

AS “ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM”

Unaudited interim condensed financial report
for the nine-month period ended 30 September 2019

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Altum Group

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

VALUES Excellence / Team / Responsibility

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

Long-term objectives until 2021

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

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



Management Report

Activity during the reporting period

During the 9 months of year 2019, Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company), earned a profit of EUR 6.98 million.

Key financial and performance indicators of the Group

	2019 9M (unaudited)	2018 9M (unaudited)	2018 (audited)
Key financial data			
Net income from interest, fees and commission (EUR '000)	8,723	8,101	11,554
Profit for the period (EUR '000)	6,983	976	4,092
Cost to income ratio (CIR)	59.4%	82.7%	77.1%
Employees	203	225	222
Total assets (EUR '000)	533,762	473,473	495,939
Tangible common equity (TCE)/total tangible managed assets (TMA) *	29.7%	33.1%	31.7%
Equity and reserves (EUR '000)	228,180	220,370	221,590
Total risk coverage: (EUR '000)	81,371	68,014	77,815
Risk coverage reserve	93,133	65,447	85,276
Risk coverage reserve used for provisions	-23,569	-7,128	-19,268
Portfolio loss reserve (specific reserve capital)	11,807	9,695	11,807
Liquidity ratio for 180 days **	300%	242%	227%
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument)			
Loans	239,591	214,395	217,131
Guarantees	282,604	223,065	236,895
Venture capital funds	66,201	47,640	59,698
Total	588,396	485,100	513,724
Number of contracts	21,403	17,296	18,280
Volumes issued (EUR '000) (by financial instrument)			
Loans***	53,198	47,200	66,443
Guarantees	80,186	62,763	88,765
Venture capital funds	7,117	1,840	4,149
Total	140,501	111,803	159,357
Number of contracts	4,279	4,052	5,464
Leverage for raised private funding	137%	190%	162%

* TMA includes the outstanding guarantees accounted for in the off-balance sheet.

** Liquidity ratio calculation takes into account previous experience and management's estimate of the expected amount and timing of the guarantee claims.

*** Loans issued.

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

Financial instrument portfolio

As at 30 September 2019, the Group held a (gross) portfolio of the financial instruments at a total value of EUR 588.4 million issued for 21,403 projects under the support programmes.

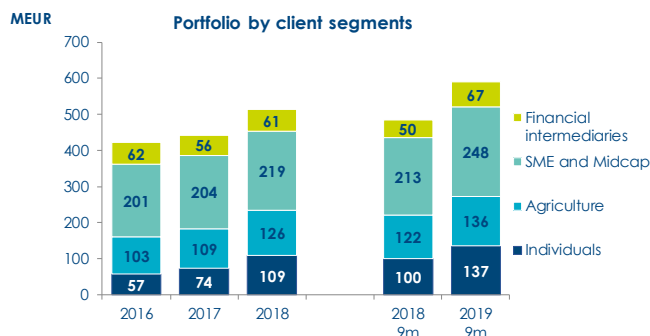
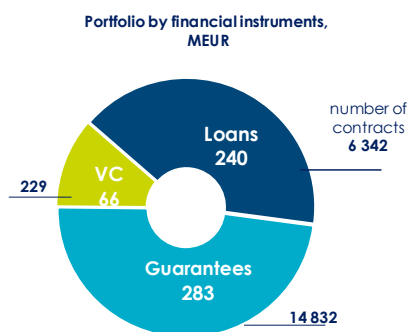
In the nine months of 2019, the portfolio of the Group's financial instruments increased by 14.5% (EUR 75 million) in terms of volume and by 17.1% in terms of the number of projects (by 3,123 projects). In Q3, the portfolio of the Group's financial instruments grew by 4.1% (+EUR 23.2 million) in terms of volume and by 4.71% (+962) in terms of the number of transactions. During the nine months of 2019, the Group's portfolio of financial instruments increased considerably faster compared to the respective period in 2018 when it increased by 9.5% (+ EUR 42 million) in terms of volume.

Among the financial instruments, the guarantee portfolio had the most rapid growth in the nine months increasing by 19.3% in terms of volume (+ EUR 45.7 million) and by 24.4% in terms of the number of transactions, but the venture capital funds increased by 11.5% (+ EUR 6.9 million) in terms of volume and by 11.2% in terms of the number of transactions. The loan portfolio increased by 10.3% (+ EUR 22.5 million) in terms of volume and by 3.1% in terms of the number of transactions.

Management Report (cont'd)

In the reporting period the greatest increase in the guarantee portfolio was due to the Business Support Guarantees (+ EUR 22.6 million), Housing Guarantees for Families with Children (+ EUR 14.6 million), Guarantee Programme for Improvement of Energy Efficiency of Multi-apartment Buildings (EEPMB) (+ EUR 9.5 million) as well as Portfolio Guarantee Programme (+ EUR 7.6 million) and Housing Guarantees for Young Professionals (+ EUR 5.1 million).

In the nine-month period of 2019, the greatest growth of the loan portfolio was ensured by the following: land leaseback transactions (+ EUR 7.1 million), loans for acquisition of agricultural land intended for agricultural production (+EUR 6.7 million), SME growth loans (+EUR 5.8 million) and SME growth loans for the company's energy efficiency (+ EUR 3.8 million), which are funded by green bonds.



Group 30/09/2019

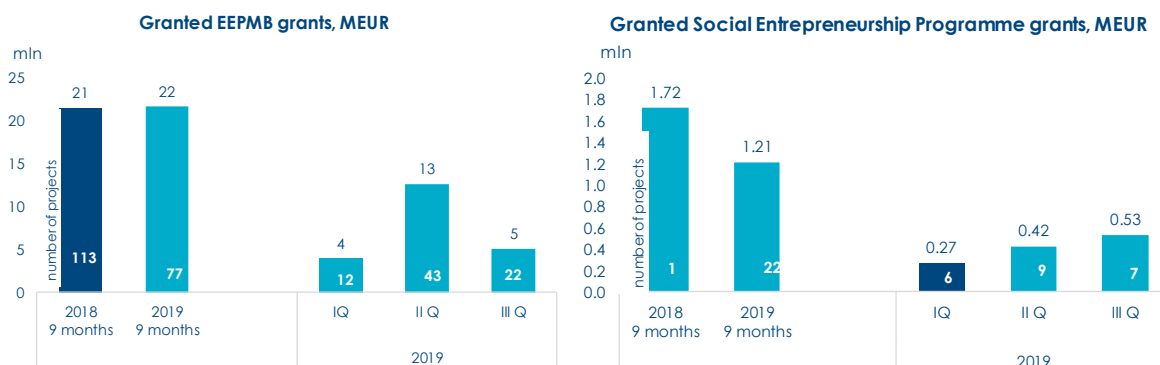
The portfolio of the Group's financial instruments is broken down as follows: the largest segment is that of SMEs and Midcaps – 42.2%, Agriculture and Individuals each accounts for 23.3% and 23.1% respectively, and Financial Intermediaries – 11.4%.

In the reporting period, the volume of the financial instruments portfolio increased in all segments – Individuals +26.1% (+EUR 28.4 million), SMEs and Midcaps +13.6% (+ EUR 29.7 million), Agriculture +8.2% (+EUR 10.3 million) and Financial Intermediaries +10.3% (+EUR 6.3 million).

As at 30 September 2019, the balance sheet of the Land Fund administered by the Group listed 636 properties with a total land area of 12,715 ha worth EUR 35.1 million, which is by 207 properties more compared to the end of 2018. As at 30 September 2019, the investment properties rented to farmers constituted a total land area of 7,622 ha worth EUR 21.7 million (31 December 2018: 5,633 ha, EUR 14.8 million), but the sales and leaseback transactions accounted for in the loan portfolio showed a total land area of 5,093 ha worth EUR 14 million (31 December 2018: 2,185ha, EUR 6.92 million).

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 (EEPMB), Social Entrepreneurship Programme and European Local Energy Assistance (ELENA).



Group 30/09/2019

Implementing the EEPMB programme, a total of 243 grants were awarded for EUR 50.6 million by 30 September 2019, of which 22 grants for EUR 5.1 million in 3Q. The number of projects submitted so far accounts for 93% of the total number of projects planned for the entire EEPMB implementation period (utilisation of the funds until 2023).

Management Report (cont'd)

As at 30 September 2019, a total of 59 grants for EUR 4 million were awarded within the Social Entrepreneurship Programme.

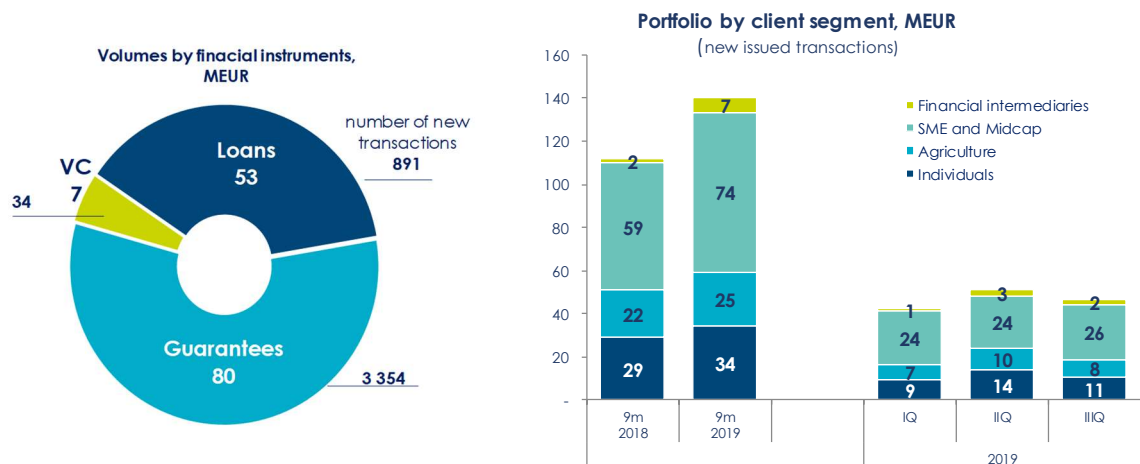
In order to promote and support planning of the energy efficiency projects, Altum, acting in co-operation with the European Investment Bank, provides a supplementary grant as support to the energy efficiency loans issued to the companies; the support grant is earmarked to cover the costs related to expertise and drafting of energy efficiency projects. The first grants to the companies under the ELENA programme were awarded and disbursed in May 2019.

Volume of new transactions

During the reporting period the total funding disbursed for the implementation of the state aid programmes amounted to EUR 140.5 million, of which 57.1% (EUR 80.2 million) in guarantee programmes, 37.9% (EUR 53.2 million) in loan programmes and 5.1% (EUR 7.12 million) in investments of the venture capital funds. In total, 4,279 projects were supported. Compared to the same period last year, the volume of the new transactions was larger by 25.6% (EUR 28.7 million) in the nine-month period of 2019.

In the reporting period the largest volume of new transactions was recorded in the segment of SMEs and Mid-caps– 52.7%; in the other segments: Individuals – 24.4%, Agriculture – 17.8%, Financial Intermediaries – 5.1%.

Compared to the nine months of 2018, the volume of new transactions has grown in all segments during the reporting period and according to the segments: SMEs and Mid-caps– by EUR 15.1 million (+25.5%), Individuals – by EUR 5.1 million (+17.4%), Agriculture – by EUR 3.3 million (+15.4%), Financial Intermediaries – by EUR 5.3 million more new transactions.



Group 30/09/2019

During the reporting period, the number of new loans issued amounted to EUR 53.2 million (of which EUR 20.2 million were issued in Q3) or by 12.7% more than in the respective period in the year 2018. Most of the growth was brought about by the loans issued under the SME Growth Loan Programme– loans for a company's energy efficiency funded by green bonds amounting to EUR 4.2 million (of which EUR 3.1 million were issued in Q3) or by EUR 2.9 million more than in the respective period in 2018. It should be noted that currently the active marketing and sales activities of 2018 result in the changing attitude of Latvian companies in favour of green and sustainable investments not only due to gains these investments bring to climate change but also due to financial benefits the company has right away by decreased consumption of energy resources and maintenance costs. So far there have been allocated loans for companies' energy efficiency at a total amount of EUR 14.5 million, however, it takes some time for the loans to be disbursed

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand Altum has already supported 188 projects (COSME – 51 projects, EaSI – 137 projects) of which 107 projects were supported in the nine-month period of 2019. 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 80.2 million (of which EUR 24.1 million were issued in Q3) or by 27.7% more against the nine-month period in 2018. Most of the increase was due to the Portfolio Guarantee Programme launched in 2H 2018 whose volume of new transactions reached EUR 8.3 million in the nine months of 2019 (of which EUR 2.4 million were issued in Q3). Since the start of the programme the portfolio guarantee instrument has proved to be a successful instrument for funding micro and small companies. Comparing the nine-month period of 2019 with the respective period in 2018, the Business Support Guarantees also revealed a sizeable increase in the volume of new transactions (+EUR 7.5 million) followed by the guarantees issued under the EEPMB programme (+EUR 1.8 million).

Management Report (cont'd)

As at 30 September 2019, as part of the Housing Guarantee Programme for Families with Children a total of 12,420 guarantees for EUR 89.6 million of the State aid for housing acquisition was granted, of which 748 guarantees worth EUR 6 million were issued in Q3 2019. In comparison with Q3 2018, the number of housing guarantees has increased by 4%, while their amount – by 11% (which means that the average amount of one guarantee continues to grow and currently is already EUR 8 thousand. In comparison with Q3 2018, the number of housing guarantees has increased by 4%, while the amount thereof – by 11% (which means that the average amount of one guarantee is continuing to grow and currently is already EUR 8 thousand.) The Programme's guarantees that help saving for the first instalment required to obtain a mortgage loan are used by families throughout Latvia: of the total number of the issued guarantees 77% were granted in Riga and its conurbations, 8% - in Kurzeme, 7% - in Zemgale, 5% - in Vidzeme and 3% - in Latgale. From March 2018, when the Programme was expanded to include young professionals, up to 30 September 2019, a total of 1,577 guarantees worth EUR 11.3 million were issued to young professionals of which 257 housing guarantees worth EUR 2 million were issued to young professionals in Q3.

In Q3 2019, the selection of investments continued within the framework of the 2nd call for the pre-seed funds of the venture capital Accelerator Programme, as well as the selection of investments was started within the framework of the 3rd call. By the end of the reporting period the fund managers had made 21 new investments in total, as well as continued to invest in the companies selected earlier. During Q3 one seed capital investment was made under the Accelerator Programme and one growth fund capital investment (Altum's contribution EUR 1.2 million) – under the Venture Capital Programme, totalling EUR 4.3 million in investments in the 4th generation growth funds as at 30 September 2019. In the reporting period, the investments made within the framework of the Baltic Innovation Fund amount to EUR 2.9 million.

During the reporting period the Land Fund effected the land acquisition transactions for EUR 6.9 million (in the same period last year – EUR 3 million) and concluded leaseback transactions for EUR 6.42 million (in the same period last year – EUR 4.64 million).

New products and increasing operational efficiency

After successful fulfilling the condition of attracting the private capital investment at the required amount, the 4th generation growth fund FlyCap Mezzanine Fund II started investments in Q3.

In Q3 within the framework of implementing the portfolio guarantees for small and medium sized enterprises, the second round for open selection of credit institutions was announced.

In the nine-month period, proceeding with the centralised reviewing of the applications for micro loans (up to EUR 25 thousand) introduced within the framework of increasing and automation of Altum's operational efficiency, 35% of the total number of the granted loans were reviewed remotely, without involving the employees of the regional centres in the process of reviewing of the applications. The granted amount within the centralised reviewing of applications for micro loans and in regional centres has increased by 16%, but the number of granted loans has decreased by 6%. The average amount granted in regional centres has increased from EUR 41 thousand in nine-month period of 2018 to EUR 71 thousand in nine-month period in 2019.

Although the average number of employees in the reporting period against the respective period in 2018 decreased by 9.8%, the total amount of loans issued in the reporting period compared with the same period in 2018 increased by 12.7%. As at 30 September 2019, the portfolio of the financial instruments issued by Altum within the framework of the state aid programmes reached EUR 2.9 million per employee and the amount of newly issued financial instruments per employee amounted to EUR 692 thousand (in the same period last year – EUR 2.28 million and EUR 497 thousand respectively per employee).

Long-term Funding

On 29 May 2019, in order to maintain long-term participation in the capital markets and diversify the funding base, the Company issued transferrable debt securities for a total sum of EUR 15 million as the first series of bonds within the framework of a EUR 70 million bond issue programme, the yield to maturity 0.95%. The transaction attracted a great deal of interest from investors in Latvia, Lithuania and Estonia and the bonds were oversubscribed 13 times, thus ensuring Altum good terms for resource attraction. The bonds were allocated to 20 investors in the Baltics, namely, 5 banks (18%) and 15 asset managers and insurance companies (82%). These bonds were issued in addition to a EUR 10 million bond issue on 7 March 2018 with a maturity date of 7 March 2025 and fixed annual interest rate (coupon) of 1.3%, which were listed on the Nasdaq Riga stock exchange. ALTUM will use the proceeds from the bonds for funding sustainable agriculture business projects that are vital for the national economy.

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

Management Report (cont'd)

Rating

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

Moody's initially assigned to Altum a long-term issuer rating Baa1 in June 2017. The Baa1 rating that Moody's assigned to Altum is one of the highest issuer ratings assigned to a corporate entity in Latvia. Altum baseline credit assessment upgrade from ba2 to investment grade rating baa3, as follows from the Moody's assessment, represents: *"The strong financial profile of Altum with a very high capitalization level, large risk coverage margin incorporated in the public funding as well as reinvestment of the funding in implementation of new financial instruments products against moderate profitability and level of problem loans, as stipulated by Altum business specifics; and the unique standing of Altum in Latvia's financial services industry reflecting its policy mandate to provide a distribution channel for state and EU program funds to both end-customers (business start-ups, small and medium enterprises, farmers, etc.) and other financial institutions."*

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

Risk Management

In order to have an adequate risk management, the Group has developed the Risk Management System that provides both preventive risk management and timely implementation of risk mitigation or prevention measures. While assuming the risks, the Group retains the long-term capability of implementing the established operational targets and assignments. To manage risks, the Group makes use of various risk management methods and instruments as well as establishes risk limits and restrictions. The choice of the risk management methods is based on the materiality of the particular risk and its impact on the Group's operations. In view of the Group's activities in high-risk areas when implementing the State aid programmes, the Group has created the risk coverage of EUR 91.3 million (as at 30 September 2019) which is available to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within the respective State aid programme for coverage of the expected credit loss is allocated to the risk coverage. The risk coverage consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less the risk coverage reserve used for provisions.

Altum performs customer compliance assessment in a centralised manner based on the Law on Prevention of Money Laundering and Terrorism Financing (AML/CFT) and Law on International Sanctions and National Sanctions of the Republic of Latvia. Also the very process of customer compliance assessment has been automated. In February 2019, Altum launched customer's AML/CFT scoring system. According to the scoring system, each customer who applies for a loan, grant or export credit guarantee instrument as well as each investee under venture capital instruments is assigned the AML/CFT risk score.

Future Outlook

In view of what has been achieved and in order to set new long-term financial goals, the medium-term strategy of Altum has been approved for the years 2019-2021. Also proposals are being drafted for the EU funds programming period 2021-2027 and development of new products and investment concepts.

On 16 July the Cabinet endorsed the implementation concept of new model for lending for studies and lending to students stipulating significant changes therein. The major advantage of the new lending model is that the requirement to have another guarantor has been revoked and procedures have been simplified (digitalisation of the services, remote conclusion of the agreements using e-signature) that would provide for receipt of loan within the shortest time possible. The choice of the bank for granting a loan will not be restricted implying that several credit institutions would qualify for issuing loans. Altum will get involved in the new lending model in the capacity of guarantor offering the portfolio guarantee instrument.



Reinis Bērziņš
Chairman of the Board

Supervisory Council and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	29.12.2016.	28.12.2019.
Jānis Šnore	Member of the Council	29.12.2016.	28.12.2019.
Kristaps Soms	Member of the Council	29.12.2016.	28.12.2019.

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

Management Board

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

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Reinis Bērziņš	Chairman of the Board	11.06.2018.	10.06.2021.
Jēkabs Krieviņš	Member of the Board	11.06.2018.	10.06.2021.
Juris Vaskāns	Member of the Board	11.06.2018.	28.11.2019.
Inese Zīle	Member of the Board	11.06.2018.	10.06.2021.
Aleksandrs Bimbirulis	Member of the Board	07.07.2017.	06.07.2020.

Statement of Management's responsibility

Riga

29 November 2019

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 10 to 46 for the period 1 January 2019 to 30 September 2019. The Management confirms that the Group's and the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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



Reinis Bērziņš
Chairman of the Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Interest income	4.	9 882	9 387	9 882	9 387
Interest expense		(1 433)	(1 225)	(1 433)	(1 225)
Net interest income		8 449	8 162	8 449	8 162
Income for implementation of state aid programmes	5.	3 832	2 716	3 832	2 716
Expenses to be compensated for implementation of state aid programmes	6.	(3 558)	(2 771)	(3 558)	(2 771)
Net income for implementation of state aid programmes		274	(55)	274	(55)
Gains less losses from trading securities and foreign exchange translation		24	(61)	24	(61)
Share of gain or (loss) of investment in joint venture and associate		(1 414)	(1 243)	(1 414)	-
Losses from liabilities at fair value through profit or loss		1 414	-	1 414	-
Other income		626	615	626	615
Other expense		(443)	(22)	(443)	(75)
Operating income before operating expenses		8 930	7 396	8 930	8 586
Staff costs		(3 477)	(3 772)	(3 477)	(3 772)
Administrative expense		(1 249)	(1 910)	(1 249)	(1 910)
Amortisation of intangible assets and depreciation of property, plant and equipment		(582)	(436)	(582)	(436)
(Impairment) loss, net	7.	3 361	(659)	3 361	(666)
Profit before corporate income tax		-	357	-	727
Profit before corporate income tax		6 983	976	6 983	2 529
Corporate income tax		-	-	-	-
Profit for the period		6 983	976	6 983	2 529
Other comprehensive income:		(449)	(1 784)	(449)	(1 784)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(449)	(1 784)	(449)	(1 784)
Total comprehensive income for the period		6 534	(808)	6 534	745
Profit is attributable to:					
Owners of the Company		6 983	976	-	-
Non-controlling interest		-	-	-	-
Profit for the period		6 983	976	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(449)	(1 784)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		6 534	(808)	-	-

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

The accompanying notes on pages 15 through 46 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Board



Kaspars Gibeiko
Chief Accountant

29 November 2019

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited) *	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited) *
Assets					
Due from credit institutions and the Treasury	8.	156 277	137 026	156 195	136 646
Financial assets at fair value through profit or loss		2 060	1 160	-	-
Financial assets at fair value through other comprehensive income - investment securities		48 207	50 389	48 207	50 389
Financial assets at amortised cost:					
Investment securities		458	467	458	467
Loans and receivables	9.	221 118	197 755	220 098	197 473
Grants		23 025	22 561	23 025	22 561
Deferred expense		262	349	262	349
Accrued income		1 363	1 723	1 363	1 723
Assets held for sale		-	11 343	-	11 343
Investments in venture capital funds – associates	10.	50 696	50 239	50 696	50 239
investments in subsidiaries		-	-	2 791	1 492
Investment property	11.	21 673	14 794	21 673	14 794
Property, plant and equipment		4 710	4 228	4 710	4 228
Intangible assets		1 256	1 347	1 256	1 347
Other assets	12.	2 657	2 558	2 657	2 558
Total assets		533 762	495 939	533 391	495 609
Liabilities					
Due to credit institutions	13.	29 518	38 245	29 518	38 245
Financial liabilities at fair value through profit or loss – derivatives		-	2	-	2
Due to general governments	14.	64 372	48 110	64 372	48 110
Financial liabilities at amortised cost - Issued debt securities		45 463	29 943	45 463	29 943
Deferred income		2 681	2 181	2 681	2 181
Accrued expense		1 106	830	1 106	830
Provisions	15.	26 683	25 373	26 683	25 373
Support programme funding	16.	133 406	126 959	133 401	126 959
Other liabilities		2 353	2 706	2 311	2 643
Total liabilities		305 582	274 349	305 535	274 286
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	17.	12 863	7 965	12 863	7 610
Revaluation reserve of financial assets measured at fair value through other comprehensive income	17.	3 148	3 597	3 148	3 597
Retained earnings		6 983	4 900	6 983	5 254
Net assets attributable to the Company's owners		227 856	221 324	227 856	221 323
Non-controlling interest		324	266	-	-
Total equity		228 180	221 590	227 856	221 323
Total equity and liabilities		533 762	495 939	533 391	495 609

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

The accompanying notes on pages 15 through 46 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Board



Kaspars Gibeiko
Chief Accountant

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company						Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	Non-controlling interest	
As at 31 December 2017 (audited)	204 862	722	6 092	1 839	9 333	-	222 848
Impact of IFRS 9 adoption	-	-	-	(1 839)	(812)	-	(2 651)
Reclassification of distribution of 2015 year profit of the Company	-	-	-	-	(1 829)	-	(1 829)
As at 1 January 2018 (audited)	204 862	722	6 092	-	6 692	-	218 368
Profit for the period	-	-	-	-	976	-	976
Other comprehensive income	-	-	(1 784)	-	-	-	(1 784)
Total comprehensive income	-	-	(1 784)	-	976	-	(808)
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-	-
As at 30 September 2018 (unaudited)	204 862	6 606	4 308	-	1 784	-	217 560
Profit for the period	-	-	-	-	3 116	-	3 116
Other comprehensive income	-	-	(711)	-	-	-	(711)
Total comprehensive income	-	-	(711)	-	3 116	-	2 405
Changes of reserves	-	(753)	-	-	-	-	(753)
Increase of reserve capital	-	2 112	-	-	-	-	2 112
Non-controlling interest	-	-	-	-	-	266	266
As at 31 December 2018 (audited)	204 862	7 965	3 597	-	4 900	266	221 590
Profit for the period	-	-	-	-	6 981	-	6 981
Other comprehensive income	-	-	(449)	-	-	-	(449)
Total comprehensive income	-	-	(449)	-	6 981	-	6 532
Changes of reserves	-	(355)	-	-	355	-	-
Distribution of profit of previous years	-	791	-	-	(791)	-	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-	-
Non-controlling interest	-	-	-	-	-	58	58
As at 30 September 2019 (unaudited)	204 862	12 863	3 148	-	6 983	324	228 180

The accompanying notes on pages 15 through 46 form an integral part of these financial statements.

Company's Statement of Changes in Equity

All amounts in thousands of euro

	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	Total capital
As at 31 December 2017 (audited)	204 862	(386)	6 092	1 839	7 488	219 895
Impact of IFRS 9 adoption	-	-	-	(1 839)	(812)	(2 651)
As at 1 January 2018 (audited)	204 862	(386)	6 092	-	6 676	217 244
Profit for the period	-	-	-	-	2 529	2 529
Other comprehensive income	-	-	(1 784)	-	-	(1 784)
Total comprehensive income	-	-	(1 784)	-	2 529	745
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-
As at 30 September 2018 (unaudited)	204 862	5 498	4 308	-	3 321	217 989
Profit for the period	-	-	-	-	1 933	1 933
Other comprehensive income	-	-	(711)	-	-	(711)
Total comprehensive income	-	-	(711)	-	1 933	1 222
Increase of reserve capital	-	2 112	-	-	-	2 112
As at 31 December 2018 (audited)	204 862	7 610	3 597	-	5 254	221 323
Profit for the period	-	-	-	-	6 982	6 982
Other comprehensive income	-	-	(449)	-	-	(449)
Total comprehensive income	-	-	(449)	-	6 982	6 533
Distribution of profit of previous years	-	791	-	-	(791)	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-
As at 30 September 2019 (unaudited)	204 862	12 863	3 148	-	6 983	227 856

The accompanying notes on pages 15 through 46 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited)	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited)
Cash and cash equivalents at the beginning of period		128 916	100 597	128 536	100 597
Cash flows from operating activities					
Profit before taxes		6 983	976	6 983	2 529
Amortisation of intangible assets and depreciation of property, plant and equipment		667	436	667	436
Interest income	4.	(9 882)	(9 006)	(9 882)	(9 006)
Interest received		6 566	5 789	6 566	5 789
Interest expenses		1 433	1 225	1 433	1 225
Interests paid		(1 082)	(210)	(1 082)	(210)
(Decrease) / increase in provisions for impairment	7.	(3 361)	659	(3 361)	666
(Increase) in share of profit / (loss) in joint venture and associate capital funds		-	1 243	-	-
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		1 324	1 112	1 324	1 429
Due from credit institutions decrease		3 115	1 998	3 115	1 998
Decrease / (increase) of loans		(19 203)	(6 890)	(18 465)	(6 890)
Decrease / (increase) of grants		(464)		(464)	
Due to credit institutions (decrease)		7 474	(7 750)	7 474	(7 751)
Increase in deferred income and accrued expense		776	109	776	108
(Decrease) in deferred expense and accrued income		447	(493)	447	(493)
(Increase) of other assets		12 886	(14 427)	12 887	(16 801)
Increase / (decrease) in other liabilities		8 339	23 131	8 298	25 463
Corporate income tax		-	-	-	-
Net cash flows to/ from operating activities		14 694	(3 210)	15 392	(2 937)
Cash flows from investment activities					
Sale of investment securities		3 450	6 372	3 450	6 372
Acquisition of property, plant and equipment and intangible assets		(1 058)	(1 132)	(1 058)	(1 132)
Purchase of investment properties		(6 911)	(2 824)	(6 911)	(2 824)
Ieguldījumu īpašumu pārdošana		32	-	32	-
Sale of assets held for sale		-	-	-	-
Investments in venture capital funds, net		(1 945)	1 113	(1 945)	840
Investments of subsidiaries in share capital		(900)	-	(1 299)	-
Investments in subsidiaries		-	-	-	-
Net cash flows to/ from investing activities		(7 332)	3 529	(7 731)	3 256
Cash flows from financing activities					
Issued debt securities		15 000	9 901	15 000	9 901
Increase of capital		-	-	-	-
Net cash flow from financing activities		15 000	9 901	15 000	9 901
Increase in cash and cash equivalents		22 362	10 220	22 661	10 220
Cash and cash equivalents at the end of period		151 278	110 817	151 197	110 817

The accompanying notes on pages 15 through 46 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 29 November 2019.

1 General Information

(1) Corporate Information

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

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 is 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 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.

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

Venture capital funds classified as Subsidiaries or Associates:

Legal Title	Legal Address	Investment % in share capital
<i>Venture capital funds classified as Subsidiaries</i>		
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīgas, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	100
KS Commercialization Reactor Pre-seed Fund	Brīvības 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	Brīvības 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 9 months period ended 30 September 2019 were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted in the European Union. These financial statements are to be used together with the complete financial statements for the year 2018 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

Considering the volume of one of the Company's business segments – issue of non-financial instrument grants – in order to ensure the users of the financial statements a better understanding of the Company's and the Group's financial position the volume of issued grants has been classified separately as Grants in the Statement of Financial Position comparing with the complete financial statements for the year 2018 where this item has been classified within Other assets. In light 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 then in order to ensure the users of the financial statements 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*. 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. The comparatives for the above noted items have been reclassified accordingly following the new classification in order to ensure the comparable 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 2019:

- **IFRS 16: Leases**

The standard is effective for annual reporting periods beginning on 1 January 2019 and has been applied in preparation of these unaudited interim condensed financial statements.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**

The Amendment is effective for annual reporting periods beginning on 1 January 2019 and has been applied in preparation of these unaudited interim condensed financial statements.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**

The Amendments are effective for annual reporting periods beginning on 1 January 2019 and has been applied in preparation of these unaudited interim condensed financial statements.

- **IFRIC Interpretation 23: Uncertainty over Income Tax Treatments**

The Interpretation is effective for annual reporting periods beginning on 1 January 2019 and has been applied in preparation of these unaudited interim condensed financial statements.

3 Risk Management

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

4 Interest income

All amounts in thousands of euro

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Interest on loans and guarantees	8 714	7 836 *	8 714	7 836 *
Interest on securities at amortised cost	(99)	19	(99)	19
Interest on securities at fair value	1 256	1 529	1 256	1 529
Other interest income	-	-	-	-
Interest on balances due from credit institutions	11	3	11	3
Total interest income	9 882	9 387	9 882	9 387

* 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 344 thousand (9 months of 2018: EUR 380 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 Income for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Compensation of expenses for management of state support programmes	1 664	1 698 *	1 664	1 698 *
Compensation of venture capital fund management fees	1 894	1 018 *	1 894	1 018 *
Compensation of 2018 year expenses for management of state support programmes	274	-	274	-
Total income from implementation of state support programmes	3 832	2 716	3 832	2 716

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

6 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Compensated staff costs	(1 359)	(1 286) *	(1 359)	(1 286) *
Compensated administrative expense	(306)	(412) *	(306)	(412) *
Compensated venture capital fund management fees	(1 893)	(1 073) *	(1 893)	(1 073) *
Total compensated expense for implementation of state support programmes	(3 558)	(2 771)	(3 558)	(2 771)

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

7 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Impairment losses on:	5 488	10 943	5 488	10 950
Loans, net	3 129	8 231	3 129	8 231
<i>impairment losses</i>	4 821	8 231	4 821	8 231
<i>impairment losses covered by risk coverage reserve</i>	(1 692)	-	(1 692)	-
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	519	-	519	-
<i>impairment losses covered by risk coverage reserve</i>	(519)	-	(519)	-
Other assets	-	1 220	-	1 220
Investments in venture capital funds	-	-	-	7
Financial assets related to loan agreements	153	-	153	-
Debt securities	-	33	-	33
Guarantees, net	2 030	1 459	2 030	1 459
<i>impairment losses</i>	8 757	1 459	8 757	1 459
<i>impairment losses covered by risk coverage reserve</i>	(6 727)	-	(6 727)	-
Loan commitments, net	176	-	176	-
<i>impairment losses</i>	410	-	410	-
<i>impairment losses covered by risk coverage reserve</i>	(234)	-	(234)	-
Reversal of impairment on:	(7 389)	(9 146)	(7 389)	(7 638)
Kreditīem, neto	(3 774)	(3 094)	(3 774)	(3 094)
<i>reversal of impairment</i>	(4 545)	(3 094)	(4 545)	(3 094)
<i>reversal of impairment covered by risk coverage reserve</i>	771	-	771	-
Disbursed guarantee compensations	(1 780)	-	(1 780)	-
<i>reversal of impairment</i>	(1 888)	-	(1 888)	-
<i>reversal of impairment covered by risk coverage reserve</i>	108	-	108	-
Other assets	-	(290)	-	(290)
Financial assets related to loan agreements	(18)	-	(18)	-
Debt securities	-	(2)	-	(2)
Guarantees, net	(1 657)	(5 760)	(1 657)	(4 252)
<i>reversal of impairment</i>	(4 348)	(5 760)	(4 348)	(4 252)
<i>reversal of impairment covered by risk coverage reserve</i>	2 691	-	2 691	-
Loan commitments, net	(160)	-	(160)	-
<i>reversal of impairment</i>	(1 234)	-	(1 234)	-
<i>reversal of impairment covered by risk coverage reserve</i>	1 074	-	1 074	-
Total impairment (losses) / reversal, net	(1 901)	1 797	(1 901)	3 312
Recovery of loans written off in previous periods	(1 460)	(1 138)	(1 460)	(1 138)
Total impairment (losses) / reversal and income from recovery of loans written-off	(3 361)	659	(3 361)	2 174

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. therefore quality of the data was not comparable with 9 months of 2019

8 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Due from credit institutions and State Treasury	156 282	137 031	156 200	136 651
<i>cash and cash equivalent</i>	151 278	128 916	151 197	128 536
Impairment allowances	(5)	(5)	(5)	(5)
Net due from credit institutions and State Treasury	156 277	137 026	156 195	136 646

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.

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

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	-	12 595	96 875	22 159	5 402	-	-	-	137 031
Total gross as at 31 December 2018	-	12 595	96 875	22 159	5 402	-	-	-	137 031
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	14 447	111 525	24 237	6 073	-	-	-	156 282
Total gross as at 30 September 2019	-	14 447	111 525	24 237	6 073	-	-	-	156 282

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	-	12 411	96 875	21 963	5 402	-	-	-	136 651
Total gross as at 31 December 2018	-	12 411	96 875	21 963	5 402	-	-	-	136 651
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	14 419	111 525	24 185	6 071	-	-	-	156 200
Total gross as at 30 September 2019	-	14 419	111 525	24 185	6 071	-	-	-	156 200

As at 30 September 2019, the Group / Company held accounts with 4 banks and the Treasury of the Republic of Latvia.

As at 30 September 2019, the average interest rate on balances due from credit institutions was 0.01% (31 December 2018: - 0.012%).

9 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 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Private companies	209 745	189 549	208 725	189 267
Individuals	27 682	25 853	27 682	25 853
Financial institutions	642	867	642	867
Local governments	200	239	200	239
Public institutions	1 322	623	1 322	623
Total gross loans	239 591	217 131	238 571	216 849
Impairment allowances	(18 473)	(19 376)	(18 473)	(19 376)
Total net loans	221 118	197 755	220 098	197 473

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Number of customers	27	26	27	26
Total credit exposure of customers (EUR '000)	40 059	35 652	40 059	35 652
Percentage of total gross portfolio of loans	16.79%	16.42%	16.79%	16.44%

9 Loans (cont'd)

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Performing	206 390	178 557	205 370	178 275
Past due up to 30 days	12 089	17 565	12 089	17 565
Past due from 31 to 60 days	1 871	3 012	1 871	3 012
Past due from 61 to 90 days	1 279	618	1 279	618
Past due over 90 days	17 962	17 379	17 962	17 379
Total gross loans, without interest accrued on the loans	239 591	217 131	238 571	216 849
Impairment allowances	(18 473)	(19 376)	(18 473)	(19 376)
Total net loans	221 118	197 755	220 098	197 473

Breakdown of the Group's / Company's loans by their qualitative assessment, in thousands of euro:

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	183 854	163 133	182 834	162 851
Credit risk has increased significantly (Stage 2)	19 640	16 597	19 640	16 597
Loans which have objective evidence of impairment (Stage 3)	36 097	37 401	36 097	37 401
Total gross loans, without interest accrued on the loans	239 591	217 131	238 571	216 849
Impairment allowances	(18 473)	(19 376)	(18 473)	(19 376)
Total net loans	221 118	197 755	220 098	197 473

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

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Allowances at the beginning of the period	19 376	15 438	19 376	15 438
Covered by risk coverage reserve	-	2 557	-	2 557
Impact of IFRS 9 adoption	-	4 324	-	4 324
Allowances for accrued income	-	1 745	-	1 745
Allowances at 1 January 2018	19 376	24 064	19 376	24 064
Increase in impairment allowances (Note 5)	4 821	4 684	4 821	4 684
Decrease in impairment allowances (Note 5)	(4 545)	(3 117)	(4 545)	(3 117)
Accrued interest	-	(164)	-	(164)
Write-off of loans	(1 181)	(27)	(1 181)	(27)
Currency change	2	-	2	-
Allowances at the end of the period ended 30 June	18 473	25 440	18 473	25 440
Group's / Company's share of provisions	12 829		12 829	
Provisions covered by risk coverage*	5 644		5 644	
Increase in impairment allowances (Note 5)	-	1 233	-	1 233
Decrease in impairment allowances (Note 5)	-	(291)	-	(291)
Accrued interest	-	164	-	164
Write-off of loans	-	(7 173)	-	(7 173)
Currency change	-	3	-	3
Allowances at the end of the period ended 31 December	-	19 376	-	19 376
Group's / Company's share of provisions		14 426		14 426
Provisions covered by risk coverage*		4 950		4 950

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. therefore quality of the data was not comparable with 9 months of 2019.

9 Loans (cont'd)

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Real estate (loans)	149 441	155 299	149 441	155 299
Real estate (leaseback)	13 974	6 923	13 974	6 923
Movable property	26 581	22 273	26 581	22 273
Guarantees	1 859	305	1 859	305
Total collateral	191 855	184 800	191 855	184 800
Loan portfolio, gross	239 591	217 131	238 571	216 849
Impairment allowances	(18 473)	(19 376)	(18 473)	(19 376)
Loan portfolio, net	221 118	197 755	220 098	197 473
Exposed	13.23%	6.55%	12.83%	6.42%

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Agriculture and forestry	110 850	94 954	110 850	94 954
Manufacturing	48 947	46 192	48 947	46 192
Private individuals	27 682	23 481	27 682	23 481
Other industries	13 638	21 508	12 618	21 226
Retail and wholesale	15 381	11 371	15 381	11 371
Hotels and restaurants	4 357	4 256	4 357	4 256
Electricity, gas and water utilities	6 044	3 958	6 044	3 958
Transport, warehousing and communications	977	1 166	977	1 166
Real estate	6 579	4 219	6 579	4 219
Construction	2 292	2 586	2 292	2 586
Financial intermediation	750	867	750	867
Fishing	1 894	2 334	1 894	2 334
Municipal authorities	200	239	200	239
Total gross loans	239 591	217 131	238 571	216 849
Impairment allowances	(18 473)	(19 376)	(18 473)	(19 376)
Total net loans	221 118	197 755	220 098	197 473

As at 30 September 2019 the average annual interest rate for the loan portfolio of the Group / Company was 4.19% (31 December 2018: 4.15%).

10 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 VCF generation	Country of incorporation	VCF's equity		Carrying Amount	
		30.09.2019.	31.12.2018.	30.09.2019.	31.12.2018.
The 1st generation of VCF	LV	2 387	2 387	746	746
The 2nd generation of VCF	LV	17 675	20 399	12 592	14 623
The 3rd generation of VCF	LV	22 341	24 950	21 278	23 763
The 4th generation of VCF	LV	4 246	186	2 596	119
Baltic Innovation fund	LU	70 596	54 942	13 484	10 988
Total investments		117 245	102 864	50 696	50 239

As at 30 September 2019 the total VCF portfolio value at cost value was 66,201 thsd. euros (as at 31/12/2018: 59,698 thsd. euros).

10 Investments in venture capital funds (cont'd)

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

	Investments in associates		BIF investments		Total	
	01.01.2019.- 30.09.2019. (unaudited)	01.01.2018.- 30.09.2018. (unaudited)	01.01.2019.- 30.09.2019. (unaudited)	01.01.2018.- 30.09.2018. (unaudited)	01.01.2019.- 30.09.2019. (unaudited)	01.01.2018.- 30.09.2018. (unaudited)
Carrying amount at the beginning of period	39 251	44 898	10 988	8 394	50 239	53 292
Invested	2 616	134	2 858	1 106	5 474	1 240
Refunded	(3 140)	(3 223)	(1 232)	-	(4 372)	(3 223)
Share of net loss of investment in joint venture and associate	(1 515)	1 055	-	-	(1 515)	1 055
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-	-	-	-
Compensation of impairment	-	(185)	870	-	870	(185)
Carrying amount at the end of the period ended at 30 June	37 212	42 679	13 484	9 500	50 696	52 179
Impairment	-	(140)	-	-	-	(140)
Net carrying amount at the period ended at 30 June	37 212	42 539	13 484	9 500	50 696	52 039
Invested	-	121	-	1 719	-	1 840
Refunded	-	(1 331)	1 106	(488)	1 106	(1 819)
Share of net loss of investment in joint venture and associate	-	(2 403)	-	-	-	(2 403)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-	257	-	257
Compensation of impairment	-	185	-	-	-	185
Impairment	-	140	-	-	-	140
Net carrying amount at the period ended at 31 December	-	39 251	-	10 988	-	50 239

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

- EUR 527 thousand (9 months of 2018: EUR 1,001 thousand) from the risk coverage reserve used to cover management fees for the 2nd and 3rd generation venture capital funds;
- EUR 359 thousand (9 months of 2018: EUR 298 thousand) from the risk coverage reserve used to cover management fees for the 4th generation venture capital funds;
- Management fees for the Baltic Innovation Fund amounting to EUR 95 thousand (9 months of 2018: EUR 134 thousand), of which EUR 95 thousand (9 months of 2018: EUR 80 thousand) was compensated from the risk coverage reserve.

Part of disbursements, made into the 4th generation venture capital funds, are classified as Investments in subsidiaries (detailed information is available in Note 19) un management fees of such funds amounted EUR 913 thousand (9 months of 2018: 0) were covered by the risk coverage reserve.

Altum manages 4th generation venture capital funds, where total public funding has been planned in amount of EUR 75 mln. In the beginning of 2019, one of the procured seed venture capital fund, where the Group has planned to invest up to EUR 4.5 mln and one of the procured pre-seed venture capital fund, where the Group has planned to invest up to EUR 10.5 mln. was not able to attract necessary funding from private investors. Therefore in March 2019, a decision was taken to terminate operation of those two funds and liquidation of those funds was finished in May 2109.

11 Investment properties

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Carrying amount at the beginning of period	14 794	10 808	14 794	10 808
Acquired during the reporting period*	6 919	3 988	6 919	3 988
Disposals during the reporting period	(40)	(234)	(40)	(234)
Net gain from fair value adjustment	-	232	-	232
Carrying amount at the end of the period	21 673	14 794	21 673	14 794

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

12 Other assets

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited) *	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited) *
Financial assets	8 452	7 774	8 452	7 774
Other assets (inventory)	571	819	571	819
Total other assets, gross	9 023	8 593	9 023	8 593
Impairment allowances	(6 366)	(6 035)	(6 366)	(6 035)
Group's / Company's share of provisions	(5 139)	(3 814)	(5 139)	(3 814)
Provisions covered by risk coverage*	(1 227)	(23)	(1 227)	(23)
Provisions compensated by risk coverage	-	(2 198)	-	(2 198)
Total other assets, net	2 657	2 558	2 657	2 558

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

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

The following table presents Group's/Company's movements in book value of financial assets in 6 months of 2019, in thousands of euro:

	Disbursed guarantee compensations	Grants *	Financial assets related to loan agreements	Other financial assets	Total
Financial assets					
At the beginning of period	5 694	22 575	1 142	938	30 349
Changes	203		(795)	1 270	678
Reclassification		(22 575)			(22 575)
As at 30 June 2019	5 897	-	347	2 208	8 452
Impairment provision					
At the beginning of period	5 694	14	76	265	6 049
Changes in impairment allowances	203		107	21	331
Reclassification		(14)			(14)
As at 30 June 2019	5 897	-	183	286	6 366
Net book value at the beginning of period	-	22 561	1 066	673	24 300
Net book value as at 30 September 2019	-	-	164	1 922	2 086

* All issued grants represent Stage 1 for ECL calculation purposes and there were no changes in staging during the reporting period and there were no major changes in calculated ECL during 9 months of 2019.

13 Due to credit institutions

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Due to credit institutions registered in OECD countries	29 518	38 245	29 518	38 245
Total due to credit institutions	29 518	38 245	29 518	38 245

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 29,518 thousand, of which EUR 56 thousand constitutes accrued interest expenses. In the reporting period, the Group/Company repaid EUR 4,418 thousand, of which accrued interest was EUR 77 thousand.

The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan of EUR 29,518 thousand (Note 20), which is considered a parent guarantee on behalf of the Group/Company.

As at 30 September 2019, the average interest rate for the balances Due to credit institutions was 0.31% (2018: 0.41%).

14 Due to general governments

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Due to government entities	1 723	2 724	1 723	2 724
Loans received from Rural Support Service	5 871	7 171	5 871	7 171
Loans received from the Treasury	56 778	38 215	56 778	38 215
Total due to general governments	64 372	48 110	64 372	48 110

Liabilities Due to government entities includes obligations in amount of 1,723 thsd euros (2018: 2,724 thsd euros), which originated from the capital reduction of ERDFII and ESFII loan funds, effected by Altum in year 2013. Since an agreement with responsible state entities was reached that the part of ERDFII and ESFII public funding is redistributed to other purposes, that amount is accounted outside the ERDFII and ESFII loan funds balance, i.e., on the liabilities side of the Statement of financial position under the item Due to government entities.

Item Loans from Rural Support Service includes the financing to the Loan Fund, which was established in accordance with the Cabinet Regulation No 664 dated 20 July 2010 Procedure for Administering and Supervising the State and European Union Aid for Agriculture, Rural and Fisheries Development through Establishment of the Loan Fund and Financing Agreement dated 7 September 2010 concluded among the Ministry of Agriculture, Rural Support Service and the Company (Altum) stipulating the provisions for establishment, operation and supervision of the Loan Fund, absorption of the funds and performance of the Business Plan and its purpose. Altum was granted 44,711 thsd euros (7,114 thsd euros from the European Fisheries Fund (EFF); 37,596 thsd euros – European Agricultural Fund for Rural development (EAFRD)) to transfer these resources of the Loan Fund to the eligible beneficiaries via financial intermediaries. In the reporting period the Group/Company had not made any reimbursements to RSS. However, based on the Agreement No 2018/88 dated 29 August 2018 concluded between Ministry of Agriculture and Altum and Section 4.1. and 4.2. of the Cabinet of Ministers Regulations No 446 dated 24 July 2018 On the Lending Programmes for Agricultural, Rural and Fisheries Economic Operators, the investment in the amount of 500 thsd euros was made to the Lending Programme for Agricultural, Rural and Fisheries Economic Activities, resulting in a 500 thsd euros reduction of the repaid funding of the Loan Fund. While based on Section 4 of the Cabinet of Ministers Regulations No 9 dated 8 January 2019 un Section 1.2. and 2.1. of the Agreement No 2019/93 dated 13 May 2019 concluded between Ministry of Agriculture and Altum, the financing for the Agricultural and Rural Development Credit Guarantee Programme was increased by 800 thsd euros, resulting in 800 thsd euros reduction of the repaid funding of the Land Fund.

As at 30 September 2019 the Group/Company liabilities to Rural Support Service consist of the principal amount of 5,639 thsd euros (2018: 6,903 thsd euros) and accrued interest – 232 thsd euros (2018: 269 thsd euros).

Loans received from the Treasury includes the loan of 56,777 thsd euros received by the Group/Company for the implementation of the Agricultural land acquisition programme and SME development programme. During the reporting period the Group/Company liabilities to the Treasury increased by 18,562 thsd euros, because during the reporting period the loan in amount of 8,565 thsd euros was issued for the financing the loans issued within the Agricultural land acquisition programme and in June the loan in amount of 9,997 thsd euros was issued for the financing the loans issued within the SME Development programme.

More information is available in Note 20.

15 Provisions

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Provisions for financial guarantees	26 278	24 144	26 278	24 144
Group's / Company's share of provisions	9 873	10 982	9 873	10 982
Provisions covered by risk coverage	16 405	13 162	16 405	13 162
Provisions for loan commitments	396	1 220	396	1 220
Group's / Company's share of provisions	104	88	104	88
Provisions covered by risk coverage	292	1 132	292	1 132
Provisions for grant commitments	9	9	9	9
Group's / Company's share of provisions	9	9	9	9
Provisions covered by risk coverage	-	-	-	-
Total provisions	26 683	25 373	26 683	25 373
Group's / Company's share of provisions	9 986	11 079	9 986	11 079
Provisions covered by risk coverage	16 697	14 294	16 697	14 294

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

	Group 01.01.2019.- 30.09.2019. (unaudited)	Group 01.01.2018.- 30.09.2018. (unaudited) *	Company 01.01.2019.- 30.09.2019. (unaudited)	Company 01.01.2018.- 30.09.2018. (unaudited) *
Provisions at the beginning of the period	24 144	5 986	24 144	5 986
Impact of IFRS 9 adaption	-	6 123	-	6 123
Reclassification IAS 37 (Provisions for onerous contracts)	-	8 544	-	8 544
Provisions covered by risk coverage	-	2 196	-	2 196
Provisions as at 1 January 2018	24 144	22 849	24 144	22 849
Increase in provisions (Note 5)	8 757	669	8 757	669
Decrease in provisions (Note 5)	(4 348)	(2 521)	(4 348)	(2 521)
Reclassification IAS 37 (Provisions for onerous contracts)	(2 273)		(2 273)	
Currency change	(2)	(2)	(2)	(2)
Provisions at the end of the period ended 30 June (unaudited)	26 278	20 995	26 278	20 995
Group's / Company's share of provisions	9 873	-	9 873	-
Provisions covered by risk coverage	16 405	-	16 405	-
Increase in provisions (Note 5)	-	7 505	-	7 505
Decrease in provisions (Note 5)	-	(4 355)	-	(4 355)
Currency change	-	(1)	-	(1)
Provisions at the end of the period ended 31 December (audited)	-	24 144	-	24 144
Group's / Company's share of provisions	-	10 982	-	10 982
Provisions covered by risk coverage	-	13 162	-	13 162

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements, therefore quality of the data was not comparable with 9 months of 2019.

16 Support programme funding

The Group'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 credit risk losses, in thousands of euro:

Programme	Programme funding		Credit risk cover		Provisions covered by risk coverage		Net programme funding	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)
ERDF II	8 898	11 888	4 567	5 208	(912)	(984)	7 986	10 904
ESF II	1 084	1 422	741	1 225	(274)	(363)	810	1 059
Microcredits of Swiss programme	5 383	5 435	977	1 366	(32)	(43)	5 351	5 392
ERDF I	597	606	165	197	(23)	(28)	574	578
ESF I	315	380	81	157	(46)	(77)	269	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 573	5 733	976	1 662	(170)	(186)	5 403	5 547
Incubators (from ESF II)	78	78	13	20	(2)	(2)	76	76
ERAF II 2 Public fund	2 485	2 396	148	317	(14)	(16)	2 471	2 380
Fund of Funds and venture capital funds	15 665	24 914	12 532	19 931	-	-	15 665	24 914
Fund of Funds programme - Start-up loans	2 629	2 283	2 629	2 282	(356)	(354)	2 273	1 929
Fund of Funds programme – Microcredits	309	297	309	297	(38)	(42)	271	255
Fund of Funds programme - Parallel loans	3 119	2 143	3 119	2 143	(1 912)	(2 044)	1 207	99
Fund of Funds programme - Guarantees	20 908	14 981	20 908	14 981	(5 362)	(4 254)	15 546	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	5 753	2 388	5 754	2 388	(9)	-	5 744	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	4 217	3 008	3 364	2 400	(997)	(530)	3 220	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	30 009	31 305	-	-	-	-	30 009	31 305
Housing Guarantee Programme	10 679	6 849	10 679	6 849	(7 534)	(5 769)	3 145	1 080
Social Entrepreneurship Programme	1 109	302	-	-	-	-	1 109	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 978	1 000	(316)	(342)	1 662	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 753	6 158	(1 131)	(1 090)	6 622	5 068
Other loans to start-ups	1 351	2 407	563	898	(112)	(94)	1 239	2 313
Mezzanine Loan Programme	4 526	3 806	3 346	3 045	(3 051)	(2 906)	1 475	900
Investment Fund Activity	2 242	1 130	1 217	836	-	-	2 242	1 130
Baltic Innovation Fund	2 575	1 860	-	930	-	-	2 575	1 860
Guarantees and interest grants programme	4 180	4 278	4 180	4 278	-	-	4 180	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 900	1 923	1 705	1 923	(1 107)	(42)	793	1 881
Parallel loans	2 000	2 000	2 000	2 000	(22)	(21)	1 978	1 979
Export guarantees	2 030	2 030	2 030	2 030	(142)	(79)	1 888	1 951
Loans for enterprises in rural territories	6 304	2 499	599	175	(7)	(2)	6 297	2 497
Energy Efficiency Fund	-	133	-	-	-	-	-	133
Regional Creative Industries Alliance	178	-	-	-	-	-	178	-
Grants for development of energy efficiency projects	348	-	-	-	-	-	348	-
Agricultural Guarantees	800	-	800	-	-	-	800	-
Total	156 975	146 227	93 133	85 276	(23 569)	(19 268)	133 406	126 959

16 Support programme funding (cont'd)

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

Programme	Programme funding		Credit risk cover		Provisions covered by risk coverage		Net programme funding	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)
ERDF II	8 898	11 888	4 567	5 208	(912)	(984)	7 986	10 904
ESF II	1 084	1 422	741	1 225	(274)	(363)	810	1 059
Microcredits of Swiss programme	5 383	5 435	977	1 366	(32)	(43)	5 351	5 392
ERDF I	597	606	165	197	(23)	(28)	574	578
ESF I	315	380	81	157	(46)	(77)	269	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 573	5 733	976	1 662	(170)	(186)	5 403	5 547
Incubators (from ESF II)	78	78	13	20	(2)	(2)	76	76
ERAF II 2 Public fund	2 485	2 396	148	317	(14)	(16)	2 471	2 380
Fund of Funds and venture capital funds	15 665	24 914	12 532	19 931	-	-	15 665	24 914
Fund of Funds programme - Start-up loans	2 629	2 283	2 629	2 282	(356)	(354)	2 273	1 929
Fund of Funds programme - Microcredits	309	297	309	297	(38)	(42)	271	255
Fund of Funds programme - Parallel loans	3 119	2 143	3 119	2 143	(1 912)	(2 044)	1 207	99
Fund of Funds programme - Guarantees	20 908	14 981	20 908	14 981	(5 362)	(4 254)	15 546	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	5 753	2 388	5 754	2 388	(9)	-	5 744	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	4 217	3 008	3 364	2 400	(997)	(530)	3 220	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	30 009	31 305	-	-	-	-	30 009	31 305
Housing Guarantee Programme	10 679	6 849	10 679	6 849	(7 534)	(5 769)	3 145	1 080
Social Entrepreneurship Programme	1 109	302	-	-	-	-	1 109	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 978	1 000	(316)	(342)	1 662	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 753	6 158	(1 131)	(1 090)	6 622	5 068
Other loans to start-ups	1 351	2 407	563	898	(112)	(94)	1 239	2 313
Mezzanine Loan Programme	4 526	3 806	3 346	3 045	(3 051)	(2 906)	1 475	900
Investment Fund Activity	2 242	1 130	1 217	836	-	-	2 242	1 130
Baltic Innovation Fund	2 575	1 860	-	930	-	-	2 575	1 860
Guarantees and interest grants programme	4 180	4 278	4 180	4 278	-	-	4 180	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 900	1 923	1 705	1 923	(1 107)	(42)	793	1 881
Parallel loans	2 000	2 000	2 000	2 000	(22)	(21)	1 978	1 979
Export guarantees	2 030	2 030	2 030	2 030	(142)	(79)	1 888	1 951
Loans for enterprises in rural territories	6 304	2 499	599	175	(7)	(2)	6 297	2 497
Energy Efficiency Fund	-	133	-	-	-	-	-	133
Regional Creative Industries Alliance	178	-	-	-	-	-	178	-
Grants for development of energy efficiency projects	348	-	-	-	-	-	348	-
Agricultural Guarantees	800	-	800	-	-	-	800	-
Total	156 975	146 227	93 133	85 276	(23 569)	(19 268)	133 406	126 959

Group's / Company's provisions covered by risk coverage, in thousands of euro:

	30.09.2019. (unaudited)	31.12.2018. (audited)
Provisions for financial guarantees	16 406	13 162
Provisions for loans	5 644	4 951
Provisions loan commitments	292	1 132
Provisions for financial assets - disbursed guarantee compensations	1 227	23
Provisions for grants	-	-
Provisions for grant commitments	-	-
Total provisions covered by risk coverage	23 569	19 268

16 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 of the Group's risk coverage reserve during the 9 months of 2019, in thousands of euro:

Programme	Financing beginning of period, gross	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Other changes	Financing end of period, gross	Provisions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	(2 000)	-	-	-	(990)	8 898	(912)	7 986
ESF II	1 422	-	-	-	(108)	-	(229)	1 085	(274)	811
Microcredits of Swiss programme	5 435	-	-	-	-	-	(52)	5 383	(32)	5 351
ERDF I	606	-	-	-	-	-	(9)	597	(23)	574
ESF I	380	-	-	-	(65)	-	-	315	(46)	269
Microcredits	15	-	(15)	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	-	-	-	-	(160)	5 573	(170)	5 403
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(2)	76
ERAF II 2 Public fund	2 396	-	-	-	-	-	89	2 485	(14)	2 471
Fund of Funds and venture capital funds	24 914	-	(6 059)	-	(2 606)	(64)	(518)	15 667	-	15 667
Fund of Funds programme - Start-up loans	2 283	-	300	-	-	-	47	2 630	(356)	2 274
Fund of Funds programme - Microcredits	297	-	-	-	-	-	12	309	(38)	271
Fund of Funds programme - Parallel loans	2 143	-	759	-	-	-	217	3 119	(1 912)	1 207
Fund of Funds programme - Guarantees	14 981	-	5 000	-	-	-	927	20 908	(5 362)	15 546
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	2 388	4 437	(1 200)	-	-	-	129	5 754	(9)	5 745
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	3 008	-	1 200	-	(75)	-	84	4 217	(997)	3 220
Energy Efficiency Programme for Multi-apartment Buildings - Grants	31 305	17 000	-	(17 715)	(582)	-	-	30 008	-	30 008
Housing Guarantee Programme	6 849	3 830	-	-	-	-	-	10 679	(7 534)	3 145
Social Entrepreneurship Programme	302	1 350	-	(393)	(150)	-	-	1 109	-	1 109
Start-up State Aid Cumulation Lending Programme	1 000	1 000	-	-	(22)	-	-	1 978	(316)	1 662
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	7 753	(1 131)	6 622
Other loans to start-ups	2 407	-	(1 000)	-	(33)	-	(23)	1 351	(112)	1 239
Mezzanine Loan Programme	3 806	-	-	-	-	-	720	4 526	(3 051)	1 475
Investment Fund Activity	1 130	-	2 000	-	(359)	(1 350)	813	2 234	-	2 234
Baltic Innovation Fund	1 860	-	-	-	(156)	-	870	2 574	-	2 574
Guarantees and interest grants programme	4 278	-	-	-	-	-	(98)	4 180	-	4 180
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-
Portfolio Guarantee Fund	1 923	-	-	-	(23)	-	-	1 900	(1 107)	793
Parallel loans	2 000	-	-	-	-	-	-	2 000	(22)	1 978
Export guarantees	2 030	-	-	-	-	-	-	2 030	(142)	1 888
Loans for enterprises in rural territories	2 499	3 804	-	-	-	-	-	6 303	(7)	6 296
Energy Efficiency Fund	133	14	-	-	(14)	-	-	133	-	133
Regional Creative Industries Alliance	-	70	-	-	(25)	-	-	45	-	45
Grants for development of energy efficiency projects	-	389	-	(9)	(33)	-	-	347	-	347
Agricultural Guarantees	-	800	-	-	-	-	-	800	-	800
Total	146 227	32 694	-	(18 117)	(4 251)	(1 414)	1 829	156 968	(23 569)	133 399

16 Support programme funding (cont'd)

Movement of the Company's risk coverage reserve during the 9 months of 2019, in thousands of euro:

Programme	Financing beginning of period, gross	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Other changes	Financing end of period, gross	Provisions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	(2 000)	-	-	-	(990)	8 898	(912)	7 986
ESF II	1 422	-	-	-	(108)	-	(229)	1 085	(274)	811
Microcredits of Swiss programme	5 435	-	-	-	-	-	(52)	5 383	(32)	5 351
ERDF I	606	-	-	-	-	-	(9)	597	(23)	574
ESF I	380	-	-	-	(65)	-	-	315	(46)	269
Microcredits	15	-	(15)	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	-	-	-	-	(160)	5 573	(170)	5 403
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(2)	76
ERDF II 2 Public fund	2 396	-	-	-	-	-	89	2 485	(14)	2 471
Fund of Funds and venture capital funds	24 914	-	(6 059)	-	(2 606)	(64)	(518)	15 667	-	15 667
Fund of Funds programme - Start-up loans	2 283	-	300	-	-	-	47	2 630	(356)	2 274
Fund of Funds programme - Microcredits	297	-	-	-	-	-	12	309	(38)	271
Fund of Funds programme - Parallel loans	2 143	-	759	-	-	-	217	3 119	(1 912)	1 207
Fund of Funds programme - Guarantees	14 981	-	5 000	-	-	-	927	20 908	(5 362)	15 546
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	2 388	4 437	(1 200)	-	-	-	129	5 754	(9)	5 745
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	3 008	-	1 200	-	(75)	-	84	4 217	(997)	3 220
Energy Efficiency Programme for Multi-apartment Buildings - Grants	31 305	17 000	-	(17 715)	(582)	-	-	30 008	-	30 008
Housing Guarantee Programme	6 849	3 830	-	-	-	-	-	10 679	(7 534)	3 145
Social Entrepreneurship Programme	302	1 350	-	(393)	(150)	-	-	1 109	-	1 109
Start-up State Aid Cumulation Lending Programme	1 000	1 000	-	-	(22)	-	-	1 978	(316)	1 662
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	7 753	(1 131)	6 622
Other loans to start-ups	2 407	-	(1 000)	-	(33)	-	(23)	1 351	(112)	1 239
Mezzanine Loan Programme	3 806	-	-	-	-	-	720	4 526	(3 051)	1 475
Investment Fund Activity	1 130	-	2 000	-	(359)	(1 350)	813	2 234	-	2 234
Baltic Innovation Fund	1 860	-	-	-	(156)	-	870	2 574	-	2 574
Guarantees and interest grants programme	4 278	-	-	-	-	-	(98)	4 180	-	4 180
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-
Portfolio Guarantee Fund	1 923	-	-	-	(23)	-	-	1 900	(1 107)	793
Parallel loans	2 000	-	-	-	-	-	-	2 000	(22)	1 978
Export guarantees	2 030	-	-	-	-	-	-	2 030	(142)	1 888
Loans for enterprises in rural territories	2 499	3 804	-	-	-	-	-	6 303	(7)	6 296
Energy Efficiency Fund	133	14	-	-	(14)	-	-	133	-	133
Regional Creative Industries Alliance	-	70	-	-	(25)	-	-	45	-	45
Grants for development of energy efficiency projects	-	389	-	(9)	(33)	-	-	347	-	347
Agricultural Guarantees	-	800	-	-	-	-	-	800	-	800
Total	146 227	32 694	-	(18 117)	(4 251)	(1 414)	1 829	156 968	(23 569)	133 399

17 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			
Reserves as at 31 December 2017 (audited)	(14 827)	9 695	5 854	7 931	8 653
Impact of IFRS 9 adoption	-	-	-	(1 839)	(1 839)
Reserves as at 1 January 2018 (audited)	(14 827)	9 695	5 854	6 092	6 814
Changes of reserves	(720)	-	-	-	(720)
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(1 784)	(1 784)
Reserves as at 30 September 2018 (unaudited)	(15 547)	9 695	5 854	4 308	4 310
Changes of reserves	(33)	-	-	-	(33)
Distribution of 2017 year profit of the Company	-	-	5 884	-	5 884
Increase of reserve capital	-	2 112	-	-	2 112
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(711)	(711)
Reserves as at 31 December 2018 (audited)	(15 580)	11 807	11 738	3 597	11 562
Changes of reserves	(355)	-	-	-	(355)
Distribution of 2018 year profit of the Company	-	-	5 253	-	5 253
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(449)	(449)
Reserves as at 30 September 2019 (unaudited)	(15 935)	11 807	16 991	3 148	16 011

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			
Reserves as at 31 December 2017 (audited)	(15 935)	9 695	5 854	7 931	7 545
Impact of IFRS 9 adoption	-	-	-	(1 839)	(1 839)
Reserves as at 1 January 2018 (audited)	(15 935)	9 695	5 854	6 092	5 706
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(1 784)	(1 784)
Reserves as at 30 September 2018 (unaudited)	(15 935)	9 695	5 854	4 308	3 922
Distribution of 2017 year profit of the Company	-	-	5 884	-	5 884
Increase of reserve capital	-	2 112	-	-	2 112
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(711)	(711)
Reserves as at 31 December 2018 (audited)	(15 935)	11 807	11 738	3 597	11 207
Distribution of 2018 year profit of the Company	-	-	5 253	-	5 253
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(449)	(449)
Reserves as at 30 September 2019 (unaudited)	(15 935)	11 807	16 991	3 148	16 011

18 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Contingent liabilities:				
Outstanding guarantees	282 604	236 895	282 604	236 895
Financial commitments:				
Loan commitments	22 680	19 611	22 680	19 611
Grant commitments	8 698	7 320	8 698	7 320
Commitments to venture capital funds	86 870	60 258	86 870	60 258
Total contingent liabilities	400 852	324 084	400 852	324 084

Breakdown of the Group's / Company's guarantees by their qualitative assessment, in thousands of euro:

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	276 210	228 081	276 210	228 081
Credit risk has increased significantly (Stage 2)	1 448	2 496	1 448	2 496
Loans which have objective evidence of impairment (Stage 3)	4 946	6 318	4 946	6 318
Total outstanding guarantees, gross	282 604	236 895	282 604	236 895
Impairment allowances	(26 278)	(24 144)	(26 278)	(24 144)
Total outstanding guarantees, net	256 326	212 751	256 326	212 751

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Unutilised loan facilities	22 680	19 611	22 680	19 611
Impairment allowances	(396)	(1 220)	(396)	(1 220)
Total unutilized loan facilities, net	22 284	18 391	22 284	18 391

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Grant commitments	8 698	7 320	8 698	7 320
Impairment allowances	(9)	(9)	(9)	(9)
Total grant commitments, net	8 689	7 311	8 689	7 311

Breakdown of the Group's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 30 September 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
Contingent liabilities							
Outstanding guarantees	282 604	-	-	-	-	-	282 604
Financial commitments							
Loan commitments	22 680	-	-	-	-	-	22 680
Grant commitments	8 698	-	-	-	-	-	8 698
Commitments to venture capital funds	512	1 537	2 049	6 148	34 152	12 523	56 921
Total financial commitments	31 890	1 537	2 049	6 148	34 152	12 523	88 299
Total contingent liabilities and financial commitments	314 494	1 537	2 049	6 148	34 152	12 523	370 903

18 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 30 September 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
Contingent liabilities							
Outstanding guarantees	282 604	-	-	-	-	-	282 604
Financial commitments							
Loan commitments	22 680	-	-	-	-	-	22 680
Grant commitments	8 698	-	-	-	-	-	8 698
Commitments to venture capital funds	782	2 345	3 127	9 382	52 122	19 111	86 869
Total financial commitments	32 160	2 345	3 127	9 382	52 122	19 111	118 247
Total contingent liabilities and financial commitments	314 764	2 345	3 127	9 382	52 122	19 111	400 851

Breakdown of the Group's / Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 31 December 2018, 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
Contingent liabilities							
Outstanding guarantees	236 895	-	-	-	-	-	236 895
Financial commitments							
Loan commitments	19 611	-	-	-	-	-	19 611
Grant commitments	7 320	-	-	-	-	-	7 320
Commitments to venture capital funds	600	2 100	4 600	10 000	38 000	4 958	60 258
Total financial commitments	27 531	2 100	4 600	10 000	38 000	4 958	87 189
Total contingent liabilities and financial commitments	264 426	2 100	4 600	10 000	38 000	4 958	324 084

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

For more information on the classification of the new venture capital funds see Note 10.

19 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	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	-	-	50 696	50 239	-	-
Assets held for sale	-	11 343	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	-	5 871	7 171
Support programme funding	-	-	116 142	102 045	-	-	34 962	23 422
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	71 896	43 952	-	-

19 Related party transactions (cont'd)

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	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	50 696	50 239	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	2 791	1 492
Due to general governments	-	-	-	-	5 871	7 171	-	-
Support programme funding	116 137	103 537	-	-	34 962	23 422	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	71 896	43 952	-	-	-	-

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	
	01.01.2019.- 30.09.2019. (unaudited)	01.01.2018.- 30.09.2018. (unaudited)	01.01.2019.- 30.09.2019. (unaudited)	01.01.2018.- 30.09.2018. (unaudited)
Transactions with shareholders				
LR Finanšu ministrija	18 562	-	-	-
LR Ekonomikas ministrija	4 899	-	-	-
LR Labklājības ministrija	1 200	-	-	-
Associates				
Riska kapitāla fondi	2 000	2 640	-	(3 233)
Other companies owned by the Group's shareholders				
Lauku atbalsta dienests	-	-	-	-
Centrālā finanšu un līgumu aģentūra	-	28 000	(402)	-

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 420 thousand (9 months of 2018: EUR 404 thousand), incl. social insurance contributions..

20 Maximum exposure to credit risk

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

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

	Group 30.09.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.09.2019. (unaudited)	Company 31.12.2018. (audited)
Assets exposed to credit risk				
Due from credit institutions and the Treasury	156 277	137 026	156 195	136 646
Financial assets at fair value through other comprehensive income - investment securities	48 207	50 389	48 207	50 389
Financial assets at amortised cost:				
Investment securities	458	467	458	467
Loans and receivables	221 118	197 755	220 098	197 473
Grants	23 025	22 561	23 025	22 561
Investments in venture capital funds	50 696	50 239	50 696	50 239
Other assets	2 086	1 739	2 086	1 739
Total	501 867	460 176	500 765	459 514
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 16)	282 604	236 895	282 604	236 895
Financial commitments (Note 16)	118 248	87 189	118 248	87 189
Total	400 852	324 084	400 852	324 084

20 Maximum exposure to credit risk (cont'd)

As at 30 September 2019, the Group's/Company's commitments considered as an aggregation of property amounting to 86,295 thsd euros were pledged in favour of the Ministry of Finance. Detailed information on the loan agreements concluded by the Group/Company:

- On 16 June 2015, a commercial pledge stemming from loan agreement No A/1/F12/296 and its amendments concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge refers to the right of claims resulting from loans granted by the Group/Company in compliance with the Cabinet Regulations No 295 "Procedure of Granting State Aid for Acquisition of Agricultural Land Used for Producing Agricultural Production" of 22 May 2018 (till May 25 2018 in compliance with the Cabinet Regulations No 381 "Procedure of Granting State Aid for Acquisition of Agricultural Land for Producing Agricultural Production" of 29 May 2012). As at 30 September 2019, the total amount of the Group's/Company's commitments considered as an aggregation of property in favour of the Ministry of Finance was 46,780 thsd euros (2018: 38,245 thsd euro).
- A commercial pledge agreement dated 29 December 2016 stemming from the loan agreement No A1/1/15/698 dated 18 December 2015 and loan agreement No A1/1/16/395 dated 26 September 2016, concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia. The commercial pledge refers to the right of claims resulting from loans granted by the Group/Company in compliance with the Cabinet Regulation No 1065 dated 15 September 2009 On Loans for Promoting the Development of Micro, Small and Medium Sized Merchants and Agricultural Service Co-operative Societies and Cabinet Regulation No 328 dated 31 May 2016 On Micro Loans and Start-up Loans. As at 30 September 2019, the total amount of the Group's/Company's commitments considered as an aggregation of property in favour of the Ministry of Finance was 9,997 thsd euros (2018: 0.00 euro).
- A guarantee of the Ministry of Finance of the Republic of Latvia amounting to 29,518 thsd euro (2018: 38,245 thsd euro) was issued to secure the Group's/Company's loan from EIB, which was issued in 2010 (Note 13).
- On 7 March 2019 Mortgage agreement, stemming from Loan agreement No A1/1/19/53 concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia, was signed. Mortgage agreement refers to the financing, which is available for the Group/Company in the form of a loan and which is used for the financing of purchase, lease, selling or exchange of agricultural land on behalf of the Land Fund of Latvia in compliance with the Cabinet Regulations No 748 "Regulations on the Transactions with the Agricultural Land" of 2 December 2014. The secured claim amount is 15,00 thsd euro. In reporting period, the loan was issued to the Group/Company in amount of 5,075 thsd euro, which was repaid by the Group/Company till 30 June 2019.

Additional information on commercial pledges stemming from the signed loan agreements, the funding under which was not used, as at 30 September 2019:

- Based on the loan agreement No A1/1/F16/474 dated 24 November 2016 between the Group/Company and the Ministry of Finance of the Republic of Latvia a commercial pledge agreement was concluded on the same date. The commercial pledge refers to the right of claims resulting from the loans granted by the Group/Company in compliance with the Cabinet Regulation No 469 dated 15 July 2016 On Parallel Loans for Improvement of Competitiveness of Businesses. The maximum secured claim amount is 24,000 thsd euro. As at 30 September 2019, the Group/Company has not started to use the loan.

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

Information on the loan quality is provided in Note 9.

21 Fair values of assets and liabilities

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

	Carrying Amount		Fair Value	
	30.09.2019. (unaudited)	31.12.2018. (audited) *	30.09.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	156 277	137 026	156 279	137 007
Financial assets at fair value through profit or loss	2 060	1 160	2 060	1 160
Financial assets at fair value through other comprehensive income - investment securities	48 207	50 389	48 207	50 389
Financial assets at amortised cost:				
Investment securities	458	467	1 140	1 148
Individuals	221 118	197 755	217 301	196 401
Companies	25 548	23 485	22 405	23 387
Loans	195 570	174 270	194 897	173 014
Grants	23 025	22 561 *	23 025	22 561 *
Assets held for sale	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	13 484	10 988	13 484	10 988
Investment properties	21 673	14 794	21 673	14 794
Other assets	2 086	1 739 *	2 086	1 739 *
Total assets	488 388	448 222	485 256	447 530
Liabilities				
Due to credit institutions	29 518	38 245	29 518	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	64 372	48 110	64 372	47 370
Financial liabilities at amortised cost - Issued debt securities	45 463	29 943	45 463	29 943
Support programme funding	133 406	126 959	133 406	126 959
Total liabilities	272 759	243 259	272 759	242 519

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

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

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

	Carrying Amount		Fair Value	
	30.09.2019. (unaudited)	31.12.2018. (audited) *	30.09.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	156 195	136 646	156 197	136 627
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	48 207	50 389	48 207	50 389
Financial assets at amortised cost:				
Investment securities	458	467	1 140	1 148
Individuals	220 098	197 473	216 281	196 119
Companies	25 430	23 451	22 287	23 353
Loans	194 668	174 022	193 994	172 766
Grants	23 025	22 561 *	23 025	22 561 *
Assets held for sale	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	13 484	10 988	13 484	10 988
Investments in subsidiaries	2 791	1 492	2 791	1 492
Investment properties	21 673	14 794	21 673	14 794
Other assets	2 086	1 739 *	2 086	1 739 *
Total assets	488 017	447 892	484 885	447 200
Liabilities				
Due to credit institutions	29 518	38 245	29 518	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	64 372	48 110	64 372	47 370
Financial liabilities at amortised cost - Issued debt securities	45 463	29 943	45 463	29 943
Support programme funding	133 401	126 959	133 401	126 959
Total liabilities	272 754	243 259	272 754	242 519

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

21 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	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)*	30.09.2019. (unaudited)	31.12.2018. (audited)*
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	2 060	1 160	2 060	1 160
Financial assets at fair value through other comprehensive income - investment securities	35 138	36 344	13 069	14 045	-	-	48 207	50 389
Assets held for sale	-	-	-	-	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	13 484	10 988	13 484	10 988
Investment properties	-	-	-	-	21 673	14 794	21 673	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	156 279	132 026	-	-	-	4 981	156 279	137 007
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	217 301	196 401	217 301	196 401
Grants	-	-	-	-	23 025	22 561 *	23 025	22 561 *
Other assets	-	-	-	-	2 086	1 739 *	2 086	1 739 *
Total assets	191 417	168 370	14 209	15 193	279 629	263 967	485 256	447 530
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	133 406	126 959	133 406	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	29 518	38 245	29 518	38 245
Due to general governments	-	-	-	-	64 372	47 370	64 372	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 463	29 943	45 463	29 943
Total liabilities	-	-	-	2	272 759	242 517	272 759	242 519

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

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

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	
	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)	30.09.2019. (unaudited)	31.12.2018. (audited)*	30.09.2019. (unaudited)	31.12.2018. (audited)*
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	35 138	36 344	13 069	14 045	-	-	48 207	50 389
Investments in subsidiaries	-	-	-	-	2 791	1 492	2 791	1 492
Assets held for sale	-	-	-	-	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	13 484	10 988	13 484	10 988
Investment properties	-	-	-	-	21 673	14 794	21 673	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	156 197	131 646	-	-	-	4 981	156 197	136 627
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	216 281	196 119	216 281	196 119
Grants	-	-	-	-	23 025	22 561 *	23 025	22 561 *
Other assets	-	-	-	-	2 086	1 739 *	2 086	1 739 *
Total assets	191 335	167 990	14 209	15 193	279 340	264 017	484 885	447 200
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	133 401	126 959	133 401	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	29 518	38 245	29 518	38 245
Due to general governments	-	-	-	-	64 372	47 370	64 372	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 463	29 943	45 463	29 943
Total liabilities	-	-	-	2	272 754	242 517	272 754	242 519

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

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 balances due from other credit institutions and the Treasury as well as listed financial instruments for which an active market exists, if in determining their fair value the Group/Company use unadjusted quoted market prices, obtained from a stock-exchange or reliable information systems;
- Level 2 includes financial instruments traded over the counter (OTC) and financial instruments having no active market or a declining active market whose fair value measurement are based to a significant extent on observable market inputs (e.g., rates applied to similar instruments, benchmark financial instruments, credit risk insurance transactions, etc.);

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

- Level 3 includes financial instruments whose fair value measurements rely on observable market inputs requiring significant adjustment and have to be supported by unobservable market inputs, and financial instruments whose fair value measurements are based to a significant extent on data that cannot be observed on the active market and assumptions and estimates of the Group/Company that enable a credible measurement of the financial instrument's value.

Debt securities

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

Derivatives

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

Investments in venture capital funds

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

Investments in venture capital funds, except from investment in Baltic Innovation Fund, are measured using the equity method both at the Group and the Company level. Investments in Baltic Innovation Fund are measured at fair value through profit or loss statement.

Investment properties

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

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

22 Liquidity risk

In 2Q 2019 the Company's management decided in more detail reflect the maturity profile of expected undiscounted future cash flow of the Group's / Company's financial liabilities, off-balance liabilities and liquid assets, splitting the maturity profile into smaller maturity bands. Thereby ensuring a better overview and transparency of the expected undiscounted future cash flow of the Group's / Company's financial liabilities, off-balance liabilities and liquid assets especially in further time periods.

The Group's / Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets includes balances due from other credit institutions and the Treasury and investment securities based on the expected future cash flow dependent on payment schedules and includes future interest.

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 September 2019, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 5 years and w/o maturity	Total
Due to credit institutions	8 731	20 827	-	-	-	29 558
Due to general governments	-	-	8 338	-	56 034	64 372
Issued debt securities	667	2 157	45 143	-	-	47 967
Support programme funding	-	21 697	17 784	79 727	14 198	133 406
Other liabilities	1 624	729	-	-	-	2 353
Total financial liabilities	11 022	45 410	71 265	79 727	70 232	277 656
Off-balance sheet items and contingent liabilities	324 228	34 152	12 523			370 903
Total financial liabilities, off-balance items and contingent liabilities	335 250	79 562	83 788	79 727	70 232	648 559
Due from credit institutions and the Treasury	156 277					156 277
Investment securities	10 611	27 106	10 948			48 665
Liquid assets	166 888	27 106	10 948	-	-	204 942

* 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 2018, in thousands of euro:

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

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

22 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 30 September 2019, in thousands of euro:

	Up to 1 year	1 to 5 years	5 to 10 years	10 to 15 years	Over 5 years and w/o maturity	Total
Due to credit institutions	8 731	20 827	-	-	-	29 558
Due to general governments	-	-	8 338	-	56 034	64 372
Issued debt securities	667	2 157	45 143	-	-	47 967
Support programme funding	-	21 692	17 784	79 727	14 198	133 401
Other liabilities	1 582	729	-	-	-	2 311
Total financial liabilities	10 980	45 405	71 265	79 727	70 232	277 609
Off-balance sheet items and contingent liabilities	329 618	52 122	19 111	-	-	400 851
Total financial liabilities, off-balance items and contingent liabilities	340 598	97 527	90 376	79 727	70 232	678 460
Due from credit institutions and the Treasury	156 195	-	-	-	-	156 195
Investment securities	10 611	27 106	10 948	-	-	48 665
Liquid assets	166 806	27 106	10 948	-	-	204 860

* 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 2018, in thousands of euro:

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

* According to IAS 7 "Financial Instruments: Disclosures" requirements the major part of the guarantee portfolio issued by the 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.

22 Liquidity risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 30 September 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
Assets							
Due from credit institutions and the Treasury	156 277	-	-	-	-	-	156 277
Financial assets at fair value through profit or loss	-	-	-	-	-	2 060	2 060
Investment securities	138	-	871	9 602	27 106	10 948	48 665
Loans	10 664	11 603	15 605	15 938	94 321	72 987	221 118
Grants	1	-	-	-	21 178	1 846	23 025
Deferred expense and accrued income	1 625	-	-	-	-	-	1 625
Assets held for sale	-	-	-	-	-	-	-
Investments in venture capital funds	746	-	5 811	6 781	21 278	16 080	50 696
Investments in subsidiaries	-	-	-	-	-	-	-
Investment property	-	-	-	-	19 626	2 047	21 673
Property, plant and equipment	-	-	-	-	-	4 710	4 710
Intangible assets	-	-	-	-	-	1 256	1 256
Other assets	558	-	-	571	1 528	-	2 657
Total assets	170 009	11 603	22 287	32 892	185 037	111 934	533 762
Liabilities							
Due to credit institutions	-	-	4 351	4 340	20 827	-	29 518
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	64 372	64 372
Issued debt securities	(5)	(8)	240	440	(194)	44 990	45 463
Deferred income and accrued expense	329	1 143	299	363	975	678	3 787
Support programme funding	26 683	-	-	-	-	-	26 683
Provisions	-	-	-	-	21 697	111 709	133 406
Corporate income tax liabilities	1 575	-	-	49	729	-	2 353
Other liabilities	-	-	-	-	-	-	-
Total liabilities	28 582	1 135	4 890	5 192	44 034	221 749	305 582
Net liquidity	141 427	10 468	17 397	27 700	141 003	(109 815)	228 180

* 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

22 Liquidity risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 31 December 2018 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
Assets							
Due from credit institutions and the Treasury	123 824	8 202	-	5 000	-	-	137 026
Financial assets at fair value through profit or loss	-	-	-	-	-	1 160	1 160
Investment securities	96	1 270	71	260	38 866	10 293	50 856
Loans	10 224	8 387	7 779	18 886	85 664	66 815	197 755
Grants	2	-	-	-	974	21 585	22 561
Deferred expense and accrued income	158	-	-	1 703	211	-	2 072
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	746	-	-	-	38 505	10 988	50 239
Investments in subsidiaries	-	-	-	-	-	-	-
Investment property	-	-	-	-	12 747	2 047	14 794
Property, plant and equipment	-	-	-	-	-	4 228	4 228
Intangible assets	-	-	-	-	-	1 347	1 347
Other assets	265	-	-	652	1 641	-	2 558
Total assets	146 658	17 859	7 850	26 501	178 608	118 463	495 939
Liabilities							
Due to credit institutions	-	4 398	-	4 333	26 389	3 125	38 245
Financial assets at fair value through profit or loss – derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48 109	48 110
Issued debt securities	109	-	-	-	-	29 834	29 943
Deferred income and accrued expense	970	185	228	253	789	586	3 011
Support programme funding	25 103	-	-	270	-	-	25 373
Provisions	34 052	-	206	-	11 883	80 818	126 959
Corporate income tax liabilities	2 706	-	-	-	-	-	2 706
Other liabilities	-	-	-	-	-	-	-
Total liabilities	62 942	4 584	434	4 856	39 061	162 472	274 349
Net liquidity	83 716	13 275	7 416	21 645	139 547	(44 009)	221 590

* 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

22 Liquidity risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 30 September 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
Assets							
Due from credit institutions and the Treasury	156 195	-	-	-	-	-	156 195
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	138	-	871	9 602	27 106	10 948	48 665
Loans	10 349	11 603	15 605	15 938	94 321	72 282	220 098
Grants	1	-	-	-	21 178	1 846	23 025
Deferred expense and accrued income	1 625	-	-	-	-	-	1 625
Assets held for sale	-	-	-	-	-	-	-
Investments in venture capital funds	746	-	5 811	6 781	21 278	16 080	50 696
Investments in subsidiaries	-	-	-	-	584	2 207	2 791
Investment property	-	-	-	-	19 626	2 047	21 673
Property, plant and equipment	-	-	-	-	-	4 710	4 710
Intangible assets	-	-	-	-	-	1 256	1 256
Other assets	558	-	-	571	1 528	-	2 657
Total assets	169 612	11 603	22 287	32 892	185 621	111 376	533 391
Liabilities							
Due to credit institutions	-	-	4 351	4 340	20 827	-	29 518
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	64 372	64 372
Issued debt securities	(5)	(8)	240	440	(194)	44 990	45 463
Deferred income and accrued expense	329	1 143	299	363	975	678	3 787
Support programme funding	26 683	-	-	-	-	-	26 683
Provisions	-	-	-	-	21 692	111 709	133 401
Corporate income tax liabilities	1 533	-	-	49	729	-	2 311
Other liabilities	-	-	-	-	-	-	-
Total liabilities	28 540	1 135	4 890	5 192	44 029	221 749	305 535
Net liquidity	141 072	10 468	17 397	27 700	141 592	(110 373)	227 856

* 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

22 Liquidity risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 December 2018 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
Assets							
Due from credit institutions and the Treasury	123 444	8 202	-	5 000	-	-	136 646
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	96	1 270	71	260	38 866	10 293	50 856
Loans	10 224	8 387	7 779	18 886	85 664	66 533	197 473
Grants	2	-	-	-	974	21 585	22 561
Deferred expense and accrued income	158	-	-	1 703	211	-	2 072
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	746	-	-	-	38 505	10 988	50 239
Investments in subsidiaries	-	-	-	-	-	1 492	1 492
Investment property	-	-	-	-	12 747	2 047	14 794
Property, plant and equipment	-	-	-	-	-	4 228	4 228
Intangible assets	-	-	-	-	-	1 347	1 347
Other assets	265	-	-	652	1 641	-	2 558
Total assets	146 278	17 859	7 850	26 501	178 608	118 513	495 609
Liabilities							
Due to credit institutions	-	4 398	-	4 333	26 389	3 125	38 245
Financial assets at fair value through profit or loss – derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48 109	48 110
Issued debt securities	109	-	-	-	-	29 834	29 943
Deferred income and accrued expense	970	185	228	253	789	586	3 011
Support programme funding	25 103	-	-	270	-	-	25 373
Provisions	34 052	-	206	-	11 883	80 818	126 959
Corporate income tax liabilities	2 643	-	-	-	-	-	2 643
Other liabilities	-	-	-	-	-	-	-
Total liabilities	62 879	4 584	434	4 856	39 061	162 472	274 286
Net liquidity	83 399	13 275	7 416	21 645	139 547	(43 959)	221 323

* 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

23 Segment Information

Increase in non-financial instrument – grants – volumes in Energy Efficiency Programme for Multi-apartment Buildings and Social Entrepreneurship Programme's grants, to ensure completeness and accuracy, the Group's management considers that the Group's operations are performed in 5 operational segments:

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

Other services include Land Fund's transactions, transaction, which are connected to the assets that have been taken over in the debt collection process and 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.

23 Segment Information (cont'd)

Analysis of the operating segments of the Group for the period from 1 January 2019 till 30 September 2019, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Other services	Total
Net interest income	6 901	1 567	77	1	(95)	8 450
Net income from fees and commissions	191	1	(30)	126	(14)	274
Net trading income	13	5	6	-	-	24
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	(1 414)	-	-	(1 414)
Gains less losses from liabilities at fair value through profit or loss	-	-	1 414	-	-	1 414
Other income	-	-	-	1	625	626
Other expense	(182)	(34)	(6)	(22)	(199)	(443)
Operating income / (loss) before operating expenses	6 923	1 539	47	105	317	8 931
Staff costs	(2 283)	(498)	1	(481)	(216)	(3 477)
Administrative expense	(725)	(184)	(32)	(219)	(89)	(1 249)
Amortisation of intangible assets and depreciation of property, plant and equipment	(299)	(114)	(22)	(124)	(23)	(582)
Net impairment provisions	1 248	2 112	-	-	-	3 361
Corporate income tax	-	-	-	-	-	-
Total segment profit/(loss)	4 864	2 855	(6)	(719)	(11)	6 983
Financial assets at fair value through profit or loss	-	-	2 060	-	-	2 060
Investments in venture capital funds - associates	-	-	50 696	-	-	50 696
Additions of property and equipment, intangible assets and investment property	904	270	60	414	1 149	2 797
Total segment assets	332 380	33 588	60 080	74 453	31 985	532 486
Total segment liabilities	163 408	63 929	18 140	31 968	26 865	304 310

Analysis of the operating segments of the Group for the period from 1 January 2018 till 30 September 2018, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Other services	Total
Net interest income	6 106	1 533	30	112	7 781
Net income from fees and commissions	630	(304)	(1)	(5)	320
Net trading income	(39)	(22)	-	-	(61)
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	-	(1 243)	(1 243)
Other income	346	486	264	1 558	2 654
Operating income / (loss) before operating expenses	7 043	1 693	293	422	9 451
Staff costs	(2 553)	(919)	(190)	(1 396)	(5 058)
Administrative expense	(1 197)	(543)	(189)	(393)	(2 322)
Amortisation of intangible assets and depreciation of property, plant and equipment	(196)	(143)	(13)	(84)	(436)
Net impairment provisions	(3 999)	3 371	-	(31)	(659)
Corporate income tax	-	-	-	-	-
Total segment profit/(loss)	(902)	3 459	(99)	(1 482)	976
Investments in venture capital funds - associates	-	-	47 640	-	47 640
Additions of property and equipment, intangible assets and investment property	2 829	917	98	1,085	3 844
Total segment assets	274 614	89 703	47 500	61 657	473 474
Total segment liabilities	154 322	57 433	8 881	32 468	253 104

24 Events after the reporting date

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

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OTHER NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

KEY FINANCIAL AND PERFORMANCE INDICATORS

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

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

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

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

**** Loans issued.

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

Definitions of ratios

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