

## **AS “ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM”**

Unaudited interim condensed financial report  
for the three-month period ended 31 March 2020

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## Altum Group

**MISSION** We help Latvia grow!

**VISION** To be a partner and financial expert in economic development

**VALUES** Excellence / Team / Responsibility

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

## Long-term objectives until 2021

Following strategic development directions and long-term objectives are set in the approved JSC Development Finance Institution Altum Strategy for the period 2019 – 2021:

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



# Management Report

## Activity during the reporting period

During the 3 months of year 2020, the Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company), earned a profit of EUR 2.6 million.

## Key financial and performance indicators of the Group

	2020 3M (unaudited)	2019 3M (unaudited)	2019 (audited)
<b>Key financial data</b>			
Net interest income (EUR '000)	3 117	2 924*	11 569
Profit for the period (EUR '000)	2 636	2 089	8 131
Cos to income ratio (CIR)	46.15%	55.66%**	52.58%
Employees	201	201	203
Total assets (EUR '000)	584 965	500 298	560 061
<b>Tangible common equity (TCE) / Total tangible managed assets (TMA) ***</b>	<b>28.71%</b>	<b>31.30%</b>	<b>29.40%</b>
Equity and reserves (EUR '000)	234 879	223 524	232 738
<b>Total risk coverage: (EUR '000)</b>	<b>98 632</b>	<b>78 582</b>	<b>87 456</b>
Risk coverage reserve	110 620	87 441	99 778
Risk coverage reserve used for provisions	(27 495)	(20 666)	(27 829)
Portfolio loss reserve (specific reserve capital)	15 507	11 807	15 507
Liquidity ratio for 180 days ****	523%	219%	582%
<b>Financial instruments (gross value)</b>			
<b>Outstanding (EUR '000) (by financial instrument)</b>			
Loans (excluding sales and leaseback transactions)	226 131	211 072	225 144
Guarantees	287 201	252 409	284 232
Venture capital funds	70 626	61 939	68 331
Land Fund, of which:	47 329	24 991	39 634
- sales and leaseback transactions	16 942	8 971	15 268
- investment properties	30 387	16 020	24 366
<b>Total</b>	<b>631 287</b>	<b>550 411</b>	<b>617 341</b>
Number of transactions	23 109	19 526	22 437
<b>Volumes issued (EUR '000) (by financial instrument)</b>			
Loans (excluding sales and leaseback transactions)	17 380	12 428	64 320
Guarantees	16 149	26 472	98 240
Venture capital funds	1 829	1 044	9 022
Land Fund, of which: *****	7 576	3 442	16 384
- sales and leaseback transactions	1 768	2 216	7 239
- investment properties	5 808	1 226	9 145
<b>Total</b>	<b>42 934</b>	<b>43 386</b>	<b>187 966</b>
Number of transactions	1 209	1 370	5 559
Leverage for raised private funding	154%	157%	142%
Volume of support programmes funding per employee (EUR '000)	3 141	2 738	3 041
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1

\* Due to reclassification of fees and commission related to lending activities following the industry practise, excluded fees and commission not related to lending activities, the comparatives for 1st quarter of 2019 have been reclassified with subsequent ratio recalculation.

\*\* Due to reclassification of staff and administrative costs to be compensated as well as respective income on compensation, the comparatives for 1st quarter of 2019 have been reclassified with subsequent ratio recalculation.

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

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

\*\*\*\*\* Taking into account the significance of the volume, the Land Fund portfolio, which consists of sales and leaseback transactions and investment properties, is also presented in the outstanding volumes and in volumes issued in the period. Since according to the accounting principles and IFRS the sales and leaseback transactions are accounted for under the loans, the volume of loans presented in this table has been reduced for the volume of the sales and leaseback transactions as it is recorded under the Land Fund portfolio. The operational volumes for 3 months of 2019 have been adjusted accordingly.

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

# Management Report (cont'd)

## Financial instrument portfolio

The core business lines of the Group are lending, issuing of guarantees, investments in venture capital funds and transactions related to the Latvian Land Fund (hereinafter - the Land Fund) that form the Group's portfolio.

As at 31 March 2020 the Group's gross portfolio was EUR 631 million consisting of 23,109 projects (31.12.2019: EUR 617 million and 22,437).

Taken against year-end of 2019, in the first 3 months of 2020 the Group's portfolio increased by 2.3% (+EUR 14 million) in terms of volume and by 3% (+672 projects) in terms of the number of projects which was less than in the respective period of 2019 when the Group's portfolio increased by 4.1% (+EUR 21.9 million) in terms of volume and by 5% (+923 projects) in terms of the number of projects.

In the 1st quarter of 2020 the most upsurge was demonstrated by the Land Fund with operations increasing by 19.4% (+EUR 7.7 million) in the terms of volume and by 15% (+77 projects) in terms of the number of transactions that from the perspective of volume was an essential growth compared to the respective period of 2019 when the Land Fund's operations increased by 15.1% (EUR 3.27 million). As at 31 March 2020 the balance of the Land Fund listed 761 properties with a total land area of 15,511 ha valued at EUR 47.3 million. As at 31 March 2020 the investment properties rented to the farmers constituted 9,547 ha worth EUR 30.4 million (31 December 2019 – 7,996 ha, EUR 24.4 million) and concluded sales and leaseback transactions –5,964 ha worth EUR 16.9 million (31 December 2019 – 5,404 ha, EUR 15.3 million).

In the 1st quarter of 2020 the venture capital funds have grown by 3.4% (+EUR 2.3 million) in terms of volume and by 2.9% in terms of the number of transactions that is slightly less than in the respective period of 2019 when volume of the venture capital funds increased by 3.8% (+EUR 2.24 million).

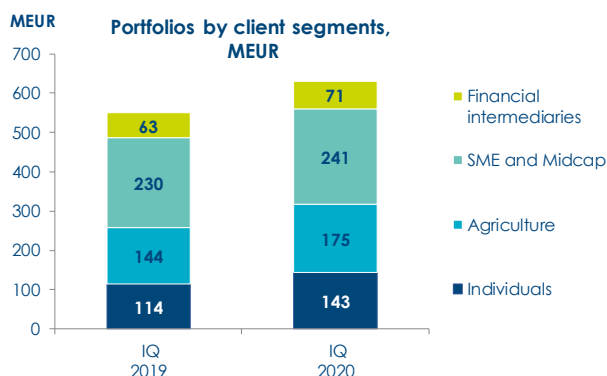
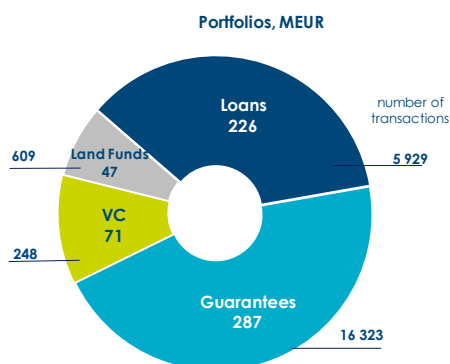
Meanwhile, in the 1st quarter of 2020, volume of the loan portfolio has increased by 0.44% (+EUR 1 million), but the number of transactions has dropped by 2% (-120 projects) due to gradual increase of the average loan amount. A similar trend was observed also in the respective period of 2019 when the loan portfolio grew by 0.41% (+EUR 0.9 million) in terms of volume but decreased by 1.2% (-75 projects) in terms of the number of transactions.

In the 1st quarter of 2020 volume of the guarantee portfolio has gone up by 1% (+EUR 3 million) and number of transactions by 4.5% (+708 projects) that is considerably less than in the same period of 2019 when volume of the guarantee portfolio surged by 6.6% (+EUR 15.5 million) and number of projects – by 8% (+902 projects).

It has to be noted that in the 1st quarter of 2020 the Covid-19 pandemic has affected the guarantee portfolio most of all manifesting itself in the slumped growth rate of the portfolio as many companies suspended their projects at the time due to overall uncertainty. Meanwhile, the new financial aid instruments for overcoming of the crisis that were approved in March have not impacted growth of the Group's portfolio in the 1st quarter of 2020 as yet.

Increase of the guarantee portfolio in the first 3 months of 2020 was secured by the Housing Guarantee Programme for Families with Children (+EUR 3.8 million), credit guarantees for entrepreneurs (+EUR 1.7 million), housing guarantees to young professionals (+EUR 1.4 million) and guarantees to farmers (+EUR 0.7 million). At the same time, volume of the export credit guarantees decreased by EUR 0.9 million in the 1st quarter of 2020.

In the 1st quarter of 2020 the following contributed most to increase of the loan portfolio: loans for acquisition of agricultural land intended for agricultural production (+EUR 1.3 million), SME growth loans (+EUR 1.1 million) and SME growth loans for energy efficiency measures (+EUR 0.9 million) funded by the resources attracted by the green bonds.



## Management Report (cont'd)

The largest portfolio of the Group is formed in the 'SMEs and Midcaps' segment – 38%, while the 'Agriculture' segment accounts for - 28%, 'Individuals' - 23% and 'Financial intermediaries' -11%. The transactions of the Land Fund are recorded under the 'Agriculture' segment.

In the 1st quarter of 2020 the largest increase was recorded in the segment 'Agriculture' +5.2% (+EUR 8.6 million). The segment 'Individuals' has grown by 3.3% (+EUR 4.6 million) in the 1st quarter of 2020 that is 2 times less than in the same period of 2019 when the segment 'Individuals' climbed by 6.9% (+EUR 7.4 million). In the 1st quarter of 2020 the 'Financial intermediaries' segment has grown by 3.2% (+EUR 2.2 million), that was slightly less than in the same period of 2019 when the portfolio of this segment rose by 3.8% (+EUR 2.2 million). While in the 1st quarter of 2019 the 'SMEs and Midcaps' segment went up by 4.5% (+EUR 9.8 million), then the 1st quarter of the current year saw a substantial decrease in the segment – 7% (-EUR 1.6 million). In this regard the Covid-19 impact on the business has to be reiterated with many SMEs and Midcaps suspending their projects due to uncertainty.

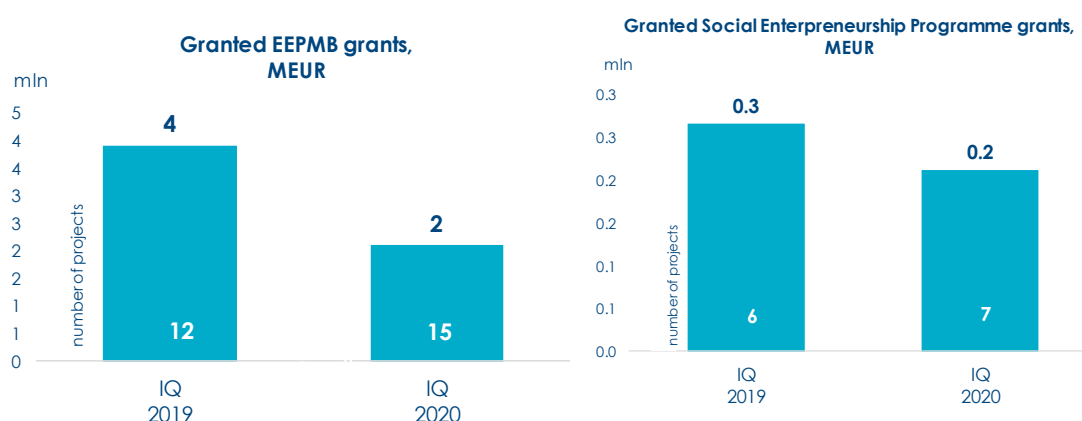
### Non-financial instrument portfolio

In order to make accessing to the support instruments more convenient for its clients, apart from the financial instruments, the Group services some grant programmes as well, namely, the grants issued under the Energy Efficiency Programme for Multi-apartment Buildings (EPPMB), Social Entrepreneurship Programme and European Local Energy Assistance (ELENA) Programme.

As at 31 March 2020, the EPPMB programme had awarded a total of 270 grants for EUR 56.1 million, of which 15 grants for EUR 2.1 million were granted in the 1st quarter of 2020. It should be noted that successful progress of the EPPMB programme requires direct involvement of the inhabitants and, consequently, their awareness of renovation solutions, investments and benefits. Therefore, communication with inhabitants, their authorised persons and other stakeholders was one of the core factors in implementation of the programme. Within less than four years, namely, a year before the scheduled deadline, because of the targeted communication focused on the authorised persons, applications for renovation projects reached the number required for implementing the programme - there were 885 applications submitted. In January 2020 Altum stopped accepting new applications and passed to the next stages of the programme that included reviewing of the submitted projects, awarding of grants and carrying out renovation so that all works are completed by 30 June 2023.

As at 31 March 2020, a total of 72 grants for EUR 4.4 million were awarded under the Social Entrepreneurship Programme.

In order to promote and support planning of the energy efficiency projects, Altum, acting in co-operation with the European Investment Bank, provides a supplementary support grant to the energy efficiency loans issued to the companies; the support grant is earmarked to cover the costs related to expertise and drafting of energy efficiency projects. The first grants to the companies under the ELENA programme were awarded and disbursed in May 2019. As at 31 March 2020 there were a total of 34 grants awarded for EUR 102 thousand.



Group 31/03/2020

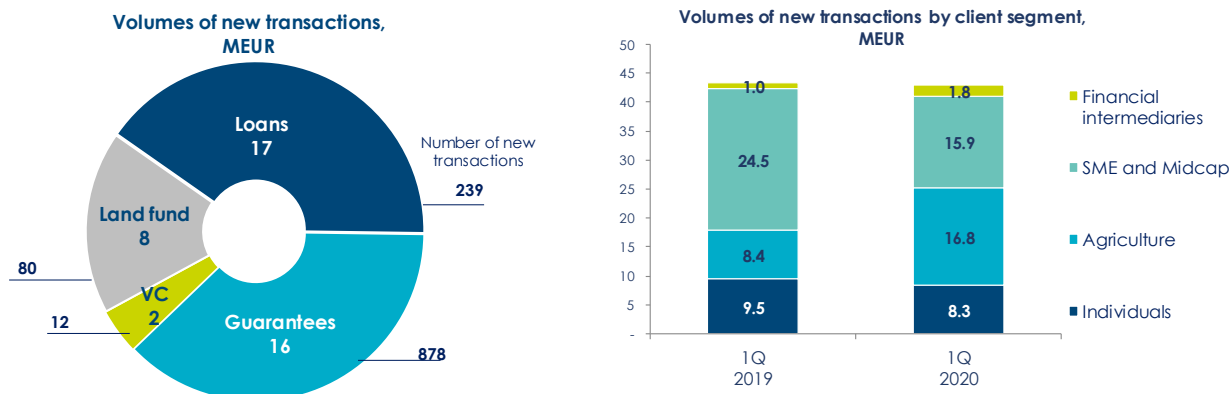
### Volume of new transactions

Within the first 3 months of 2020 the funding disbursed for implementation of the state aid programmes amounted to EUR 42.9 million, of which 40% (EUR 17.4 million) were disbursed under the loan programmes, 38% (EUR 16.1 million) - guarantee programmes, 18% (EUR 7.6 million) – for implementation of the Land Fund transactions and 4% (EUR 1.8 million) - venture capital fund investments. In total 1,209 projects were supported. In the 1st quarter of 2020 volume of new transactions is identical to the same period of 2019 (EUR 43 million).

## Management Report (cont'd)

In the reporting period the largest volume of new transactions was recorded in the 'Agriculture' segment amounting to 39.2% of all new transactions, 'SMEs and Midcaps' segment – 37.1%, 'Individuals' segment – 19.4% and 'Financial fiduciaries' segment – 4.3%.

Compared to the 1st quarter of 2019, volume of new transactions in the 'Agriculture' segment in the 1st quarter of 2020 has increased twofold mostly due to substantial activity of the Land Fund's transactions. Meanwhile, in the 1st quarter of 2020, the largest drop in volume of new transactions was recorded in the 'SMEs and Midcaps' segment where volume of new transactions was by 34.8% less than in the 1st quarter of 2019 that was brought about primarily by smaller guarantee amounts being disbursed to the economic operators.



Group 31/03/2020

Volume of new loans issued within the first 3 months of 2020 stands at EUR 17.4 million that is by 40% (+EUR 5 million) more than in the same period of 2019.

The following accounted for the majority of increase in the first 3 months of 2020: new transactions effected for implementation of the projects under the SME Growth Loans Programme resulting in EUR 6.9 million being disbursed, new transactions for acquisition of agricultural land intended for agricultural production with EUR 3.4 million disbursed and new working capital transactions for farmers with EUR 3.1 million disbursed.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand Altum has already supported 252 projects (COSME – 55 projects, EaSI – 197 projects) of which 37 projects were supported in the 1st quarter of 2020. If the loan is compatible with COSME or EaSI guarantee terms and conditions, the start-up and micro loans, working capital loans to farmers or small loans in rural areas are granted without an additional collateral, based only upon a personal guarantee and at a lower interest rate compared to other types of unsecured loans.

In the reporting period there were issued new guarantees for EUR 16.1 million that demonstrated a 39% drop taken against the same period of 2019. It has to be noted that in the 1st quarter of 2020 the Covid-19 pandemic has affected the guarantee portfolio most of all manifesting itself in the slumped growth rate of the portfolio as many companies suspended their projects at the time due to overall uncertainty. Meanwhile, the new financial aid instruments for overcoming of the crisis that were approved in March have not impacted growth of the Group's portfolio in the 1st quarter of 2020 as yet.

As at 31 March, 2020, the Housing Guarantee Programme that delivers the state aid to the families with children in the acquisition of housing had granted a total of 13,703 guarantees for EUR 100.1 million. In the 1st quarter of 2020 the guarantees granted under the programme totalled EUR 5.1 million. The programme's guarantees that help saving for the first mortgage loan instalment are used by families throughout Latvia: of the total number of the guarantees issued in the reporting period 79% were granted in Riga and its conurbations, 8% - in Kurzeme, 7% - in Zemgale, 4% - in Vidzeme and 2% - in Latgale. From March 2018, the programme was expanded to include young professionals. A total of 2,020 guarantees worth EUR 14.6 million were issued to this target group of which 200 guarantees worth EUR 1.6 million were issued to young professionals in the 1st quarter of 2020.

In the 1st quarter of 2020 the managers of the 4th generation venture capital funds have invested EUR 362 thousand (Altum's share 100%). All the investments were made by the managers of the acceleration pre-seed funds. A total of 8 new pre-seed investments were made. The investments that the Baltic Innovation Fund and Baltic Innovation Fund 2 made in the reporting period amounted to EUR 0.8 million and EUR 0.67 million respectively.

## Management Report (cont'd)

This year FlyCap Mezzanine Fund II - one of the 4th generation funds has attracted a new investor – Nordic Environment Finance Corporation (NEFCO) that invested EUR 1 million in the fund. NEFCO has been established by the governments of five Nordic countries - Denmark, Finland, Iceland, Norway and Sweden. Altum has invested EUR 11 million in the fund.

In the first 3 months of 2020 the Land Fund had expanded its operations substantially by effecting land acquisition transactions for EUR 5.8 million that was by EUR 4.6 million more than in the same period of 2019 and concluding sales and leaseback transactions for EUR 1.8 million, that was EUR 0.4 million less than in the same period of 2009. In total, taken against the volume of the effected new transactions in the 1st quarter of 2019, the volume of the Land Fund's new transactions has increased by 120% in the 1st quarter of 2020.

### **New products and increasing operational efficiency**

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and by now it has spread across the world, including Latvia, causing disruptions to businesses and economic activity.

As delegated by the government the Group / Company has engaged actively on an ad hoc basis in mitigation of the adverse impact that Covid-19 exerts on the businesses in Latvia by drafting, in co-operation with the Ministry of Economics, two new state aid financial instruments to be implemented by the Company/Group for SME and Midcap in Latvia. On 19 March 2020, the Cabinet of Ministers approved the regulations of the new financial instruments. Once approved by the European Commission both financial instruments became operational on 25 March 2020.

Entrepreneurs encountering situation-based difficulties with execution of the obligations undertaken at the credit institutions are offered both long-term and short-term credit guarantees amounting up to 50% of the unrepaid amount of the loan. These credit guarantees will make it possible for SMEs and Midcaps to (i) defer the principal amount payments on the investment loans for up to two years, (ii) extend the credit line as well as maturity of the working capital loans, (iii) obtain the new loans for funding of the working capital and increasing of the credit line's limit and (iv) acquire additional security for financial obligations. The national budget funding of EUR 50 million will be used in implementation of the financial instrument allowing the Group / Company to issue EUR 240 million in guarantees and banks - to restructure loans for the sum total of EUR 715 million. The credit guarantees are structured as both – individual guarantees and portfolio guarantees providing a fast and efficient solution disregarding of the size of the company. As at the end of the 1st quarter there were guarantees granted for EUR 5 million.

Meanwhile, the companies struggling with substantial decrease in operations and requiring liquidity support are offered working capital loans on beneficial terms. The total volume of the programme amounts to EUR 200 million with EUR 50 million contributed by the national budget and EUR 150 million being loans from the Treasury and international financial institutions. As at the end of the 1st quarter there were loans granted for EUR 8.9 million.

In order to mitigate the negative impact of Covid-19, it is allowed to issue, by 31 December 2020, export credit guarantees to the companies disregarding of the country. It means that now this product is available to the exporters with EU-bound export over EUR 2 million per annum that, for this reason, were not eligible for Altum's export credit guarantee earlier.

At the same time, acting responsibly to the health of employees and customers and following the recommendations of the responsible authorities for actions to help reduce the risk of spreading the virus, the Group's / Company's Customer Service Centres have been closed for face-to-face visits as of 13 March. The Group / Company continues to provide all services remotely through the client portal [mans.altum.lv](http://mans.altum.lv), as well as telephone and video consultations.

Provision of energy services (ESCO) as a commercial business is common in the old EU member states, USA and elsewhere, however, it is merely in its early development stage in Latvia. Considering ESCO needs in attraction of funding and current private sector's terms for attraction of investments, in April 2020 the Cabinet of Ministers adopted amendments to its regulations governing the SME Growth Loans Programme that mapped out a new financial instrument for ESCO development providing a loan for acquisition of the future cash flow and earmarking additional EUR 2 million of the public funding.

In April, having convened an extraordinary meeting, the government backed the proposal for supporting large companies (Midcaps) by establishing the Equity Capital Fund under Altum's management that would consist of the EUR 50 million public funding and prospective private funding of up to EUR 50 million, including the funding from the managers of the resources of the state funded pension scheme. The fund's aim is to support large companies that are economically viable and with good corporate governance, but are experiencing temporary difficulties due to their operations being adversely affected for a transient period of time by spread of Covid-19 (related to, for instance, a substantial drop in export turnover) and those large companies that, as a result of Covid-19 impact, are ready to adjust or transform their current business models, thereby contributing to the future success of these companies. The fund will invest in a company's capital and make quasi-capital investments. Also, it is planned to invest in corporate bonds, including convertible bonds, i.e. the fund will obtain company's bonds on the primary market provided the bonds are quoted on the Nasdaq Riga Stock Exchange.



## Management Report (cont'd)

The fund's maximum investment in a company will not exceed EUR 10 million. The investments are expected to be made in around 30 large companies having a predictable yield and rate of return in the after-crisis period. On 26 May 2020 the Financial and Capital Market Commission (FCMC) approved Altum as the registered manager of this alternative investment fund. The fund will be activated once the European Commission has passed a decision on the fund's compliance with the European Union's internal market

At the beginning of 2020 an agreement was concluded with EIF about EUR 12 million counter-guarantee for large operators that would make it possible to issue guarantees functioning as a security for the bank loans that were granted to the companies for implementation of innovative and digitalisation projects. The agreement has expanded availability and scale of this guarantee product.

In February 2020, the conference of the Three Seas Countries Investment Fund was held in Riga for the first time. The Polish Development Bank Bank Gospodarstwa Krajowego - the initiator of the fund and Altum organised the conference. During the event the representatives of the Fund's management informed about development of new, supplementary financial instrument for funding and development of infrastructure projects in 12 Three Seas Region countries, including Latvia, intended for bridging the infrastructure gaps among various regions of Europe.

Within 3 months of 2020, as a result of centralized reviewing of the applications for small loans (below EUR 25 thousand) that Altum introduced within the framework of increasing of its operational efficiency and automation, 35% of the total number of the granted loans were reviewed remotely, without involvement of the regional employees in reviewing of the applications. In the 1st quarter of 2020 the average loan amount processed by the centralized remote reviewing was EUR 13.3 thousand (in the 1st quarter of 2019: EUR 14.2 thousand).

Average number of employees in the 1st quarter of 2020 has remained the same as in the 1st quarter of 2019. In the 1st quarter of 2020 the portfolio of the financial instruments that Altum had granted within the framework of the state aid programmes per employee has reached EUR 3.1 million that is by 14.7% more than in the 1st quarter of 2019.

### Long-term Funding

On 8 April 2020, in order to maintain long-term participation in the capital markets and diversify the funding base, the Company issued debt securities in the total amount of EUR 20 million as the second issue of bonds within the framework of the EUR 70 million bond issue programme, recording a yield of 1.3% per annum. Regular participation in the capital markets and immense interest that the issue had attracted on the part of the investors made it possible to issue bonds at these turbulent times for the global economy on even better financial terms than in 2017 and 2018 when stability reigned over the capital markets. The debt securities were issued in addition to EUR 10 million bonds issued on 7 March 2018 and EUR 15 million bonds issued on 5 June 2019 with a maturity date on 7 March 2025 and a fixed annual interest rate of 1.3% (ISIN LV0000880037), which are listed on the Nasdaq Riga Bond list. The transaction attracted a great deal of interest from investors in Latvia, Lithuania and Estonia and the bonds were oversubscribed 3.8 times. The bonds were allocated to 15 investors in the Baltics: 12 asset managers, insurance companies (93%) and 3 banks (7%).

### Rating

On 9 April 2020 the International credit rating agency Moody's Investor Service (Moody's) published the updated credit analysis of Altum.

On 25 March 2019 Moody's confirmed Altum's (the parent company of the Group) Baa1 long-term credit rating. The baseline credit assessment (BCA) was upgraded from Ba2 to Baa3 and the P-2 short-term rating was approved. The long-term credit rating was approved with a stable outlook. And it has remained at that level since then.

For the first time Moody's assigned to Altum a long-term credit rating Baa1 in June 2017 which is one of the highest credit ratings assigned to a corporate entity in Latvia.

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

### Risk Management

In order to have an adequate risk management, the Group / the Company has developed the Risk Management System that provides both preventive risk management and timely implementation of risk mitigation or prevention measures. While assuming risks, the Group / the Company retains the long-term capability of implementing the established operational targets and assignments.

## Management Report (cont'd)

To manage risks, the Group / Company applies various risk management methods and instruments as well as establishes risk limits and restrictions. The choice of the risk management methods is based on the materiality of the particular risk and its impact on the Group's / the Company's operations.

In view of the Group's / the Company's activities in high-risk areas when implementing the State aid programmes, as at the end of the reporting period the Group / the Company has created the risk coverage of EUR 98.6 million (31.12.2019: EUR 87.5 million) 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 latter consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less the risk coverage reserve used for provisions.

At the end of 2019, in order to comply with IFRS 9 'Financial Instruments' guidelines to the fullest extent possible, a supplemented expected credit loss calculation module that had been integrated into the financial accounting system was introduced.

### Future Outlook

New products for promotion of entrepreneurship are being developed in view of the measures for reduction of the Covid-19 impact and overcoming of the related crisis outlined in the Recovery Plan of the Economy that the Ministry of Economics has drafted together with other involved parties. At the moment, in addition to the already named available instruments and Equity Capital Fund that is in the development stage, also the guarantee and loan products for support of large companies are in the pipeline.

In the 1st quarter of 2020, in order to ensure that on top of the already available EU funds, Altum has direct access to the investments under the InvestEU Programme 2021–2027, the preparations undertaken already in 2019 for Pillar Assessment of Altum were continued. The first stage of the assessment included Altum's self-assessment regarding compliance of its internal control system, accounting system, internal and external procedures with the requirements set by the European Commission. The self-assessment is subject to valuation by the audit firm KPMG selected by the European Commission within the framework of the European Commission's technical assistance project that, in addition, stipulates remote interviews with the involved employees.

In April 2020 the Regulations regarding Lending to the Studies and Students for Studying in Latvia from the Funds of the Credit Institutions Guaranteed by the National Budget were approved. It will make it possible to implement the new model of lending to studies and students in Latvia already in 2020 to ensure availability of funding at the start of the 2020-2021 academic year. The greatest benefits of the new model of lending to the studies and students are the revoked requirement for the second guarantor and simplified procedures (digitalisation of the services, remote conclusion of the agreements by means of electronic signature) that will ensure that the loans are received as soon as possible. Based on the approved regulations, Altum will invite the credit institutions to apply for lending to the studies and students as of May 2020. Altum expects to conclude the first agreements with credit institutions already in June.



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Reinis Bērziņš  
Chairman of the Board

28 May 2020

## 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.	28.12.2022.
Jānis Šnore	Member of the Council	29.12.2016.	28.12.2022.
Kristaps Soms	Member of the Council	29.12.2016.	28.12.2022.

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

### Management Board

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	11.06.2018.	10.06.2021.
Jēkabs Krieviņš	Member of the Board	11.06.2018.	10.06.2021.
Inese Zīle	Member of the Board	11.06.2018.	10.06.2021.
Aleksandrs Bimbirulis	Member of the Board	07.07.2017.	06.07.2020.

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

## Statement of Management's responsibility

Riga

28 May 2020

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 12 to 50 for the period 1 January 2020 to 31 March 2020. The Management confirms that the Group's and the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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



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Reinis Bērziņš  
Chairman of the Board

## Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited) *	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited) *
Interest income	Error! Reference source not found..	3 566	3 126	3 566	3 126
Interest expense	5.	(449)	(202)	(449)	(202)
Net interest income		3 117	2 924	3 117	2 924
Income for implementation of state aid programmes	6.	1 262	782	1 262	782
Expenses to be compensated for implementation of state aid programmes	7.	(1 213)	(782)	(1 213)	(782)
Net income for implementation of state aid programmes		49	-	49	-
Gains or losses from trading securities and foreign exchange translation		18	102	18	102
Share of (losses) of investment in joint venture and associate	12.	1 398	638	1 398	638
Share of gain of investment in joint venture and associate at fair value through profit or loss	12.	-	-	-	-
Gains less losses from liabilities at fair value through profit or loss		(1 398)	(638)	(1 398)	(638)
Other income	8.	572	165	572	165
Other expense	9.	(168)	(128)	(168)	(128)
Operating income before operating expenses		3 588	3 063	3 588	3 063
Staff costs		(1 138)	(1 133)	(1 138)	(1 133)
Administrative expense		(335)	(383)	(335)	(383)
Amortisation of intangible assets and depreciation of property, plant and equipment		(183)	(189)	(183)	(189)
(Impairment) gain or loss, net	10.	704	731	704	731
Profit before corporate income tax		-	-	-	-
Profit before corporate income tax		2 636	2 089	2 636	2 089
Corporate income tax		-	-	-	-
<b>Profit for the period</b>		<b>2 636</b>	<b>2 089</b>	<b>2 636</b>	<b>2 089</b>
Other comprehensive income:		(495)	(188)	(495)	(188)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(495)	(188)	(495)	(188)
<b>Total comprehensive income for the period</b>		<b>2 141</b>	<b>1 901</b>	<b>2 141</b>	<b>1 901</b>
Profit is attributable to:					
Owners of the Company		2 636	2 089	-	-
Non-controlling interest		-	-	-	-
<b>Profit for the period</b>		<b>2 636</b>	<b>2 089</b>	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(495)	(188)	-	-
Non-controlling interest		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>(495)</b>	<b>(188)</b>	-	-

\* comparatives reclassified according to Section (1) of Note 2.

The accompanying notes on pages 17 through 50 form an integral part of these financial statements.



Reinis Bērziņš



Kaspars Gibeiko

Chairman of the Board

Chief Accountant

28 May 2020

## Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
<b>Assets</b>					
Due from credit institutions and the Treasury	11.	195 978	181 199	195 978	181 047
Financial assets at fair value through profit or loss		4 580	4 217	-	-
Financial assets at fair value through other comprehensive income - investment securities		46 494	47 941	46 494	47 941
Financial assets at amortised cost:					
Investment securities		497	478	497	478
Loans and receivables	13.	222 736	220 129	222 736	220 129
Grants	22.	19 854	17 186	19 854	17 186
Deferred expense		617	694	617	694
Accrued income		2 093	1 649	2 093	1 649
Investments in venture capital funds – associates	12.	52 629	52 543	52 629	52 543
investments in subsidiaries		-	-	4 036	3 812
Investment property	14.	30 387	24 366	30 387	24 366
Property, plant and equipment		4 600	4 694	4 600	4 694
Intangible assets		1 396	1 395	1 396	1 395
Other assets	15.	3 104	3 570	3 104	3 570
<b>Total assets</b>		<b>584 965</b>	<b>560 061</b>	<b>584 421</b>	<b>559 504</b>
<b>Liabilities</b>					
Due to credit institutions	16.	25 178	29 542	25 178	29 542
Due to general governments	17.	90 970	86 272	90 970	86 272
Financial liabilities at amortised cost - Issued debt securities		45 167	45 348	45 167	45 348
Deferred income		3 612	3 091	3 612	3 091
Accrued expense		622	478	622	478
Provisions	19.	29 926	31 076	29 926	31 076
Support programme funding	18.	150 744	128 730	150 744	128 730
Other liabilities		3 867	2 786	3 867	2 773
<b>Total liabilities</b>		<b>350 086</b>	<b>327 323</b>	<b>350 086</b>	<b>327 310</b>
<b>Equity</b>					
Share capital		204 862	204 862	204 862	204 862
Reserves	20.	16 565	16 565	16 563	16 563
Revaluation reserve of financial assets measured at fair value through other comprehensive income	20.	2 143	2 638	2 143	2 638
Retained earnings		10 767	8 131	10 767	8 131
<b>Net assets attributable to the Company's owners</b>		<b>234 337</b>	<b>232 196</b>	<b>234 335</b>	<b>232 194</b>
Non-controlling interest		542	542	-	-
<b>Total equity</b>		<b>234 879</b>	<b>232 738</b>	<b>234 335</b>	<b>232 194</b>
<b>Total equity and liabilities</b>		<b>584 965</b>	<b>560 061</b>	<b>584 421</b>	<b>559 504</b>

\* comparatives reclassified according to Section (1) of Note 2.

The accompanying notes on pages 17 through 50 form an integral part of these financial statements.



Reinis Bērziņš  
Chairman of the Board



Kaspars Gibeiko  
Chief Accountant

28 May 2020

## Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company					Non-controlling interest	Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings		
<b>As at 1 January 2019 (audited)</b>	<b>204 862</b>	<b>7 965</b>	<b>3 597</b>		<b>4 900</b>	<b>266</b>	<b>221 590</b>
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
<b>As at 31 March 2019 (unaudited)</b>	<b>204 862</b>	<b>7 965</b>	<b>3 409</b>	<b>-</b>	<b>6 989</b>	<b>299</b>	<b>223 524</b>
Profit for the period	-	-	-	-	6 042	-	6 042
Other comprehensive income	-	-	(771)	-	-	-	(771)
Total comprehensive income	-	-	(771)	-	6 042	-	5 271
Changes of reserves	-	3 700	-	-	-	-	3 700
Distribution of profit of previous years	-	808	-	-	(808)	-	-
Distribution of 2018 year profit of the Company	-	4 092	-	-	(4 092)	-	-
Non-controlling interest	-	-	-	-	-	243	243
<b>As at 31 December 2019 (audited)</b>	<b>204 862</b>	<b>16 565</b>	<b>2 638</b>	<b>-</b>	<b>8 131</b>	<b>542</b>	<b>232 738</b>
Profit for the period	-	-	-	-	2 636	-	2 636
Other comprehensive income	-	-	(495)	-	-	-	(495)
Total comprehensive income	-	-	(495)	-	2 636	-	2 141
Non-controlling interest	-	-	-	-	-	-	-
<b>As at 31 March 2020 (unaudited)</b>	<b>204 862</b>	<b>16 565</b>	<b>2 143</b>	<b>-</b>	<b>10 767</b>	<b>542</b>	<b>234 879</b>

The accompanying notes on pages 17 through 50 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
<b>As at 1 January 2019 (audited)</b>	<b>204 862</b>	<b>7 610</b>	<b>3 597</b>	<b>-</b>	<b>5 254</b>	<b>221 323</b>
Profit for the period	-	-	-	-	2 089	2 089
Other comprehensive income	-	-	(188)	-	-	(188)
Total comprehensive income	-	-	(188)	-	2 089	1 901
<b>As at 31 March 2019 (unaudited)</b>	<b>204 862</b>	<b>7 610</b>	<b>3 409</b>	<b>-</b>	<b>7 343</b>	<b>223 224</b>
Profit for the period	-	-	-	-	6 042	6 042
Other comprehensive income	-	-	(771)	-	-	(771)
Total comprehensive income	-	-	(771)	-	6 042	5 271
Changes of reserves	-	3 700	-	-	-	3 700
Distribution of profit of previous years	-	791	-	-	(791)	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-
<b>As at 31 December 2019 (audited)</b>	<b>204 862</b>	<b>16 563</b>	<b>2 638</b>	<b>-</b>	<b>8 131</b>	<b>232 194</b>
Profit for the period	-	-	-	-	2 636	2 636
Other comprehensive income	-	-	(495)	-	-	(495)
Total comprehensive income	-	-	(495)	-	2 636	2 141
<b>As at 31 March 2020 (unaudited)</b>	<b>204 862</b>	<b>16 563</b>	<b>2 143</b>	<b>-</b>	<b>10 767</b>	<b>234 335</b>

The accompanying notes on pages 17 through 50 form an integral part of these financial statements.



## Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (audited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (audited)
Cash and cash equivalents at the beginning of period		176 199	128 916	176 047	128 536
<b>Cash flows from operating activities</b>					
Profit before taxes		2 636	2 089	2 636	2 089
Amortisation of intangible assets and depreciation of property, plant and equipment		215	208	215	208
Interest income	4.	(3 566)	(3 011)	(3 566)	(3 011)
Interest received		1 085	651	1 085	651
Interest expenses		449	201	449	201
Interests paid		(98)	(54)	(98)	(54)
(Decrease) / increase in provisions for impairment	10.	(704)	(731)	(704)	(731)
(Increase) in share of profit / (loss) in joint venture and associate capital funds		(1 398)	(638)	(1 398)	(638)
<b>(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities</b>		<b>(1 381)</b>	<b>(1 285)</b>	<b>(1 381)</b>	<b>(1 285)</b>
Due from credit institutions decrease		(2)	3 111	(2)	3 111
Decrease / (increase) of loans		(355)	207	(355)	357
Decrease / (increase) of grants		(2 668)	(4 307)	(2 668)	(4 307)
Due to credit institutions (decrease)		273	(251)	273	(251)
Increase in deferred income and accrued expense		665	84	665	84
(Decrease) in deferred expense and accrued income		(367)	(403)	(367)	(704)
(Increase) / decrease of other assets		467	324	467	324
Increase / (decrease) in other liabilities		21 441	2 078	21 454	2 086
<b>Net cash flows to/ from operating activities</b>		<b>18 073</b>	<b>(442)</b>	<b>18 086</b>	<b>(584)</b>
<b>Cash flows from investment activities</b>					
Sale of investment securities		1 831	2 875	1 831	2 875
Acquisition of property, plant and equipment and intangible assets		(122)	(641)	(122)	(641)
Purchase of investment properties		(6 021)	(1 226)	(6 021)	(1 226)
Investments in venture capital funds, net		1 378	(415)	1 378	(415)
Investments of subsidiaries in share capital		(363)	(249)	-	-
Investments in subsidiaries		-	-	(224)	(192)
<b>Net cash flows to/ from investing activities</b>		<b>(3 297)</b>	<b>344</b>	<b>(3 158)</b>	<b>401</b>
<b>Cash flows from financing activities</b>					
Issued debt securities		-	-	-	-
Increase of capital		-	-	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Increase in cash and cash equivalents		14 776	28 317	14 928	(183)
<b>Cash and cash equivalents at the end of period</b>		<b>190 975</b>	<b>128 818</b>	<b>190 975</b>	<b>128 353</b>

The accompanying notes on pages 17 through 50 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 28 May 2020.

## 1 General Information

### (1) Corporate Information

These financial statements contain the financial information about joint-stock company Development Finance Institution Altum (Company) and its subsidiaries (hereinafter together — the Group). The separate financial statements of the Company are included alongside these consolidated financial statements to comply with legal requirements. The Company is the parent entity of the Group (Note 20).

JSC Development Finance Institution Altum is a Latvia state-owned company that ensures access of the enterprises and households to the financial resources by means of support financial instruments - loans, guarantees, investments in venture capital funds - in the areas defined as important and to be supported by the state, thus developing the national economy and enhancing mobilization of the private capital and financial resources. On 25 March 2019 Moody's Investors Service (Moody's) reconfirmed Altum's Baa1 long-term issuer rating, with outlook stable. The assigned Moody's rating of Altum is one of the highest credit ratings assigned to corporate entities in Latvia.

JSC Development Finance Institution Altum was established on 27 December 2013 by a decision of the Cabinet of Ministers. The mission of the Company's establishment is by merging three prior independently operating companies providing state support into a single institution and further allocate the state funds for implementation of financial instrument state support and development programmes in one place. The Company's operations are governed by its specific law – Development Finance Institution Law. The Company's Article of Association has been approved by the Cabinet of Ministers. All voting shares of the Company are owned by the Republic of Latvia. The holders of the shares are ministries of the Republic of Latvia as stipulated by the Development Finance Institution Law with following split of the shares – the Ministry of Finance 40%, the Ministry of Economics 30% and the Ministry of Agriculture 30% respectively.

Until August 2019, the Group includes the Company and two closed investment funds Hipo Latvia Real Estate Fund I and Hipo Real Estate Fund II (legal address – Elizabetes street 41/43, Riga, Latvia LV-1010) in which the Company was the sole investor. In August 2019, these funds were liquidated upon receipt of the liquidation quota by the Company. Now the Group includes the Company and number of venture capital funds.

The below listed venture capital funds - subsidiaries and associates - are treated as subsidiaries or associates only for purposes of financial accounting.

Legal Title	Legal Address	Investment % in share capital
<i>Venture capital funds classified as Subsidiaries</i>		
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	100
KS Commercialization Reactor Pre-seed Fund	Bīvības gatve 300 -9, Rīga, Latvija	100
KS INEC 1	Krišjāņa Barona iela 32-7, Rīga, Latvijas, LV-1011	75
KS INEC 2	Krišjāņa Barona iela 32-7, Rīga, Latvijas, LV-1011	90
<i>Venture capital funds classified as Associates</i>		
KS Overkill Ventures Fund II	Dzirnavu iela 105, Rīgas, Latvija, LV-1011	80
KS Buildit Latvia Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	80
KS Commercialization Reactor Seed Fund	Bīvības gatve 300 -9, Rīga, Latvija	80
KS ZGI-4	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	60
FlyCap Mezzanine Fund II	Matrožu iela 15A, Rīga, LV-1048	60
KS Baltcap Latvia Venture Capital Fund	Jaunmoku iela 34, Rīga, Latvija, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes iela 85a-18, Rīga, Latvija, LV-1050	100
KS ZGI-3	Daugavgrīvas iela 21, Rīga, Latvija, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Rīga, Latvija, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona iela 32-7, Rīga, Latvija, LV-1011	95
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20
Baltic Innovation Fund II	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	17
KS Otrais Eko Fonds	Dārza 2, Rīga, LV-1007	33

## 2 Summary of significant accounting policies

### (1) Basis of presentation

These unaudited interim condensed financial statements for the 3 months period ended 31 March 2020 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted in the European Union. These financial statements are to be used together with the complete financial statements for the year 2019 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

Considering that part of the income is derived as income from implementation of state aid programmes for the compensated overheads and direct expenses related to the implementation of the state aid programmes, in order to ensure the users of the financial statements with a better understanding of the Company's and the Group's operational performance, such type of income and respective expenses has been classified separately in the Statement of Comprehensive Income as Income for implementation of state aid programmes and Expenses to be compensated for implementation of state aid programmes since 30 June 2019. Before such type of income has been classified within Other income, and compensated expenses have been classified within Staff costs and Administrative expense respectively. Following the industry practise Fee and commission income from lending activities is classified within Interest income since 30 June 2019. Maintenance and service costs of Land Fund, Loss on revaluation of assets that have been taken over in the debt collection process and Debt collection costs have been classified within Other expenses instead of Administrative expenses in the complete financial statements for the year 2019. The comparatives for the 1st quarter of 2019 for the above noted items have been reclassified accordingly following the new classification in order to ensure comparability of information.

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 2020:

- **Amendments to the Conceptual Framework for Financial Reporting**

Effective for the periods beginning on or after 1 January 2020, not yet adopted by the EU. The Group / Company makes assessment on the impact of these amendments on its financial statements and disclosures, but does not consider them to have a significant impact on its financial results.

- **Amendments to IFRS 3 – Definition of a business**

Effective from 1 January 2020, not yet adopted by the EU. The Group / Company makes further assessment on the impact of these amendments. The amendments may result in changes in accounting policies but will not have a material effect on the Group's / Company's financial statements.

- **Amendments to IAS 1 and IAS 8 – Definition of materiality**

Effective from 1 January 2020, not yet adopted by the EU. The Group / Company makes assessment on the impact of these amendments on its financial statements, but does not expect them to have a material impact on the Group's / Company's financial position, by reviewing estimates and judgements used in preparation of financial statements.

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

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

### 3 Risk Management

The major risks that the Group / Company is exposed to are credit, liquidity and operational risks. These unaudited interim condensed financial statements do not include all information on risk management and disclosures required in the annual financial statements. They are to be viewed together with the complete financial statements for the year 2019.

Breakdown of the Group's financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Financial assets at AC</b>								
Due from credit institutions and the Treasury	195 980	181 201	-	-	-	-	195 980	181 201
Impairment allowances	(2)	(2)	-	-	-	-	(2)	(2)
<b>Total net due from credit institutions and the Treasury</b>	<b>195 978</b>	<b>181 199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195 978</b>	<b>181 199</b>
Investment securities	457	439	-	-	4 014	3 926	4 471	4 365
Impairment allowances	-	-	-	-	(3 974)	(3 887)	(3 974)	(3 887)
<b>Total net investment securities</b>	<b>457</b>	<b>439</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>39</b>	<b>497</b>	<b>478</b>
Loans and receivables	190 576	186 175	16 744	18 239	35 753	35 998	243 073	240 412
Impairment allowances	(2 533)	(2 548)	(2 255)	(2 646)	(15 549)	(15 089)	(20 337)	(20 283)
<b>Total net loans and receivables</b>	<b>188 043</b>	<b>183 627</b>	<b>14 489</b>	<b>15 593</b>	<b>20 204</b>	<b>20 909</b>	<b>222 736</b>	<b>220 129</b>
Grants	19 866	17 198	-	-	-	-	19 866	17 198
Impairment allowances	(12)	(12)	-	-	-	-	(12)	(12)
<b>Total net grants</b>	<b>19 854</b>	<b>17 186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 854</b>	<b>17 186</b>
Other financial assets	1 036	1 830	-	-	5 324	3 341	6 360	5 171
Impairment allowances	(145)	(113)	-	-	(3 230)	(2 769)	(3 375)	(2 882)
<b>Total net other financial assets</b>	<b>891</b>	<b>1 717</b>	<b>-</b>	<b>-</b>	<b>2 094</b>	<b>572</b>	<b>2 985</b>	<b>2 289</b>
<b>Total financial assets at AC</b>	<b>407 915</b>	<b>386 843</b>	<b>16 744</b>	<b>18 239</b>	<b>45 091</b>	<b>43 265</b>	<b>469 750</b>	<b>448 347</b>
Impairment allowances	(2 692)	(2 675)	(2 255)	(2 646)	(22 753)	(21 745)	(27 700)	(27 066)
<b>Total net financial assets at AC</b>	<b>405 223</b>	<b>384 168</b>	<b>14 489</b>	<b>15 593</b>	<b>22 338</b>	<b>21 520</b>	<b>442 050</b>	<b>421 281</b>
<b>Financial assets at FVOCI</b>								
Investment securities	46 494	47 941	-	-	-	-	46 494	47 941
Impairment allowances	-	-	-	-	-	-	-	-
<b>Total net investment securities</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
<b>Total financial assets at FVOCI</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
Impairment allowances	-	-	-	-	-	-	-	-
<b>Total net financial assets at FVOCI</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
<b>Off-balance sheet items and contingent liabilities</b>								
Outstanding guarantees	278 454	274 989	2 445	2 098	6 302	7 145	287 201	284 232
Impairment allowances	(24 133)	(24 711)	(437)	(356)	(4 782)	(5 540)	(29 352)	(30 607)
<b>Total net outstanding guarantees</b>	<b>254 321</b>	<b>250 278</b>	<b>2 008</b>	<b>1 742</b>	<b>1 520</b>	<b>1 605</b>	<b>257 849</b>	<b>253 625</b>
Loan commitments	24 119	18 867	1	84	-	-	24 120	18 951
Impairment allowances	(563)	(455)	-	(3)	-	-	(563)	(458)
<b>Total net loan commitments</b>	<b>23 556</b>	<b>18 412</b>	<b>1</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>23 557</b>	<b>18 493</b>
Grant commitments	7 838	7 726	-	-	-	-	7 838	7 726
Impairment allowances	(11)	(11)	-	-	-	-	(11)	(11)
<b>Total net grant commitments</b>	<b>7 827</b>	<b>7 715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 827</b>	<b>7 715</b>
<b>Total off-balance items and contingent liabilities</b>	<b>310 411</b>	<b>301 582</b>	<b>2 446</b>	<b>2 182</b>	<b>6 302</b>	<b>7 145</b>	<b>319 159</b>	<b>310 909</b>
Impairment allowances	(24 707)	(25 177)	(437)	(359)	(4 782)	(5 540)	(29 926)	(31 076)
<b>Total net off-balance items and contingent liabilities</b>	<b>285 704</b>	<b>276 405</b>	<b>2 009</b>	<b>1 823</b>	<b>1 520</b>	<b>1 605</b>	<b>289 233</b>	<b>279 833</b>

## 3 Risk Management (cont'd)

### (1) Credit Risk (cont'd)

Breakdown of the Company's financial assets, off-balance sheet items and contingent liabilities by their qualitative assessment, in thousands of euro:

	Stage 1		Stage 2		Stage 3		Total	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Financial assets at AC</b>								
Due from credit institutions and the Treasury	195 980	181 049	-	-	-	-	195 980	181 049
Impairment allowances	(2)	(2)	-	-	-	-	(2)	(2)
<b>Total net due from credit institutions and the Treasury</b>	<b>195 978</b>	<b>181 047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195 978</b>	<b>181 047</b>
Investment securities	457	439	-	-	4 014	3 926	4 471	4 365
Impairment allowances	-	-	-	-	(3 974)	(3 887)	(3 974)	(3 887)
<b>Total net investment securities</b>	<b>457</b>	<b>439</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>39</b>	<b>497</b>	<b>478</b>
Loans and receivables	190 576	186 175	16 744	18 239	35 753	35 998	243 073	240 412
Impairment allowances	(2 533)	(2 548)	(2 255)	(2 646)	(15 549)	(15 089)	(20 337)	(20 283)
<b>Total net loans and receivables</b>	<b>188 043</b>	<b>183 627</b>	<b>14 489</b>	<b>15 593</b>	<b>20 204</b>	<b>20 909</b>	<b>222 736</b>	<b>220 129</b>
Grants	19 866	17 198	-	-	-	-	19 866	17 198
Impairment allowances	(12)	(12)	-	-	-	-	(12)	(12)
<b>Total net grants</b>	<b>19 854</b>	<b>17 186</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19 854</b>	<b>17 186</b>
Other financial assets	1 036	1 830	-	-	5 324	3 341	6 360	5 171
Impairment allowances	(145)	(113)	-	-	(3 230)	(2 769)	(3 375)	(2 882)
<b>Total net other financial assets</b>	<b>891</b>	<b>1 717</b>	<b>-</b>	<b>-</b>	<b>2 094</b>	<b>572</b>	<b>2 985</b>	<b>2 289</b>
<b>Total financial assets at AC</b>	<b>407 915</b>	<b>386 691</b>	<b>16 744</b>	<b>18 239</b>	<b>45 091</b>	<b>43 265</b>	<b>469 750</b>	<b>448 195</b>
Impairment allowances	(2 692)	(2 675)	(2 255)	(2 646)	(22 753)	(21 745)	(27 700)	(27 066)
<b>Total net financial assets at AC</b>	<b>405 223</b>	<b>384 016</b>	<b>14 489</b>	<b>15 593</b>	<b>22 338</b>	<b>21 520</b>	<b>442 050</b>	<b>421 129</b>
<b>Financial assets at FVOCI</b>								
Investment securities	46 494	47 941	-	-	-	-	46 494	47 941
Impairment allowances	-	-	-	-	-	-	-	-
<b>Total net investment securities</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
<b>Total financial assets at FVOCI</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
Impairment allowances	-	-	-	-	-	-	-	-
<b>Total net financial assets at FVOCI</b>	<b>46 494</b>	<b>47 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46 494</b>	<b>47 941</b>
<b>Off-balance sheet items and contingent liabilities</b>								
Outstanding guarantees	278 454	274 989	2 445	2 098	6 302	7 145	287 201	284 232
Impairment allowances	(24 133)	(24 711)	(437)	(356)	(4 782)	(5 540)	(29 352)	(30 607)
<b>Total net outstanding guarantees</b>	<b>254 321</b>	<b>250 278</b>	<b>2 008</b>	<b>1 742</b>	<b>1 520</b>	<b>1 605</b>	<b>257 849</b>	<b>253 625</b>
Loan commitments	24 119	18 867	1	84	-	-	24 120	18 951
Impairment allowances	(563)	(455)	-	(3)	-	-	(563)	(458)
<b>Total net loan commitments</b>	<b>23 556</b>	<b>18 412</b>	<b>1</b>	<b>81</b>	<b>-</b>	<b>-</b>	<b>23 557</b>	<b>18 493</b>
Grant commitments	7 838	7 726	-	-	-	-	7 838	7 726
Impairment allowances	(11)	(11)	-	-	-	-	(11)	(11)
<b>Total net grant commitments</b>	<b>7 827</b>	<b>7 715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 827</b>	<b>7 715</b>
<b>Total off-balance items and contingent liabilities</b>	<b>310 411</b>	<b>301 582</b>	<b>2 446</b>	<b>2 182</b>	<b>6 302</b>	<b>7 145</b>	<b>319 159</b>	<b>310 909</b>
Impairment allowances	(24 707)	(25 177)	(437)	(359)	(4 782)	(5 540)	(29 926)	(31 076)
<b>Total net off-balance items and contingent liabilities</b>	<b>285 704</b>	<b>276 405</b>	<b>2 009</b>	<b>1 823</b>	<b>1 520</b>	<b>1 605</b>	<b>289 233</b>	<b>279 833</b>

## 3 Risk Management (cont'd)

### (1) Credit Risk (cont'd)

Changes in the Group's / Company's credit loss allowance and gross carrying amount for loans, in thousands of euro:

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>As at 31 December 2019 (audited)</b>	<b>2 548</b>	<b>2 646</b>	<b>15 089</b>	<b>20 283</b>	<b>186 175</b>	<b>18 239</b>	<b>35 998</b>	<b>240 412</b>
Movements with impact on credit loss allowance charge for the period:								
Transfers between stages:								
to lifetime (from Stage 1 to Stage 2)	(18)	48	-	30	(1 790)	1 682	-	(108)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	(2)	(250)	388	136	(163)	(723)	885	(1)
to lifetime (from Stage 3 to Stage 2)	-	-	-	-	-	-	-	-
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	32	(106)	-	(74)	1 626	(1 680)	-	(54)
New originated or purchased	84	5	-	89	10 118	241	-	10 359
Derecognised during the period	(44)	(2)	(52)	(98)	(5 559)	(310)	(223)	(6 092)
Changes to ECL measurement model assumptions	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	1	-	-	1
<b>Total movements with impact on credit loss allowance charge for the period:</b>	<b>52</b>	<b>(305)</b>	<b>336</b>	<b>83</b>	<b>4 233</b>	<b>(790)</b>	<b>662</b>	<b>4 105</b>
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	-	-	-	-	-	-
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Modification of contractual cash flows *	(67)	(86)	124	(29)	168	(705)	(907)	(1 444)
<b>Total movements without impact on credit loss allowance charge for the period:</b>	<b>(67)</b>	<b>(86)</b>	<b>124</b>	<b>(29)</b>	<b>168</b>	<b>(705)</b>	<b>(907)</b>	<b>(1 444)</b>
<b>As at 31 March 2020 (unaudited)</b>	<b>2 533</b>	<b>2 255</b>	<b>15 549</b>	<b>20 337</b>	<b>190 576</b>	<b>16 744</b>	<b>35 753</b>	<b>243 073</b>

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

Changes in the Group's / Company's credit loss allowance and gross carrying amount for outstanding guarantees, in thousands of euro:

	Credit loss allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>As at 31 December 2019 (audited)</b>	<b>24 711</b>	<b>356</b>	<b>5 540</b>	<b>30 607</b>	<b>274 989</b>	<b>2 098</b>	<b>7 145</b>	<b>284 232</b>
Movements with impact on credit loss allowance charge for the period:								
Transfers between stages:								
to lifetime (from Stage 1 to Stage 2)	(60)	102	-	42	(427)	408	-	(19)
to credit impaired (from Stage 1 and Stage 2 to Stage 3)	-	(9)	29	20	(4)	(25)	28	(1)
to lifetime (from Stage 3 to Stage 2)	2	(2)	-	-	15	(15)	-	-
to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	-	-	-	-	-	-	-	-
New originated or purchased	1 241	-	-	1 241	14 845	-	-	14 845
Derecognised during the period	(295)	(1)	(321)	(617)	(5 069)	(17)	(392)	(5 478)
Changes to ECL measurement model assumptions	-	-	-	-	-	-	-	-
Other movements	-	-	(465)	(465)	-	-	(525)	(525)
<b>Total movements with impact on credit loss allowance charge for the period:</b>	<b>888</b>	<b>90</b>	<b>(757)</b>	<b>221</b>	<b>9 360</b>	<b>351</b>	<b>(889)</b>	<b>8 822</b>
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses and other movements	-	-	-	-	-	-	-	-
Modification of contractual cash flows *	(1 466)	(9)	(1)	(1 476)	(5 895)	(4)	46	(5 853)
<b>Total movements without impact on credit loss allowance charge for the period:</b>	<b>(1 466)</b>	<b>(9)</b>	<b>(1)</b>	<b>(1 476)</b>	<b>(5 895)</b>	<b>(4)</b>	<b>46</b>	<b>(5 853)</b>
<b>As at 31 March 2020 (unaudited)</b>	<b>24 133</b>	<b>437</b>	<b>4 782</b>	<b>29 352</b>	<b>278 454</b>	<b>2 445</b>	<b>6 302</b>	<b>287 201</b>

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

## 3 Risk Management (cont'd)

### (1) Credit Risk (cont'd)

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Performing	214 583	208 665	214 584	208 665
Past due up to 30 days	10 745	14 193	10 745	14 193
Past due from 31 to 60 days	1 174	2 278	1 174	2 278
Past due from 61 to 90 days	660	230	660	230
Past due over 90 days	15 911	15 045	15 911	15 045
<b>Total gross loans, without interest accrued on the loans</b>	<b>243 073</b>	<b>240 411</b>	<b>243 074</b>	<b>240 411</b>
Impairment allowances	(20 337)	(20 283)	(20 337)	(20 283)
<b>Total net loans</b>	<b>222 736</b>	<b>220 128</b>	<b>222 737</b>	<b>220 128</b>

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

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Real estate (loans)	161 945	155 057	161 945	155 057
Real estate (leaseback)	16 405	14 774	16 405	14 774
Movable property	24 031	25 659	24 031	25 659
Guarantees	1 957	1 672	1 957	1 672
<b>Total collateral</b>	<b>204 338</b>	<b>197 162</b>	<b>204 338</b>	<b>197 162</b>
Loan portfolio, gross	243 074	240 411	243 074	240 411
Impairment allowances	(20 337)	(20 283)	(20 337)	(20 283)
Loan portfolio, net	222 737	220 128	222 737	220 128
<b>Exposed</b>	<b>8.26%</b>	<b>10.43%</b>	<b>8.26%</b>	<b>10.43%</b>

The Group's / Company's maximum credit risk exposures of the balance and off-balance sheet items (not including collateral held or other security), in thousands of euro:

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
<b>Assets exposed to credit risk</b>				
Due from credit institutions and the Treasury	195 978	181 199	195 978	181 047
Financial assets at fair value through other comprehensive income - investment securities	46 494	47 941	46 494	47 941
Financial assets at amortised cost:				
Investment securities	497	478	497	478
Loans and receivables	222 736	220 129	222 736	220 129
Grants	19 854	17 186	19 854	17 186
Investments in venture capital funds	52 629	52 543	52 629	52 543
Other assets	3 104	3 570	3 104	3 570
<b>Total</b>	<b>541 292</b>	<b>523 046</b>	<b>541 292</b>	<b>522 894</b>
<b>Off-balance sheet items exposed to credit risk</b>				
Contingent liabilities (Note 16)	287 201	284 232	287 201	284 232
Financial commitments (Note 16)	106 746	97 149	119 676	110 620
<b>Total</b>	<b>393 947</b>	<b>381 381</b>	<b>406 877</b>	<b>394 852</b>

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.

## 3 Risk Management (cont'd)

### (1) Credit Risk (cont'd)

As at 31 March 2020, part of the Group's / Company's assets in amount of EUR 112,858 thousand (31 December 2019: EUR 117,222 thousand) were pledged. Detailed information on the Group's / Company's outstanding loan agreement as at 31 March 2020 is provided in Note 16 and Note 17.

Article 37 of the Law on State Budget 2020 provides that guarantees issued by Altum in amount of EUR 270 000 thousand is backed by the state according to Agriculture and Rural Development Law and Development Finance Institution Law. Actual amount as at 31 March 2020 was EUR 234,654 thousand (31 December 2019: EUR 250,144 thousand).

### (2) Liquidity Risk

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 March 2020, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	8 727	16 487	-	-	-	25 214
Due to general governments	170	3 889	4 485	82 954	-	91 498
Issued debt securities	574	47 311	-	-	-	47 885
Support programme funding	15 277	1 454	79 745	11 212	43 056	150 744
Other liabilities	2 904	963	-	-	-	3 867
<b>Total financial liabilities</b>	<b>27 652</b>	<b>70 104</b>	<b>84 230</b>	<b>94 166</b>	<b>43 056</b>	<b>319 208</b>
Off-balance sheet items and contingent liabilities *	331 873	45 621	16 453	-	-	393 947
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>359 525</b>	<b>115 725</b>	<b>100 683</b>	<b>94 166</b>	<b>43 056</b>	<b>713 155</b>
Due from credit institutions and the Treasury	195 978	-	-	-	-	195 978
Investment securities	32 246	4 089	10 656	-	-	46 991
<b>Liquid assets</b>	<b>228 224</b>	<b>4 089</b>	<b>10 656</b>	<b>-</b>	<b>-</b>	<b>242 969</b>

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

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2019, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	31 610	128 730
Other liabilities	2 079	707	-	-	-	2 786
<b>Total financial liabilities</b>	<b>11 539</b>	<b>64 371</b>	<b>54 773</b>	<b>55 420</b>	<b>109 006</b>	<b>295 109</b>
Off-balance sheet items and contingent liabilities *	322 869	43 003	15 509	-	-	381 381
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>334 408</b>	<b>107 374</b>	<b>70 282</b>	<b>55 420</b>	<b>109 006</b>	<b>676 490</b>
Due from credit institutions and the Treasury	181 199	-	-	-	-	181 199
Investment securities	10 904	26 739	10 776	-	-	48 419
<b>Liquid assets</b>	<b>192 103</b>	<b>26 739</b>	<b>10 776</b>	<b>-</b>	<b>-</b>	<b>229 618</b>

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



## 3 Risk Management (cont'd)

### (2) Liquidity Risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 March 2020, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	8 727	16 487	-	-	-	25 214
Due to general governments	170	3 889	4 485	82 954	-	91 498
Issued debt securities	574	47 311	-	-	-	47 885
Support programme funding	15 277	1 454	79 745	11 212	43 056	150 744
Other liabilities	2 904	963	-	-	-	3 867
<b>Total financial liabilities</b>	<b>27 652</b>	<b>70 104</b>	<b>84 230</b>	<b>94 166</b>	<b>43 056</b>	<b>319 208</b>
Off-balance sheet items and contingent liabilities *	334 071	53 508	19 298	-	-	406 877
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>361 723</b>	<b>123 612</b>	<b>103 528</b>	<b>94 166</b>	<b>43 056</b>	<b>726 085</b>
Due from credit institutions and the Treasury	195 978	-	-	-	-	195 978
Investment securities	32 246	4 089	10 656	-	-	46 991
<b>Liquid assets</b>	<b>228 224</b>	<b>4 089</b>	<b>10 656</b>	<b>-</b>	<b>-</b>	<b>242 969</b>

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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2019, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 15 years and w/o maturity	Total
Due to credit institutions	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	31 610	128 730
Other liabilities	2 079	694	-	-	-	2 773
<b>Total financial liabilities</b>	<b>11 539</b>	<b>64 358</b>	<b>54 773</b>	<b>55 420</b>	<b>109 006</b>	<b>295 096</b>
Off-balance sheet items and contingent liabilities *	325 159	51 220	18 473	-	-	394 852
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>336 698</b>	<b>115 578</b>	<b>73 246</b>	<b>55 420</b>	<b>109 006</b>	<b>689 948</b>
Due from credit institutions and the Treasury	181 047	-	-	-	-	181 047
Investment securities	10 904	26 739	10 776	-	-	48 419
<b>Liquid assets</b>	<b>191 951</b>	<b>26 739</b>	<b>10 776</b>	<b>-</b>	<b>-</b>	<b>229 466</b>

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

## 3 Risk Management (cont'd)

### (2) Liquidity Risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 31 March 2020 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Assets</b>							
Due from credit institutions and the Treasury	192 975	-	-	3 003	-	-	195 978
Financial assets at fair value through profit or loss	-	-	-	-	-	4 580	4 580
Investment securities *	38	-	9 683	22 525	4 089	10 656	46 991
Loans *	7 719	6 405	11 252	27 491	94 329	75 540	222 736
Grants	-	-	-	-	19 259	595	19 854
Deferred expense and accrued income	2 710	-	-	-	-	-	2 710
Investments in venture capital funds	1 507	6 570	-	26 667	-	17 885	52 629
Investment property	-	-	-	-	26 163	4 224	30 387
Property, plant and equipment	-	-	-	-	-	4 600	4 600
Intangible assets	-	-	-	-	-	1 396	1 396
Other assets	651	-	-	721	1 732	-	3 104
<b>Total assets</b>	<b>205 600</b>	<b>12 975</b>	<b>20 935</b>	<b>80 407</b>	<b>145 572</b>	<b>119 476</b>	<b>584 965</b>
<b>Liabilities</b>							
Due to credit institutions	-	-	4 351	4 340	16 487	-	25 178
Due to general governments	-	-	-	-	2 118	88 852	90 970
Issued debt securities	-	-	122	22	45 023	-	45 167
Deferred income and accrued expense	130	241	280	1 836	1 055	692	4 234
Provisions	29 926	-	-	-	-	-	29 926
Support programme funding	-	-	-	15 277	1 454	134 013	150 744
Other liabilities	2 804	-	-	100	963	-	3 867
<b>Total liabilities</b>	<b>32 860</b>	<b>241</b>	<b>4 753</b>	<b>21 575</b>	<b>67 100</b>	<b>223 557</b>	<b>350 086</b>
<b>Net liquidity</b>	<b>172 740</b>	<b>12 734</b>	<b>16 182</b>	<b>58 832</b>	<b>78 472</b>	<b>(104 081)</b>	<b>234 879</b>

\* With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. Investments in securities reflect their contractual coupon amortisations

## 3 Risk Management (cont'd)

### (2) Liquidity Risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 31 December 2019 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Assets</b>							
Due from credit institutions and the Treasury	176 197	-	2 001	3 001	-	-	181 199
Financial assets at fair value through profit or loss	-	-	-	-	-	4 217	4 217
Investment securities *	90	1 149	1	9 664	26 739	10 776	48 419
Loans *	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 343	-	-	-	-	-	2 343
Investments in venture capital funds	1 508	-	7 051	-	27 236	16 748	52 543
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	4 694	4 694
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	1 264	-	3 570
<b>Total assets</b>	<b>193 180</b>	<b>10 961</b>	<b>17 950</b>	<b>33 957</b>	<b>185 668</b>	<b>118 345</b>	<b>560 061</b>
<b>Liabilities</b>							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	361	259	303	582	1 379	685	3 569
Provisions	31 076	-	-	-	-	-	31 076
Support programme funding	-	-	-	-	18 878	109 852	128 730
Other liabilities	2 060	-	-	19	707	-	2 786
<b>Total liabilities</b>	<b>33 497</b>	<b>4 903</b>	<b>303</b>	<b>4 998</b>	<b>63 923</b>	<b>219 699</b>	<b>327 323</b>
<b>Net liquidity</b>	<b>159 683</b>	<b>6 058</b>	<b>17 647</b>	<b>28 959</b>	<b>121 745</b>	<b>(101 354)</b>	<b>232 738</b>

\* With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. Investments in securities reflect their contractual coupon amortisations

## 3 Risk Management (cont'd)

### (2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 March 2020 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Assets</b>							
Due from credit institutions and the Treasury	192 975	-	-	3 003	-	-	195 978
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities *	38	-	9 683	22 525	4 089	10 656	46 991
Loans *	7 719	6 405	11 252	27 491	94 329	75 540	222 736
Grants	-	-	-	-	19 259	595	19 854
Deferred expense and accrued income	2 710	-	-	-	-	-	2 710
Investments in venture capital funds	1 507	6 570	-	26 667	-	17 885	52 629
Investments in subsidiaries	-	-	-	832	-	3 204	4 036
Investment property	-	-	-	-	26 163	4 224	30 387
Property, plant and equipment	-	-	-	-	-	4 600	4 600
Intangible assets	-	-	-	-	-	1 396	1 396
Other assets	651	-	-	721	1 732	-	3 104
<b>Total assets</b>	<b>205 600</b>	<b>12 975</b>	<b>20 935</b>	<b>81 239</b>	<b>145 572</b>	<b>118 100</b>	<b>584 421</b>
<b>Liabilities</b>							
Due to credit institutions	-	-	4 351	4 340	16 487	-	25 178
Due to general governments	-	-	-	-	2 118	88 852	90 970
Issued debt securities	-	-	122	22	45 023	-	45 167
Deferred income and accrued expense	130	241	280	1 836	1 055	692	4 234
Provisions	29 926	-	-	-	-	-	29 926
Support programme funding	-	-	-	15 277	1 454	134 013	150 744
Other liabilities	2 804	-	-	100	963	-	3 867
<b>Total liabilities</b>	<b>32 860</b>	<b>241</b>	<b>4 753</b>	<b>21 575</b>	<b>67 100</b>	<b>223 557</b>	<b>350 086</b>
<b>Net liquidity</b>	<b>172 740</b>	<b>12 734</b>	<b>16 182</b>	<b>59 664</b>	<b>78 472</b>	<b>(105 457)</b>	<b>234 335</b>

\* With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. Investments in securities reflect their contractual coupon amortisations

## 3 Risk Management (cont'd)

### (2) Liquidity Risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 December 2019 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Assets</b>							
Due from credit institutions and the Treasury	176 045	-	2 001	3 001	-	-	181 047
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities *	90	1 149	1	9 664	26 739	10 776	48 419
Loans *	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 343	-	-	-	-	-	2 343
Investments in venture capital funds	1 508	-	7 051	-	27 236	16 748	52 543
Investments in subsidiaries	-	-	-	-	832	2 980	3 812
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	4 694	4 694
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	1 264	-	3 570
<b>Total assets</b>	<b>193 028</b>	<b>10 961</b>	<b>17 950</b>	<b>33 957</b>	<b>186 500</b>	<b>117 108</b>	<b>559 504</b>
<b>Liabilities</b>							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	361	259	303	582	1 379	685	3 569
Provisions	31 076	-	-	-	-	-	31 076
Support programme funding	-	-	-	-	18 878	109 852	128 730
Other liabilities	2 060	-	-	19	694	-	2 773
<b>Total liabilities</b>	<b>33 497</b>	<b>4 903</b>	<b>303</b>	<b>4 998</b>	<b>63 910</b>	<b>219 699</b>	<b>327 310</b>
<b>Net liquidity</b>	<b>159 531</b>	<b>6 058</b>	<b>17 647</b>	<b>28 959</b>	<b>122 590</b>	<b>(102 591)</b>	<b>232 194</b>

\* With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. Investments in securities reflect their contractual coupon amortisations

## 4 Interest income

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Interest on loans and guarantees	3 176	2 739 *	3 176	2 739 *
Interest on securities at fair value	378	378	378	378
Interest on securities at amortised cost	5	5	5	5
Other interest income	7	4	7	4
<b>Total interest income</b>	<b>3 566</b>	<b>3 126</b>	<b>3 566</b>	<b>3 126</b>

\* comparatives reclassified according to Section (1) of Note 2.

The Group's/Company's sub-item *Interest income on loans and guarantees* is reduced by EUR 108 thousand (3 months of 2019: EUR 117 thousand) according to the Mezzanine and Guarantee Fund Activity Agreement concluded with the Ministry of Economics in 2016 (Agreement No 2011/16) stipulating that 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 and other income.

## 5 Interest expense

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Interest on balances due to credit institutions	144	96 *	144	96 *
Interest on issued debt securities	137	102 *	137	102 *
Allocation of state support programmes' profit to support programme funding	166	-	166	-
Other commission expense	2	4 *	2	4 *
<b>Total interest expense</b>	<b>449</b>	<b>202</b>	<b>449</b>	<b>202</b>

\* comparatives reclassified as stated in Section (1) of Note 2.

For particular state support programmes according to respective agreements concluded with the Ministry of Economics the net profit of the programme should be split between the Group / Company un the Ministry of Economics by increasing public funding given by the Ministry of Economics (recognised as Support programme funding in the Balance sheet).

## 6 Income for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Compensation of expenses for management of state support programmes	484	466 *	484	466 *
Compensation of venture capital fund management fees	728	316 *	728	316 *
Compensation of expenses of capital congestion	50	-	50	-
<b>Total income from implementation of state support programmes</b>	<b>1 262</b>	<b>782</b>	<b>1 262</b>	<b>782</b>

\* comparatives reclassified according to Section (1) of Note 2.

## 7 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Compensated staff costs	382	377 *	382	377 *
Compensated administrative expense	102	89 *	102	89 *
Compensated venture capital fund management fees	729	316 *	729	316 *
<b>Total compensated expense for implementation of state support programmes</b>	<b>1 213</b>	<b>782</b>	<b>1 213</b>	<b>782</b>

\* comparatives reclassified according to Section (1) of Note 2

## 8 Other income

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Income from lease payments for operational leases	213	123 *	213	123 *
Income from lease payments for financial leases	316	3	316	3
Income from investment property revaluation	10	-	10	-
Income from sale of investment property	23	2 *	23	2 *
Income from sale of repossessed collateral	8	7 *	8	7 *
Other commission income	2	-	2	-
Other operating income	-	30 *	-	30 *
<b>Total other income</b>	<b>572</b>	<b>165</b>	<b>572</b>	<b>165</b>

\* comparatives reclassified as stated in Section (1) of Note 2.

## 9 Other expense

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited) *	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited) *
Maintenance and service costs of Land Fund	77	57 *	77	57 *
Debt collection costs	34	26 *	34	26 *
Maintenance costs of repossessed collateral	1	5 *	1	5 *
Revaluation of repossessed collateral	-	-	-	-
Depreciation of right-of-use assets	34	21 *	34	21 *
Commission expense on investments in securities	21	19 *	21	19 *
Other commission expense	1	-	1	-
<b>Total other expense</b>	<b>168</b>	<b>128</b>	<b>168</b>	<b>128</b>

\* comparatives reclassified as stated in Section (1) of Note 2.

## 10 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited)
Impairment losses on:	1 190	2 142	1 190	2 142
Loans, net	724	1 108	724	1 108
<i>impairment losses</i>	911	1 554	911	1 554
<i>impairment losses covered by risk coverage reserve</i>	(187)	(446)	(187)	(446)
Disbursed guarantee compensations	-	311	-	311
<i>impairment losses</i>	-	431	-	431
<i>impairment losses covered by risk coverage reserve</i>	-	(120)	-	(120)
Grants	-	-	-	-
Other assets	-	-	-	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	-	-	-	-
Debt securities	-	-	-	-
Guarantees, net	271	697	271	697
<i>impairment losses</i>	1 804	3 056	1 804	3 056
<i>impairment losses covered by risk coverage reserve</i>	(1 533)	(2 359)	(1 533)	(2 359)
Loan commitments, net	195	26	195	26
<i>impairment losses</i>	211	27	211	27
<i>impairment losses covered by risk coverage reserve</i>	(16)	(1)	(16)	(1)
Grant commitments	-	-	-	-
Reversal of impairment on:	(1 606)	(2 087)	(1 606)	(2 087)
Loans, net	(610)	(1 188)	(610)	(1 188)
<i>reversal of impairment</i>	(858)	(1 277)	(858)	(1 277)
<i>reversal of impairment covered by risk coverage reserve</i>	248	89	248	89
Disbursed guarantee compensations	(1)	(507)	(1)	(507)
<i>reversal of impairment</i>	(9)	(512)	(9)	(512)
<i>reversal of impairment covered by risk coverage reserve</i>	8	5	8	5
Grants	-	-	-	-
Other assets	-	-	-	-
Due from credit institutions and the Treasury	-	-	-	-
Financial assets related to loan agreements	-	-	-	-
Debt securities	-	-	-	-
Guarantees, net	(936)	(392)	(936)	(392)
<i>reversal of impairment</i>	(2 704)	(1 365)	(2 704)	(1 365)
<i>reversal of impairment covered by risk coverage reserve</i>	1 768	973	1 768	973
Loan commitments, net	(59)	-	(59)	-
<i>reversal of impairment</i>	(106)	(462)	(106)	(462)
<i>reversal of impairment covered by risk coverage reserve</i>	47	462	47	462
Grant commitments	-	-	-	-
Total impairment losses / (reversal), net	(416)	55	(416)	55
Recovery of loans written off in previous periods	(288)	(786)	(288)	(786)
<b>Total impairment losses and (income) from recovery of loans written-off</b>	<b>(704)</b>	<b>(731)</b>	<b>(704)</b>	<b>(731)</b>

## 11 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Due from credit institutions and State Treasury	195 980	181 201	195 980	181 049
<i>cash and cash equivalent</i>	190 975	176 199	190 975	176 047
Impairment allowances	(2)	(2)	(2)	(2)
<b>Net due from credit institutions and State Treasury</b>	<b>195 978</b>	<b>181 199</b>	<b>195 978</b>	<b>181 047</b>



## 8 Due from credit institutions and the Treasury (cont'd)

Placing the funds within the Treasury of the Republic of Latvia and monetary financial institutions, the external credit ratings assigned to these financial institutions are evaluated. The evaluation of the financial institutions not having been assigned individual ratings is based on the ratings assigned to their parent banks as well as their financial and operational assessments. Once the contracts have been concluded, the Group / Company supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment. All assets in this category represent Stage 1 for expected credit loss (hereafter - ECL) calculation purposes. There were no changes in staging during the reporting period as there were no changes in the calculated ECL during the reporting period..

Breakdown of the Group's balances due from credit institutions and the Treasury by credit rating categories based on Moody's ratings or their equivalent, in thousands of euro:

Ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury		12 435	138 364	23 973	6 427	-	-	-	181 199
<b>Total gross as at 31 December 2019 (audited)</b>	-	<b>12 435</b>	<b>138 364</b>	<b>23 973</b>	<b>6 427</b>	-	-	-	<b>181 199</b>
Due from credit institutions registered in the Republic of Latvia and the Treasury		11 096	158 244	21 719	4 919	-	-	-	195 978
<b>Total gross as at 31 March 2020 (unaudited)</b>	-	<b>11 096</b>	<b>158 244</b>	<b>21 719</b>	<b>4 919</b>	-	-	-	<b>195 978</b>

Breakdown of the Company's balances due from credit institutions and the Treasury by credit rating categories based on Moody's ratings or their equivalent, in thousands of euro:

Ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	12 435	138 364	23 821	6 427	-	-	-	181 047
<b>Total gross as at 31 December 2019 (audited)</b>	-	<b>12 435</b>	<b>138 364</b>	<b>23 821</b>	<b>6 427</b>	-	-	-	<b>181 047</b>
Due from credit institutions registered in the Republic of Latvia and the Treasury		11 096	158 244	21 719	4 919	-	-	-	195 978
<b>Total gross as at 31 March 2020 (unaudited)</b>	-	<b>11 096</b>	<b>158 244</b>	<b>21 719</b>	<b>4 919</b>	-	-	-	<b>195 978</b>

As at 31 March 2020, the Group / Company held accounts with 4 banks and the Treasury of the Republic of Latvia.

As at 31 March 2020, the average interest rate on balances due from credit institutions was 0.02% (31 December 2019: - 0.02%).

## 12 Investments in venture capital funds

The Group's / Company's investments in associates based on information provided by venture capital fund managers, in thousands of euro:

Company or venture capital fund generation	Country of incorporation	Equity of venture capital fund		Carrying Amount	
		31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
The 1st generation VCFs	LV	2 387	2 387	1 508	1 508
The 2nd generation VCFs	LV	17 755	18 227	12 546	12 990
The 3rd generation VCFs	LV	20 867	21 493	20 691	21 308
The 4th generation VCFs	LV	3 758	4 294	2 317	2 636
Baltic Innovation fund	LU	75 980	72 190	14 650	13 851
Baltic Innovation fund II	LU	1 870	710	917	250
<b>Total investments in venture capital funds</b>		<b>122 617</b>	<b>119 301</b>	<b>52 629</b>	<b>52 543</b>

As at 31 March 2020 the total VCF portfolio value at cost value was EUR 70,626 thousand (as at 31 December 2019: EUR 68,331 thousand).

## 12 Investments in venture capital funds (cont'd)

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

	Investments in associates		BIF investments		Total	
	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited)
Carrying amount at the beginning of period	38 442	39 252	14 101	10 988	52 543	50 240
Invested	32	-	1 466	553	1 498	553
Refunded	(80)	(53)	-	-	(80)	(53)
Mezzanine interest received and realised gain on exit	164	85	-	-	164	85
Share of net loss of investment in joint venture and associate	(1 991)	(171)	-	-	(1 991)	(171)
Share of gain of investment in joint venture and associate at fair value through profit or loss	495	519	-	-	495	519
Carrying amount at the end of the period ended at 31 March	37 062	39 632	15 567	11 541	52 629	51 173
Impairment	-	-	-	-	-	-
<b>Net carrying amount at the period ended at 31 March</b>	<b>37 062</b>	<b>39 632</b>	<b>15 567</b>	<b>11 541</b>	<b>52 629</b>	<b>51 173</b>

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

- Management fees for the 2nd and 3rd generation venture capital funds amounted EUR 148 thousand (3 months of 2019: EUR 268 thousand) which were compensated from the risk coverage reserve;
- Management fees for the 4th generation venture capital funds amounted EUR 183 thousand (3 months of 2019: EUR 119 thousand) which were compensated from the risk coverage reserve;
- Management fees for the Baltic Innovation Fund were not paid in the 1st quarter of 2020 (3 months of 2019: EUR 47 thousand which were compensated from the risk coverage reserve);
- Management fees for the Baltic Innovation Fund II were not paid in the 1st quarter of 2020 (3 months of 2019: 0).

Part of disbursements made into the 4th generation venture capital funds are classified as Investments in subsidiaries (detailed information is available in Note 1) and management fees of such funds amounted EUR 302 thousand (3 months of 2019: EUR 300 thousand) which were compensated from the risk coverage reserve.

## 13 Loans

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

The Group's / Company's loans by the borrower profile, in thousands of euro:

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
SME and Midcaps	105 735	104 396	105 735	104 396
Agriculture	121 953	120 534	121 953	120 534
Individuals	13 084	12 909	13 084	12 909
Financial Intermediaries	2 301	2 573	2 301	2 573
<b>Total gross loans</b>	<b>243 073</b>	<b>240 412</b>	<b>243 073</b>	<b>240 412</b>
Impairment allowances	(20 337)	(20 283)	(20 337)	(20 283)
<b>Total net loans</b>	<b>222 736</b>	<b>220 129</b>	<b>222 736</b>	<b>220 129</b>

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Number of customers	32	29	32	29
Total credit exposure of customers (EUR '000)	46 556	42 623	46 556	42 623
Percentage of total gross portfolio of loans	19.15%	17.73%	19.15%	17.73%

As at 31 March 2020 the average annual interest rate for the loan portfolio of the Group / Company was 4.17% (31 December 2019: 4.19%).

## 13 Loans (cont'd)

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Agriculture and forestry	124 221	117 065	124 221	117 065
Manufacturing	50 445	50 035	50 445	50 035
Private individuals	13 084	12 909	13 084	12 909
Other industries	14 419	25 073	14 419	25 073
Retail and wholesale	15 492	10 208	15 492	10 208
Hotels and restaurants	4 481	4 375	4 481	4 375
Electricity, gas and water utilities	7 337	7 196	7 337	7 196
Transport, warehousing and communications	1 051	1 045	1 051	1 045
Real estate	7 636	7 543	7 636	7 543
Construction	2 388	2 309	2 388	2 309
Financial intermediation	605	681	605	681
Fishing	1 740	1 786	1 740	1 786
Municipal authorities	174	187	174	187
<b>Total gross loans</b>	<b>243 073</b>	<b>240 412</b>	<b>243 073</b>	<b>240 412</b>
Impairment allowances	(20 337)	(20 283)	(20 337)	(20 283)
<b>Total net loans</b>	<b>222 736</b>	<b>220 129</b>	<b>222 736</b>	<b>220 129</b>

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

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited)
Allowances at the beginning of the period	20 283	19 376	20 283	19 376
Increase in impairment allowances (Note 10)	911	1 554	911	1 554
Decrease in impairment allowances (Note 10)	(858)	(1 277)	(858)	(1 277)
Write-off of loans	-	-	-	-
Currency change	1	-	1	-
<b>Allowances at the end of the period ended 31 March (unaudited)</b>	<b>20 337</b>	<b>19 653</b>	<b>20 337</b>	<b>19 653</b>
<i>Group's / Company's share of provisions</i>	15 030	-	15 030	-
<i>Provisions covered by risk coverage*</i>	5 307	-	5 307	-
Increase in impairment allowances	-	7 239	-	7 239
Decrease in impairment allowances	-	(4 620)	-	(4 620)
Write-off of loans	-	(1 989)	-	(1 989)
Currency change	-	-	-	-
<b>Allowances at the end of the period ended 31 December (audited)</b>	<b>-</b>	<b>20 283</b>	<b>-</b>	<b>20 283</b>
<i>Group's / Company's share of provisions</i>		14 916		14 916
<i>Provisions covered by risk coverage*</i>		5 367		5 367

## 14 Investment properties

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Carrying amount at the beginning of period	24 366	14 794	24 366	14 794
Acquired during the reporting period*	6 026	9 145	6 026	9 145
Disposals during the reporting period	(5)	(98)	(5)	(98)
Net gain from fair value adjustment	-	525	-	525
<b>Carrying amount at the end of the period</b>	<b>30 387</b>	<b>24 366</b>	<b>30 387</b>	<b>24 366</b>

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

## 15 Other assets

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Financial assets	6 361	6 095	6 361	6 095
Other assets (repossessed collateral)	119	503	119	503
<b>Total other assets, gross</b>	<b>6 480</b>	<b>6 598</b>	<b>6 480</b>	<b>6 598</b>
Impairment allowances for financial assets	(3 376)	(3 028)	(3 376)	(3 028)
<i>Group's / Company's share of provisions</i>	<i>(2 410)</i>	<i>(2 204)</i>	<i>(2 410)</i>	<i>(2 204)</i>
<i>Provisions covered by risk coverage</i>	<i>(966)</i>	<i>(824)</i>	<i>(966)</i>	<i>(824)</i>
<b>Total financial assets, net</b>	<b>2 985</b>	<b>3 067</b>	<b>2 985</b>	<b>3 067</b>
<b>Total other assets, net</b>	<b>3 104</b>	<b>3 570</b>	<b>3 104</b>	<b>3 570</b>

The Group's / Company's sub-item *Other assets (repossessed collateral)* includes assets that have been taken over in the debt collection process and are held to be sold in the ordinary course of business.

Movement in the Group's / Company's net book value of financial assets in the 1<sup>st</sup> quarter of 2020, in thousands of euro:

	Disbursed guarantee compensations	Financial assets related to loan agreements	Other financial assets	Total
<b>Financial assets</b>				
At the beginning of period	2 361	163	3 571	6 095
Changes	345	37	(119)	263
As at 31 March 2020 (unaudited)	2 706	200	3 452	6 358
<b>Impairment provision</b>				
At the beginning of period	(2 361)	(143)	(524)	(3 028)
Changes in impairment allowances	(345)	-	-	(345)
As at 31 March 2020 (unaudited)	(2 706)	(143)	(524)	(3 373)
<b>Net book value at the beginning of period</b>	<b>-</b>	<b>20</b>	<b>3 047</b>	<b>3 067</b>
<b>Net book value as at 31 March 2020 (unaudited)</b>	<b>-</b>	<b>57</b>	<b>2 928</b>	<b>2 985</b>

## 16 Due to credit institutions

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Due to credit institutions registered in OECD countries	25 178	29 542	25 178	29 542
<b>Total due to credit institutions</b>	<b>25 178</b>	<b>29 542</b>	<b>25 178</b>	<b>29 542</b>

Balances due to credit institutions registered in the OECD countries include loan received by the Group / Company from the European Investment Bank (EIB) of EUR 25,178 thousand (as at 31 December 2019: EUR 29,542 thousand), of which EUR 5 thousand constitutes accrued interest expenses (as at 31 December 2019: EUR 28 thousand). In the reporting period, the Group / Company repaid the principal in amount of EUR 4,340 thousand. The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan of EUR 25,178 thousand (as at 31 December 2019: EUR 29,542 thousand), which is considered a parent guarantee on behalf of the Group / Company.

In December 2019, the Company entered into a new loan agreement with the EIB for the amount of EUR 18,000 thousand to fund loans for sustainable and climate change mitigation projects. In addition to financing of green bonds, this funding will allow loans to entrepreneurs and ESCOs to be offered with a significantly longer repayment period of up to 15 years, in line with the repayment period of the investment project. The loan disbursement has not been started yet.

As at 31 March 2020, the average interest rate for the balances Due to credit institutions was 0.37% (as at 31 December 2019: 0.31%).

## 17 Due to general governments

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Loans received from Rural Support Service	5 558	5 565	5 558	5 565
Loans received from the Treasury	85 412	80 707	85 412	80 707
<b>Total due to general governments</b>	<b>90 970</b>	<b>86 272</b>	<b>90 970</b>	<b>86 272</b>

Subitem *Loans received from Rural Support Service* includes the financing to the Loan Fund, which was established in 2010 for the purpose to issue the loans to the agricultural and fisheries beneficiaries via financial intermediaries. As at 31 March 2020 the Group / Company liabilities to Rural Support Service consist of the principal amount of EUR 5,336 thousand (as at 31 December 2019: EUR 5,337 thousand) and accrued interest – EUR 222 thousand (as at 31 December 2019: EUR 288 thousand). The final repayment date is 31 January 2027. The loan from Rural Support Service is unsecured.

Subitem *Loans received from the Treasury* includes the loans received by the Group / Company for the implementation the following loan programmes:

- Agricultural land acquisition programme: as at 31 March 2020 the principal amount of the loan EUR 67,399 thousand (as at 31 December 2019: EUR 67,399 thousand), the final repayment date 31 December 2050. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Group / Company under the programme. As at 31 March 2020, according to the loan agreement the Company still is available the financing in the amount of EUR 8,979 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2020, the amount of the secured claim was EUR 67,400 thousand (as at 31 December 2019: EUR 67,400 thousand).
- SME development programme: as at 31 March 2020 the principal amount of the loan EUR 9,997 thousand (as at 31 December 2019: EUR 9,997 thousand), the final repayment date 31 December 2040. As a collateral serves the commercial pledge to the right of the Company's claims resulting from loans granted by the Group / Company under the programme. As at 31 March 2020, according to the loan agreement the Company still is available the financing in the amount of EUR 45,003 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2020, the amount of the secured claim was EUR 11,996 thousand (as at 31 December 2019: EUR 11,996 thousand).
- Latvian Land Fund (the financing for the Fund's transactions): as at 31 March 2020 the principal amount of the loan EUR 8,015 thousand (as at 31 December 2019: EUR 3,309 thousand), the final repayment date 29 December 2028. As a collateral serves the mortgage on the real estate purchased with the financing received under the loan. As at 31 March 2020, according to the loan agreement the Company still is available the financing in the amount of EUR 1,912 thousand, the size and pace of its drawdown relates to the further volume of new loan transactions. As at 31 March 2020, the amount of registered mortgage was EUR 8,284 thousand (as at 31 December 2019: EUR 8,284 thousand).

The Company has also concluded the following loan agreements with the Treasury, the funding under which have not yet been used:

- Micro Loans and Star-up Loans programme: the amount of the loan agreement EUR 23,000 thousand, the final repayment date 31 December 2028, commercial pledge on the Company's claims for the loans under the programme. The size and pace of the drawdown the loan relates to the further volume of new loan transactions. The maximum amount of the secured claim is EUR 27,600 thousand.
- Parallel Loan programme: the amount of the loan agreement EUR 20,000 thousand, the final repayment date 31 January 2036, commercial pledge on the Company's claims for the loans under the programme. The size and pace of the drawdown the loan relates to the further volume of new loan transactions. The maximum secured claim is EUR 24,000 thousand.

As at 31 March 2020 the accrued interest on the loans received from the Treasury amounts to EUR 1,426 (as at 31 December 2019: EUR 1,302).

## 18 Support programme funding

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses, in thousands of euro:

Financial Instrument / Programme	31.03.2020.					
	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Accrued liabilities on state aid	Fair value correction	Net programme funding
<b>Loans</b>						
ERDF II	13 324	3 821	(826)	3 093	(8 489)	7 102
ESF II	1 525	395	(134)	771	(1 320)	842
Microcredits of Swiss programme	5 610	520	(29)	331	(483)	5 429
ERDF I	886	129	(16)	27	(327)	570
ESF I	317	54	(40)	-	-	277
Microcredits	-	-	-	-	-	-
ERDF II (second round)	6 379	653	(142)	566	(1 223)	5 580
Incubators (from ESF II)	80	10	-	-	-	80
ERAF II 2 Public fund	285	110	(15)	-	-	270
Fund of Funds programme – Start-up loans	2 634	2 634	(384)	-	-	2 250
Fund of Funds programme – Microcredits	309	309	(35)	-	-	274
Fund of Funds programme – Parallel loans	3 425	3 425	(1 771)	-	-	1 654
Energy Efficiency Programme for Multi-apartment Buildings Loans	3 751	3 547	(18)	-	-	3 733
Start-up State Aid Cumulation Lending Programme	1 994	1 994	(283)	-	(16)	1 695
Other loans to start-ups	1 585	468	(88)	89	(254)	1 332
Mezzanine Programme – Loans	3 224	2 901	(1 584)	-	-	1 640
Guarantees and interest grants programme	4 234	4 234	-	-	-	4 234
SME energy efficiency loans	1 723	1 723	-	-	-	1 723
Parallel loans	2 000	2 000	(205)	-	-	1 795
Loans for enterprises in rural territories	6 304	599	(32)	-	-	6 272
Parallel loans to large entrepreneurs	-	-	-	-	-	-
<b>Total loans</b>	<b>59 589 *</b>	<b>29 526</b>	<b>(5 602)</b>	<b>4 877</b>	<b>(12 112)</b>	<b>46 752</b>
<b>Guarantees</b>						
Fund of Funds programme - Guarantees	26 750	26 750	(8 070)	-	-	18 680
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 204	5 862	(986)	-	-	5 218
Housing Guarantee Programme	14 005	14 005	(8 385)	-	-	5 620
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(1 213)	-	-	6 540
Mezzanine Programme - Guarantees	1 395	1 255	(1 295)	-	-	100
Portfolio Guarantee Fund	4 069	3 743	(1 216)	-	-	2 853
Export guarantees	2 007	2 007	(284)	-	-	1 723
Agricultural Guarantees	1 058	1 058	(444)	-	-	614
<b>Total guarantees</b>	<b>63 241</b>	<b>62 433</b>	<b>(21 893)</b>	<b>-</b>	<b>-</b>	<b>41 348</b>
<b>Grants</b>						
Energy Efficiency Programme for Multi-apartment Buildings Grants	25 567	-	-	-	-	25 567
Social Entrepreneurship Programme	1 084	-	-	-	-	1 084
Grants for development of energy efficiency projects	290	-	-	-	-	290
<b>Total grants</b>	<b>26 941</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26 941</b>
<b>Venture Capital Funds</b>						
Fund of Funds and venture capital funds	30 791	16 935	-	-	-	30 791
Investment Fund Activity	1 753	876	-	-	(166)	1 587
Baltic Innovation Fund	2 000	600	-	-	-	2 000
Baltic Innovation Fund II	833	250	-	-	-	833
<b>Total venture capital funds</b>	<b>35 377</b>	<b>18 661</b>	<b>-</b>	<b>-</b>	<b>(166)</b>	<b>35 211</b>
<b>Other Activities</b>						
Energy Efficiency Fund	492	-	-	-	-	492
Regional Creative Industries Alliance	-	-	-	-	-	-
<b>Total other activities</b>	<b>492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>492</b>
<b>Total support programme funding</b>	<b>185 640 **</b>	<b>110 620</b>	<b>(27 495)</b>	<b>4 877</b>	<b>(12 278)</b>	<b>150 744</b>

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

\*\* Support programme funding contains EUR 19,734 thousand allocated for management costs of the Group / Company to be compensated from support programme funding.

## 18 Support programme funding (cont'd)

The Group's / Company's information on the risk coverage reserve included in the support programme funding and state aid, which can be used for covering the Group's / Company's credit risk losses, in thousands of euro:

Financial Instrument / Programme	31.12.2019.					
	Programme funding	Credit risk coverage	Provisions covered by risk coverage	Accrued liabilities on state aid	Fair value correction	Net programme funding
<b>Loans</b>						
ERDF II	13 324	4 318	(902)	3 093	(8 489)	7 026
ESF II	1 523	478	(132)	771	(1 320)	842
Microcredits of Swiss programme	5 610	718	(24)	331	(483)	5 434
ERDF I	886	138	(17)	27	(327)	569
ESF I	317	58	(37)	-	-	280
Microcredits	-	-	-	-	-	-
ERDF II (second round)	6 366	745	(124)	566	(1 223)	5 585
Incubators (from ESF II)	80	11	-	-	-	80
ERAF II 2 Public fund	285	129	(15)	-	-	270
Fund of Funds programme – Start-up loans	2 623	2 623	(355)	-	-	2 268
Fund of Funds programme – Microcredits	309	309	(29)	-	-	280
Fund of Funds programme – Parallel loans	3 425	3 425	(1 907)	-	-	1 518
Energy Efficiency Programme for Multi-apartment Buildings Loans	3 751	3 751	(14)	-	-	3 737
Start-up State Aid Cumulation Lending Programme	1 994	1 994	(277)	-	(16)	1 701
Other loans to start-ups	1 583	487	(91)	89	(254)	1 327
Mezzanine Programme – Loans	3 148	2 518	(1 626)	-	-	1 522
Guarantees and interest grants programme	4 184	4 184	-	-	-	4 184
SME energy efficiency loans	1 723	1 723	-	-	-	1 723
Parallel loans	2 000	2 000	(114)	-	-	1 886
Loans for enterprises in rural territories	6 304	599	(29)	-	-	6 275
Parallel loans to large entrepreneurs	-	-	-	-	-	-
<b>Total loans</b>	<b>59 435 *</b>	<b>30 208</b>	<b>(5 693)</b>	<b>4 877</b>	<b>(12 112)</b>	<b>46 507</b>
<b>Guarantees</b>						
Fund of Funds programme - Guarantees	21 566	21 566	(8 591)	-	-	12 975
Energy Efficiency Programme for Multi-apartment Buildings Guarantees	6 163	4 917	(1 007)	-	-	5 156
Housing Guarantee Programme	14 005	14 005	(8 093)	-	-	5 912
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	7 753	(1 225)	-	-	6 528
Mezzanine Programme - Guarantees	1 363	1 090	(1 341)	-	-	22
Portfolio Guarantee Fund	4 069	4 069	(1 235)	-	-	2 834
Export guarantees	2 007	2 007	(292)	-	-	1 715
Agricultural Guarantees	1 058	1 058	(352)	-	-	706
<b>Total guarantees</b>	<b>57 984</b>	<b>56 465</b>	<b>(22 136)</b>	<b>-</b>	<b>-</b>	<b>35 848</b>
<b>Grants</b>						
Energy Efficiency Programme for Multi-apartment Buildings Grants	25 567	-	-	-	-	25 567
Social Entrepreneurship Programme	1 084	-	-	-	-	1 084
Grants for development of energy efficiency projects	341	-	-	-	-	341
<b>Total grants</b>	<b>26 992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26 992</b>
<b>Venture Capital Funds</b>						
Fund of Funds and venture capital funds	13 412	10 730	-	-	-	13 412
Investment Fund Activity	2 812	2 375	-	-	(166)	2 646
Baltic Innovation Fund	2 000	-	-	-	-	2 000
Baltic Innovation Fund II	833	-	-	-	-	833
<b>Total venture capital funds</b>	<b>19 057</b>	<b>13 105</b>	<b>-</b>	<b>-</b>	<b>(166)</b>	<b>18 891</b>
<b>Other Activities</b>						
Energy Efficiency Fund	492	-	-	-	-	492
Regional Creative Industries Alliance	-	-	-	-	-	-
<b>Total other activities</b>	<b>492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>492</b>
<b>Total support programme funding</b>	<b>163 960 **</b>	<b>99 778</b>	<b>(27 829)</b>	<b>4 877</b>	<b>(12 278)</b>	<b>128 730</b>

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

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

## 18 Support programme funding (cont'd)

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

Movement in the Group's / Company's support programme funding in the 1<sup>st</sup> quarter of 2020, in thousands of euro:

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income/ profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2019.									31.03.2020.
<b>Loans</b>										
ERDF II	7 026	-	-	-	-	-	-	-	76	7 102
ESF II	842	-	-	-	-	-	-	2	(2)	842
Microcredits of Swiss programme	5 434	-	-	-	-	-	-	-	(5)	5 429
ERDF I	569	-	-	-	-	-	-	-	1	570
ESF I	280	-	-	-	-	-	-	-	(3)	277
Microcredits	-	-	-	-	-	-	-	-	-	-
ERDF II (second round)	5 585	-	-	-	-	-	-	13	(18)	5 580
Incubators (from ESF II)	80	-	-	-	-	-	-	-	-	80
ERAF II 2 Public fund	270	-	-	-	-	-	-	-	-	270
Fund of Funds programme – Start-up loans	2 268	-	11	-	-	-	-	-	(29)	2 250
Fund of Funds programme – Microcredits	280	-	-	-	-	-	-	-	(6)	274
Fund of Funds programme – Parallel loans	1 518	-	-	-	-	-	-	-	136	1 654
Energy Efficiency Programme for Multi-apartment Buildings – Loan Fund	3 737	-	-	-	-	-	-	-	(4)	3 733
Start-up State Aid Cumulation Lending Programme	1 701	-	-	-	-	-	-	-	(6)	1 695
Other loans to start-ups	1 327	-	-	-	-	-	-	2	3	1 332
Mezzanine Programme – Loans	1 522	-	-	-	-	-	76	-	42	1 640
Guarantees and interest grants programme	4 184	-	-	-	-	-	-	50	-	4 234
SME energy efficiency loans	1 723	-	-	-	-	-	-	-	-	1 723
Parallel loans	1 886	-	-	-	-	-	-	-	(91)	1 795
Loans for enterprises in rural territories	6 275	-	-	-	-	-	-	-	(3)	6 272
Parallel loans to large entrepreneurs	-	-	-	-	-	-	-	-	-	-
<b>Total loans</b>	<b>46 507</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76</b>	<b>67</b>	<b>91</b>	<b>46 752</b>
<b>Guarantees</b>										
Fund of Funds programme - Guarantees	12 975	-	5 000	-	-	-	184	-	521	18 680
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	5 156	-	-	-	-	-	41	-	21	5 218
Housing Guarantee Programme	5 912	-	-	-	-	-	-	-	(292)	5 620
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 528	-	-	-	-	-	-	-	12	6 540
Mezzanine Programme - Guarantees	22	-	-	-	-	-	32	-	46	100
Portfolio Guarantee Fund	2 834	-	-	-	-	-	-	-	19	2 853
Export guarantees	1 715	-	-	-	-	-	-	-	8	1 723
Agricultural Guarantees	706	-	-	-	-	-	-	-	(92)	614
<b>Total guarantees</b>	<b>35 848</b>	<b>-</b>	<b>5 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>243</b>	<b>41 348</b>
<b>Grants</b>										
Energy Efficiency Programme for Multi-apartment Buildings – Grants	25 567	-	-	-	-	-	-	-	-	25 567
Social Entrepreneurship Programme	1 084	36	-	-	(36)	-	-	-	-	1 084
Grants for development of energy efficiency projects	341	-	-	(18)	(33)	-	-	-	-	290
<b>Total grants</b>	<b>26 992</b>	<b>36</b>	<b>-</b>	<b>(18)</b>	<b>(69)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26 941</b>



## 18 Support programme funding (cont'd)

Movement in the Group's / Company's support programme funding in the 1<sup>st</sup> quarter of 2020, in thousands of euro: (cont'd)

Financial Instrument / Programme	Financing, net	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Programmes' income / profit distribution	Other changes	Changes in provisions covered by risk coverage	Financing, net
	31.12.2019.									31.03.2020.
<b>Venture Capital Funds</b>										
Fund of Funds and venture capital funds	13 412	23 311	(5 011)	-	(485)	(436)	-	-	-	30 791
Investment Fund Activity	2 646	-	-	-	(242)	(981)	164	-	-	1 587
Baltic Innovation Fund	2 000	-	-	-	-	-	-	-	-	2 000
Baltic Innovation Fund II	833	-	-	-	-	-	-	-	-	833
<b>Total venture capital funds</b>	<b>18 891</b>	<b>23 311</b>	<b>(5 011)</b>	<b>-</b>	<b>(727)</b>	<b>(1 417)</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>35 211</b>
<b>Other Activities</b>										
Energy Efficiency Fund	492	-	-	-	-	-	-	-	-	492
Regional Creative Industries Alliance	-	21	-	-	(21)	-	-	-	-	-
<b>Total other activities</b>	<b>492</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>492</b>
<b>Total support programme funding</b>	<b>128 730</b>	<b>23 368</b>	<b>-</b>	<b>(18)</b>	<b>(817)</b>	<b>(1 417)</b>	<b>497</b>	<b>67</b>	<b>334</b>	<b>150 744</b>

## 19 Provisions

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Provisions for financial guarantees	29 352	30 606	29 352	30 606
<i>Group's / Company's share of provisions</i>	8 425	9 294	8 425	9 294
<i>Provisions covered by risk coverage</i>	20 927	21 312	20 927	21 312
Provisions for loan commitments	563	458	563	458
<i>Group's / Company's share of provisions</i>	268	132	268	132
<i>Provisions covered by risk coverage</i>	295	326	295	326
Provisions for grant commitments	11	12	11	12
<i>Group's / Company's share of provisions</i>	11	12	11	12
<i>Provisions covered by risk coverage</i>	-	-	-	-
<b>Total provisions</b>	<b>29 926</b>	<b>31 076</b>	<b>29 926</b>	<b>31 076</b>
<i>Group's / Company's share of provisions</i>	8 704	9 438	8 704	9 438
<i>Provisions covered by risk coverage</i>	21 222	21 638	21 222	21 638

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

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited)
Provisions at the beginning of the period	30 606	24 144	30 606	24 144
Increase in provisions (Note 10)	1 804	3 056	1 804	3 056
Decrease in provisions (Note 10)	(2 704)	(1 365)	(2 704)	(1 365)
Reclassification (Disbursed guarantee)	(354)	-	(354)	-
<b>Provisions at the end of the period ended 31 March (unaudited)</b>	<b>29 352</b>	<b>25 835</b>	<b>29 352</b>	<b>25 835</b>
<i>Group's / Company's share of provisions</i>	8 425	11 287	8 425	11 287
<i>Provisions covered by risk coverage</i>	20 927	14 548	20 927	14 548
Increase in provisions	-	12 696	-	12 696
Decrease in provisions	-	(5 327)	-	(5 327)
Reclassification (Disbursed guarantee)	-	(2 597)	-	(2 597)
Currency change	-	(1)	-	(1)
<b>Provisions at the end of the period ended 31 December (audited)</b>	<b>-</b>	<b>30 606</b>	<b>-</b>	<b>30 606</b>
<i>Group's / Company's share of provisions</i>		9 294		9 294
<i>Provisions covered by risk coverage</i>		21 312		21 312

## 20 Reserves

Analysis of the Group's reserves movements, in thousands of euro:

	Specific reserves		General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserves
	Difference recognised in Group's reorganisation reserve	Reserve capital for Housing Guarantee Programme			
<b>Reserves as at 31 December 2018 (audited)</b>	<b>(15 580)</b>	<b>11 807</b>	<b>11 738</b>	<b>3 597</b>	<b>11 562</b>
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(188)	(188)
<b>Reserves as at 31 March 2019 (unaudited)</b>	<b>(15 580)</b>	<b>11 807</b>	<b>11 738</b>	<b>3 409</b>	<b>11 374</b>
Increase of reserve capital	-	3 700	-	-	3 700
Distribution of previous years profit	-	-	808	-	808
Distribution of 2018 year profit of the Company	-	-	4 092	-	4 092
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(771)	(771)
<b>Reserves as at 31 December 2019 (audited)</b>	<b>(15 580)</b>	<b>15 507</b>	<b>16 638</b>	<b>2 638</b>	<b>19 203</b>
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(495)	(495)
<b>Reserves as at 31 March 2020 (unaudited)</b>	<b>(15 580)</b>	<b>15 507</b>	<b>16 638</b>	<b>2 143</b>	<b>18 708</b>

Analysis of the Company's reserves movements, in thousands of euro:

	Specific reserves		General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserves
	Difference recognised in Group's reorganisation reserve	Reserve capital for Housing Guarantee Programme			
<b>Reserves as at 31 December 2018 (audited)</b>	<b>(15 935)</b>	<b>11 807</b>	<b>11 738</b>	<b>3 597</b>	<b>11 207</b>
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(188)	(188)
<b>Reserves as at 31 March 2019 (unaudited)</b>	<b>(15 935)</b>	<b>11 807</b>	<b>11 738</b>	<b>3 409</b>	<b>11 019</b>
Increase of reserve capital	-	3 700	-	-	3 700
Distribution of previous years profit	-	-	791	-	791
Distribution of 2018 year profit of the Company	-	-	4 462	-	4 462
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(771)	(771)
<b>Reserves as at 31 December 2019 (audited)</b>	<b>(15 935)</b>	<b>15 507</b>	<b>16 991</b>	<b>2 638</b>	<b>19 201</b>
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(495)	(495)
<b>Reserves as at 31 March 2020 (unaudited)</b>	<b>(15 935)</b>	<b>15 507</b>	<b>16 991</b>	<b>2 143</b>	<b>18 706</b>

## 21 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Contingent liabilities:				
Outstanding guarantees	287 201	284 232	287 201	284 232
Financial commitments:				
Loan commitments	24 120	18 951	24 120	18 951
Grant commitments	7 838	7 701	7 838	7 701
Commitments to venture capital funds	74 788	70 497	87 718	83 968
<b>Total contingent liabilities</b>	<b>393 947</b>	<b>381 381</b>	<b>406 877</b>	<b>394 852</b>

## 21 Off-balance sheet items and contingent liabilities (cont'd)

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Unutilised loan facilities	24 120	18 951	24 120	18 951
Impairment allowances	(563)	(458)	(563)	(458)
<b>Total unutilized loan facilities, net</b>	<b>23 557</b>	<b>18 493</b>	<b>23 557</b>	<b>18 493</b>

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

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Grant commitments	7 838	7 701	7 838	7 701
Impairment allowances	(11)	(12)	(11)	(12)
<b>Total grant commitments, net</b>	<b>7 827</b>	<b>7 689</b>	<b>7 827</b>	<b>7 689</b>

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 March 2020, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Contingent liabilities</b>							
Outstanding guarantees	287 201	-	-	-	-	-	287 201
<b>Financial commitments</b>							
Loan commitments	24 120	-	-	-	-	-	24 120
Grant commitments	7 838	-	-	-	-	-	7 838
Commitments to venture capital funds	636	1 907	2 543	7 628	45 621	16 453	74 788
<b>Total financial commitments</b>	<b>32 594</b>	<b>1 907</b>	<b>2 543</b>	<b>7 628</b>	<b>45 621</b>	<b>16 453</b>	<b>106 746</b>
<b>Total contingent liabilities and financial commitments</b>	<b>319 795</b>	<b>1 907</b>	<b>2 543</b>	<b>7 628</b>	<b>45 621</b>	<b>16 453</b>	<b>393 947</b>

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2019, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Contingent liabilities</b>							
Outstanding guarantees	284 232	-	-	-	-	-	284 232
<b>Financial commitments</b>							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 726	-	-	-	-	-	7 726
Commitments to venture capital funds	600	1 798	2 397	7 190	43 003	15 509	70 497
<b>Total financial commitments</b>	<b>27 277</b>	<b>1 798</b>	<b>2 397</b>	<b>7 190</b>	<b>43 003</b>	<b>15 509</b>	<b>97 174</b>
<b>Total contingent liabilities and financial commitments</b>	<b>311 509</b>	<b>1 798</b>	<b>2 397</b>	<b>7 190</b>	<b>43 003</b>	<b>15 509</b>	<b>381 406</b>

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 March 2020, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Contingent liabilities</b>							
Outstanding guarantees	287 201	-	-	-	-	-	287 201
<b>Financial commitments</b>							
Loan commitments	24 120	-	-	-	-	-	24 120
Grant commitments	7 838	-	-	-	-	-	7 838
Commitments to venture capital funds	746	2 237	2 982	8 947	53 508	19 298	87 718
<b>Total financial commitments</b>	<b>32 704</b>	<b>2 237</b>	<b>2 982</b>	<b>8 947</b>	<b>53 508</b>	<b>19 298</b>	<b>119 676</b>
<b>Total contingent liabilities and financial commitments</b>	<b>319 905</b>	<b>2 237</b>	<b>2 982</b>	<b>8 947</b>	<b>53 508</b>	<b>19 298</b>	<b>406 877</b>

## 21 Off-balance sheet items and contingent liabilities (cont'd)

Breakdown of the Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2019, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
<b>Contingent liabilities</b>							
Outstanding guarantees	284 232	-	-	-	-	-	284 232
<b>Financial commitments</b>							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 726	-	-	-	-	-	7 726
Commitments to venture capital funds	714	2 141	2 855	8 565	51 220	18 473	83 968
<b>Total financial commitments</b>	<b>27 391</b>	<b>2 141</b>	<b>2 855</b>	<b>8 565</b>	<b>51 220</b>	<b>18 473</b>	<b>110 645</b>
<b>Total contingent liabilities and financial commitments</b>	<b>311 623</b>	<b>2 141</b>	<b>2 855</b>	<b>8 565</b>	<b>51 220</b>	<b>18 473</b>	<b>394 877</b>

Subitem *Commitments to venture capital funds* are contingent liabilities, which are based on agreements between the Group / Company and the venture capital fund which put an obligation on the Group / Company to allocate financial resources to the fund.

## 22 Grants

All amounts in thousands of euro

	Group 31.03.2020. (unaudited)	Group 31.12.2019. (audited)	Company 31.03.2020. (unaudited)	Company 31.12.2019. (audited)
Energy Efficiency Programme for Multi-apartment Buildings	19 168	16 826	19 168	16 826
Social Entrepreneurship Programme	698	371	698	371
Grants for development of energy efficiency projects	-	1	-	1
<b>Total grants, gross</b>	<b>19 866</b>	<b>17 198</b>	<b>19 866</b>	<b>17 198</b>
Impairment allowances	(12)	(12)	(12)	(12)
<b>Total grants, net</b>	<b>19 854</b>	<b>17 186</b>	<b>19 854</b>	<b>17 186</b>

Movement in the Group's / Company's net book value of grants in the 1<sup>st</sup> quarter of 2020, in thousands of euro:

	Group 01.01.2020.- 31.03.2020. (unaudited)	Group 01.01.2019.- 31.03.2019. (unaudited)	Company 01.01.2020.- 31.03.2020. (unaudited)	Company 01.01.2019.- 31.03.2019. (unaudited)
<b>Grants</b>				
At the beginning of period	17 198	-	17 198	-
Changes	2 668	(5 377)	2 668	(5 377)
Reclassification	-	22 575	-	22 575
At the end of period ended 31 March (unaudited)	19 866	17 198	19 866	17 198
<b>Impairment provision</b>				
At the beginning of period	12	14	12	14
Changes	-	(2)	-	(2)
Reclassification	-	-	-	-
At the end of period ended 31 March (unaudited)	12	12	12	12
<b>Grants net book at the beginning of the period</b>	<b>17 186</b>	<b>(14)</b>	<b>17 186</b>	<b>(14)</b>
<b>Grants net book value at the end of the period ended 31 March (unaudited)</b>	<b>19 854</b>	<b>17 186</b>	<b>19 854</b>	<b>17 186</b>

## 23 Related party transactions

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

In accordance with International Accounting Standard (IAS) 24 "Related Party Disclosures", the key management personnel, directly or indirectly authorised and responsible for planning, management and control of the Group's / Company's operations are treated as related parties to the Group / Company. The powers granted to the heads of the structural units of the Group / Company do not entitle them to manage the operations of the Group / Company and decide on material transactions that could affect the Group's / Company's operations and/or result in legal consequences.

The Group's balances from transactions with related parties, including off-balance sheet financial liabilities, in thousands of euro:

	People with significant control (PSC)		Transactions with shareholders		Associates		Other companies owned by the Group's shareholders	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
Investments in venture capital funds – associates	-	-	-	-	52 629	51 410	-	-
Assets held for sale	-	-	-	-	-	-	5 558	5 565
Due to general governments	-	-	150 177	128 480	-	-	35 462	35 480
Support programme funding	-	-	-	-	74 788	70 497	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	52 629	51 410	-	-

The Company's balances from transactions with related parties, including off-balance sheet financial liabilities, in thousands of euro:

	Transactions with shareholders		Associates		Other companies owned by the Group's shareholders		Investments in subsidiaries	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
Investments in venture capital funds – associates	-	-	52 629	51 410	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	4 036	3 812
Due to general governments	-	-	-	-	5 558	5 565	-	-
Support programme funding	150 177	128 480	-	-	35 462	35 480	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	74 788	70 497	-	-	-	-

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

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

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited)	01.01.2020.- 31.03.2020. (unaudited)	01.01.2019.- 31.03.2019. (unaudited)
<b>Transactions with shareholders</b>				
Ministry of Finance of the Republic of Latvia	-	42 491	-	-
Ministry of Economy of the Republic of Latvia	23 311	7 156	-	(732)
Ministry of Wealth Fair of the Republic of Latvia	36	2 140	-	-
<b>Associates</b>				
Venture capital funds	402	6 324	(129)	(5 303)
<b>Other companies owned by the Group's shareholders</b>				
Rural Support Service	-	-	-	-
Central Finance and Contracting Agency of the Republic of Latvia	-	4 437	-	(27)

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 136 thousand (3 months of 2019: EUR 152 thousand), incl. social insurance contributions..

## 24 Fair values of assets and liabilities

The fair values of the Group's financial assets and financial liabilities and their differences to their carrying amount are presented below, in thousands of euro:

	Carrying Amount		Fair Value	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Assets</b>				
Due from credit institutions and the Treasury	195 978	181 199	195 985	181 198
Financial assets at fair value through profit or loss	4 580	4 217	4 580	4 217
Financial assets at fair value through other comprehensive income - investment securities	46 494	47 941	46 494	47 941
Financial assets at amortised cost:				
Investment securities	497	478	1 133	1 140
Individuals	222 736	220 129	218 149	216 113
Companies	11 989	11 820	8 015	8 417
Loans	210 747	208 309	210 134	207 696
Grants	19 854	17 186	19 854	17 186
Investments in venture capital funds – associates (investments in BIF)	14 650	13 851	14 650	13 851
Investment properties	30 387	24 366	30 387	24 366
Other assets	3 104	3 067	3 104	3 067
<b>Total assets</b>	<b>538 280</b>	<b>512 434</b>	<b>534 336</b>	<b>509 079</b>
<b>Liabilities</b>				
Due to credit institutions	25 178	29 542	25 178	29 542
Due to general governments	90 970	86 272	90 970	86 272
Financial liabilities at amortised cost - Issued debt securities	45 167	45 348	45 167	45 348
Support programme funding	150 744	128 730	150 744	128 730
<b>Total liabilities</b>	<b>312 059</b>	<b>289 892</b>	<b>312 059</b>	<b>289 892</b>

The fair values of the Company's financial assets and financial liabilities and their differences to their carrying amount are presented below, in thousands of euro:

	Carrying Amount		Fair Value	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Assets</b>				
Due from credit institutions and the Treasury	195 978	181 047	195 985	181 046
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	46 494	47 941	46 494	47 941
Financial assets at amortised cost:				
Investment securities	497	478	1 133	1 140
Individuals	222 736	220 129	218 149	216 113
Companies	11 989	11 820	8 015.31	8 417
Loans	210 747	208 309	210 133.69	207 696
Grants	19 854	17 186	19 854	17 186
Investments in venture capital funds – associates (investments in BIF)	14 650	13 851	14 650	13 851
Investments in subsidiaries	4 036	3 812	4 036	3 812
Investment properties	30 387	24 366	30 387	24 366
Other assets	2 985	3 067	2 985	3 067
<b>Total assets</b>	<b>537 617</b>	<b>511 877</b>	<b>533 673</b>	<b>508 522</b>
<b>Liabilities</b>				
Due to credit institutions	25 178	29 542	25 178	29 542
Due to general governments	90 970	86 272	90 970	86 272
Financial liabilities at amortised cost - Issued debt securities	45 167	45 348	45 167	45 348
Support programme funding	150 744	128 730	150 744	128 730
<b>Total liabilities</b>	<b>312 059</b>	<b>289 892</b>	<b>312 059</b>	<b>289 892</b>

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

The hierarchy of the Group's financial assets and liabilities measured and disclosed at fair value, in thousands of euro:

	Level 1		Level 2		Level 3		Total	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Assets measured at fair value</b>								
Financial assets at fair value through profit or loss	-	-	-	-	4 580	4 217	4 580	4 217
Financial assets at fair value through other comprehensive income - investment securities	33 721	35 021	12 773	12 920	-	-	46 494	47 941
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	14 650	13 851	14 650	13 851
Investment properties	-	-	-	-	30 387	24 366	30 387	24 366
<b>Assets with fair values disclosed</b>								
Due from credit institutions and the Treasury	-	-	195 985	181 198	-	-	195 985	181 198
<b>Financial assets at amortised cost:</b>								
Investment securities	-	-	1 133	1 140	-	-	1 133	1 140
Loans	-	-	-	-	218 149	216 113	218 149	216 113
Grants	-	-	-	-	19 854	17 186	19 854	17 186
Other assets	-	-	-	-	3 104	3 067	3 104	3 067
<b>Total assets</b>	<b>33 721</b>	<b>35 021</b>	<b>209 891</b>	<b>195 258</b>	<b>290 724</b>	<b>278 800</b>	<b>534 336</b>	<b>509 079</b>
<b>Liabilities measured at fair value</b>								
Support programme funding	-	-	-	-	150 744	128 730	150 744	128 730
<b>Liabilities with fair value disclosed</b>								
Due to credit institutions	-	-	-	-	25 178	29 542	25 178	29 542
Due to general governments	-	-	-	-	90 970	86 272	90 970	86 272
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 167	45 348	45 167	45 348
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312 059</b>	<b>289 892</b>	<b>312 059</b>	<b>289 892</b>

The hierarchy of the Company's financial assets and liabilities measured and disclosed at fair value, in thousands of euro:

	Level 1		Level 2		Level 3		Total	
	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)	31.03.2020. (unaudited)	31.12.2019. (audited)
<b>Assets measured at fair value</b>								
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	33 721	35 021	12 773	12 920	-	-	46 494	47 941
Investments in subsidiaries	-	-	-	-	4 036	3 812	4 036	3 812
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	14 650	13 851	14 650	13 851
Investment properties	-	-	-	-	30 387	24 366	30 387	24 366
<b>Assets with fair values disclosed</b>								
Due from credit institutions and the Treasury	-	-	195 985	181 046	-	-	195 985	181 046
<b>Financial assets at amortised cost:</b>								
Investment securities	-	-	1 133	1 140	-	-	1 133	1 140
Loans	-	-	-	-	218 149	216 113	218 149	216 113
Grants	-	-	-	-	19 854	17 186	19 854	17 186
Other assets	-	-	-	-	2 985	3 067	2 985	3 067
<b>Total assets</b>	<b>33 721</b>	<b>35 021</b>	<b>209 891</b>	<b>195 106</b>	<b>290 061</b>	<b>278 395</b>	<b>533 673</b>	<b>508 522</b>
<b>Liabilities measured at fair value</b>								
Support programme funding	-	-	-	-	150 744	128 730	150 744	128 730
<b>Liabilities with fair value disclosed</b>								
Due to credit institutions	-	-	-	-	25 178	29 542	25 178	29 542
Due to general governments	-	-	-	-	90 970	86 272	90 970	86 272
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 167	45 348	45 167	45 348
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312 059</b>	<b>289 892</b>	<b>312 059</b>	<b>289 892</b>

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

### 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.

### Fair value hierarchy of financial assets and liabilities

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

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



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

### Investment properties

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

Investments in property are measured at fair value applying one or complex of the following three methods: (a) ,market approach, (b) income approach and (c) cost approach.

The appropriate valuation method is selected depending on the nature of property and acquisition purpose. Investment property represents agricultural land, which average selling price per hectare is 2,5 thsd euro.

### Assets held for sale

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

## 25 Segment Information

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

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

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

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

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

## 25 Segment Information (cont'd)

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

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Other services	Total
Interest income	2 649	629	11	-	275	2	3 566
Interest expense	(364)	(2)	-	-	(83)	-	(449)
Net interest income	2 285	627	11	-	192	2	3 117
Income for implementation of state aid programmes	43	127	845	211	-	36	1 262
Expenses to be compensated for implementation of state aid programmes	(33)	(107)	(826)	(211)	-	(36)	(1 213)
Net income for implementation of state aid programmes	10	20	19	-	-	-	49
Gains from debt securities and foreign exchange translation	8	10	-	-	-	-	18
Share of (losses) of investment in joint venture and associate	-	-	(1 398)	-	-	-	(1 398)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	1 398	-	-	-	1 398
Gains less losses from liabilities at fair value through profit or loss	-	-	-	-	-	-	-
Other income	-	-	-	2	246	324	572
Other expense	(61)	(12)	(1)	(8)	(83)	(3)	(168)
<b>Operating income / (loss) before operating expenses</b>	<b>2 242</b>	<b>645</b>	<b>29</b>	<b>(6)</b>	<b>355</b>	<b>323</b>	<b>3 588</b>
Staff costs	(741)	(150)	21	(156)	(56)	(56)	(1 138)
Administrative expense	(211)	(43)	11	(71)	(15)	(6)	(335)
Amortisation of intangible assets and depreciation of property, plant and equipment	(92)	(36)	(6)	(34)	(7)	(8)	(183)
(Impairment) gain, net	(61)	765	-	-	-	-	704
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-
<b>Total segment profit/(loss)</b>	<b>1 137</b>	<b>1 181</b>	<b>55</b>	<b>(267)</b>	<b>277</b>	<b>253</b>	<b>2 636</b>
Financial assets at fair value through profit or loss	-	-	4 580	-	-	-	4 580
Investments in venture capital funds - associates	-	-	52 629	-	-	-	52 629
Additions of property and equipment, intangible assets and investment property	233	65	11	101	5 825	18	6 253
<b>Total segment assets</b>	<b>332 967</b>	<b>63 197</b>	<b>99 421</b>	<b>35 921</b>	<b>52 497</b>	<b>962</b>	<b>584 965</b>
<b>Total segment liabilities</b>	<b>180 058</b>	<b>72 868</b>	<b>34 133</b>	<b>28 784</b>	<b>33 428</b>	<b>815</b>	<b>350 086</b>

## 25 Segment Information (cont'd)

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

	Loan service	Guarantee service	Venture capital fund service	Grant service	Land Fund service	Other services	Total
Interest income	2 449	507	32	-	138	-	3 126
Interest expense	(167)	(4)	-	-	(31)	-	(202)
Net interest income	2 282	503	32	-	107	-	2 924
Income for implementation of state aid programmes	17	97	442	210	-	16	782
Expenses to be compensated for implementation of state aid programmes	(17)	(97)	(442)	(210)	-	(16)	(782)
Net income for implementation of state aid programmes	-	-	-	-	-	-	-
Gains from debt securities and foreign exchange translation	43	50	9	-	-	-	102
Share of (losses) of investment in joint venture and associate	-	-	(638)	-	-	-	(638)
Share of gain 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	-	-	-	-	-	-	-
Other income	-	-	-	-	125	40	165
Other expense	(48)	(9)	(2)	(5)	(59)	(5)	(128)
<b>Operating income / (loss) before operating expenses</b>	<b>2 277</b>	<b>544</b>	<b>39</b>	<b>(5)</b>	<b>173</b>	<b>35</b>	<b>3 063</b>
Staff costs	(752)	(156)	15	(154)	(49)	(37)	(1 133)
Administrative expense	(212)	(61)	(12)	(77)	(13)	(8)	(383)
Amortisation of intangible assets and depreciation of property, plant and equipment	(97)	(36)	(7)	(39)	(5)	(5)	(189)
(Impairment) gain, net	237	494	-	-	-	-	731
Profit or (loss) from assets held for sale revaluation	-	-	-	-	-	-	-
<b>Total segment profit/(loss)</b>	<b>1 453</b>	<b>785</b>	<b>35</b>	<b>(275)</b>	<b>106</b>	<b>(15)</b>	<b>2 089</b>
Financial assets at fair value through profit or loss	-	-	4 217	-	-	-	4 217
Investments in venture capital funds - associates	-	-	51 173	-	-	-	51 173
Additions of property and equipment, intangible assets and investment property	790	298	62	375	1 282	46	2 853
<b>Total segment assets</b>	<b>302 457</b>	<b>47 464</b>	<b>78 027</b>	<b>43 426</b>	<b>27 543</b>	<b>1 381</b>	<b>500 298</b>
<b>Total segment liabilities</b>	<b>147 381</b>	<b>63 843</b>	<b>21 331</b>	<b>33 753</b>	<b>10 177</b>	<b>289</b>	<b>276 774</b>

## 26 Events after the reporting date

Since the introduction of Covid-19 crisis financial instruments - working capital loans and guarantees for bank holidays - (as of 25 March 2020), increased customer activity has been observed in both financial instruments. Higher demand for crisis working capital loans was observed in late March and April, and has now stabilized. In turn, the greatest demand for guarantees for bank credit holidays was observed in April and May. This shift can be explained by the fact that initially customers had to turn to their cooperation partner - the bank. Like other participants in the financial sector, the Group / Company applies a simplified application procedure for crisis support instruments, including no application fee.

On 5 May 2020, the Group / Company joined the Financial Industry Association's moratorium on legal entities, which provides for the possibility for companies to defer repayment of the loan principal for up to six months. The moratorium on deferral of principal payments is another solution for companies to overcome the difficulties caused by the negative effects of Covid-19 and complements the crisis management solutions already implemented by the Group / Company - crisis loans for working capital and guarantees for bank credit holidays..

An estimate of expected credit losses has been made and, accordingly, impairment provisions for financial assets (loans and financial guarantees) as at 31 March 2020 have been calculated on the basis of unadjusted pre-crisis risk parameters (PD, LGD, EAD) and unadjusted pre-crisis macroeconomic scenarios, as at the reporting date the latest data on the EU and Latvian economic development trends and future prospects as a result of the crisis caused by COVID-19 were not yet available. As the first forecasts of possible economic development scenarios were already available from international, EU and Latvian institutions at the time of preparation of the report, the impact of the COVID-19 crisis on the Group's / Company's estimate of expected credit losses and impairment provisions will be reflected in the 2nd quarter of 2020.

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# OTHER NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

## KEY FINANCIAL AND PERFORMANCE INDICATORS

	2019 (audited)	2018 (audited)	2017 (corrected) *	2016 (corrected) *	2015 (corrected) *
<b>Key financial data</b>					
Net interest income (EUR '000) **	11 569	11 302**	11 602	11 024	16 419
Profit for the period (EUR '000)	8 131	4 092	8 709*	2 170	4 924
Cos to income ratio (CIR) ***	52.58%	74.84%***	50.3%*	88.40%	55.80%
Employees	203	222	230	242	282
Total assets (EUR '000)	560 061	495 939	453 668*	443 400*	406 918
<b>Tangible common equity (TCE) / Total tangible managed assets (TMA) ****</b>	<b>29.40%</b>	31.70%	35.1%*	36.50%	37.30%
Equity and reserves (EUR '000)	232 738	221 590	222 848*	210 406*	199 610
<b>Total risk coverage: (EUR '000)</b>	<b>87 456</b>	77 815	67 593*	66 508*	41 021
Risk coverage reserve	99 778	85 276	62 651	63 636*	40 662
Risk coverage reserve used for provisions	(27 829)	(19 268)	(4 753)	(4 323)	(1 276)
Portfolio loss reserve (specific reserve capital)	15 507	11 807	9 695	7 195	1 635
Liquidity ratio for 180 days *****	582%	227%	482%*	449%	352%
<b>Financial instruments (gross value)</b>					
<b>Outstanding (EUR '000) (by financial instrument)</b>					
Loans (excluding sales and leaseback transactions)	225 144	210 208	207 065	217 429	218 562
Guarantees	284 232	236 895	182 376	147 175	131 120
Venture capital funds	68 331	59 698	62 299	64 785	44 378
Land Fund, of which:	39 634	21 717	11 328	4 635	991
- sales and leaseback transactions	15 268	6 923	520	-	-
- investment properties	24 366	14 794	10 808	4 635	991
<b>Total</b>	<b>617 341</b>	<b>528 518</b>	<b>463 068</b>	<b>434 024</b>	<b>395 051</b>
Number of transactions	22 437	18 603	14 655	11 561	8 940
<b>Volumes issued (EUR '000) (by financial instrument)</b>					
Loans (excluding sales and leaseback transactions)	64 320	59 608	51 349	59 465	52 329
Guarantees	98 240	88 765	68 615	56 109	50 065
Venture capital funds	9 022	4 149	2 638	21 356	18 798
Land Fund, of which: *****	16 384	10 823	6 359	3 704	991
- sales and leaseback transactions	7 239	6 835	520	-	-
- investment properties	9 145	3 988	5 839	3 704	991
<b>Total</b>	<b>187 966</b>	<b>163 345</b>	<b>128 961</b>	<b>140 634</b>	<b>122 183</b>
Number of transactions	5 559	5 590	4 839	4 537	2 841
Leverage for raised private funding	142%	162%	185%	162%	104%
Volume of support programmes funding per employee (EUR '000)	3 041	2 381	2 013	1 793	1 401
Long-term rating assigned by Moody's Investors Service	Baa1	Baa1	Baa1	-	-

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

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

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

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

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

\*\*\*\*\* Taking into account the significance of the volume, the Land Fund portfolio, which consists of sales and leaseback transactions and investment properties, is also presented in the outstanding volumes and in volumes issued in the period. Since according to the accounting principles and IFRS the sales and leaseback transactions are accounted for under the loans, the volume of loans presented in this table has been reduced for the volume of the sales and leaseback transactions as it is recorded under the Land Fund portfolio. The operational volumes for 3 months of 2019 have been adjusted accordingly.

## Definitions of ratios

<i>Net income from interest, fees and commission</i>	<p>"Net income from interest, fees and commission" is equal to the item "Net interest income" in the Statement of Comprehensive Income. Until 2018 this ratio included the following items of the Statement of Comprehensive Income: "Net interest income" and "Net income from fees and commissions". In 2019 following the industry practise Fee and commission income from lending activities is reclassified to Interest income from "Net income from fees and commissions". Subsequently the fee and commission income not related to lending activities is reclassified within Other income and as such is not included in this ratio. The item "Net income from fees and commissions" is not applicable in The Statement of Comprehensive Income any more. The comparatives have been reclassified accordingly.. ALTUM uses this indicator as the key financial metric for profitability by evaluating ALTUM Group's net income amount generated by the portfolio of financial instruments and recognised in the Statement of Comprehensive income. ALTUM management measures and monitors the actual performance of this indicator on a quarterly basis compared to the approved level in ALTUM Group's budget.</p>
<i>Cost to income ratio (CIR)</i>	<p>"Cost to income ratio" (CIR) is calculated by dividing the amount of "Staff costs", "Administrative expense", "Amortisation of intangible assets and depreciation of property, plant and equipment" by "Operating income before operating expenses" included in the Statement of Comprehensive Income. ALTUM uses CIR to evaluate the operational efficiency. This is one of the measures of operational efficiency which ALTUM management assesses on a quarterly basis in the management reports to evaluate the outputs from different operational activities and efficiency improving measures.</p>
<i>Tangible common equity (TCE) / Tangible managed assets (TMA)</i>	<p>"Tangible Common Equity" (TCE) is calculated by subtracting the revaluation reserve of available for sale investments from total equity.</p> <p>The amount of "Total managed assets" (TMA) is calculated by adding the guarantees shown as off-balance sheet items to the total assets of ALTUM Group taking into account provisions for these guarantees and subtracting "Deferred expense", "Accrued income", "Property, plant and equipment", "Intangible assets", "Other assets" and "Assets held for sale".</p> <p>Data for the calculation of both indicators (TCE, TMA) are obtained from ALTUM Group's Financial statements: Statement of Financial Position and Consolidated Statement of Changes in Equity, notes - Off balance sheet items and contingent liabilities and Provisions. ALTUM uses the ratio "TCE/TMA" to evaluate ALTUM Group's capital position adequacy and to measure ALTUM Group's tangible common equity in terms of ALTUM Group's tangible managed assets including the off-balance sheet item Guarantee portfolio. The Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<i>Total risk coverage</i>	<p>"Total Risk Coverage" is the net funding available for covering the expected credit losses of the State aid programmes implemented by ALTUM. "Total Risk Coverage" is calculated as the total of "Risk Coverage Reserve" and "Portfolio Loss Reserve" (Specific Capital Reserves) less "Risk Coverage Reserve Used for Provisions". The expected losses are estimated before implementation of the respective State aid programme and part of the public funding received under respective State aid programme for coverage of expected losses on credit risk is transferred either to "Portfolio Loss Reserve" as ALTUM Group's specific capital reserve or accounted separately as provisions for risk coverage under liabilities item "Risk Coverage Reserve". "Portfolio Loss Reserve" (specific capital reserve) is disclosed in the Note on Reserves to the Financial statements of the ALTUM Group. "Risk Coverage Reserve" is disclosed in the Note on Support Programme Funding to the Financial statements of ALTUM Group. "Risk Coverage Reserve Used for Provisions" is the amount of "Risk Coverage Reserve" allocated to and used for provisioning for impairment loss on loan portfolio and guarantees which in its turn is disclosed in the Note on 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 – Maturity profile of assets and liabilities under the section of Risk Management, Off-balance sheet items and contingent liabilities. ALTUM uses the "180-days-liquidity ratio" to assess and monitor ALTUM Group's ability to fulfil ALTUM Group's contractual and/or contingent liabilities during 6 (six) month with the currently available liquidity resources. "180-days-liquidity ratio" helps to manage ALTUM Group's liquidity risk in line with ALTUM Group's/ALTUM's funding management objectives and risk framework. Risk and Liquidity Management Committee of ALTUM monitors its level on a quarterly basis.</p>
<i>Total contribution to the economy, including the participation of the final recipients, by volumes issued in the period</i>	<p>The 'total contribution to the economy, including the participation of the final recipients, by volumes issued in the period' is calculated by adding to the volumes issued by ALTUM the financing provided by the private co-financier and the project promoter.</p>

## Definition of ratios (cont'd)

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<i>Leverage for raised private funding</i>	"Leverage for raised private funding" indicates the amount of additional private funds invested in a project in addition to ALTUM's financing. "Leverage for raised private funding" is determined considering the financing invested by a private co-financier and a project's implementer, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for housing loan guarantees' programme for the first instalment with a ratio of 795 per cent) in addition to ALTUM's funding.
<i>Employees</i>	Average number of employees in the period excluding members of the Council and the Audit Committee.
<i>Volume of support programmes funding per employee</i>	"Support programmes funding per employee" is calculated by dividing the gross value of the Financial Instruments Portfolio by the average number of employees during the period, excluding members of the Supervisory Council and the Audit Committee.
<i>Venture capital</i>	The Venture Capital Funds presented at their gross value.

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