	652	-	652
Start-up State Aid Cumulation Lending Programme	1,000	-	-	-	-	-	-	1,000	(353)	647
GPLEC **	6,158	-	-	-	-	-	-	6,158	(1,192)	4,966
Other loans to start-ups	2,404	-	-	-	-	6	-	2,410	(115)	2,295
Mezzanine Loan Programme	3,807	-	-	-	(25)	116	-	3,898	(2,801)	1,097
Investment Fund Activity	1,130	-	-	(268)	(5)	1	638	1,496	-	1,496
Baltic Innovation Fund	1,860	-	-	(47)	(8)	-	-	1,805	-	1,805
Guarantees and interest grants programme	4278	-	-	-	-	(61)	-	4,217	-	4,217
Parallel loans to large entrepreneurs	580	-	-	-	-	-	-	580	-	580
Portfolio Guarantee Fund	1923	-	-	-	-	-	-	1,923	(458)	1,465
Parallel loans	2000	-	-	-	-	-	-	2,000	(20)	1,980
Export guarantees	2030	-	-	-	-	(1)	-	2,029	(62)	1,967
Loans for enterprises in rural territories	2,499	-	-	-	-	1	-	2,500	(6)	2,494
Energy Efficiency Fund	133	-	-	-	-	(2)	-	131	-	131
Grants for energy efficiency project development	-	389	-	-	-	-	-	389	-	389
Total	146,227	3,549	-	(734)	(38)	(880)	638	148,762	(20,666)	128,096

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC - Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

14 Support programme funding (cont'd)

The table below presents the movement of Company's risk coverage reserve during the 1st quarter of 2019:

Programme	Programmes funding as at 31/12/2018, EUR '000	Received funding during report period, EUR '000	Reallocated funding among the programs, EUR'000	Management fees compensated by funding, EUR'000	Altum management fee, EUR'000	Other changes, EUR'000	Revaluation of liabilities EUR'000	Programs' funding as at 31/03/2019, EUR '000	Provisions covered by risk coverage as at 31/03/2019, EUR '000	Net programmes funding as at 31/03/2019, EUR '000
ERDFII	11,890	-	-	-	-	(1,072)	-	10,818	(982)	9,836
ESF II	1,422	-	-	-	-	3	-	1,425	(388)	1,037
Microcredits of Swiss programme	5,435	-	-	-	-	-	-	5435	(38)	5,397
ERDF I	606	-	-	-	-	-	-	606	(26)	580
ESF I	380	-	-	-	-	-	-	380	(89)	291
Microcredits	15	-	-	-	-	-	-	15	-	15
ERDF II (second round)	5,733	-	-	-	-	8	-	5,741	(168)	5,573
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(1)	77
ERAF II 2 Public fund	2,396	-	-	-	-	-	-	2,396	(15)	2,381
Fund of Funds and venture capital funds	24,914	-	(5,300)	(419)	-	(733)	-	18,462	-	18,462
Fund of Funds programme - Start-up loans	2,283	-	300	-	-	136	-	2,719	(400)	2,319
Fund of Funds programme - Microcredits	297	-	-	-	-	30	-	327	(40)	287
Fund of Funds programme - Parallel loans	2,143	-	-	-	-	52	-	2,195	(1,913)	282
Fund of Funds programme - Guarantees	14,981	-	5,000	-	-	630	-	20,611	(4,666)	15,945
EEPMB* loan fond	2,388	-	-	-	-	(1)	-	2,387	-	2,387
EEPMB guarantees	3,008	-	-	-	-	21	-	3,029	(614)	2,415
EEPMB grants	31,305	-	-	-	-	-	-	31,305	-	31,305
Housing Guarantee Programme	6,849	2,810	-	-	-	-	-	9,659	(6,319)	3,340
Social Entrepreneurship Programme	302	350	-	-	-	-	-	652	-	652
Start-up State Aid Cumulation Lending Programme	1,000	-	-	-	-	-	-	1,000	(353)	647
GPLEC **	6,158	-	-	-	-	-	-	6,158	(1,192)	4,966
Other loans to start-ups	2,404	-	-	-	-	6	-	2,410	(115)	2,295
Mezzanine Loan Programme	3,807	-	-	-	(25)	116	-	3,898	(2,801)	1,097
Investment Fund Activity	1,130	-	-	(268)	(5)	1	638	1,496	-	1,496
Baltic Innovation Fund	1,860	-	-	(47)	(8)	-	-	1,805	-	1,805
Guarantees and interest grants programme	4,278	-	-	-	-	(61)	-	4,217	-	4,217
Parallel loans to large entrepreneurs	580	-	-	-	-	-	-	580	-	580
Portfolio Guarantee Fund	1,923	-	-	-	-	-	-	1,923	(458)	1,465
Parallel loans	2,000	-	-	-	-	-	-	2,000	(20)	1,980
Export guarantees	2,030	-	-	-	-	(1)	-	2,029	(62)	1,967
Loans for enterprises in rural territories	2,499	-	-	-	-	1	-	2,500	(6)	2,494
Energy Efficiency Fund	133	-	-	-	-	(2)	-	131	-	131
Grants for energy efficiency project development	-	389	-	-	-	-	-	389	-	389
Total	146,227	3,549	-	(734)	(38)	(866)	638	148,776	(20,666)	128,110

*EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

**GPLEC - Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators

15 Reserves

Information about the Group's reserves movements below:

	Specific reserves		General reserve capital, EUR '000	Revaluation reserve of financial assets measured at fair value through other comprehensive income, EUR '000	Reserves, EUR '000
	Difference recognised in Group's reorganisation reserve, EUR '000	Reserve capital for Housing Guarantee Programme, EUR '000			
Reserves as at 31/12/2017 (audited)	(14,827)	9,695	5,854	7,931	8,653
Impact of IFRS 9 adoption	-	-	-	(1,839)	(1,839)
Reserves as at 01/01/2018 (audited)	(14,827)	9,695	5,854	6,092	6,814
Changes of reserves	(720)	-	-	-	(720)
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(902)	(902)
Reserves as at 31/03/2019 (unaudited)	(15,547)	9,695	5,854	5,190	5,192
Changes of reserves	(33)	-	-	-	(33)
Distribution of 2017 year profit of Company	-	-	5,884	-	5,884
Increase of reserve capital	-	2,112	-	-	2,112
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(1,593)	(1,593)
Reserves as at 31/12/2018 (audited)	(15,580)	11,807	11,738	3,597	11,562
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(188)	(188)
Reserves as at 31/03/2019 (unaudited)	(15,580)	11,807	16,992	3,409	11,374

Information about the Company's reserves movements below:

	Difference recognised in Company's reorganisation reserve, EUR '000	Reserve capital for Housing Guarantee Programme, EUR '000	General reserve capital, EUR '000	Revaluation reserve of financial assets measured at fair value through other comprehensive income, EUR '000	Reserves, EUR '000
Reserves as at 31/12/2017 (audited)	(15,935)	9,695	5,854	7,931	7,545
Impact of IFRS 9 adoption	-	-	-	(1,839)	(1,839)
Reserves as at 01/01/2018 (audited)	(15,935)	9,695	5,854	6,092	5,706
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(902)	(902)
Reserves as at 31/03/2018 (unaudited)	(15,935)	9,695	5,854	5,190	4,804
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(1,593)	(1,593)
Distribution of 2017 year profit of Company	-	-	5,884	-	5,884
Increase of reserve capital	-	2,112	-	-	2,112
Reserves as at 31/12/2018 (audited)	(15,935)	11,807	11,738	3,597	11,207
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(188)	(188)
Reserves as at 31/03/2019 (unaudited)	(15,935)	11,807	11,738	3,409	11,019

16 Off-balance sheet items and contingent liabilities

EUR '000	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Contingent liabilities:				
outstanding guarantees	252,409	236,895	252,409	236,895
Financial commitments:				
loan commitments	23,668	19,611	23,668	19,611
commitments to venture capital funds	58,650	60,258	58,650	60,258
grant commitments	5,700	7,320	5,700	7,320
Total contingent liabilities	340,427	324,084	340,427	324,084

The largest portion of the Group's/Company's off-balance sheet items presents the guarantees issued by the Group/Company. 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 agreements between the Group/Company and the venture capital fund which put an obligation on the Group/Company to allocate financial resources to the fund. For more information on the classification of the new venture capital funds see Note 18.

The following table shows the remaining contractual maturities of the Group's / Company's off-balance sheet assets and contingent liabilities as at 31 March 2019:

EUR '000	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	252,409 *	-	-	-	-	-	252,409
Financial commitments							
unutilised loan facilities	23,668	-	-	-	-	-	23,668
commitments to venture capital funds	5,700	-	-	-	-	-	5,700
Total financial commitments	600	2,100	4,600	2,700	43,379	5,271	58,650
Total	299,68	2,100	4,600	2,700	43,379	5,271	88,018

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group / Company has been classified within maturity "Up to 1 month" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 month". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Group / Company is not deteriorated.

The following table shows the remaining contractual maturities of the Group's / Company's off-balance sheet assets and contingent liabilities as at 31 December 2018:

EUR '000	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	236,895 *	-	-	-	-	-	236,895
Financial commitments							
loan commitments	19,611	-	-	-	-	-	19,611
grant commitments	7,320	-	-	-	-	-	7,320
commitments to venture capital funds	600	2,100	4,600	10,000	38,000	4,958	60,258
Total financial commitments	27,531	2,100	4,600	10,000	38,000	4,958	87,189
Total	264,426*	2,100	4,600	10,000	38,000	4,958	324,084

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group / Company has been classified within maturity "Up to 1 month" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 month". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Group / Company is not deteriorated.

17 Cash and cash equivalents

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Demand deposits with other credit institutions	128,818	128,951	128,353	128,951
Total	128,818	128,951	128,353	128,951

18 Related party transactions

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

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

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

In the reporting period, the remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company amounted to EUR 152 thousand, incl. social insurance contributions.

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

The following table provides information regarding the Group:

Legal title	Legal address	Investment % in share capital	Classification
<i>Venture capital funds</i>			
KS Otrās Eko Fonds	Darza street 2, Riga, LV-1007	33	Associate
KS Baltcap Latvia Venture Capital Fund	Jaunmoku street 34, Riga, Latvia, LV-1046	67	Associate
KS Imprimatur Capital Technology Venture Fund	Elizabetes street 85a-18, Riga, Latvia, LV-1050	67	Associate
KS Imprimatur Capital Seed Fund	Elizabetes street 85a-18, Riga, Latvia, LV-1050	100	Associate
KS ZGI-3	Daugavgrivas street 21, Riga, Latvia, LV-1048	95	Associate
KS FlyCap investment Fund	Matrozu street 15A, Riga, Latvia, LV-1048	95	Associate
KS Expansion Capital fund	Kr. Barona street 32-7, Riga, Latvia, LV-1011	95	Associate
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20	Associate
KS Overkill Ventures Fund I	Dzirnavu street 105, Riga, Latvia, LV-1011	100	Subsidiary
KS Overkill Ventures Fund II	Dzirnavu street 105, Riga, Latvia, LV-1011	80	Associate
KS Buildit Latvia Seed Fund	Sporta street 2, Riga, Latvia, LV-1013	80	Associate
KS Buildit Latvia Pre-Seed Fund	Sporta street 2, Riga, Latvia, LV-1013	100	Subsidiary
KS Commercialization Reactor Pre-seed Fund	Brīvības gatve 300-9, Riga, Latvia	100	Subsidiary
KS Commercialization Reactor Seed Fund	Brīvības gatve 300-9, Riga, Latvia	80	Associate
KS ZGI-4	Daugavgrivas street 21, Riga, Latvia, LV-1048	60	Associate
KS INEC 1	Kr. Barona street 32-7, Riga, Latvia, LV-1011	75	Subsidiary
KS INEC 2	Kr. Barona street 32-7, Riga, Latvia, LV-1011	90	Subsidiary
KS Imprimatur Seed Fund 2 *	Elizabetes street 85A - 18, Riga, Latvia, LV -1050	90	Subsidiary
KS Imprimatur Venture Fund 2 *	Elizabetes street 85A - 18, Riga, Latvia, LV-1050	75	Subsidiary
FlyCap Mezzanine Fund II	Matrožu street 15A, Riga, Latvia, LV-1048	60	Associate**
<i>Alternative investment funds controlled by the Company</i>			
Hipo Latvia Real Estate Fund I	Elizabetes street 41/43, Riga, Latvia, LV-1010	100	
Hipo Latvia Real Estate Fund II	Elizabetes street 41/43, Riga, Latvia, LV-1010	100	

* Due to failure of raising capital to the extent stipulated in the agreement, decision about termination of operation of KS AIF Imprimatur Seed Fund 2 and KS AIF Imprimatur Venture Fund 2 and initiation of liquidation of the limited partnerships has been taken by unanimous decision of the shareholders. The decision of Commercial register about AIF Imprimatur Venture Fund 2 liquidation was taken on May 14, 2019. Decision about KS AIF Imprimatur Seed Fund 2 liquidation has not yet been taken by Commercial register and Financial Capital Market Commission.

** Examination of the terms and conditions of the concluded by FlyCap Mezzanine Fund II 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.

Notes to the financial report

The above disclosed classification of venture capital fund as subsidiary or associate is only for purposes of financial accounting.

18 Related party transactions (cont'd)

The Group's / Company's transactions with related parties in the reporting year ended 31 March 2019 and in the year ended 31 December 2018 are summarised below:

		Received State aid funding, EUR '000	Issued State aid funding or funding paid back, EUR '000
Transactions with shareholders:			
Ministry of Finance (Note 14)	31.03.2019.	389	-
	31.03.2018.	-	-
Ministry of Economics (Note 14)	31.03.2019.	2,810	-
	31.03.2018.	-	-
The Ministry of Welfare	31.03.2019.	-	-
	31.03.2018.	1,209	(1,027)
Associates:			
Venture capital funds	31.03.2019.	138	(553)
	31.03.2018.	1,001	(934)
Other companies owned by Group's shareholders:			
Central Finance and Contracting Agency	31.03.2019.	-	-
	31.03.2018.	14,000	-

The Group's balances from transactions with related parties, including off-balance sheet financial liabilities, as at 31 March 2019 and 31 December 2018 summarised as follows:

		People with significant control (PSC), EUR '000	Transactions with shareholders, EUR '000	Associates, EUR '000	Other companies owned by the Group's shareholders, EUR '000
Investments in venture capital funds – associates (Note 8)	31.03.2019.	-	-	51,173	-
	31.12.2018.	-	-	50,239	-
Assets held for sale	31.03.2019.	11,343	-	-	-
	31.12.2018.	11,343	-	-	-
Due to general governments (Note 12)	31.03.2019.	-	-	-	7,171
	31.12.2018.	-	-	-	7,171
Support programme funding (Note 14)	31.03.2019.	-	90,163	-	37,933
	31.12.2018.	-	102,045	-	23,422
Off-balance sheet financial liabilities for venture capital funds (Note 16)	31.03.2019.	-	-	42,128	-
	31.12.2018.	-	-	43,952	-

The Company's balances from transactions with related parties, including off-balance sheet financial liabilities, as at 31 March 2019 and 31 December 2018 can be summarised as follows:

		Transactions with shareholders, EUR '000	Associates, EUR '000	Other companies owned by Altum shareholders, EUR '000	Investments in subsidiaries, EUR '000
Investments in venture capital funds – associates (Note 8)	31.03.2019.	-	51,173	-	-
	31.12.2018.	-	50,239	-	-
Investments in subsidiaries	31.03.2019.	-	-	-	1,684
	31.12.2018.	-	-	-	1,492
Due to general governments (Note 12)	31.03.2019.	-	-	7,171	-
	31.12.2018.	-	-	7,171	-
Support programme funding (Note 14)	31.03.2019.	90,177	-	37,933	-
	31.12.2018.	103,537	-	23,422	-
Off-balance sheet financial liabilities for venture capital funds (Note 16)	31.03.2019.	-	42,128	-	16,522
	31.12.2018.	-	43,952	-	16,307

19 Maximum exposure to credit risk

Credit risk is a risk that a customer or cooperation partner of the Group/Company will be unable or unwilling to meet in full their liabilities towards the Group/Company and within the established timeframe.

The table below shows the credit risk exposures of the balance and off-balance sheet items (not including collateral held or other security):

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Assets exposed to credit risk				
Due from other credit institutions and the Treasury	133,818	137,026	133,353	136,646
Financial assets at fair value through other comprehensive income - investment securities	47,881	50,389	47,881	50,389
Financial assets at amortised cost:				
Investment securities	481	467	481	467
Loans and receivables	200,390	197,755	199,958	197,473
Investments in venture capital funds	51,173	50,239	51,173	50,239
Other assets	28,107	24,300	28,105	24,300
Total	461,850	460,176	460,951	459,514

	Group	Group	Company	Company
	31/03/2019 (unaudited)	31/12/2018 (audited)	31/03/2019 (unaudited)	31/12/2018 (audited)
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 16)	252,409	236,895	252,409	236,895
Financial commitments (Note 16)	88,018	87,189	88,018	87,189
Total	340,427	324,084	340,427	324,084

As at 31 March 2019, a part of the Group/Company assets amounting to EUR 75,158 thousand were pledged. Detailed information on the loan agreements concluded by the Group/Company:

On 16 June 2015, a commercial pledge stemming from loan agreement No A/1/F12/296 and its amendments concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge refers to the loans granted by the Group/Company in compliance with the Cabinet Regulations No 295 "Procedure of Granting State Aid for Acquisition of Agricultural Land Used for Producing Agricultural Production" of 22 May 2018 (till May 25 2018 in compliance with the Cabinet Regulations No 381 "Procedure of Granting State Aid for Acquisition of Agricultural Land for Producing Agricultural Production" of 29 May 2012).

As at 31 March 2019, the total amount of the Group/Company commitments considered as an aggregation of property in favour of the Ministry of Finance was EUR 33,864 thousand (2018: EUR 38,245 thousand). A guarantee of the Ministry of Finance of the Republic of Latvia amounting to EUR 33,864 thousand was issued to secure the Group's/Company's loan from EIB (Note 11).

Detailed information on commercial pledges stemming from the signed loan agreements, the funding under which was not used, as at 31 March 2019:

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 that 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 euro. Within the 1st quarter of 2019 the Group/Company has 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 commercial pledge refers to the funding 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 and Cabinet Regulation No 328 dated 31 May 2016 On Micro Loans and Start-up Loans. The maximum secured claim amount is 39,600 thsd euro. Within the 1st quarter of 2019 the Group/Company has not started to use the Treasury's loan as yet.

19 Maximum exposure to credit risk (cont'd)

On 7 March 2019 Mortgage agreement, stemming from Loan agreement No A1/1/19/53 concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia, was signed. Mortgage agreement refers to the financing, which is available for the Group/Company in the form of a loan and which is used for the financing of purchase, lease, selling or exchange of agricultural land on behalf of the Land Fund of Latvia in compliance with the Cabinet Regulations No 748 "Regulations on the Transactions with the Agricultural Land" of 2 December 2014. The secured claim amount is 15,00 thsd euro.

Loans are secured mostly by real estate, to a lesser extent – by other types of assets or commercial pledges. Some loans, granted during lending campaigns, are partially covered by guarantees under the State aid programmes. In estimating the loan impairment, the expected cash flows from collateral are taken into account. Information on the loan quality is provided in Note 7.

20 Fair values of assets and liabilities

The Management considers that the fair value of assets and liabilities which in the Group's statement of financial position are not stated at their fair value differs from their carrying values and from those assets and liabilities which are stated at fair value, as follows:

	31/03/2019 (unaudited)		31/12/2018 (audited)	
	Carrying amount, EUR '000	Fair value, EUR '000	Carrying amount, EUR '000	Fair value, EUR '000
Assets				
Due from other credit institutions and Treasury	133,818	133,798	137,026	137,007
Financial assets at fair value through profit or loss	1,409	1,409	1,160	1,160
Financial assets at fair value through other comprehensive income - investment securities	47,881	47,881	50,389	50,389
Financial assets at amortised cost:				
Investment securities	481	481	467	1,148
<i>Individuals</i>		23,529	22,975	23,387
<i>Companies</i>		176,861	174,601	173,014
Loans	200,390	197,576	197,755	196,401
Assets held for sale	11,343	11,343	11,343	11,343
Investments in venture capital funds – associates (investments in BIF)	11,541	11,541	10,988	10,988
Investment properties	16,020	16,020	14,794	14,794
Other assets	28,105	28,105	24,300	24,300
Total assets	450,988	448,154	448,222	447,530
Liabilities				
Due to credit institutions	33,864	33,864	38,245	38,245
Financial liabilities at fair value through profit or loss – derivatives	-	-	2	2
Due to general governments	52,258	52,258	48,110	47,370
Financial liabilities at amortised cost - Issued debt securities	29,919	29,919	29,943	29,943
Support programme funding	128,096	127,621	126,959	126,959
Total liabilities	244,137	243,662	243,259	242,519

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

The Management considers that the fair value of assets and liabilities which in the Company's statement of financial position are not stated at their fair value differs from their carrying values and from those assets and liabilities which are stated at fair value, as follows:

	31/03/2019 (unaudited)		31/12/2018 (audited)	
			Carrying amount, EUR '000	Fair value, EUR '000
Assets				
Due from other credit institutions and Treasury	133,353	133,333	136,646	136,627
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	47,881	47,881	50,389	50,389
Financial assets at amortised cost:				
Investment securities	481	481	467	1,148
<i>Individuals</i>	23,478	22,924	23,451	23,353
<i>Companies</i>	176,480	174,220	174,022	172,766
Loans	199,958	197,144	197,473	196,119
Assets held for sale	11,343	11,343	11,343	11,343
Investments in venture capital funds – associates (investments in BIF)	11,541	11,541	10,988	10,988
Investments in subsidiaries	1,684	1,684	1,492	1,492
Investment properties	16,020	16,020	14,794	14,794
Other assets	28,105	28,105	24,300	24,300
Total assets	450,366	447,532	447,892	447,200
Liabilities				
Due to credit institutions	33,864	33,864	38,245	38,245
Financial liabilities at fair value through profit or loss – derivatives	-	-	2	2
Due to general governments	52,258	52,258	48,110	47,370
Financial liabilities at amortised cost - Issued debt securities	29,919	29,919	29,943	29,943
Support programme funding	128,110	127,635	126,959	126,959
Total liabilities	244,151	243,676	243,259	242,519

Assets

Where possible, the fair value of securities is estimated on the basis of quoted market prices. For determining the fair value of other securities, the Management has applied the discounted cash flow method where the cash flow forecasts are based on assumptions and up-to-date market information available at the time of measurement. The fair value of loans with interest payable at fixed rates by specified dates was determined by applying the discounted cash flow method, whilst in regard to the fair value of loans with their basic interest rate tied to variable market rates, the Group/Company have assumed that the carrying amount of such loans corresponds to their fair value.

Liabilities

The fair value of financial liabilities stated at amortised cost, for example, the fair value of balances due to credit institutions, is estimated using the discounted cash flow method and the interest rates applied to similar products at the end of the year. The fair value of financial liabilities (for example, balances due to credit institutions) repayable on demand or subject to a variable interest rate, approximately corresponds to their carrying amount.

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

The following table shows the hierarchy of the Group's financial assets and liabilities measured and disclosed at fair value as at 31 March 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	1,409	1,409
Financial assets at fair value through other comprehensive income - investment securities	35,153	12,728	-	47,881
Assets held for sale	-	-	11,343	11,343
Investments in venture capital funds – associates (investments in BIF)	-	-	11,541	11,541
Investment properties	-	-	16,020	16,020
Assets with fair values disclosed				
Due from other credit institutions and Treasury	-	128,818	4,980	133,798
Financial assets at amortised cost:	-	-	-	-
Investment securities	-	481	-	481
Loans	-	-	197,576	197,576
Other assets	-	-	28,105	28,105
Total assets	35,153	142,027	270,974	448,154
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	-
Support programme funding	-	-	127,621	127,621
Liabilities with fair value disclosed				
Due to credit institutions	-	-	33,864	33,864
Due to general governments	-	-	52,258	52,258
Financial liabilities at amortised cost - Issued debt securities	-	-	29,919	29,919
Total liabilities	-	-	243,662	243,662

The following table shows the hierarchy of the Group's financial assets and liabilities measured and disclosed at fair value as at 31 December 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	1,160	1,160
Financial assets at fair value through other comprehensive income - investment securities	36,344	14,045	-	50,389
Assets held for sale	-	-	11,343	11,343
Investments in venture capital funds – associates (investments in BIF)	-	-	10,988	10,988
Investment properties	-	-	14,794	14,794
Assets with fair values disclosed				
Due from other credit institutions and Treasury	132,026	-	4,981	137,007
Financial assets at amortised cost:	-	-	-	-
Investment securities	-	1,148	-	1,148
Loans	-	-	196,401	196,401
Other assets	-	-	24,300	24,300
Total assets	168,370	15,193	263,967	447,530
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Liabilities directly associated with assets held for sale	-	-	-	-
Support programme funding	-	-	126,959	126,959
Liabilities with fair value disclosed				
Due to credit institutions	-	-	38,245	38,245
Due to general governments	-	-	47,370	47,370
Financial liabilities at amortised cost - Issued debt securities	-	-	29,943	29,943
Total liabilities	-	2	242,517	242,519

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

The following table shows the hierarchy of the Company's financial assets and liabilities measured and disclosed at fair value as at 31 March 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	35,153	12,728	-	47,881
Investments in venture capital funds – associates (investments in BIF)	-	-	11,541	11,541
Investments in subsidiaries	-	-	1,684	1,684
Investment properties	-	-	11,343	11,343
Assets held for sale	-	-	16,020	16,020
Assets with fair values disclosed				
Due from other credit institutions and Treasury	-	128,353	4,980	133,333
Financial assets at amortised cost				
Investment securities	-	481	-	481
Loans	-	-	197,144	197,144
Other assets	-	-	28,105	28,105
Total assets	35,153	141,562	270,817	447,532
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	-
Support programme funding	-	-	127,635	127,635
Liabilities with fair value disclosed				
Due to credit institutions	-	-	33,864	33,864
Due to general governments	-	-	52,258	52,258
Financial liabilities at amortised cost - Issued debt securities	-	-	29,919	29,919
Total liabilities	-	-	243,676	243,676

The following table shows the hierarchy of the Company's financial assets and liabilities measured and disclosed at fair value as at 31 December 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	36,344	14,045	-	50,389
Investments in venture capital funds – associates (investments in BIF)	-	-	10,988	10,988
Investments in subsidiaries	-	-	1,492	1,492
Investment properties	-	-	14,794	14,794
Assets held for sale	-	-	11,343	11,343
Assets with fair values disclosed				
Due from other credit institutions and Treasury	131,646	-	4,981	136,627
Financial assets at amortised cost				
Investment securities	-	1,148	-	1,148
Loans	-	-	196,119	196,119
Other assets	-	-	24,300	24,300
Total assets	167,990	15,193	264,017	447,200
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Support programme funding	-	-	126,959	126,959
Liabilities with fair value disclosed				
Due to credit institutions	-	-	38,245	38,245
Due to general governments	-	-	47,370	47,370
Financial liabilities at amortised cost - Issued debt securities	-	-	29,943	29,943
Total liabilities	-	2	242,517	242,519

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

Fair value hierarchy of financial assets and liabilities

The Group/Company classify the fair value measurements based on the fair value hierarchy, reflecting the significance of the input data. The fair value hierarchy of the Group/Company has 3 levels:

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

Debt securities

Debt securities are measured applying quoted prices or valuation techniques using observable or unobservable market inputs or combination of the two. The majority of investments in debt securities recognised at fair value are investments in Latvian treasury bills with a quoted price, but not traded on the active market. The Management has estimated that it is reasonable to presume the fair value of these securities to be equal to their quoted price.

Derivatives

The derivatives, measured using valuation techniques which rely on observable market inputs, are mainly currency swaps and forwards. The most frequently applied valuation techniques include discounted cash flow calculations, where inputs include foreign exchange spot and forward rates as well as interest rate curves.

Investments in venture capital funds

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

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

Investments in venture capital funds, except from investment in Baltic Innovation Fund, are measured using the equity method both at the Group and the Company level.

Investments in Baltic Innovation Fund are measured at fair value through profit or loss statement.

Investment properties

The fair value of the Group's / Company's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification, and who have had recent experience of the valuation of property in similar locations and of similar category.

Investments in property are measured at fair value applying one or complex of the following three methods:

- (a) Market approach;
- (b) Income approach;
- (c) Cost approach.

The appropriate valuation method is selected depending on the nature of property and acquisition purpose.

Investment property represents agricultural land, which average selling price per hectare is 2,5 thsd euro.

Assets held for sale

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

The fair value of assets held for sale is based on selling price of underlying investment properties.

21 Liquidity risk

The table below presents the maturity profile of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets, including balances due from other credit institutions and the Treasury and investment securities as at 31 March 2019. The amounts are based on the expected future cash flow dependent on payment schedules and includes interest while the maturity analysis presented in Note 22 discloses the maturity profile of the 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	8,695	25,236	-	33,931
Due to general governments	4	9	52,297	52,310
Issued debt securities	390	1,300	30,650	32,340
Support programme funding	-	-	128,096	128,096
Other liabilities	-	-	2,913	2,913
Total financial liabilities	9,089	26,545	213,956	249,590
Off-balance sheet items and contingent liabilities	291,778	43,379	5,270	340,427
Total financial liabilities, off-balance items and contingent liabilities	300,867*	69,924	219,226	590,017
Due from other credit institutions and the State Treasury	133,353	-	-	133,353
Investment securities	40	37,705	10,617	48,362
Liquid assets	133,393	37,705	10,617	181,715

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group has been classified within maturity "Up to 1 year" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Group is not deteriorated.

The table below presents the maturity profile of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2018:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,831	26,700	3,143	38,674
Due to general governments	191	764	51,406	52,361
Support programme funding	-	-	126,959	126,959
Issued debt securities	390	21,950	10,130	32,470
Other liabilities	-	-	2,706	2,706
Total financial liabilities	9,412	49,414	194,344	253,170
Off-balance sheet items and contingent liabilities	281,126	38,000	4,958	324,084
Total financial liabilities, off-balance items and contingent liabilities	290,538*	87,414	199,302	577,254
Due from other credit institutions and the State Treasury	137,026	-	-	137,026
Investment securities	1,696	38,839	10,321	50,856
Liquid assets	138,722	38,839	10,321	187,882

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Group has been classified within maturity "Up to 1 year" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Group is not deteriorated.

21 Liquidity risk (cont'd)

The table below presents the maturity profile of expected undiscounted future cash flows of the Company's financial liabilities, off-balance liabilities and liquid assets as at 31 March 2019:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,695	25,236	-	33,931
Due to general governments	4	9	52,297	52,310
Issued debt securities	390	1,300	30,650	32,340
Support programme funding	-	-	128,110	128,110
Other liabilities	-	-	2,877	2,877
Total financial liabilities	9,089	26,545	213,934	249,568
Off-balance items and contingent liabilities	291,778	43,379	5,270	340,427
Total financial liabilities, off-balance items and contingent liabilities	300,867*	69,924	219,204	589,995
Due from other credit institutions and the State Treasury	133,353	-	-	133,353
Investment securities	40	37,705	10,617	48,362
Liquid assets	133,393	37,705	10,617	181,715

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Company has been classified within maturity "Up to 1 year" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Company is not deteriorated.

The table below presents the maturity profile of expected undiscounted future cash flows of the Company's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2018:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,831	26,700	3,143	38,674
Due to general governments	191	764	51,406	52,361
Issued debt securities	390	21,950	10,130	32,470
Support programme funding	-	-	126,959	126,959
Other liabilities	-	-	2,643	2,643
Total financial liabilities	9,412	49,414	194,281	253,107
Off-balance items and contingent liabilities	281,126	38,000	4,958	324,084
Total financial liabilities, off-balance items and contingent liabilities	290,538*	87,414	199,239	577,191
Due from other credit institutions and the State Treasury	136,646	-	-	136,646
Investment securities	1,696	38,839	10,321	50,856
Liquid assets	138,342	38,839	10,321	187,502

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the Company has been classified within maturity "Up to 1 year" thus Total financial liabilities, off-balance sheet items and contingent liabilities substantially exceeds Liquid assets with maturity of "Up to 1 year". Track records of claimed guarantee compensations presents that the volume of guarantees claimed within such terms are considerably less than the amount of the commitment disclosed in the above maturity analyses. As a consequence, the liquidity of the Company is not deteriorated.

22 Analysis of remaining maturities of assets and liabilities

The table below provides an analysis of assets and liabilities by their 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 effective interest rate. Investments in securities reflect their contractual coupon amortisations.

The table below presents the breakdown of the Group's assets by maturity profile as at 31 March 2019 2018 based on the time remaining from the reporting date to their contractual maturity.

	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	120,613	8,205	-	5,000	-	-	133,818
Financial assets at fair value through profit or loss	-	-	-	-	337	1,072	1,409
Investment securities	40	-	-	-	37,705	10,617	48,362
Loans	8,439	5,046	8,345	23,926	87,235	67,399	200,390
Assets held for sale	11,343	-	-	-	-	-	11,343
Investments in venture capital funds	1,384	-	-	7,143	31,105	11,541	51,173
Deferred expense and accrued income	211	-	-	2,103	160	-	2,474
Investment property	-	-	-	-	13,973	2,047	16,020
Property, plant and equipment	-	-	-	-	-	4,707	4,707
Intangible assets	-	-	-	-	-	1,302	1,302
Other assets	1,067	-	89	1,193	69	26,882	29,300
Total assets	143,097	13,251	8,434	39,365	170,584	125,567	500,298
Liabilities							
Due to credit institutions	-	-	4,357	4,340	25,167	-	33,864
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	3,793	1	-	-	-	48,464	52,258
Issued debt securities	6	(6)	(8)	(19)	(159)	30,105	29,919
Deferred income and accrued expense	665	205	236	513	848	628	3,095
Support programme funding	28,490	-	-	-	28,531	71,075	128,096
Provisions	26,629	-	-	-	-	-	26,629
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	2,913	-	-	-	-	-	2,913
Total liabilities	62,496	200	4,585	4,834	54,387	150,272	276,774
Net liquidity	80,601	13,051	3,849	34,531	116,197	(24,705)	223,524

22 Analysis of remaining maturities of assets and liabilities (cont'd)

The table below presents the breakdown of the Group's assets by maturity profile as at 31 December 2018 based on the time remaining from the reporting date to their contractual maturity.

	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	123,824	8,202	-	5,000	-	-	137,026
Financial assets at fair value through profit or loss	-	-	-	-	-	1,160	1,160
Investment securities	96	1,270	71	260	38,866	10,293	50,856
Loans	10,224	8,387	7,779	18,886	85,664	66,815	197,755
Assets held for sale	11,343	-	-	-	-	-	11,343
Investments in venture capital funds	746	-	-	-	38,505	10,988	50,239
Deferred expense and accrued income	158	-	-	1,703	211	-	2,072
Investment property	-	-	-	-	12,747	2,047	14,794
Property, plant and equipment	-	-	-	-	-	4,228	4,228
Intangible assets	-	-	-	-	-	1,347	1,347
Other assets	1,241	-	-	652	23,226	-	25,119
Total assets	147,632	17,859	7,850	26,501	199,219	96,878	495,939
Liabilities							
Due to credit institutions	-	4,398	-	4,333	26,389	3,125	38,245
Financial assets at fair value through profit or loss – derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48,109	48,110
Issued debt securities	109	-	-	-	-	29,834	29,943
Deferred income and accrued expense	970	185	228	253	789	586	3,011
Support programme funding and State aid	34,052	-	206	-	11,883	80,818	126,959
Liabilities directly associated with assets held for sale	-	-	-	-	-	-	-
Provisions	25,103	-	-	270	-	-	25,373
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	2,706	-	-	-	-	-	2,706
Total liabilities	62,942	4,584	434	4,856	39,061	162,472	274,349
Net liquidity	84,690	13,275	7,416	21,645	160,158	(65,594)	221,590

Notes to the financial report

22 Analysis of remaining maturities of assets and liabilities (cont'd)

The table below presents the breakdown of the Company's assets by maturity profile as at 31 March 2019 based on the time remaining from the reporting date to their contractual maturity.

	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	120,148	8,205	-	5,000	-	-	133,353
Investment securities	40	-	-	-	37,705	10,617	48,362
Loans	8,439	5,046	8,345	23,926	87,235	66,967	199,958
Assets held for sale	11,343	-	-	-	-	-	11,343
Investments in venture capital funds	1,384	-	-	7,143	31,105	11,541	51,173
Investments in subsidiaries	-	-	-	-	337	1,347	1,684
Deferred expense and accrued income	513	-	-	2,103	160	-	2,776
Investment property	-	-	-	-	13,973	2,047	16,020
Property, plant and equipment	-	-	-	-	-	4,707	4,707
Intangible assets	-	-	-	-	-	1,302	1,302
Other assets	1,065	-	89	1,193	69	26,882	29,298
Total assets	142,932	13,251	8,434	39,365	170,584	125,410	499,976
Liabilities							
Due to credit institutions	-	-	4,357	4,340	25,167	-	33,864
Derivatives	-	-	-	-	-	-	-
Due to general governments	3,793	1	-	-	-	48,464	52,258
Issued debt securities	6	(6)	(8)	(19)	(159)	30,105	29,919
Deferred income and accrued expense	665	205	236	513	848	628	3,095
Support programme funding and State aid	28,490	-	-	-	28,531	71,089	128,110
Provisions	26,629	-	-	-	-	-	26,629
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	2,877	-	-	-	-	-	2,877
Total liabilities	62,460	200	4,585	4,834	54,387	150,286	276,752
Net liquidity	80,472	13,051	3,849	34,531	116,197	(24,876)	223,224

22 Analysis of remaining maturities of assets and liabilities (cont'd)

The table below presents the breakdown of the Company's assets by maturity profile as at 31 December 2018 based on the time remaining from the reporting date to their contractual maturity.

	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	123,444	8,202	-	5,000	-	-	136,646
Investment securities	96	1,270	71	260	38,866	10,293	50,856
Loans	10,224	8,387	7,779	18,886	85,664	66,533	197,473
Derivatives	-	-	-	-	-	-	-
Assets held for sale	11,343	-	-	-	-	-	11,343
Investments in venture capital funds	746	-	-	-	38,505	10,988	50,239
Investments in subsidiaries	-	-	-	-	-	1,492	1,492
Deferred expense and accrued income	158	-	-	1,703	211	-	2,072
Investment property	-	-	-	-	12,747	2,047	14,794
Property, plant and equipment	-	-	-	-	-	4,228	4,228
Intangible assets	-	-	-	-	-	1,347	1,347
Other assets	1,241	-	-	652	23,226	-	25,119
Total assets	147,252	17,859	7,850	26,501	199,219	96,928	495,609
Liabilities							
Due to credit institutions	-	4,398	-	4,333	26,389	3,125	38,245
Derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48,109	48,110
Issued debt securities	109	-	-	-	-	29,834	29,943
Deferred income and accrued expense	970	185	228	253	789	586	3,011
Support programme funding and State aid	34,052	-	206	-	11,883	80,818	126,959
Provisions	25,103	-	-	270	-	-	25,373
Corporate income tax liabilities	-	-	-	-	-	-	-
Other liabilities	2,643	-	-	-	-	-	2,643
Total liabilities	62,879	4,584	434	4,856	39,061	162,472	274,286
Net liquidity	84,373	13,275	7,416	21,645	160,158	(65,544)	221,323

23 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.

23 Segment information (cont'd)

Analysis of the operating segments of the Group for the period from January 1, 2019 till March 31, 2019:

	Loan service, thsd EUR	Guarantee service, thsd EUR	Venture capital funds service, thsd EUR	Other services, thsd EUR	Total, thsd EUR
Net interest income	2,443	294	12	61	2,810
Net income from fees and commissions	17	44	11	21	93
Net trading income	31	63	3	8	105
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	638	-	638
Gains less losses from liabilities at fair value through profit or loss	-	-	(638)	-	(638)
Other income	109	31	(42)	511	609
Operating income / (loss) before operating expenses	2,600	432	(16)	601	3,617
Staff costs	(799)	(281)	(58)	(398)	(1,536)
Administrative expense	(272)	(94)	(24)	(126)	(516)
Amortisation of intangible assets and depreciation of property, plant and equipment	(109)	(46)	(7)	(45)	(207)
Net impairment provisions	840	(109)	-	-	731
Corporate income tax	-	-	-	-	-
Total segment profit/(loss)	2,261	(98)	(105)	31	2,089
Financial assets at fair value through profit or loss	-	-	1,409	-	1,409
Investments in venture capital funds - associates	-	-	51,173	-	51,173
Additions of property and equipment, intangible assets and investment property	847	298	62	1,646	2,853
Total segment assets	279,751	98,790	57,117	64,639	500,298
Total segment liabilities	159,149	55,730	26,138	35,757	276,774

Analysis of the operating segments of the Group for the period from January 1, 2018 till December 31, 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	9,715	1,167	46	243	11,171
Net income from fees and commissions	73	182	43	85	383
Net trading income	36	73	4	9	122
Share of (loss) of investment in joint venture and associate	-	-	(1,348)	-	(1,348)
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	257	-	257
Gains less losses from liabilities at fair value through profit or loss	201	46	(63)	769	953
Other income	627	145	(196)	2,403	2,979
Gains on the revaluation of assets held for sale	-	-	-	408	408
Operating income before operating expenses	10,652	1,613	(1,257)	3,917	14,925
Staff costs	(3,832)	(1,348)	(280)	(1,908)	(7,368)
Administrative expense	(1,855)	(640)	(161)	(861)	(3,517)
Amortisation of intangible assets and depreciation of property, plant and equipment	(326)	(136)	(21)	(137)	(620)
Net impairment provisions	(665)	2,569	-	(1,232)	672
Corporate income tax	-	-	-	-	-
Total segment profit/(loss)	3,974	2,058	(1,719)	(221)	4,092
Investments in venture capital funds - associates	-	-	50,239	-	50,239
Additions of property and equipment, intangible assets and investment property	830	292	61	412	1,595
Total segment assets	277,554	100,213	54,402	63,770	495,939
Total segment liabilities	158,045	55,012	25,901	35,391	274,349

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.

24 Events after the reporting date

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

OTHER NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

Key financial and performance indicators

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Definitions of indicators

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KEY FINANCIAL AND PERFORMANCE INDICATORS

	2018. (audited)	2017. (restated*)	2016. (restated*)	2015. (restated*)
Key financial data				
Net income from interest, fees and commission (tEUR)	11,554	11,602*	11,024	16,419
Profit for the period (tEUR)	4,092	8,709*	2,170	4,924
Cost to income ratio (CIR)	77.1%	50.3%*	88.4%	55.8%
Employees	222	230	242	282
Total assets (tEUR)	495,939	453,668*	443,400*	406,918
Tangible common equity (TCE)/total tangible managed assets (TMA)**	31.7%	35.1%*	36.5%*	37.3%
Equity and reserves (tEUR)	221,590	222,848*	210,406*	199,610
Total risk coverage: (tEUR)	77,815	67,593*	66,508*	41,021
Risk coverage reserve	85,276	62,651*	63,636*	40,662
Risk coverage reserve used for provisions	-19,268	-4,753	-4,323	-1,276
Portfolio loss reserve (specific reserve capital)	11,807	9,695	7,195	1,635
Liquidity ratio for 180 days***	227%	482%*	449%	352%
Financial instruments (gross value)				
Outstanding (tEUR) (by financial instrument)				
Loans	217,131	207,585	217,429	218,562
Guarantees	236,895	182,376	147,175	131,120
Venture capital funds	59,698	62,299****	64,785****	44,378****
Total	513,724	452,260	429,389	394,060
Number of contracts	18,280	14,402	11,449	8,901
Volumes granted (tEUR) (by financial instrument)				
Loans	66,443****	51,869	59,465	52,329
Guarantees	88,765	68,615	56,109	50,065
Venture capital funds	4,149	2,638	21,356	18,798
Total	159,357	123,122	136,929	121,192
Number of contracts	5,464	4,697	4,461	2,819
Leverage for raised private funding	162%	185%	162%	104%

* Due to change of accounting policy regarding investments in venture capital funds and adoption of IFRS 9 requirements that effects the accounting of public funding risk coverage the comparatives for 2017,2016 and 2015 have been restated.

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

***Liquidity ratio calculation takes into account previous experience and management estimate of expected amount and timing of guarantees claims.

**** Loans issued.

***** The Venture Capital Funds presented at their gross value.

Definitions of ratios

<i>Net income from interest, fees and commission</i>	<p>"Net income from interest, fees and commission" consists of the following items in the Statement of comprehensive income: "Net interest income" and "Net income from fees and commissions". ALTUM uses this indicator as the key financial metric for profitability by evaluating ALTUM Group's net income amount generated by the portfolio of financial instruments and recognised in the Statement of Comprehensive income. ALTUM management measures and monitors the actual performance of this indicator on a quarterly basis compared to the approved level in ALTUM Group's budget.</p>
<i>Cost to income ratio (CIR)</i>	<p>"Cost to income ratio" (CIR) is calculated by dividing the amount of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" by "Operating income before operating expenses" included in the Statement of Comprehensive Income. ALTUM uses CIR to evaluate the operational efficiency. This is one of the measures of operational efficiency which ALTUM management assesses on a quarterly basis in the management reports to evaluate the outputs from different operational activities and efficiency improving measures.</p>
<i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of available for sale investments from total equity.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of ALTUM Group taking into account provisions for these guarantees and subtracting "Deferred expense", "Accrued income", "Property, plant and equipment", "Intangible assets", "Other assets" and "Assets held for sale".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from ALTUM Group's Financial statements: Statement of Financial Position and Statement of changes in equity, notes - Off balance sheet items and contingent liabilities and Provisions. ALTUM uses the ratio "TCE/TMA" to evaluate ALTUM Group's capital position adequacy and to measure ALTUM Group's tangible common equity in terms of ALTUM Group's tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<i>Total risk coverage</i>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the State aid programmes implemented by ALTUM. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve" (Specific Capital Reserves) less "Risk Coverage Reserve Used for Provisions". The expected losses are estimated before implementation of the respective State aid programme and part of the public funding received under respective State aid programme for coverage of expected losses on credit risk is transferred either to "Portfolio Loss Reserve" as ALTUM Group's specific capital reserve or accounted separately as provisions for risk coverage under liabilities item "Risk Coverage Reserve". "Portfolio Loss Reserve" (specific capital reserve) is disclosed in the Note on Reserves to the Financial statements of the ALTUM Group. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding and State Aid to the Financial statements of ALTUM Group. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for provisioning for impairment loss on loan portfolio and guarantees which in its turn is disclosed in the Note on Loans and Note on Provisions to the Financial statements of ALTUM Group.</p> <p>"Total Risk Coverage" is key indicator to be used for assessment of ALTUM's risk coverage on implemented programmes and long-term financial stability.</p>
<i>180-day liquidity ratio</i>	<p>"180-days-liquidity ratio" is calculated by dividing the amount of the balances "Due from other credit institutions and the Treasury" with a maturity of up to 1 month and "Financial assets at fair value through other comprehensive income and Investment securities" by the amount of the total liabilities maturing within 6 months and total financial commitments maturing within 6 months (off-balance sheet items). The data required for the calculation of the "180-days liquidity ratio" is disclosed in the following ALTUM Group's Financial statements: Statement of Financial Position and notes – Off-balance sheet items and contingent liabilities and Maturity analysis of assets and liabilities. ALTUM uses the "180-days-liquidity ratio" to assess and monitor ALTUM Group's ability to fulfil ALTUM Group's contractual and/or contingent liabilities during 6 (six) month with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage ALTUM Group's liquidity risk in line with ALTUM Group's/ALTUM's funding management objectives and risk framework. Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<i>Leverage for raised private funding</i>	<p>"Leverage for raised private funding" indicates the amount of additional private funds invested in a project in addition to ALTUM's financing. "Leverage for raised private funding" is determined considering the financing invested by a private co-financier and a project's implementer, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for housing loan guarantees' programme for the first instalment with a ratio of 795 per cent) in addition to ALTUM's funding.</p>
<i>Staff number</i>	<p>Average number of employees in the period excluding members of the Council and the Audit Committee.</p>
<i>Venture capital</i>	<p>The Venture Capital Funds presented at their gross value.</p>