

AS “ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM”

Unaudited interim condensed financial report
for the twelve-month period ended 31 December 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

In 2019, the Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company), earned a profit of EUR 8.1 million.

Key financial and performance indicators of the Group

	2019 (unaudited)	2018 (audited)	2017 (restated)
Key financial data			
Net income from interest, fees and commission (EUR '000)	12,294	11,554	11,602
Profit for the period (EUR '000)	8,131	4,092	8,709*
Cost to income ratio (CIR)	51.93%	77.1%	50.3% *
Employees	203	222	230
Total assets (EUR '000)	558,559	495,939	453,668 *
Tangible common equity (TCE)/total tangible managed assets (TMA) **	29.3%	31.7%	35.1% *
Equity and reserves (EUR '000)	232,884	221,590	222,848 *
Total risk coverage: (EUR '000)	86,323	77,815	67,593*
Risk coverage reserve	98,645	85,276	62,651*
Risk coverage reserve used for provisions	-27,829	-19,268	-4,753
Portfolio loss reserve (specific reserve capital)	15,507	11,807	9,695
Liquidity ratio for 180 days ***	583%	227%	482% *
Financial instruments (gross value)			
Outstanding (EUR '000) (by financial instrument)			
Loans	240,412	217,131	207,585
Guarantees	284,232	236,895	182,376
Venture capital funds	67,198	59,698	53,152
Total	591,842	513,724	443,113
Number of contracts	22,022	18,280	14,402
Volumes issued (EUR '000) (by financial instrument)			
Loans***	71,559	66,443	51,869
Guarantees	98,240	88,765	68,615
Venture capital funds	9,022	4,149	2,638
Total	178,821	159,357	123,122
Number of contracts	5,466	5,464	4,697
Leverage for raised private funding	142%	162%	185%

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

** 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.

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

Financial instrument portfolio

As at 31 December 2019, the Group held a (gross) portfolio of the financial instruments at a total value of EUR 591.8 million issued for 22,022 projects under the support programmes.

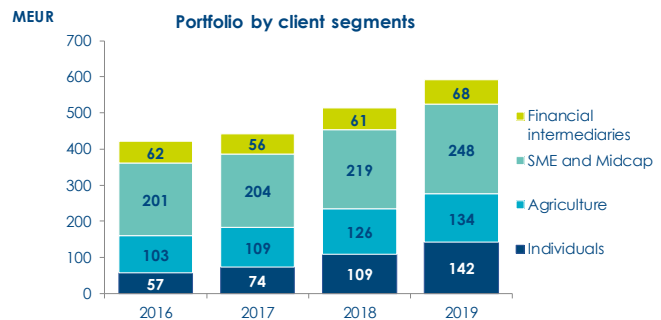
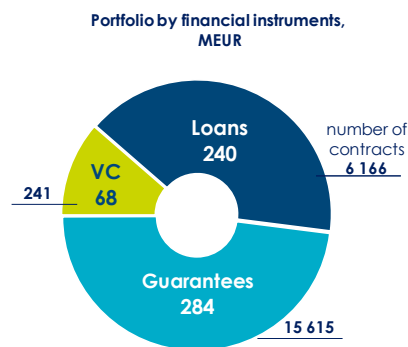
In 2019, the portfolio of the Group's financial instruments increased by 15.2% (EUR 78.1 million) in terms of volume and by 20.5% in terms of the number of projects (by 3,742 projects).

Among the financial instruments, the guarantee portfolio had the most rapid growth in 2019 increasing by 20% in terms of volume (+ EUR 47.3 million) and by 31% in terms of the number of transactions, while the venture capital funds increased by 12.6% (+ EUR 7.5 million) in terms of volume and by 17% in terms of the number of transactions. The loan portfolio increased by 10.7% (+ EUR 23.3 million) in terms of volume and by 0.26% in terms of the number of transactions.

Management Report (cont'd)

In 2019, the greatest increase in the guarantee portfolio was mainly because of credit guarantees to enterprises (+ EUR 23.1 million), Housing Guarantees for Families with Children (+ EUR 18.2 million), Guarantee Programme for Improvement of Energy Efficiency of Multi-apartment Buildings (EEPMB) (+ EUR 10.4 million) as well as SME Portfolio Guarantee Programme (+ EUR 8.9 million) and Housing Guarantees for Young Professionals (+ EUR 6.4 million)

In 2019, the greatest growth of the loan portfolio was ensured by the following: land leaseback transactions (+ EUR 7.9 million), loans for acquisition of agricultural land intended for agricultural production (+EUR 7.9 million), SME growth loans (+EUR 7.3 million) and SME growth loans for the company's energy efficiency (+ EUR 6.2 million), which are funded by green bonds.

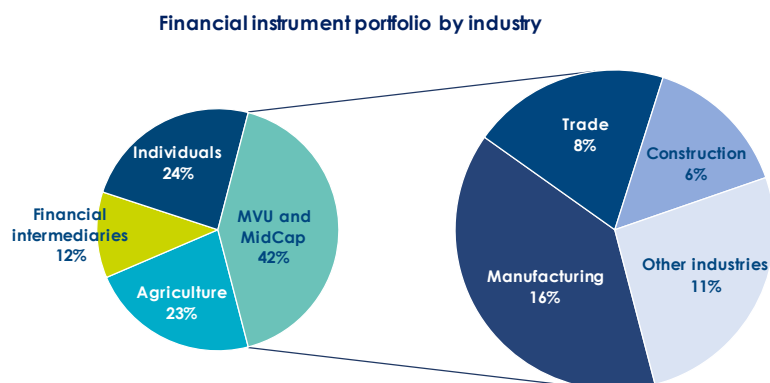


Group 31/12/2019

The portfolio of the Group's financial instruments is broken down as follows: the largest segment is that of SMEs and Midcaps – 41.9%, Individuals – accounts for 24%, the segment of Agriculture – 22.6% and Financial Intermediaries – 11.5%.

In 2019, the volume of the financial instrument portfolio increased in all segments – Individuals +30.5% (+EUR 33.1 million), SMEs and Midcaps +13.4% (+ EUR 29.3 million), Agriculture + 6.7% (+EUR 8.4 million) and Financial Intermediaries +12.5% (+EUR 7.3 million).

As at 31 December 2019, manufacturing (16%), trade (8%) and construction (6%) sectors constituted the biggest proportion in the SME and Midcap segment.



Group 31/12/2019

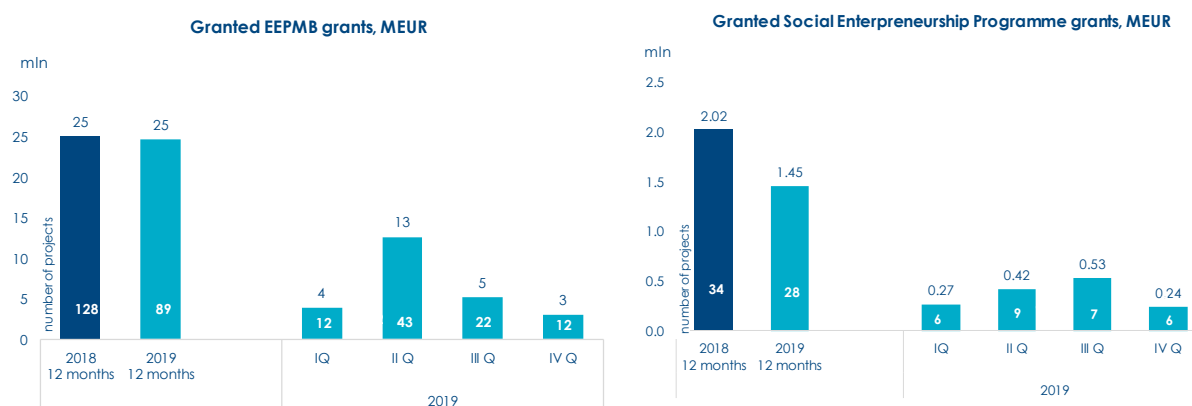
As at 31 December 2019, the balance sheet of the Land Fund administered by the Group listed 668 properties with a total land area of 13,413 ha worth EUR 38 million, which is by 239 properties more compared to the end of 2018. As at 31 December 2019, the investment properties rented to farmers constituted a total land area of 7,996 ha worth EUR 23.4 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 5,404 ha worth EUR 14.8 million (31 December 2018: 2,185 ha, EUR 6.92 million).

Management Report (cont'd)

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).

Implementing the EEPMB programme, by 31 December 2019 a total of 255 grants were awarded for EUR 53.4 million, of which 12 grants for EUR 2.8 million in 4Q. It should be noted that successful progress of the EEPMB programme requires direct involvement of people and, consequently, their awareness of renovation solutions, investments and benefits. Therefore, communication with inhabitants, their authorised persons and other stakeholders was one of the core factors of the programme implementation. Within less than four years, namely, a year before the scheduled deadline, because of targeted communication focused on authorised persons, applications for renovation projects reached the number required for implementing the programme. In January 2020, Altum stopped accepting new applications passing to next stages of the programme, including evaluation of the submitted projects, awarding of grants; and carrying out renovation to ensure that all works are completed by 30 June 2023.



Group 31/12/2019

As at 31 December 2019, a total of 65 grants for EUR 4.2 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 EIB, 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

In 2019, the total funding disbursed for the implementation of the state aid programmes amounted to EUR 178.8 million, of which 54.9% (EUR 98.2 million) in guarantee programmes, 40% (EUR 71.6 million) in loan programmes and 5.1% (EUR 9 million) in investments of the venture capital funds. In total, 5,466 projects were supported. Compared to the same period last year, the volume of the new transactions was larger by 12.2% (EUR 19.5 million) in 2019.

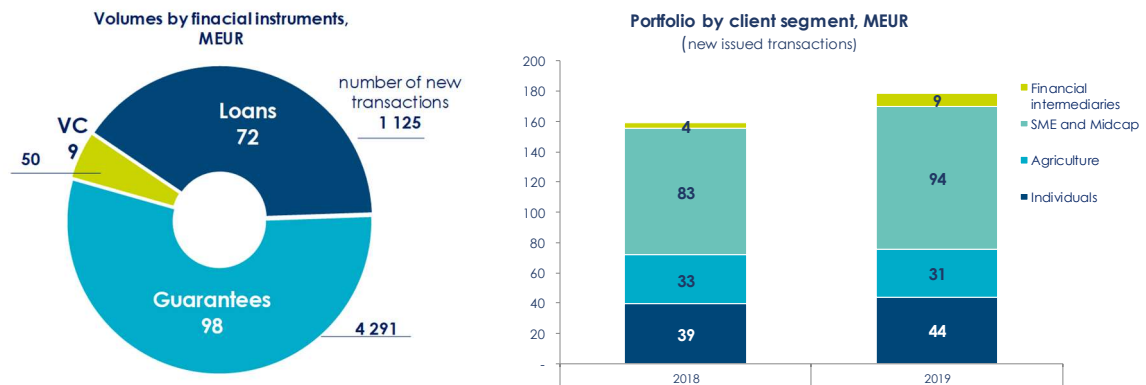
In 2019, the largest volume of new transactions was recorded in the segment of SMEs and Midcaps – 52.6%; in the other segments: Individuals – 24.7%, Agriculture – 17.6%, Financial Intermediaries – 5.1%.

Compared to the twelve months of 2018, the volume of new transactions in the SME and Midcap segment has grown by 13% (+ EUR 10.9 million), Individuals – by 12.6% (+ EUR 5 million) and Financial Intermediaries – by EUR 4.9 million more new transactions, while the segment of Agriculture demonstrates a 3.7% (-EUR 1.2 million) decrease, which can be explained by the impact of favourable weather conditions in 2019 on the agricultural sector.

In 2019, the number of new loans issued amounted to EUR 71.6 million, which is by 7.7% more than in the year 2018. The largest increase came from loans issued to companies for implementing energy efficiency projects and to energy service companies (ESCO) operating in the business segment. The said loans are financed by funds raised by green bonds. In 2019 the loan volume was EUR 6.7 million, which by EUR 5 million exceeded that of 2018. The largest volume of loans in 2019 is in the energy efficiency segment, which dominates strongly in terms of number of projects and funding volume for transactions in renewable energy, sustainable transport and green building segments, where first loans were granted in 2019 and a number of project applications were received.

Management Report (cont'd)

Energy efficiency investment projects are being implemented not only by companies but also in the municipal sector, where solutions for heating systems are mainly implemented. Several ESCO projects in the field of lighting and technology should also be highlighted as well. It should be noted that the good results are due to the explanatory work carried out, yielding a changing attitude of Latvian companies in favour of green and sustainable investments, considering not only gains these investments bring to the mitigation of climate change but also to immediate financial benefits of the company by decreased consumption of energy resources and maintenance costs.



Group 31/12/2019

The average volume of new loan transactions increased from EUR 54.8 thousand in 2018 to EUR 63.6 thousand in 2019 mostly due to the increase of the average transaction amount of new loans under the SME Growth Loans Programme from EUR 94 thousand in 2018 to EUR 108.3 thousand in 2019. Another factor was introducing the centralised procedure of reviewing applications for micro loans, thus increasing the capacity of employees in the regional centres for dealing with large projects.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand Altum has already supported 211 projects (COSME – 51 projects, EaSI – 160 projects) of which 122 projects were supported in 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 2019, there were issued new guarantees for EUR 98.2 million or by 10.7% more than in 2018. Most of the increase was because of the Portfolio Guarantee Programme launched in 2H 2018, whose volume of new transactions reached EUR 9.7 million in 2019. Due to the minimised transaction review procedure applicable to standard profile clients, the overall procedure for granting funds to customers is much faster as well as more convenient for the commercial bank itself. Thus, the portfolio guarantee instrument has proved itself as a successful product for funding just small and medium enterprises where the transaction amounts are relatively small. Optimal use of the commercial bank's capacity may ensure that these enterprises receive the required funding from the commercial bank up to EUR 250 thousand (investment loans, working capital loans, leases), which previously, in fact, was impossible, applying individual guarantees. In 2019, if compared to 2018, a sizeable increase in the volume of new transactions was also demonstrated by the Business Support Guarantees (+EUR 2.8 million) and guarantees under the EEPMB programme (+EUR 1.8 million).

As at 31 December 2019, as part of the Housing Guarantee Programme for Families with Children a total of 13,072 guarantees for EUR 94.9 million of the state aid for housing acquisition were granted. In 2019, guarantees issued under this programme totalled EUR 23.2 million, a 3% increase against the 2018. The programme's guarantees that help saving for the first instalment required to obtain a mortgage loan are used by families throughout Latvia: of the total number of the issued guarantees 79% were granted in Riga and its conurbations, 8% - in Kurzeme region, 7% - in Zemgale region, 4% - in Vidzeme region and 2% - in Latgale region. From March 2018, when the Programme was expanded to include young professionals, up to 31 December 2019, a total of 1,786 guarantees worth EUR 12.8 million were issued to young professionals of which 941 housing guarantees worth EUR 6.8 million were issued to young professionals in 2019.

In 2019, the 4th generation venture capital funds reached stability, namely, a seed venture capital fund, a start-up venture capital fund and two growth-stage venture capital funds. All these funds have raised private investments for carrying out active investing activities. In 2019, the investments made by the funds amounted to EUR 7.25 million of which the share of Altum's public funding totalled EUR 5.3 million. Investments made within the framework of the Baltic Innovation Funds amounted to EUR 3.7 million of which EUR 0.25 million were invested under the Baltic Innovation Fund 2, which is Altum's first investment in this Fund.

Management Report (cont'd)

The Baltic Innovation Fund 2 is managed by the EIF. Its total capital is EUR 156 million contributed by the following institutions: 16.7% by each of the development finance institutions of the Baltic countries and 50% - by the EIF. In 2019, the acceleration pre-seed funds made 40 investments amounting to EUR 1.3 million, while the acceleration seed funds made 3 investments amounting to EUR 0.27 million.

In 2019, compared to 2018, the activities of the Land Fund gained momentum. The Fund effected land acquisition transactions for EUR 9.1 million, which is by EUR 5.2 million more than in 2018, and concluded leaseback transactions for EUR 7.2 million.

New products and increasing operational efficiency

In December 2019, Altum signed a loan agreement with the EIB for EUR 18 million for funding sustainable climate change mitigation projects. In addition to funds raised by green bonds, this funding will allow for offering loans to enterprises and ESCO with a considerably longer maturity up to 15 years aligning it with the investment project payback period. This loan agreement is supported by the EIB guarantee agreement regarding the loans issued by Altum thus making Altum's funding with a lower interest rate and less collateral sustainable for implementation of projects on climate change mitigation, energy efficiency including.

To support the achievement of the strategic goals of Altum regarding the development of the guarantee instrument, at the beginning of 2019, the products of credit guarantees for enterprises and farmers were considerably improved making them even more accessible to business community.

To simplify the implementation of the Agricultural Credit Guarantee Programme, new Cabinet regulations were approved in January 2019. They provide a considerable improvement regarding farmers' access to finance, namely, the guarantee amount up to 80% (previously from 50% to 80%) and the total maximum amount of a guarantee of EUR 1 million (previously from EUR 43 thousand to 712 thousand). Guarantees were also established for all the products of commercial banks – not only for loans but also for finance leases, factoring, bank guarantee limits or letters of credit. These Cabinet regulations reduced the administrative burden on transactions for both the borrower and the commercial bank thus speeding up the guarantee issuing process.

Since April 2019, with coming into effect of the amendments to the Cabinet regulations regarding credit guarantees to economic operators, the maximum guarantee amount has been increased from EUR 3 million to EUR 5 million, which was also highlighted as one of the goals in Altum's strategy. The scope of guarantees has been expanded considerably, too, – now Altum may issue guarantees for loans for acquisition of shares.

In its turn, since April 2019, the amount of parallel loan for all applicants has been established up to 45% (previously from 35%-45%) of the total eligible expenditure of the project. It is also possible to provide a parallel loan together with a financial service delivered by an international financial institution, previously – only if coupled with services of a Latvian commercial bank.

Regarding working capital loans offered by Altum to farmers in view of the amendments to the Cabinet regulations of December 2019, the range of beneficiaries has been by widened, including companies operating in the fishery and aquaculture sectors.

In 2019, the Cabinet approved several amendments to the terms and conditions of the EEPMB programme. Since February, according to the changes in this Programme, the maximum amount of the grant has been increased from 35% to 50% for the bodies implementing EEPMB projects provided they are executed with the help of Altum's loan. In view of the amendments to the Cabinet regulations of December 2019, ESCOs may ensure full implementation of a complex energy efficiency improvement project as well as carrying it out at a higher quality. This is due to the changes in the procurement regulation for ESCOs as to the selection of construction companies, namely, enabling them to select the best applicant for rendering construction services.

Since spring 2019, Altum has acted as a national contact point (hub) of the Juncker Plan. Altum develops and strengthens the investment consulting services provided under the Juncker Plan in Latvia assisting developers of large investment projects in preparing higher quality project applications for the EIB. In 2019, Altum provided consultative support to several investment projects for a total amount of EUR 230 million making them eligible for co-funding by the EIB. It should be noted that grants up to 75% of the expenses for preparation of the project application (business plan, financial outlook and other expenses for outsourced project preparation services) are available to the developers of such projects.

As in spring 2019, Citadele and SEB is going to enlarge the existing range of credit institutions – Swedbank, Unicredit Leasing and Luminor – where Altum's portfolio guarantees are available for the banking products, further increase in the volume of portfolio guarantees and availability of banking products to SME transactions up to EUR 250 thousand are expected.

Management Report (cont'd)

In 2H 2019, the Cabinet approved conceptually a new lending model for study and student loans. Under the new model, Altum will act in the capacity of a guarantor offering guarantees in the form of a portfolio guarantee instrument. At present, preparing is under way to ensure that housing guarantees, in 2019 reaching 2,904 (amounting to EUR 23.2 million), could be issued as a portfolio guarantee instrument already in 2020. Accordingly, in standard profile beneficiary transactions, Altum employees would no more be involved in reviewing individual transactions and the overall loan generation procedure would be speeded up.

In 2019, 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. This in its turn has sharply reduced the timeframe necessary for making decision on allocation of funding as well as increased the capacity of the employees of regional centres in terms of reviewing large projects. The granted amount under the centralised remote reviewing of applications and in regional centres increased by 17% or EUR 7.7 million, but the number of granted loans decreased by 7%. The average amount granted in regional centres increased from EUR 40 thousand in 2018 to EUR 71.4 thousand in 2019.

Although in 2019 the average number of employees decreased by 8.6% against the year 2018, the total amount of new loans issued in the reporting period compared with the year 2018 increased by 7.8%. As at 31 December 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 881 thousand (in 2018: EUR 2.3 million and EUR 717.8 thousand respectively per employee).

This year for the first time Altum applied for the Sustainability Index organised by the Institute for Corporate Sustainability and Responsibility, and scored Platinum Category accordingly. This is acknowledgement of the invisible daily performance of companies to become responsible earners, i.e., able to compete in the new business environment successfully. Every participating company acquires a social dimension, too, as there meet the interests of the shareholder, employee, client, environment, business partners and third parties. Balancing of these interests is a pre-condition for sustainable operation and financiers play and will play an immensely important role there.

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%). The maturity date of these bonds is 7 March 2025. ALTUM will use the proceeds from the bonds for funding sustainable agriculture business projects that are vital for national economy. At present, the value of the bonds listed on Nasdaq Riga is EUR 45 million.

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

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."

Management Report (cont'd)

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 risks, the Group retains the long-term capability of implementing the established operational targets and assignments.

To manage risks, the Group applies various risk management methods and instruments as well as establishes risk limits and restrictions. The choice of the risk management methods is based on the materiality of the particular risk and its impact on the Group's 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 86.3 million (as at 31 December 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 latter consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less the risk coverage reserve used for provisions.

Since 2018, Altum has introduced a centralised client compliance assessment as stipulated by the Law on Prevention of Money Laundering and Terrorist Financing (AML/CFT Law) and the Law on International Sanctions and National Sanctions of the Republic of Latvia. At the beginning of 2019, the assessment procedure was automated. In February 2019, Altum launched a scoring system for customer compliance with the AML/CFT Law. According to the scoring system, a ML/FT risk score is assigned to each customer who applies for a loan, grant or export credit guarantee instrument as well as each investee under venture capital instruments.

Future Outlook

In order to ensure that Altum has direct access to the funds available under the InvestEU Programme 2021–2027, in addition to the already available EU funds, in 2019 the required steps for Pillar Assessment of Altum were taken. Its first stage includes Altum's self-assessment regarding the compliance of its internal control system, accounting system, internal and external procedures with the requirements set by the European Commission. This self-assessment is subject to valuation performed by the audit firm KPMG selected by the European Commission within the framework of the EC technical assistance project. At first, a mock assessment is carried out, followed by the real compliance assessment of Altum's activities.

In 2020, the new lending model for study and student loans is expected to be introduced in Latvia to ensure the availability of funding for the academic year 2020/2021. The major advantage of the new lending model is revoking the requirement for another guarantor and simplification of some procedures (digitalisation of the services, remote conclusion of agreements using e-signature); it would provide for receiving a loan within the shortest time possible. Neither the choice of the bank for granting a loan will be restricted, i.e., several credit institutions might qualify for issuing loans. Considering that in the new lending model Altum will offer the portfolio guarantee instrument, active digitalisation of the guarantee procedure takes place.

Altum, together with stakeholders, work on new products that could support and enhance competitiveness of Latvian enterprises in case of possible economic recession.



Reinis Bērziņš
Chairman of the Board

27 February 2020

Supervisory Council and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	29.12.2016.	28.12.2019.
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.	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.

In 2019, there are changes in the Management Board. Juris Vaskāns has resigned from the Management Board as at 28 November 2019.

Statement of Management's responsibility

Riga

27 February 2020

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 12 to 47 for the period 1 January 2019 to 31 December 2019. The Management confirms that the Group's and the Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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



Reinis Bērziņš
Chairman of the Board

Statement of Comprehensive Income

All amounts in thousands of euro

	Notes	Group 01.01.2019.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited) *	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited) *
Interest income	4.	13 345	12 450	13 345	12 450
Interest expense		(1 775)	(763)	(1 775)	(763)
Net interest income		11 570	11 687	11 570	11 687
Income for implementation of state aid programmes	5.	5 856	3 337	5 856	3 337
Expenses to be compensated for implementation of state aid programmes	6.	(5 584)	(3 391)	(5 584)	(3 391)
Net income for implementation of state aid programmes		272	(54)	272	(54)
Gains or losses from trading securities and foreign exchange translation		90	122	90	122
Share of (losses) of investment in joint venture and associate	10.	(1 269)	(1 348)	(1 269)	(1 348)
Share of gain of investment in joint venture and associate at fair value through profit or loss	10.	18	257	18	257
Gains less losses from liabilities at fair value through profit or loss		1 262	953	1 262	953
Other income		2 432	1 125	2 432	1 125
Other expense		(590)	(102)	(590)	(102)
Operating income before operating expenses		13 785	12 640	13 785	12 640
Staff costs		(4 640)	(5 861)	(4 640)	(5 861)
Administrative expense		(1 821)	(3 147)	(1 821)	(3 147)
Amortisation of intangible assets and depreciation of property, plant and equipment		(787)	(620)	(787)	(620)
(Impairment) gain or loss, net	7.	1 699	672	1 699	672
Profit before corporate income tax		(105)	408	(105)	778
Profit before corporate income tax		8 131	4 092	8 131	4 462
Corporate income tax		-	-	-	-
Profit for the period		8 131	4 092	8 131	4 462
Other comprehensive income:		(813)	(2 495)	(813)	(2 495)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(813)	(2 495)	(813)	(2 495)
Total comprehensive income for the period		7 318	1 597	7 318	1 967
Profit is attributable to:					
Owners of the Company		8 131	4 092	-	-
Non-controlling interest		-	-	-	-
Profit for the period		8 131	4 092	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(813)	(2 495)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		7 318	1 597	-	-

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

The accompanying notes on pages 17 through 47 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Board



Kaspars Gibeiko
Chief Accountant

27 February 2020

Statement of Financial Position

All amounts in thousands of euro

	Notes	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited) *	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited) *
Assets					
Due from credit institutions and the Treasury	8.	181 199	137 026	181 047	136 646
Financial assets at fair value through profit or loss		4 217	1 160	-	-
Financial assets at fair value through other comprehensive income - investment securities		47 980	50 389	47 980	50 389
Financial assets at amortised cost:					
Investment securities		439	467	439	467
Loans and receivables	9.	220 129	197 755	220 129	197 473
Grants		17 186	22 561	17 186	22 561
Deferred expense		682	349	682	349
Accrued income		1 649	1 723	1 649	1 723
Assets held for sale		-	11 343	-	11 343
Investments in venture capital funds – associates	10.	51 410	50 239	51 410	50 239
investments in subsidiaries		-	-	3 812	1 492
Investment property	11.	24 366	14 794	24 366	14 794
Property, plant and equipment		5 115	4 228	5 115	4 228
Intangible assets		1 395	1 347	1 395	1 347
Other assets	12.	2 792	2 558	2 792	2 558
Total assets		558 559	495 939	558 002	495 609
Liabilities					
Due to credit institutions	13.	29 542	38 245	29 542	38 245
Financial liabilities at fair value through profit or loss – derivatives		-	2	-	2
Due to general governments	14.	86 272	48 110	86 272	48 110
Financial liabilities at amortised cost - Issued debt securities		45 348	29 943	45 348	29 943
Deferred income		3 091	2 181	3 091	2 181
Accrued expense		466	830	466	830
Provisions	15.	31 076	25 373	31 076	25 373
Support programme funding	16.	127 597	126 959	127 597	126 959
Other liabilities		2 283	2 706	2 270	2 643
Total liabilities		325 675	274 349	325 662	274 286
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	17.	16 563	7 965	16 563	7 610
Revaluation reserve of financial assets measured at fair value through other comprehensive income	17.	2 784	3 597	2 784	3 597
Retained earnings		8 131	4 900	8 131	5 254
Net assets attributable to the Company's owners		232 340	221 324	232 340	221 323
Non-controlling interest		544	266	-	-
Total equity		232 884	221 590	232 340	221 323
Total equity and liabilities		558 559	495 939	558 002	495 609

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

The accompanying notes on pages 17 through 47 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Board



Kaspars Gibeiko
Chief Accountant

27 February 2020

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	-	-	-	-	4 092	-	4 092
Other comprehensive income	-	-	(2 495)	-	-	-	(2 495)
Total comprehensive income	-	-	(2 495)	-	4 092	-	1 597
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-	-
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	-	-	-	-	8 131	-	8 131
Other comprehensive income	-	-	(813)	-	-	-	(813)
Total comprehensive income	-	-	(813)	-	8 131	-	7 318
Changes of reserves	-	3 345	-	-	353	-	3 698
Distribution of profit of previous years	-	791	-	-	(791)	-	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-	-
Non-controlling interest	-	-	-	-	-	278	278
As at 31 December 2019 (unaudited)	204 862	16 563	2 784	-	8 131	544	232 884

The accompanying notes on pages 17 through 47 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	-	-	-	-	4 462	4 462
Other comprehensive income	-	-	(2 495)	-	-	(2 495)
Total comprehensive income	-	-	(2 495)	-	4 462	1 967
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-
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	-	-	-	-	8 131	8 131
Other comprehensive income	-	-	(813)	-	-	(813)
Total comprehensive income	-	-	(813)	-	8 131	7 318
Distribution of profit of previous years	-	791	-	-	(791)	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-
Increase of reserve capital	-	3 700	-	-	-	3 700
As at 31 December 2019 (unaudited)	204 862	16 563	2 784	-	8 131	232 340

The accompanying notes on pages 17 through 47 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group 01.01.2019.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited)	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited)
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		8 131	4 092	8 131	4 462
Amortisation of intangible assets and depreciation of property, plant and equipment		786	620	786	620
Interest income	4.	(9 882)	(11 934)	(9 882)	(11 934)
Interest received		6 205	8 687	6 205	8 687
Interest expenses		1 433	763	1 433	763
Interests paid		(1 082)	(542)	(1 080)	(542)
(Decrease) / increase in provisions for impairment	7.	(1 699)	(672)	(1 699)	(672)
(Increase) in share of profit / (loss) in joint venture and associate capital funds		-	(207)	-	(207)
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		3 892	807	3 894	1 177
Due from credit institutions decrease		3 114	888	3 114	888
Decrease / (increase) of loans		(20 575)	(4 237)	(20 857)	(3 954)
Decrease / (increase) of grants		5 375	(19 803)	5 375	(19 803)
Due to credit institutions (decrease)		29 398	(4 246)	29 396	(4 247)
Increase in deferred income and accrued expense		546	634	546	634
(Decrease) in deferred expense and accrued income		(259)	184	(259)	184
Investments in financial lease		(919)	-	(919)	-
(Increase) of other assets		12 533	639	12 533	(1 731)
Increase / (decrease) in other liabilities		10 408	33 131	10 181	34 803
Corporate income tax		-	-	-	-
Net cash flows to/ from operating activities		43 513	7 997	43 004	7 951
Cash flows from investment activities					
Sale of investment securities		4 146	12 856	4 146	12 856
Acquisition of property, plant and equipment and intangible assets		(802)	(1 596)	(802)	(1 596)
Purchase of investment properties		(9 604)	(3 754)	(9 604)	(3 754)
Sale of investment properties		32	-	32	-
Sale of assets held for sale		-	-	-	-
Investments in venture capital funds, net		(1 945)	1 961	(1 945)	1 961
Investments of subsidiaries in share capital		(3 057)	(1 160)	(2 320)	-
Investments in subsidiaries		-	-	-	(1 492)
Net cash flows to/ from investing activities		(11 230)	8 307	(10 493)	7 975
Cash flows from financing activities					
Issued debt securities		15 000	9 901	15 000	9 901
Increase of capital		-	2 112	-	2 112
Net cash flow from financing activities		15 000	12 013	15 000	12 013
Increase in cash and cash equivalents		47 286	28 317	47 511	27 939
Cash and cash equivalents at the end of period		176 199	128 916	176 047	128 536

The accompanying notes on pages 17 through 47 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 27 February 2020.

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. In August 2019, these funds were liquidated upon receipt of the liquidation quota by the Company.

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

Legal Title	Legal Address	Investment % in share capital
<i>Venture capital funds classified as Subsidiaries</i>		
KS Overkill Ventures Fund I	Dzirnavu iela 105, Rīga, Latvija, LV-1011	100
KS Buildit Latvia Pre-Seed Fund	Sporta iela 2, Rīga, Latvija, LV-1013	100
KS Commercialization Reactor Pre-seed Fund	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, Rīga, 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 Otrās 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 12 months period ended 31 December 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.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited) *	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited) *
Interest on loans and guarantees	11 787	10 450 *	11 787	10 450 *
Interest on securities at fair value	12	25	12	25
Interest on securities at amortised cost	1 529	1 966	1 529	1 966
Interest on balances due from credit institutions	-	-	-	-
Other interest income	17	9	17	9
Total interest income	13 345	12 450	13 345	12 450

* 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 459 thousand (12 months of 2018: EUR 703 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.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited) *	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited) *
Compensation of expenses for management of state support programmes	2 335	1 877 *	2 335	1 877 *
Compensation of venture capital fund management fees	3 247	1 460 *	3 247	1 460 *
Compensation of 2018 year expenses for management of state support programmes	274	-	274	-
Total income from implementation of state support programmes	5 856	3 337	5 856	3 337

* 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.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited) *	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited) *
Compensated staff costs	(1 883)	(1 507) *	(1 883)	(1 507) *
Compensated administrative expense	(452)	(370) *	(452)	(370) *
Compensated venture capital fund management fees	(3 249)	(1 514) *	(3 249)	(1 514) *
Total compensated expense for implementation of state support programmes	(5 584)	(3 391)	(5 584)	(3 391)

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

7 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2019.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited)	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited)
Impairment losses on:	9 998	9 540	9 998	9 540
Loans, net	6 667	4 710	6 667	4 710
<i>impairment losses</i>	8 793	5 917	8 793	5 917
<i>impairment losses covered by risk coverage reserve</i>	(2 126)	(1 207)	(2 126)	(1 207)
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	519	23	519	23
<i>impairment losses covered by risk coverage reserve</i>	(519)	(23)	(519)	(23)
Grants	11	-	11	-
Other assets	247	52	247	52
Due from credit institutions and the Treasury	2	-	2	-
Financial assets related to loan agreements	161	1 751	161	1 751
Debt securities	7	-	7	-
Guarantees, net	2 641	2 939	2 641	2 939
<i>impairment losses</i>	15 752	8 174	15 752	8 174
<i>impairment losses covered by risk coverage reserve</i>	(13 111)	(5 235)	(13 111)	(5 235)
Loan commitments, net	253	88	253	88
<i>impairment losses</i>	608	1 220	608	1 220
<i>impairment losses covered by risk coverage reserve</i>	(355)	(1 132)	(355)	(1 132)
Grant commitments	9	-	9	-
Reversal of impairment on:	(9 952)	(8 764)	(9 952)	(8 764)
Kreditītiem, neto	(4 718)	(2 685)	(4 718)	(2 685)
<i>reversal of impairment</i>	(5 897)	(3 408)	(5 897)	(3 408)
<i>reversal of impairment covered by risk coverage reserve</i>	1 179	723	1 179	723
Disbursed guarantee compensations	(1 788)	-	(1 788)	-
<i>reversal of impairment</i>	(1 902)	(805)	(1 902)	(805)
<i>reversal of impairment covered by risk coverage reserve</i>	114	805	114	805
Grants	(13)	-	(13)	-
Other assets	-	(23)	-	(23)
Due from credit institutions and the Treasury	(5)	-	(5)	-
Financial assets related to loan agreements	(44)	(401)	(44)	(401)
Debt securities	(43)	(211)	(43)	(211)
Guarantees, net	(3 126)	(5 444)	(3 126)	(5 444)
<i>reversal of impairment</i>	(6 692)	(6 876)	(6 692)	(6 876)
<i>reversal of impairment covered by risk coverage reserve</i>	3 566	1 432	3 566	1 432
Loan commitments, net	(208)	-	(208)	-
<i>reversal of impairment</i>	(1 369)	-	(1 369)	-
<i>reversal of impairment covered by risk coverage reserve</i>	1 161	-	1 161	-
Grant commitments	(7)	-	(7)	-
Total impairment (losses) / reversal, net	46	776	46	776
Recovery of loans written off in previous periods	(1 745)	(1 448)	(1 745)	(1 448)
Total impairment (losses) / reversal and income from recovery of loans written-off	(1 699)	(672)	(1 699)	(672)

8 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Due from credit institutions and State Treasury	181 201	137 031	181 049	136 651
<i>cash and cash equivalent</i>	176 199	128 916	176 047	128 536
Impairment allowances	(2)	(5)	(2)	(5)
Net due from credit institutions and State Treasury	181 199	137 026	181 047	136 646

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

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

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

Ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	Withdrawn rating (WR)	Total
Due from credit institutions registered in the Republic of Latvia and the Treasury	-	12 595	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	-	12 435	138 364	23 974	6 428	-	-	-	181 201
Total gross as at 31 December 2019	-	12 435	138 364	23 974	6 428	-	-	-	181 201

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	-	12 435	138 364	23 822	6 428	-	-	-	181 049
Total gross as at 31 December 2019	-	12 435	138 364	23 822	6 428	-	-	-	181 049

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

As at 31 December 2019, the average interest rate on balances due from credit institutions was 0.02% (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 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Private companies	210 650	189 549	210 650	189 267
Individuals	26 894	25 853	26 894	25 853
Financial institutions	585	867	585	867
Local governments	187	239	187	239
Public institutions	2 096	623	2 096	623
Total gross loans	240 412	217 131	240 412	216 849
Impairment allowances	(20 283)	(19 376)	(20 283)	(19 376)
Total net loans	220 129	197 755	220 129	197 473

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Number of customers	29	26	29	26
Total credit exposure of customers (EUR '000)	42 623	35 652	42 623	35 652
Percentage of total gross portfolio of loans	17.73%	16.42%	17.73%	16.44%

9 Loans (cont'd)

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Performing	208 666	178 557	208 666	178 275
Past due up to 30 days	14 193	17 565	14 193	17 565
Past due from 31 to 60 days	2 278	3 012	2 278	3 012
Past due from 61 to 90 days	230	618	230	618
Past due over 90 days	15 045	17 379	15 045	17 379
Total gross loans, without interest accrued on the loans	240 412	217 131	240 412	216 849
Impairment allowances	(20 283)	(19 376)	(20 283)	(19 376)
Total net loans	220 129	197 755	220 129	197 473

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	186 194	163 133	186 194	162 851
Credit risk has increased significantly (Stage 2)	18 219	16 597	18 219	16 597
Loans which have objective evidence of impairment (Stage 3)	35 999	37 401	35 999	37 401
Total gross loans, without interest accrued on the loans	240 412	217 131	240 412	216 849
Impairment allowances	(20 283)	(19 376)	(20 283)	(19 376)
Total net loans	220 129	197 755	220 129	197 473

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

	Group 01.01.2019.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited)	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited)
Allowances at the beginning of the period	19 376	15 438	19 376	15 438
Covered by risk coverage reserve	-	2 557	-	2 557
Impact of IFRS 9 adoption	-	4 324	-	4 324
Allowances for accrued income	-	1 745	-	1 745
Allowances at 1 January 2018	19 376	24 064	19 376	24 064
Increase in impairment allowances (Note 7)	8 793	5 917	8 793	5 917
Decrease in impairment allowances (Note 7)	(5 897)	(3 408)	(5 897)	(3 408)
Accrued interest	-	-	-	-
Write-off of loans	(1 989)	(7 200)	(1 989)	(7 200)
Currency change	-	3	-	3
Allowances at the end of the period ended 31 December	20 283	19 376	20 283	19 376
Group's / Company's share of provisions	14 916	14 426	14 916	14 426
Provisions covered by risk coverage*	5 367	4 950	5 367	4 950

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 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Real estate (loans)	155 057	155 299	155 057	155 299
Real estate (leaseback)	14 774	6 923	14 774	6 923
Movable property	25 659	22 273	25 659	22 273
Guarantees	1 672	305	1 672	305
Total collateral	197 162	184 800	197 162	184 800
Loan portfolio, gross	240 412	217 131	240 412	216 849
Impairment allowances	(20 283)	(19 376)	(20 283)	(19 376)
Loan portfolio, net	220 129	197 755	220 129	197 473
Exposed	10.43%	6.55%	10.43%	6.42%

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Agriculture and forestry	104 019	94 954	104 019	94 954
Manufacturing	49 919	46 192	49 919	46 192
Private individuals	23 323	23 481	23 323	23 481
Other industries	28 161	21 508	28 161	21 226
Retail and wholesale	10 199	11 371	10 199	11 371
Hotels and restaurants	4 143	4 256	4 143	4 256
Electricity, gas and water utilities	7 196	3 958	7 196	3 958
Transport, warehousing and communications	1 045	1 166	1 045	1 166
Real estate	7 485	4 219	7 485	4 219
Construction	2 268	2 586	2 268	2 586
Financial intermediation	681	867	681	867
Fishing	1 786	2 334	1 786	2 334
Municipal authorities	187	239	187	239
Total gross loans	240 412	217 131	240 412	216 849
Impairment allowances	(20 283)	(19 376)	(20 283)	(19 376)
Total net loans	220 129	197 755	220 129	197 473

As at 31 December 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	
		31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)
The 1st generation of VCF	LV	2 387	2 387	1 508	746
The 2nd generation of VCF	LV	18 227	20 399	12 935	14 623
The 3rd generation of VCF	LV	21 493	24 950	20 231	23 763
The 4th generation of VCF	LV	8 622	186	6 447	119
Baltic Innovation fund	LU	72 190	54 942	13 851	10 988
Baltic Innovation fund II	LU	710	-	250	-
Total investments		123 629	102 864	55 222	50 239

As at 31 December 2019 the total VCF portfolio value at cost value was 67,198 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.- 31.12.2019. (unaudited)	01.01.2018.- 31.12.2018. (audited)	01.01.2019.- 31.12.2019. (unaudited)	01.01.2018.- 31.12.2018. (audited)	01.01.2019.- 31.12.2019. (unaudited)	01.01.2018.- 31.12.2018. (audited)
Carrying amount at the beginning of period	39 252	44 898	10 988	8 394	50 240	53 292
Invested	2 616	255	3 708	2 825	6 324	3 080
Refunded	(3 289) *	(4 553)	(613)	(488)	(3 902)	(5 041)
Share of net loss of investment in joint venture and associate	(1 269)	(1 348)	-	-	(1 269)	(1 348)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	18	257	18	257
Carrying amount at the end of the period ended at 31 December	37 310	39 252	14 101	10 988	51 410	50 239
Impairment	-	-	-	-	-	-
Net carrying amount at the period ended at 31 December	37 310	39 252	14 101	10 988	51 410	50 239

* include mezzanine interest repaid in 2019 for the amount of EUR 776 thsd.

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

- EUR 825 thousand (12 months of 2018: EUR 1,339 thousand) from the risk coverage reserve used to cover management fees for the 2nd and 3rd generation venture capital funds;
- EUR 481 thousand (12 months of 2018: EUR 469 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 94 thousand (12 months of 2018: EUR 175 thousand), of which EUR 94 thousand (12 months of 2018: EUR 121 thousand) was compensated from the risk coverage reserve;
- Management fees for the Baltic Innovation Fund II amounting to EUR 49 thousand (12 months of 2018: 0), of which EUR 49 thousand (12 months of 2018: 0) 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 1,219 thousand (12 months of 2018: 0) were covered by the risk coverage reserve.

11 Investment properties

All amounts in thousands of euro

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (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*	9 145	3 988	9 145	3 988
Disposals during the reporting period	(98)	(234)	(98)	(234)
Net gain from fair value adjustment	525	232	525	232
Carrying amount at the end of the period	24 366	14 794	24 366	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 31.12.2019. (unaudited)	Group 31.12.2018. (audited) *	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited) *
Financial assets	5 171	7 774	5 171	7 774
Other assets (inventory)	503	819	503	819
Total other assets, gross	5 674	8 593	5 674	8 593
Impairment allowances for financial assets	(2 882)	(6 035)	(2 882)	(6 035)
Group's / Company's share of provisions	(2 058)	(3 814)	(2 058)	(3 814)
Provisions covered by risk coverage*	(824)	(23)	(824)	(23)
Provisions compensated by risk coverage		(2 198)		(2 198)
Total financial assets, net	2 289	1 739	2 289	1 739
Total other assets, net	2 792	2 558	2 792	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 12 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	(3 333)		(979)	1 709	(2 603)
Reclassification		(22 575)			(22 575)
As at 31 December 2019	2 361	-	163	2 647	5 171
Impairment provision					
At the beginning of period	5 694	14	76	265	6 049
Changes in impairment allowances	(3 333)		66	114	(3 153)
Reclassification		(14)			(14)
As at 31 December 2019	2 361	-	142	379	2 882
Net book value at the beginning of period	-	22 561	1 066	673	24 300
Net book value as at 31 December 2019 (unaudited)	-	-	21	2 268	2 289

* 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 12 months of 2019.

13 Due to credit institutions

All amounts in thousands of euro

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Due to credit institutions registered in OECD countries	29 542	38 245	29 542	38 245
Total due to credit institutions	29 542	38 245	29 542	38 245

Balances due to credit institutions registered in the OECD countries include loan received by the Group / Company from the EIB of EUR 29,542 thousand (31 December 2018: EUR 38,245 thousand), of which EUR 29 thousand constitutes accrued interest expenses (31 December 2018: EUR 58 thousand). In 2019, the Group / Company repaid EUR 8,680 thousand, of which accrued interest was EUR 157 thousand. The Ministry of Finance of the Republic of Latvia has issued a guarantee for the loan of EUR 29,542 thousand ((31 December 2018: EUR 38,187 thousand)), to strengthen the collateral for the loan received by the Group / Company from the EIB. This guarantee is considered a parent guarantee on behalf of the Group / Company. In turn the guarantee of the Ministry of Finance is provided by pledge of the Group's / Company's assets in favour of the Ministry of Finance in amount of EUR 29,542 thousand (2018. gada 31. decembrī: EUR 38,205 thousand).

13 Due to credit institutions (cont'd)

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

As at 31 December 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 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Due to government entities	-	2 724	-	2 724
Loans received from Rural Support Service	5 565	7 171	5 565	7 171
Loans received from the Treasury	80 707	38 215	80 707	38 215
Total due to general governments	86 272	48 110	86 272	48 110

Item Loans received from Rural Support Service includes financing for the Credit Fund, which was set up in 2010 to provide loans to agricultural and fisheries enterprises through financial intermediaries. As at 31 December 2019, the Group / Company has liabilities consisting of a principal amount of EUR 5,337 thousand (31 December 2018: EUR 6,903 thousand) and accrued interest in amount of EUR 228 thousand (31 December 2018: EUR 269 thousand). The maturity is 30 January 2027. The loan from the Rural Support Service is unsecured.

Item Loans received from the Treasury includes borrowings received by the Group / Company for the purpose of implementing such loan programs:

- Agricultural Land Purchase Program: principal outstanding as at 31 December 2019 amounts to EUR 67,399 thousand (31 December 2018: EUR 38,215 thousand), the maturity of the loan is 31 December 2050. The commercial pledge on the Group's / Company's claims on loans under the program serves as collateral. As at 31 December 2019, the Company still has financing available under the loan agreement in amount of EUR 8,979 thousand, the size and pace of its withdrawal depends on the further volume of new loan transactions. As at 31 December 2019, the amount of the security claim was EUR 67,400 thousand (31 December 2018: EUR 38,215 thousand).
- SME Growth Loan Program: principal outstanding as at 31 December 2019 amounts to EUR 9,997 thousand (31 December 2018: EUR 0), the maturity of the loan is 31 December 2040. The commercial pledge on the Group's / Company's claims on loans under the program serves as collateral. It is planned to increase the amount of the loan, and the amount and pace of its withdrawal depends on the further volume of new loan transactions. As at 31 December 2019 the amount of the security claim was EUR 11,996 thousand (31 December 2018: EUR 0).
- Latvian Land Fund (used to fund Fund's transactions): principal outstanding as at 31 December 2019 amounts to EUR 3,309 thousand (31 December 2018: EUR 0), the maturity of the loan is December 29, 2028. The collateral serves as a mortgage on real estate purchased that is financed from this loan. As at 31 December 2019, the Group / Company still has financing available under the loan agreement for EUR 6,617 thousand, the amount and pace of withdrawal depends on the further volume of new business. As at 31 December 2019, the amount of registered mortgage was EUR 8,284 thousand.

The Company has also concluded the following loan agreements with the Treasury under which the disbursement of funding has not been started so far:

- Micro-loan and Start-up Loan Program: amount of loan agreement is EUR 23,000 thousand, the maturity is 31 December 2028, a commercial pledge is on the Company's claims for loans under the Program to secure the fulfillment of its obligations. The size and pace of its drawdown depends on the volume of new loan transactions. The maximum amount of the secured claim is EUR 27,600 thousand.
- Parallel Loan Program: amount of loan agreement is EUR 20,000 thousand, maturity is 31 January 2036, a commercial pledge is on the Company's claims for loans under the Program. The size and pace of its drawdown depends on the volume of new loan transactions. The maximum secured claim is EUR 24,000 thousand.

Accrued interest on loans received from the Treasury as at 31 December 2019 is EUR 1,302 thousand (31 December 2018: EUR 531 thousand).

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 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Provisions for financial guarantees	30 606	24 144	30 606	24 144
Group's / Company's share of provisions	9 294	10 982	9 294	10 982
Provisions covered by risk coverage	21 312	13 162	21 312	13 162
Provisions for loan commitments	458	1 220	458	1 220
Group's / Company's share of provisions	132	88	132	88
Provisions covered by risk coverage	326	1 132	326	1 132
Provisions for grant commitments	12	9	12	9
Group's / Company's share of provisions	12	9	12	9
Provisions covered by risk coverage	-	-	-	-
Total provisions	31 076	25 373	31 076	25 373
Group's / Company's share of provisions	9 438	11 079	9 438	11 079
Provisions covered by risk coverage	21 638	14 294	21 638	14 294

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

	Group 01.01.2019.- 31.12.2019. (unaudited)	Group 01.01.2018.- 31.12.2018. (audited)	Company 01.01.2019.- 31.12.2019. (unaudited)	Company 01.01.2018.- 31.12.2018. (audited)
Provisions at the beginning of the period	24 144	5 986	24 144	5 986
Impact of IFRS 9 adaption	-	6 123	-	6 123
Reclassification IAS 37 (Provisions for onerous contracts)	-	8 544	-	8 544
Provisions covered by risk coverage	-	2 196	-	2 196
Provisions as at 1 January 2018	24 144	22 849	24 144	22 849
Increase in provisions (Note 7)	15 752	8 174	15 752	8 174
Decrease in provisions (Note 7)	(6 692)	(6 876)	(6 692)	(6 876)
Reclassification (Disbursed guarantee)	(2 597)	-	(2 597)	-
Currency change	(1)	(3)	(1)	(3)
Provisions at the end of the period	30 606	24 144	30 606	24 144
Group's / Company's share of provisions	9 294	10 982	9 294	10 982
Provisions covered by risk coverage	21 312	13 162	21 312	13 162

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	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)
ERDF II	7 928	11 888	4 318	5 208	(902)	(984)	7 026	10 904
ESF II	974	1 422	478	1 225	(132)	(363)	842	1 059
Microcredits of Swiss programme	5 458	5 435	718	1 366	(24)	(43)	5 434	5 392
ERDF I	586	606	138	197	(17)	(28)	569	578
ESF I	317	380	58	157	(37)	(77)	280	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 709	5 733	745	1 662	(124)	(186)	5 585	5 547
Incubators (from ESF II)	80	78	11	20	-	(2)	80	76
ERAF II 2 Public fund	285	2 396	129	317	(15)	(16)	270	2 380
Fund of Funds and venture capital funds	13 412	24 914	10 730	19 931	-	-	13 412	24 914
Fund of Funds programme - Start-up loans	2 623	2 283	2 623	2 282	(355)	(354)	2 268	1 929
Fund of Funds programme – Microcredits	309	297	309	297	(29)	(42)	280	255
Fund of Funds programme - Parallel loans	3 425	2 143	3 425	2 143	(1 907)	(2 044)	1 518	99
Fund of Funds programme - Guarantees	21 566	14 981	21 566	14 981	(8 591)	(4 254)	12 975	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	3 751	2 388	3 751	2 388	(14)	-	3 737	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	6 163	3 008	4 917	2 400	(1 007)	(530)	5 156	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	25 567	31 305	-	-	-	-	25 567	31 305
Housing Guarantee Programme	14 005	6 849	14 005	6 849	(8 093)	(5 769)	5 912	1 080
Social Entrepreneurship Programme	1 084	302	-	-	-	-	1 084	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 994	1 000	(277)	(342)	1 701	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 753	6 158	(1 225)	(1 090)	6 528	5 068
Other loans to start-ups	1 418	2 407	487	898	(91)	(94)	1 327	2 313
Mezzanine Loan Programme	4 510	3 806	3 608	3 045	(2 967)	(2 906)	1 543	900
Investment Fund Activity	1 513	1 130	1 242	836	-	-	1 513	1 130
Baltic Innovation Fund	2 000	1 860	-	930	-	-	2 000	1 860
Baltic Innovation Fund II	833	-	-	-	-	-	833	-
Guarantees and interest grants programme	4 184	4 278	4 184	4 278	-	-	4 184	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 723	-	1 723	-	-	-	1 723	-
Parallel loans	4 069	1 923	4 069	1 923	(1 235)	(42)	2 834	1 881
SME energy efficiency loans	2 000	2 000	2 000	2 000	(114)	(21)	1 886	1 979
Export guarantees	2 007	2 030	2 007	2 030	(292)	(79)	1 715	1 951
Loans for enterprises in rural territories	6 304	2 499	599	175	(29)	(2)	6 275	2 497
Energy Efficiency Fund	492	133	-	-	-	-	492	133
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-
Grants for development of energy efficiency projects	341	-	-	-	-	-	341	-
Agricultural Guarantees	1 058	-	1 058	-	(352)	-	706	-
Total	155 425	146 227	98 645	85 276	(27 829)	(19 268)	127 596	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	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)
ERDF II	7 928	11 888	4 318	5 208	(902)	(984)	7 026	10 904
ESF II	974	1 422	478	1 225	(132)	(363)	842	1 059
Microcredits of Swiss programme	5 458	5 435	718	1 366	(24)	(43)	5 434	5 392
ERDF I	586	606	138	197	(17)	(28)	569	578
ESF I	317	380	58	157	(37)	(77)	280	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 709	5 733	745	1 662	(124)	(186)	5 585	5 547
Incubators (from ESF II)	80	78	11	20	-	(2)	80	76
ERAF II 2 Public fund	285	2 396	129	317	(15)	(16)	270	2 380
Fund of Funds and venture capital funds	13 412	24 914	10 730	19 931	-	-	13 412	24 914
Fund of Funds programme - Start-up loans	2 623	2 283	2 623	2 282	(355)	(354)	2 268	1 929
Fund of Funds programme – Microcredits	309	297	309	297	(29)	(42)	280	255
Fund of Funds programme - Parallel loans	3 425	2 143	3 425	2 143	(1 907)	(2 044)	1 518	99
Fund of Funds programme - Guarantees	21 566	14 981	21 566	14 981	(8 591)	(4 254)	12 975	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	3 751	2 388	3 751	2 388	(14)	-	3 737	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	6 163	3 008	4 917	2 400	(1 007)	(530)	5 156	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	25 567	31 305	-	-	-	-	25 567	31 305
Housing Guarantee Programme	14 005	6 849	14 005	6 849	(8 093)	(5 769)	5 912	1 080
Social Entrepreneurship Programme	1 084	302	-	-	-	-	1 084	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 994	1 000	(277)	(342)	1 701	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 753	6 158	(1 225)	(1 090)	6 528	5 068
Other loans to start-ups	1 418	2 407	487	898	(91)	(94)	1 327	2 313
Mezzanine Loan Programme	4 510	3 806	3 608	3 045	(2 967)	(2 906)	1 543	900
Investment Fund Activity	1 513	1 130	1 242	836	-	-	1 513	1 130
Baltic Innovation Fund	2 000	1 860	-	930	-	-	2 000	1 860
Baltic Innovation Fund II	833	-	-	-	-	-	833	-
Guarantees and interest grants programme	4 184	4 278	4 184	4 278	-	-	4 184	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 723	-	1 723	-	-	-	1 723	-
Parallel loans	4 069	1 923	4 069	1 923	(1 235)	(42)	2 834	1 881
SME energy efficiency loans	2 000	2 000	2 000	2 000	(114)	(21)	1 886	1 979
Export guarantees	2 007	2 030	2 007	2 030	(292)	(79)	1 715	1 951
Loans for enterprises in rural territories	6 304	2 499	599	175	(29)	(2)	6 275	2 497
Energy Efficiency Fund	492	133	-	-	-	-	492	133
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-
Grants for development of energy efficiency projects	341	-	-	-	-	-	341	-
Agricultural Guarantees	1 058	-	1 058	-	(352)	-	706	-
Total	155 425	146 227	98 645	85 276	(27 829)	(19 268)	127 596	126 959

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

	31.12.2019. (unaudited)	31.12.2018. (audited)
Provisions for financial guarantees	21 312	13 162
Provisions for loans	5 367	4 951
Provisions loan commitments	326	1 132
Provisions for financial assets - disbursed guarantee compensations	824	23
Provisions for grants	-	-
Provisions for grant commitments	-	-
Total provisions covered by risk coverage	27 829	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 the Support programme funding during the 12 months of 2019, in thousands of euro:

Programme	Financing beginning of period, gross	Financing received	Reallo- cated funding between program- mes	Compen- -sated grants	Compen- -sated income and expense	Revalua- tion of liabilities	Profit distrib- ution	Other changes	Financing end of period, gross	Provi- sions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	(3 990)	-	(57)	-	87	-	7 928	(902)	7 026
ESF II	1 422	-	(247)	-	(272)	-	48	23	974	(132)	842
Microcredits of Swiss programme	5 435	-	(52)	-	(5)	-	80	-	5 458	(24)	5 434
ERDF I	606	-	(9)	-	(11)	-	-	-	586	(17)	569
ESF I	380	-	-	-	(65)	-	1	1	317	(37)	280
Microcredits	15	-	(15)	-	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	(181)	-	(42)	(1)	144	56	5 709	(124)	5 585
Incubators (from ESF II)	78	-	-	-	-	-	2	-	80	-	80
ERAF II 2 Public fund	2 396	-	(2 111)	-	-	-	-	-	285	(15)	270
Fund of Funds and venture capital funds	24 914	-	(8 365)	-	(3 344)	(99)	306	-	13 412	-	13 412
Fund of Funds programme - Start-up loans	2 283	-	300	-	(5)	46	-	-	2 624	(355)	2 269
Fund of Funds programme - Microcredits	297	-	-	-	-	11	-	1	309	(29)	280
Fund of Funds programme - Parallel loans	2 143	-	1 273	-	-	9	-	-	3 425	(1 907)	1 518
Fund of Funds programme - Guarantees	14 981	-	7 000	-	(415)	-	-	-	21 566	(8 591)	12 975
Energy Efficiency Programme for Multi- apartment Buildings - Loan Fund	2 388	4 437	(3 071)	-	(17)	-	14	-	3 751	(14)	3 737
Energy Efficiency Programme for Multi- apartment Buildings - Guarantees	3 008	-	3 200	-	(167)	-	122	-	6 163	(1 007)	5 156
Energy Efficiency Programme for Multi- apartment Buildings - Grants	31 305	22 000	-	(27 156)	(582)	-	-	-	25 567	-	25 567
Housing Guarantee Programme	6 849	7 156	-	-	-	-	-	-	14 005	(8 093)	5 912
Social Entrepreneurship Programme	302	2 140	-	(1 166)	(192)	-	-	-	1 084	-	1 084
Start-up State Aid Cumulation Lending Programme	1 000	1 000	-	-	(22)	-	-	-	1 978	(277)	1 701
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	-	7 753	(1 225)	6 528
Other loans to start-ups	2 407	-	(1 028)	-	(87)	-	117	9	1 418	(91)	1 327
Mezzanine Loan Programme	3 806	-	264	-	440	-	-	-	4 510	(2 967)	1 543
Investment Fund Activity	1 130	-	2 817	-	(1 268)	(1 162)	-	(4)	1 513	-	1 513
Baltic Innovation Fund	1 860	-	-	-	(71)	-	-	211 *	2 000	-	2 000
Baltic Innovation Fund II	-	-	1 000	-	(167)	-	-	-	833	-	833
Guarantees and interest grants programme	4 278	-	-	-	-	-	-	(94)	4 184	-	4 184
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-	-
Portfolio Guarantee Fund	-	1 723	-	-	-	-	-	-	1 723	-	1 723
Parallel loans	1 923	-	2 200	-	(54)	-	-	-	4 069	(1 235)	2 834
SME Energy efficiency loans	2 000	-	-	-	-	-	-	-	2 000	(114)	1 886
Export guarantees	2 030	-	-	-	(23)	-	-	-	2 007	(292)	1 715
Loans for enterprises in rural territories	2 499	3 804	-	-	-	-	-	-	6 303	(29)	6 274
Energy Efficiency Fund	133	413	-	(1)	(53)	-	-	-	492	-	492
Regional Creative Industries Alliance	-	14	-	-	(14)	-	-	-	-	-	-
Grants for development of energy efficiency projects	-	389	-	(16)	(32)	-	-	-	341	-	341
Agricultural Guarantees	-	1 100	-	-	(42)	-	-	-	1 058	(352)	706
Total	146 227	44 176	-	(28 339)	(6 567)	(1 196)	921	203	155 425	(27 829)	127 596

* include mezzanine interest received from Baltic Innovation Fund in 2019 in amount of EUR 92 thsd.

16 Support programme funding (cont'd)

Movement of the Company's the Support programme funding during the 12 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	Profit distribution	Other changes	Financing end of period, gross	Provisions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	(3 990)	-	(57)	-	87	-	7 928	(902)	7 026
ESF II	1 422	-	(247)	-	(272)	-	48	23	974	(132)	842
Microcredits of Swiss programme	5 435	-	(52)	-	(5)	-	80	-	5 458	(24)	5 434
ERDF I	406	-	(9)	-	(11)	-	-	-	586	(17)	569
ESF I	380	-	-	-	(65)	-	1	1	317	(37)	280
Microcredits	15	-	(15)	-	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	(181)	-	(42)	(1)	144	56	5 709	(124)	5 585
Incubators (from ESF II)	78	-	-	-	-	-	2	-	80	-	80
ERDF II 2 Public fund	2 396	-	(2 111)	-	-	-	-	-	285	(15)	270
Fund of Funds and venture capital funds	24 914	-	(8 365)	-	(3 344)	(99)	306	-	13 412	-	13 412
Fund of Funds programme - Start-up loans	2 283	-	300	-	(5)	46	-	-	2 624	(355)	2 269
Fund of Funds programme - Microcredits	297	-	-	-	-	11	-	1	309	(29)	280
Fund of Funds programme - Parallel loans	2 143	-	1 273	-	-	9	-	-	3 425	(1 907)	1 518
Fund of Funds programme - Guarantees	14 981	-	7 000	-	(415)	-	-	-	21 566	(8 591)	12 975
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	2 388	4 437	(3 071)	-	(17)	-	14	-	3 751	(14)	3 737
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	3 008	-	3 200	-	(167)	-	122	-	6 163	(1 007)	5 156
Energy Efficiency Programme for Multi-apartment Buildings - Grants	31 305	22 000	-	(27 156)	(582)	-	-	-	25 567	-	25 567
Housing Guarantee Programme	6 849	7 156	-	-	-	-	-	-	14 005	(8 093)	5 912
Social Entrepreneurship Programme	302	2 140	-	(1 166)	(192)	-	-	-	1 084	-	1 084
Start-up State Aid Cumulation Lending Programme	1 000	1 000	-	-	(22)	-	-	-	1 978	(277)	1 701
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	-	7 753	(1 225)	6 528
Other loans to start-ups	2 407	-	(1 028)	-	(87)	-	117	9	1 418	(91)	1 327
Mezzanine Loan Programme	3 806	-	264	-	440	-	-	-	4 510	(2 967)	1 543
Investment Fund Activity	1 130	-	2 817	-	(1 268)	(1 162)	-	(4)	1 513	-	1 513
Baltic Innovation Fund	1 860	-	-	-	(71)	-	-	211 *	2 000	-	2 000
Baltic Innovation Fund II	-	-	1 000	-	(167)	-	-	-	833	-	833
Guarantees and interest grants programme	4 278	-	-	-	-	-	-	(94)	4 184	-	4 184
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-	-
Portfolio Guarantee Fund	-	1 723	-	-	-	-	-	-	1 723	-	1 723
Parallel loans	1 923	-	2 200	-	(54)	-	-	-	4 069	(1 235)	2 834
SME Energy efficiency loans	2 000	-	-	-	-	-	-	-	2 000	(114)	1 886
Export guarantees	2 030	-	-	-	(23)	-	-	-	2 007	(292)	1 715
Loans for enterprises in rural territories	2 499	3 804	-	-	-	-	-	-	6 303	(29)	6 274
Energy Efficiency Fund	133	413	-	(1)	(53)	-	-	-	492	-	492
Regional Creative Industries Alliance	-	14	-	-	(14)	-	-	-	-	-	-
Grants for development of energy efficiency projects	-	389	-	(16)	(32)	-	-	-	341	-	341
Agricultural Guarantees	-	1 100	-	-	(42)	-	-	-	1 058	(352)	706
Total	146 227	44 176	-	(28 339)	(6 567)	(1 196)	921	203	155 425	(27 829)	127 596

* include mezzanine interest received from Baltic Innovation Fund in 2019 in amount of EUR 92 thsd.

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	(753)	-	-	-	(753)
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	-	-	-	(2 495)	(2 495)
Reserves as at 31 December 2018 (audited)	(15 580)	11 807	11 738	3 597	11 562
Changes of reserves	(355)	3 700	-	-	3 345
Distribution of 2018 year profit of the Company	-	-	4 462	-	4 462
Distribution of previous years profit	-	-	791	-	791
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(813)	(813)
Reserves as at 31 December 2019 (unaudited)	(15 935)	15 507	16 991	2 784	19 347

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
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	-	-	-	(2 495)	(2 495)
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	-	-	4 462	-	4 462
Distribution of previous years profit	-	-	791	-	791
Increase of reserve capital	-	3 700	-	-	3 700
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(813)	(813)
Reserves as at 31 December 2019 (unaudited)	(15 935)	15 507	16 991	2 784	19 347

18 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Contingent liabilities:				
Outstanding guarantees	284 232	236 895	284 232	236 895
Financial commitments:				
Loan commitments	18 951	19 611	18 951	19 611
Grant commitments	7 701	7 320	7 701	7 320
Commitments to venture capital funds	70 497	60 258	83 968	60 258
Total contingent liabilities	381 381	324 084	394 852	324 084

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	274 989	228 081	274 989	228 081
Credit risk has increased significantly (Stage 2)	2 098	2 496	2 098	2 496
Loans which have objective evidence of impairment (Stage 3)	7 145	6 318	7 145	6 318
Total outstanding guarantees, gross	284 232	236 895	284 232	236 895
Impairment allowances	(30 606)	(24 144)	(30 606)	(24 144)
Total outstanding guarantees, net	253 626	212 751	253 626	212 751

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Unutilised loan facilities	18 951	19 611	18 951	19 611
Impairment allowances	(458)	(1 220)	(458)	(1 220)
Total unutilized loan facilities, net	18 493	18 391	18 493	18 391

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

	Group 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Grant commitments	7 701	7 320	7 701	7 320
Impairment allowances	(12)	(9)	(12)	(9)
Total grant commitments, net	7 689	7 311	7 689	7 311

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

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	284 232	-	-	-	-	-	284 232
Financial commitments							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 701	-	-	-	-	-	7 701
Commitments to venture capital funds	600	1 798	2 397	7 190	43 003	15 509	70 497
Total financial commitments	27 252	1 798	2 397	7 190	43 003	15 509	97 149
Total contingent liabilities and financial commitments	311 484	1 798	2 397	7 190	43 003	15 509	381 381

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 31 December 2019, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Contingent liabilities							
Outstanding guarantees	284 232	-	-	-	-	-	284 232
Financial commitments							
Loan commitments	18 951	-	-	-	-	-	18 951
Grant commitments	7 701	-	-	-	-	-	7 701
Commitments to venture capital funds	714	2 141	2 855	8 565	51 220	18 473	83 968
Total financial commitments	27 366	2 141	2 855	8 565	51 220	18 473	110 620
Total contingent liabilities and financial commitments	311 598	2 141	2 855	8 565	51 220	18 473	394 852

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	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	-	-	51 410	50 239	-	-
Assets held for sale	-	11 343	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	-	5 565	7 171
Support programme funding	-	-	119 945	102 045	-	-	35 480	23 422
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	70 497	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	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	51 410	50 239	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	3 812	1 492
Due to general governments	-	-	-	-	5 565	7 171	-	-
Support programme funding	119 945	103 537	-	-	35 480	23 422	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	70 497	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.- 31.12.2019. (unaudited)	01.01.2018.- 31.12.2018. (audited)	01.01.2019.- 31.12.2019. (unaudited)	01.01.2018.- 31.12.2018. (audited)
Transactions with shareholders				
LR Finanšu ministrija	42 491	-	-	-
LR Ekonomikas ministrija	7 156	6 244	(732)	-
LR Labklājības ministrija	2 140	1 209	-	(1 027)
Associates				
Riska kapitāla fondi	6 324	4 553	(5 303)	(6 821)
Other companies owned by the Group's shareholders				
Lauku atbalsta dienests	-	-	-	-
Centrālā finanšu un līgumu aģentūra	4 437	46 180	(27)	(1 109)

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 766 thousand (12 months of 2018: EUR 503 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 31.12.2019. (unaudited)	Group 31.12.2018. (audited)	Company 31.12.2019. (unaudited)	Company 31.12.2018. (audited)
Assets exposed to credit risk				
Due from credit institutions and the Treasury	181 199	137 026	181 047	136 646
Financial assets at fair value through other comprehensive income - investment securities	47 980	50 389	47 980	50 389
Financial assets at amortised cost:				
Investment securities	439	467	439	467
Loans and receivables	220 129	197 755	220 129	197 473
Grants	17 186	22 561	17 186	22 561
Investments in venture capital funds	51 410	50 239	51 410	50 239
Other assets	2 289	1 739	2 289	1 739
Total	520 632	460 176	520 480	459 514
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 16)	284 232	236 895	284 232	236 895
Financial commitments (Note 16)	97 149	87 189	110 620	87 189
Total	381 381	324 084	394 852	324 084

20 Maximum exposure to credit risk (cont'd)

As at 31 December 2019, part of the Group's / Company's assets in amount of EUR 177,222 thsd (31 December 2018: EUR 76,402 thousand) were pledged. Detailed information on the Group's / Company's outstanding loan agreement as at 31 December 2019 is provided in Note 13 and Note 14.

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	
	31.12.2019. (unaudited)	31.12.2018. (audited) *	31.12.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	181 199	137 026	181 198	137 007
Financial assets at fair value through profit or loss	4 217	1 160	4 217	1 160
Financial assets at fair value through other comprehensive income - investment securities	47 980	50 389	47 980	50 389
Financial assets at amortised cost:				
Investment securities	439	467	1 140	1 148
Individuals	220 129	197 755	216 113	196 401
Companies	21 355	23 485	17 952	23 387
Loans	198 774	174 270	198 161	173 014
Grants	17 186	22 561 *	17 186	22 561 *
Assets held for sale	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	13 851	10 988	13 851	10 988
Investment properties	24 366	14 794	24 366	14 794
Other assets	2 289	1 739 *	2 289	1 739 *
Total assets	511 656	448 222	508 341	447 530
Liabilities				
Due to credit institutions	29 542	38 245	29 542	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	86 272	48 110	86 272	47 370
Financial liabilities at amortised cost - Issued debt securities	45 348	29 943	45 348	29 943
Support programme funding	127 597	126 959	127 597	126 959
Total liabilities	288 759	243 259	288 759	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	
	31.12.2019. (unaudited)	31.12.2018. (audited) *	31.12.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	181 047	136 646	181 046	136 627
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	47 980	50 389	47 980	50 389
Financial assets at amortised cost:				
Investment securities	439	467	1 140	1 148
Individuals	220 129	197 473	216 113	196 119
Companies	21 355	23 451	17 952	23 353
Loans	198 774	174 022	198 161	172 766
Grants	17 186	22 561 *	17 186	22 561 *
Assets held for sale	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	13 851	10 988	13 851	10 988
Investments in subsidiaries	3 812	1 492	3 812	1 492
Investment properties	24 366	14 794	24 366	14 794
Other assets	2 289	1 739 *	2 289	1 739 *
Total assets	511 099	447 892	507 784	447 200
Liabilities				
Due to credit institutions	29 542	38 245	29 542	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	86 272	48 110	86 272	47 370
Financial liabilities at amortised cost - Issued debt securities	45 348	29 943	45 348	29 943
Support programme funding	127 597	126 959	127 597	126 959
Total liabilities	288 759	243 259	288 759	242 519

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

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

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

	Level 1		Level 2		Level 3		Total	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)*	31.12.2019. (unaudited)	31.12.2018. (audited)*
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	4 217	1 160	4 217	1 160
Financial assets at fair value through other comprehensive income - investment securities	35 060	36 344	12 920	14 045	-	-	47 980	50 389
Assets held for sale	-	-	-	-	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	13 851	10 988	13 851	10 988
Investment properties	-	-	-	-	24 366	14 794	24 366	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	181 198	132 026	-	-	-	4 981	181 198	137 007
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	216 113	196 401	216 113	196 401
Grants	-	-	-	-	17 186	22 561 *	17 186	22 561 *
Other assets	-	-	-	-	2 289	1 739 *	2 289	1 739 *
Total assets	216 258	168 370	14 060	15 193	278 022	263 967	508 341	447 530
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	127 597	126 959	127 597	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	29 542	38 245	29 542	38 245
Due to general governments	-	-	-	-	86 272	47 370	86 272	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 348	29 943	45 348	29 943
Total liabilities	-	-	-	2	288 759	242 517	288 759	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	
	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)	31.12.2019. (unaudited)	31.12.2018. (audited)*	31.12.2019. (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	35 060	36 344	12 920	14 045	-	-	47 980	50 389
Investments in subsidiaries	-	-	-	-	3 812	1 492	3 812	1 492
Assets held for sale	-	-	-	-	-	11 343	-	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	13 851	10 988	13 851	10 988
Investment properties	-	-	-	-	24 366	14 794	24 366	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	181 046	131 646	-	-	-	4 981	181 046	136 627
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	216 113	196 119	216 113	196 119
Grants	-	-	-	-	17 186	22 561 *	17 186	22 561 *
Other assets	-	-	-	-	2 289	1 739 *	2 289	1 739 *
Total assets	216 106	167 990	14 060	15 193	277 617	264 017	507 784	447 200
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	127 597	126 959	127 597	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	29 542	38 245	29 542	38 245
Due to general governments	-	-	-	-	86 272	47 370	86 272	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 348	29 943	45 348	29 943
Total liabilities	-	-	-	2	288 759	242 517	288 759	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 31 December 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	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	30 477	127 597
Other liabilities	1 576	707	-	-	-	2 283
Total financial liabilities	11 036	64 371	54 773	55 420	107 873	293 473
Off-balance sheet items and contingent liabilities	322 869	43 003	15 509	-	-	381 381
Total financial liabilities, off-balance items and contingent liabilities	333 905	107 374	70 282	55 420	107 873	674 854
Due from credit institutions and the Treasury	181 199	-	-	-	-	181 199
Investment securities	10 904	26 739	10 776	-	-	48 419
Liquid assets	192 103	26 739	10 776	-	-	229 618

* 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 31 December 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	8 761	20 828	-	-	-	29 589
Due to general governments	32	2 138	6 756	-	77 396	86 322
Issued debt securities	667	21 820	25 195	-	-	47 682
Support programme funding	-	18 878	22 822	55 420	30 477	127 597
Other liabilities	1 576	694	-	-	-	2 270
Total financial liabilities	11 036	64 358	54 773	55 420	107 873	293 460
Off-balance sheet items and contingent liabilities	325 159	51 220	18 473	-	-	394 852
Total financial liabilities, off-balance items and contingent liabilities	336 195	115 578	73 246	55 420	107 873	688 312
Due from credit institutions and the Treasury	181 047	-	-	-	-	181 047
Investment securities	10 904	26 739	10 776	-	-	48 419
Liquid assets	191 951	26 739	10 776	-	-	229 466

* 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 31 December 2019 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	176 197	-	2 001	3 001	-	-	181 199
Financial assets at fair value through profit or loss	-	-	-	-	-	4 217	4 217
Investment securities	90	1 149	1	9 664	26 739	10 776	48 419
Loans	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 331	-	-	-	-	-	2 331
Assets held for sale	-	-	-	-	-	-	-
Investments in venture capital funds	1 508	-	7 051	-	27 236	15 615	51 410
Investments in subsidiaries	-	-	-	-	-	-	-
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	5 115	5 115
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	486	-	2 792
Total assets	193 168	10 961	17 950	33 957	184 890	117 633	558 559
Liabilities							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	349	259	303	582	1 379	685	3 557
Support programme funding	31 076	-	-	-	-	-	31 076
Provisions	-	-	-	-	18 878	108 719	127 597
Corporate income tax liabilities	1 557	-	-	19	707	-	2 283
Other liabilities	-	-	-	-	-	-	-
Total liabilities	32 982	4 903	303	4 998	63 923	218 566	325 675
Net liquidity	160 186	6 058	17 647	28 959	120 967	(100 933)	232 884

* 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 31 December 2019 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	176 045	-	2 001	3 001	-	-	181 047
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	90	1 149	1	9 664	26 739	10 776	48 419
Loans	11 296	9 812	8 897	20 732	94 055	75 337	220 129
Grants	-	-	-	-	13 792	3 394	17 186
Deferred expense and accrued income	2 331	-	-	-	-	-	2 331
Assets held for sale	-	-	-	-	-	-	-
Investments in venture capital funds	1 508	-	7 051	-	27 236	15 615	51 410
Investments in subsidiaries	-	-	-	-	832	2 980	3 812
Investment property	-	-	-	-	22 582	1 784	24 366
Property, plant and equipment	-	-	-	-	-	5 115	5 115
Intangible assets	-	-	-	-	-	1 395	1 395
Other assets	1 746	-	-	560	486	-	2 792
Total assets	193 016	10 961	17 950	33 957	185 722	116 396	558 002
Liabilities							
Due to credit institutions	-	4 375	-	4 339	20 828	-	29 542
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	-	-	-	-	2 118	84 154	86 272
Issued debt securities	-	269	-	58	20 013	25 008	45 348
Deferred income and accrued expense	349	259	303	582	1 379	685	3 557
Support programme funding	31 076	-	-	-	-	-	31 076
Provisions	-	-	-	-	18 878	108 719	127 597
Corporate income tax liabilities	1 557	-	-	19	694	-	2 270
Other liabilities	-	-	-	-	-	-	-
Total liabilities	32 982	4 903	303	4 998	63 910	218 566	325 662
Net liquidity	160 034	6 058	17 647	28 959	121 812	(102 170)	232 340

* 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 31 December 2019, in thousands of euro:

	Loan service	Guarantee service	Venture capital fund service	Grant service	Other services	Total
Net interest income	9 343	2 240	125	2	(140)	11 570
Net income from fees and commissions	189	1	(30)	126	(14)	272
Net trading income	(1)	(13)	(1)	-	105	90
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	(1 269)	-	-	(1 269)
Gains less losses from liabilities at fair value through profit or loss	-	-	1 262	-	-	1 262
Other income	10	300	762	2	1 358	2 432
Other expense	(263)	(45)	(8)	(30)	(244)	(590)
Operating income / (loss) before operating expenses	9 278	2 483	841	100	1 065	13 767
Staff costs	(3 000)	(655)	(72)	(606)	(307)	(4 640)
Administrative expense	(1 011)	(281)	(84)	(334)	(111)	(1 821)
Amortisation of intangible assets and depreciation of property, plant and equipment	(406)	(153)	(29)	(164)	(35)	(787)
Net impairment provisions	(1 062)	3 002	6	-	(247)	1 699
Corporate income tax	-	-	-	-	-	-
Total segment profit/(loss)	3 799	4 396	662	(1 004)	365	8 218
Financial assets at fair value through profit or loss	-	-	-	-	(813)	(813)
Investments in venture capital funds - associates	-	-	2 616	-	-	2 616
Additions of property and equipment, intangible assets and investment property	420	124	26	190	9 187	9 947
Total segment assets	346 576	37 192	63 597	74 216	36 978	558 559
Total segment liabilities	184 861	68 659	19 466	28 385	24 304	325 675

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

	2019 (unaudited)	2018. (audited)	2017. (restated*)	2016. (restated*)	2015. (restated*)
Key financial data					
Net income from interest, fees and commission (tEUR)	12,294	11,554	11,602*	11,024	16,419
Profit for the period (tEUR)	8,131	4,092	8,709*	2,170	4,924
Cost to income ratio (CIR)	51.93%	77.1%	50.3%*	88.4%	55.8%
Employees	203	222	230	242	282
Total assets (tEUR)	558,559	495,939	453,668*	443,400*	406,918
Tangible common equity (TCE)/total tangible managed assets (TMA)**	29.3%	31.7%	35.1%*	36.5%*	37.3%
Equity and reserves (tEUR)	232,884	221,590	222,848*	210,406*	199,610
Total risk coverage: (tEUR)	86,323	77,815	67,593*	66,508*	41,021
Risk coverage reserve	98,645	85,276	62,651*	63,636*	40,662
Risk coverage reserve used for provisions	-27,830	-19,268	-4,753	-4,323	-1,276
Portfolio loss reserve (specific reserve capital)	15,507	11,807	9,695	7,195	1,635
Liquidity ratio for 180 days***	583%	227%	482%*	449%	352%
Financial instruments (gross value)					
Outstanding (tEUR) (by financial instrument)					
Loans	240,412	217,131	207,585	217,429	218,562
Guarantees	284,232	236,895	182,376	147,175	131,120
Venture capital funds	67,198	59,698	62,299*****	64,785*****	44,378*****
Total	591,842	513,724	452,260	429,389	394,060
Number of contracts	22,022	18,280	14,402	11,449	8,901
Volumes granted (tEUR) (by financial instrument)					
Loans	71,559	66,443****	51,869	59,465	52,329
Guarantees	98,240	88,765	68,615	56,109	50,065
Venture capital funds	9,022	4,149	2,638	21,356	18,798
Total	178,821	159,357	123,122	136,929	121,192
Number of contracts	5,466	5,464	4,697	4,461	2,819
Leverage for raised private funding	142%	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.