

AS “ATTĪSTĪBAS FINANŠU INSTITŪCIJA ALTUM”

Unaudited interim condensed financial report
for the six-month period ended 30 June 2019

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Altum Group

MISSION We help Latvia grow!

VISION To be a partner and financial expert in economic development

VALUES Excellence / Team / Responsibility

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

Long-term objectives until 2021

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

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



Management Report

Activity during the reporting period

During the 6 months of year 2019, Development Finance Institution Altum group (hereinafter – the Group) and the Group's parent company, the joint-stock company Development Finance Institution Altum (hereinafter – the Company), earned a profit of EUR 5.174 million.

Key financial and performance indicators of the Group

	2019 1H (unaudited)	2018 1H (unaudited)	2018 (audited)
Galvenie finanšu dati			
Neto procentu un komisijas naudas ieņēmumi (EUR, tūkst.)	5,716	5,767	11,554
Peļņa pārskata periodā (EUR, tūkst.)	5,174	2,489	4,092
Izdevumu un ieņēmumu attiecība (IIA)	57%	63%	77.1%
Darbinieku skaits	202	227	222
Kopā aktīvi (EUR, tūkst.)	517,234	468,886	495,939
Kapitāls bez pārvērtēšanas rezerves (KBPR) / Kopējie pārvaldītie aktīvi (KPA) *	30.6%	33.6%	31.7%
Kapitāls un rezerves (EUR, tūkst.)	226,542	222,658	221,590
Riska segums, kopā: (EUR, tūkst.)	76,955	70,644	77,815
Riska seguma rezerve	87,651	68,044	85,276
Riska seguma rezerve, kas izmantota uzkrājumiem	-22,503	-7,095	-19,268
Portfeļa zaudējumu rezerve (speciālais rezerves kapitāls)	11,807	9,695	11,807
Likviditātes rādītājs 180 dienām **	340%	276%	227%
Finanšu instrumenti (bruto vērtībā)			
Portfelis (EUR, tūkst.) (pa finanšu instrumentiem)			
Kredīti	228,749	209,721	217,131
Garantijas	273,270	211,563	236,895
Riska kapitāla fondi	63,196	49,830	59,698
Kopā	565,215	471,114	513,724
Līgumu skaits	20,441	16,264	18,280
Piešķirtie apjomi (EUR, tūkst.) (pa finanšu instrumentiem)			
Kredīti ***	33,023	29,374	66,443
Garantijas	56,122	41,403	88,765
Riska kapitāla fondi	4,372	1,240	4,149
Kopā	93,517	72,017	159,357
Līgumu skaits	2,872	2,684	5,464
Piesaisītā privātā finansējuma sviras koeficients	137%	202%	162%

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

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

*** Loans issued.

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

Financial instrument portfolio

As at 30 June 2019 the Group held a (gross) portfolio of the financial instruments for the total value of EUR 565.2 million issued for 20,441 projects under the support programmes.

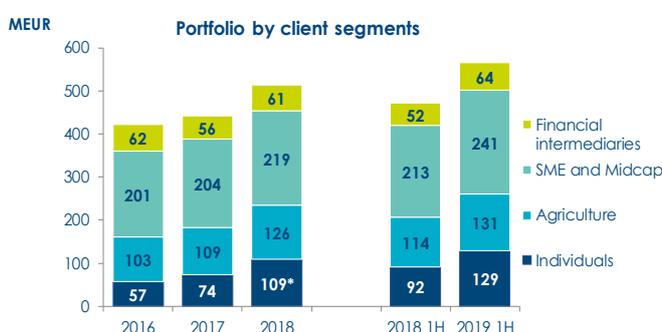
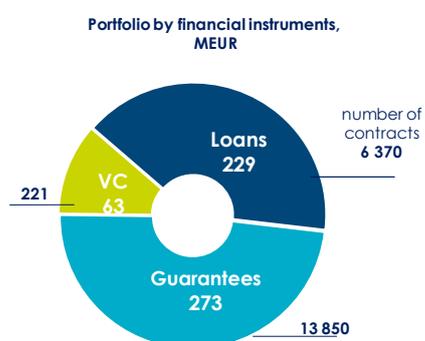
In 1H 2019 the portfolio of the Group's financial instruments increased by 10% (EUR 51.5 million) in terms of the volume and by 11.8% in terms of the number of projects (by 2,161 projects). In Q2, the growth of the Group's financial instruments portfolio, both in terms of volume and number of transactions, was faster than in Q1 of 2019. In Q2, the portfolio of the Group's financial instruments grew by 5.8% (+EUR 30.9 million) in terms of the volume and by 6.6% (+1,257) in terms of the number of transactions, but in Q1 it increased by 4% (+EUR 20.6 million) in terms of the volume and by 5% (+904) in terms of the number of projects. Increase of the Group's portfolio of financial instruments recorded in 1H 2019 was considerably faster, compared to 1H 2018 when the Group's portfolio of financial instruments increased by 6.4% (EUR 28.6 million) in terms of the volume.

Management Report (cont'd)

From the financial instruments, the guarantee portfolio has had the most rapid growth in 1H having increased by 15.4% in terms of the volume (+ EUR 36 million) and by 16.2% in terms of the number of transactions, but the venture capital funds increased by 5.9% (+ EUR 3.5 million) in terms of the volumes and by 7.3% in terms of the number of transactions. The loan portfolio has increased by 5.4% (+ EUR 11.7 million) in terms of the volumes and by 3.6% in terms of the number of transactions.

In 1H 2019 most of the increase of the guarantee portfolio was due to the Business Support Guarantees (+ EUR 16.5 million), Housing Guarantees for Families with Children (+ EUR 10.5 million), Guarantee Programme for Improvement of Energy Efficiency of Multi-apartment Buildings (EEPMB) (+ EUR 7.4 million), as well as Portfolio Guarantee Programme (+ EUR 5.7 million) and Housing Guarantees for Young Professionals (+ EUR 3.3 million). Among the active guarantee programmes a small decrease of the portfolio was recorded for the guarantees for farmers' loans (-EUR 0.4 million).

In 1H 2019 the following contributed the most to growth of the loan portfolio: land leaseback transactions (+ EUR 4.5 million), loans for acquisition of agricultural land intended for agricultural production (+EUR 3.7 million), SME growth loans (+EUR 2.5 million), loans issued under the Small Loans in Rural Territories Programme (+EUR 1.8 million) and working capital loans to farmers (+EUR 1.8 million).



Group 30/06/2019

In view of the Altum tasks and operational directions established by the decisions of the Cabinet of Ministers and Strategy of the Group, the Group's portfolio of financial instruments is divided in the following client segments – Small, Medium-sized and Mid-cap companies (SMEs and Mid-caps), Agriculture, Individuals, Financial Intermediaries. The largest portfolio of the Group's financial instruments has been built in the SMEs and Mid-caps segment – 43%, the segments of Agriculture and Individuals, each accounts for 23%, but the segment of Financial Intermediaries - 11%.

In reporting period, the volume of the financial instruments portfolio increased in all segments – Individuals 19% (EUR 20.6 million), SME and Midcap 10% (EUR 22.4 million), Agriculture 4.1% (EUR 5.2 million) and Financial Intermediaries 5.5% (EUR 3.3 million).

As at 30 June 2019, the balance sheet of the Land Fund administered by the Group listed 579 properties with a total land area of 11,034 ha worth EUR 31.54 million, including the investment properties rented to the farmers with a total land area of 7,205 ha worth EUR 20.17 million and sales and leaseback transactions accounted for in the loan portfolio with a total land area of 3,830 ha worth EUR 11.37 million.

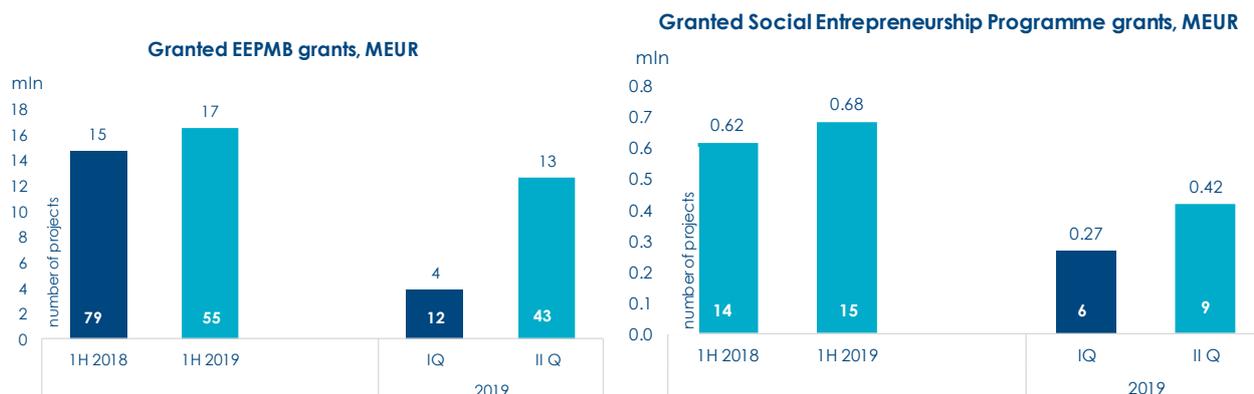
Non-financial instrument portfolio

In order to make accessing to the support instruments even more convenient for its clients, the Group, apart from the financial instruments, services also some grant programmes, 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 so far a total of 550 project applications for EUR 110 million, of which 111 for EUR 22 million during 2Q 2019 and 60 for EUR 10.8 million during 1Q 2019, have been submitted to the EEPMB programme for reviewing, and 417 projects for a total amount of EUR 83 million have been approved, of which 38 projects for EUR 7.6 million in 2Q 2019 and 42 projects for EUR 7.5 million in 1Q 2019. Within this programme, a total of 221 grants were given for EUR 45.5 million (in 2Q 2019, 43 for EUR 12.6 million and in 1Q 2019, 12 for EUR 3.9 million). The number of projects submitted so far accounts for 80% of the total number of projects planned for the entire EEPMB implementation period (utilisation of the funds until 2022).

As at 30 June 2019 a total of 51 grants for EUR 3.3 million were given within the Social Entrepreneurship Programme.

Management Report (cont'd)



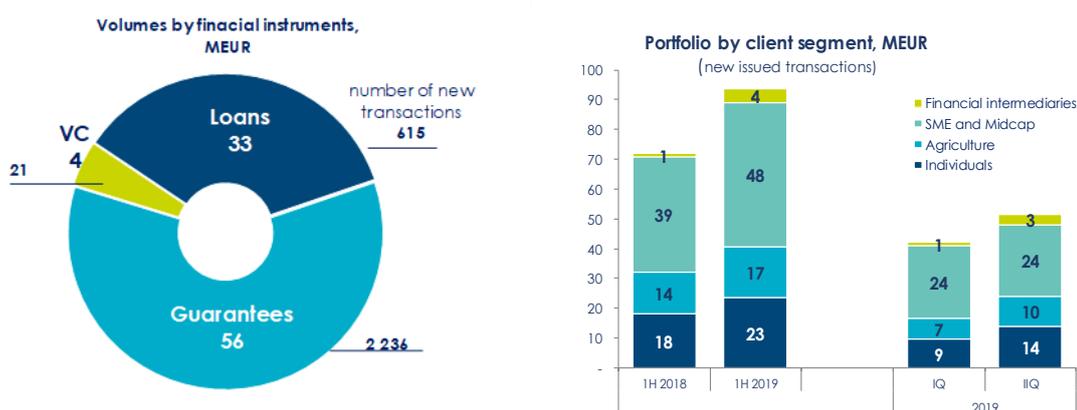
Group 30/06/2019

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

Volume of new transactions

In 1H 2019 the total funding disbursed for implementation of the state aid programmes amounted to EUR 93.5 million, of which 60% (EUR 56.1 million) in guarantees programmes, 35.3% (EUR 33 million) in loan programmes and 4.7% (EUR 4.4 million) in investments of the venture capital funds. In total, 2,872 projects were supported. Compared to the same period last year, the volume of new transactions was larger by 29.9% (EUR 21.5 million) in 1H 2019. On a quarterly basis, the volume of new transactions is 22% higher in Q2 than in Q1 (EUR 42 million in Q1 and EUR 51.4 million in Q2).

In the reporting period the largest volume of new transactions was recorded in the SME and Mid-cap companies' segment - 52%, in the Individuals segment - 25%, Agriculture segment - 18% and in the segment of Financial Intermediaries - 5%. Compared to the first half-year of 2018, the volume of new transactions has grown in all segments during the reporting period - in the SMEs and Mid-cap companies segment by EUR 9.9 million (+25.6%), in the segment of Individuals by EUR 5.5 million (+30.4%), in the Agriculture segment by EUR 3.1 million (+21.6%) and in the segment of Financial intermediaries - EUR 3.1 million more new transactions.



Group 30/06/2019

In 1 H 2019 the number of new loans issued amounted to EUR 33 million (of which EUR 18.4 million were issued in Q2, but EUR 14.6 million - in Q1) and that was by 12.4% more than in the respective period in year 2018. Most of the growth was brought by the loans issued under the Small Loans for Rural Areas Programme launched in September 2018 amounting to EUR 2 million in 1H 2019 (of which EUR 1.6 million were issued in Q2, but EUR 0.45 million - in Q1) and new transactions under the Parallel Loans Programme amounting to EUR 2.81 million in 1H (of which EUR 1.3 million were issued in Q2, but EUR 1.5 million - in Q1) and that was by EUR 2 million more than in 1H 2018.

Management Report (cont'd)

Comparing to 2018 in 1H 2019 there is also increase in volume of loans for green and sustainable investments that are compliant with Green Bond Framework and are funded by green bonds (EUR 3.4 million, 61% of 12m 2018 volume). The biggest loan portfolio goes to energy efficiency segment, with a few deals in renewable energy segment. In 2Q2019 there is approved the first loan in sustainable transportation segment followed by projects in pipeline for green buildings segment as well. Along corporates that fund investments in energy efficiency, there are also heating system projects in six Latvian towns. There should be highlighted that currently there crystallise the active marketing and sales activities held in 2018 as corporates in Latvia start to change their mindset in favour to green and sustainable investments not only due to gains that these investments bring to climate change but also due to financial benefits the company gains right now by decreased consumption of energy resources and maintenance costs.

Similar to loans to corporates there is also substantial increase of approved loans volume (+34%, +EUR 1.5 million vs 12m 2018 volume) to ESCO companies (energy service companies) providing energy efficient solutions to corporates. Such ESCO companies is novelty in the Baltics and Latvia. Currently in the portfolio there are 2 ESCO companies providing solutions to corporates in lighting and heating

The average volume of new loan transactions has increased from EUR 44.1 thousand in 1H 2018 to EUR 54 thousand in 1H 2019 mostly due to increase of the average transaction amount of new loans under the SME Growth Loans Programme from EUR 62 thousand in 1H 2018 to EUR 92 thousand in 1H 2019.

Having launched the European Investment Fund (EIF) COSME and EaSI counter guarantees for loans up to EUR 25 thousand Altum has already supported 149 projects (COSME – 48 projects, EaSI – 101 projects) of which 68 projects were supported in 1H 2019. If the loan matches COSME or EaSI guarantee terms and conditions, the start-up and micro loans, working capital loans to farmers or small loans in rural areas are granted without an additional collateral, based only upon a personal guarantee and at a lower interest rate compared to other types of unsecured loans.

In the reporting period there were new guarantees issued for EUR 56.1 million (of which EUR 29.7 million were issued in Q2, but EUR 26.4 million – in Q1), resulting in a 36.8% increase taken against 1H 2018. Most of the increase was due to the Portfolio Guarantee Programme launched in 2H 2018 whose volume of new transactions reached EUR 5.9 million in 1H 2019 (of which EUR 3.1 million were issued in Q2, but EUR 2.8 million – in Q1), with Luminor Bank contributing 47%. Since the start of the programme the portfolio guarantee instrument has proved its worth as a successful instrument for funding the micro and small companies. Also the Business Support Guarantees demonstrated a sizeable increase in the volume of new transactions in 1H 2019 (+EUR 5.4 million) followed by the guarantees issued under the EEPMB programme (+EUR 3 million). Comparing 1H 2019 with 1H 2018, the largest drop in the volume of newly issued guarantees was recorded for the Export Credit Guarantees (-EUR 2.6 million) due to the business setup being changed to ensure compliance with the Law on Prevention of Money Laundering and Terrorism Financing (AML/CTF) and Law on International Sanctions and National Sanctions of the Republic of Latvia.

As at 30 June 2019, as part of the State aid for housing acquisition by families with children the Housing Guarantee Programme for Families with Children had granted a total of 11,672 guarantees for EUR 83.6 million of which 1 492 guarantees worth EUR 11.8 million were issued in 1H 2019 (690 guarantees worth EUR 5.5 million were issued in Q1 and 802 guarantees worth EUR 6.4 million – in Q2) resulting in the figures being nearly identical to the guarantees issued in 1H 2018 both in terms of number and volume (1 495 guarantees worth EUR 11.2). The programme's guarantees that help saving for the first instalment required to obtain a mortgage loan are used by families throughout Latvia: of the total number of the issued guarantees 67% were granted in Riga and its conurbations, 14% - in Vidzeme, 9% - in Kurzeme, 7% - in Zemgale and 3% - in Latgale. The average amount of one guarantee is EUR 7.2 thousand. From March 2018, when the programme was expanded to include young professionals, up to 31 June 2019, a total of 1,320 guarantees worth EUR 9,3 million were issued to young professionals of which 476 housing guarantees worth EUR 3.4 million were issued to young professionals in 1H 2019 (260 guarantees worth EUR 1.8 million were issued in Q1 and 216 guarantees worth EUR 1.6 million – in Q2).

In 1H 2019 the selection of investments continued within the framework of the 2nd call for the pre-seed funds of the venture capital Accelerator Programme. As at the end of 1H the fund managers had made 11 new investments in total as well as continued to invest in the companies selected earlier. In 1H 2019 two seed capital investments were made under the Accelerator Programme; four seed capital investments (Altum contribution – EUR 0.25 million) and one start-up capital investment (Altum contribution EUR 1.2 million) – under the Venture Capital Programme totalling EUR 2.6 million in investments. In the reporting period the investments made within the framework of the Baltic Innovation Fund amount to EUR 1.75 million.

In 1H 2019 the activities of the Land Fund gained momentum substantially. The fund effected the land acquisition transactions for EUR 5.38 million (in the same period last year – EUR 1.9 million), of which land acquisition transactions in Q2 amounted to EUR 4.15 million, and concluded leaseback transactions for EUR 3.8 million (in the same period last year – EUR 2.9 million).

Management Report (cont'd)

New products and increasing operational efficiency

In 1H 2019 the Cabinet approved several amendments to the terms and conditions of the programmes implemented by Altum that promoted availability of funding to the businesses and improved implementation efficiency of the programmes (simplified conditions, evaluation and discarding of outdated limits and streamlining of similar programmes).

The new wording of the regulations governing the guarantee programme for agricultural, fisheries and rural development measures has been approved - the total maximum amount of guarantees per economic operator has been increased to EUR 1 million, for agricultural service co-operatives and forestry service companies – up to EUR 3.5 million and EUR 2 million respectively as well as in the future, disregarding the type of the loan and support measure, the guarantees will cover up to 80% of the amount of the financial service.

Following the changes made to the conditions of EEPMB programme, the maximum amount of the grant has been increased from 35% to 50% for the implementing bodies of EEPMB projects provided the project is implemented with the help of Altum's loan that would foster a further increase of the number of Altum's loans issued under this programme.

The range of the eligible aid beneficiaries has been expanded for the Business Guarantee Programme and Parallel Loans Programme by naming the branches to be supported in addition. The maximum guarantee amount has been increased from EUR 3 million to EUR 5 million that was highlighted as one of the goals in the Altum strategy with regard to development of the guarantee programme. It is important to note that as from the date of entering into force of the amendments to these guarantee regulations also acquisition of capital shares will be eligible for aid provided it is needed for expansion and development of the company. From now on the amount of the parallel loan for all applicants will be up to 45% (earlier from 35%-45%) of the total eligible expenditure of the project. Also, it will be possible to provide a parallel loan together with a financial service delivered by an international financial institution, earlier – only if coupled with services of a Latvian commercial bank.

In April the Altum project for the European Investment Bank funding was approved. The project aims at providing grants of up to 75% of the expenses for preparation of the project application (business plan, financial outlooks and other expenses for outsourced project preparation services) to the developers of large investment projects that are working on their applications to the European Investment Bank. By means of the project that assists the applicants with preparation of better quality projects Altum develops and supports at the national level the investment consulting services of the Juncker Plan.

At the beginning of 2019 one of the selected 4th generation seed capital funds where the estimated investments of the Group amounted to EUR 4.5 million and one of the start-up capital funds where the estimated investments of the Group amounted to EUR 10.5 million, failed to attract the required funding from the private investors within the established deadline. For this reason, in March 2019 it was decided to wind up the operations of these two funds and their liquidation was finalised in May 2019. It was decided to transfer up to EUR 9 million out of the EUR 15 million funding earmarked for these funds to increasing of the funds available to the fund managers of the current seed, start-up and growth capital funds provided that the funds attracted additional private capital. Increasing of Altum's investment in the funds would be done concurrently with increasing of the private capital investment. The usage options of the remaining funding of EUR 6 million initially earmarked for the liquidated funds are still being discussed.

In the first half-year, 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, 33% 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. On average, the number of working hours spent on reviewing and evaluating the submitted micro loans' applications has decreased substantially from 11.5% of the working hours in 2018 to 8.3% in 1H 2019.

Although the average number of employees in 2019 taken against 11%, the total amount of loans granted in the reporting period compared with the same period in 2018 has increased by 12% (loans granted in 1H 2018 were EUR 42 million, in 1H 2019 – EUR 47 million). In 1H 2019, the portfolio of the financial instruments issued by Altum within the framework of the state aid programmes reached EUR 2.8 million per one employee and amount of newly issued financial instruments per one employee amounted to EUR 463 thousand (in the same period last year – EUR 2 million and EUR 317 thousand respectively per employee).

The spring session of the European Association of Guarantee Institutions (AECM) hosted by Altum in May 2019 ran smoothly. The session focussed on the options for digitalisation of the financial services and expansion of the credit guarantees and enlisted over 50 high-ranking financial experts on guarantees from more than 20 European countries.

This year for the first time Altum applied for the Sustainability Index maintained by the Institute for Corporate Sustainability and Responsibility and scored Platinum Category. This is a manifestation of the invisible work that the companies are doing on a daily basis in order to become responsible earners that, at the same time, compete in the new business environment successfully.

Management Report (cont'd)

Every company having taken part acquires also a social dimension which is a meeting point for the interests of the shareholder, employee, client, environment, business partners and other parties. Balancing of these interests is a pre-condition for sustainable operation – financiers play and will continue to have an immensely important role here.

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 the sum total of EUR 15 million as the first series of notes within the framework of a EUR 70 million bond issue programme, the yield of maturity of 0.95%. The transaction attracted a great deal of interest from investors in Latvia, Lithuania and Estonia and the notes were oversubscribed 13 times, thus ensuring good terms to Altum for attraction of resources. The notes were allocated to 20 investors in the Baltics: 5 banks (18%) and 15 asset managers and insurance companies (82%). These notes were issued in addition to a EUR 10 million note issue on 7 March 2018 with a maturity date of 7 March 2025 and fixed annual interest rate (coupon) of 1.3%, which were listed on the Nasdaq Riga stock exchange. Proceeds from the Notes will be used for ALTUM funding purposes of sustainable business projects that are vital for the national economy within agriculture.

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."*

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

Risk Management

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

In view of the Group's activities in high-risk areas when implementing the State aid programmes, the Group has created the risk coverage of EUR 87.7 million (as at 30 June 2019) which is available to cover the expected credit loss of the State aid programmes. The expected loss is assessed before implementing the respective aid programme and a portion of the public funding received within the respective State aid programme for coverage of the expected credit loss is allocated to the risk coverage. The risk coverage consists of the sum total of the risk coverage reserve and portfolio loss reserve (special reserve capital) less the risk coverage reserve used for provisions.

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

Management Report (cont'd)

Future Outlook

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

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



Reinis Bērziņš
Chairman of the Board

29 August 2019

Supervisory Council and Management Board

Supervisory Council

Name, Surname	Position	Appointment Date	Date of expiry of the term of the mandate
Līga Kļaviņa	Chairperson of the Council	29.12.2016.	28.12.2019.
Jānis Šnore	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.
Jurīš Vaskāns	Member of the Board	11.06.2018.	10.06.2021.
Inese Zīle	Member of the Board	11.06.2018.	10.06.2021.
Aleksandrs Bimbirulis	Member of the Board	07.07.2017.	06.07.2020.

Statement of Management's responsibility

Riga

29 August 2019

The Management Board (the Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies were used and applied consistently and reasonable and prudent judgments and estimates were made in the preparation of the financial statements on pages 12 to 48 for the period 1 January 2019 to 30 June 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	Group	Company	Company
		01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited) *	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited) *
Interest income	4.	6 652	6 486 *	6 652	6 123 *
Interest expense		(1 173)	(682)	(1 173)	(682)
Net interest income		5 479	5 804	5 479	5 441
Income for implementation of state aid programmes	5.	1 965	1 879 *	1 965	1 879 *
Expenses to be compensated for implementation of state aid programmes	6.	(1 728)	(1 928) *	(1 728)	(1 928) *
Net income for implementation of state aid programmes		237	(49)	237	(49)
Gains less losses from trading securities and foreign exchange translation		94	(250)	94	(250)
Share of gain or (loss) of investment in joint venture and associate		623	1 055	623	-
Losses from liabilities at fair value through profit or loss		(623)	-	(623)	-
Other income		425	408 *	425	408 *
Other expense		(261)	-	(261)	(54) *
Operating income before operating expenses		5 974	6 968	5 974	5 496
Staff costs		(2 218)	(2 326) *	(2 218)	(2 326) *
Administrative expense		(778)	(1 355) *	(778)	(1 355) *
Amortisation of intangible assets and depreciation of property, plant and equipment		(382)	(261)	(382)	(261)
(Impairment) loss, net	7.	2 578	(537)	2 578	(537)
Profit before corporate income tax		-	-	-	-
Profit before corporate income tax		5 174	2 489	5 174	1 017
Corporate income tax		-	-	-	-
Profit for the period		5 174	2 489	5 174	1 017
Other comprehensive income:		(274)	(1 120)	(274)	(1 120)
Items to be reclassified to profit or loss in subsequent periods					
Net loss from financial assets measured at fair value through other comprehensive income		(274)	(1 120)	(274)	(1 120)
Total comprehensive income for the period		4 900	1 369	4 900	(103)
Profit is attributable to:					
Owners of the Company		5 174	2 489	-	-
Non-controlling interest		-	-	-	-
Profit for the period		5 174	2 489	-	-
Total comprehensive income is attributable to:					
Owners of the Company		(274)	(1 120)	-	-
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		4 900	1 369	-	-

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

The accompanying notes on pages 17 through 48 form an integral part of these financial statements.



Reinis Bērziņš
Chairman of the Board



Inese Kuprovskā
Acting Chief Accountant

29 August 2019

Statement of Financial Position

All amounts in thousands of euro

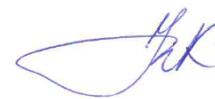
	Notes	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited) *	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited) *
Assets					
Due from credit institutions and the Treasury	8.	149 315	137 026	149 133	136 646
Financial assets at fair value through profit or loss		1 968	1 160	-	-
Financial assets at fair value through other comprehensive income - investment securities		48 117	50 389	48 117	50 389
Financial assets at amortised cost:					
Investment securities		459	467	459	467
Loans and receivables	9.	210 648	197 755	209 943	197 473
Grants		12 808	22 561 *	12 808	22 561 *
Deferred expense		483	349	483	349
Accrued income		813	1 723	912	1 723
Assets held for sale		11 343	11 343	11 343	11 343
Investments in venture capital funds – associates	10.	52 184	50 239	52 184	50 239
investments in subsidiaries		-	-	2 436	1 492
Investment property	11.	20 166	14 794	20 166	14 794
Property, plant and equipment		4 746	4 228	4 746	4 228
Intangible assets		1 281	1 347	1 281	1 347
Other assets	12.	2 903	2 558 *	2 903	2 558 *
Total assets		517 234	495 939	516 914	495 609
Liabilities					
Due to credit institutions	13.	33 903	38 245	33 903	38 245
Financial liabilities at fair value through profit or loss – derivatives		-	2	-	2
Due to general governments	14.	59 686	48 110	59 686	48 110
Financial liabilities at amortised cost - Issued debt securities		45 316	29 943	45 316	29 943
Deferred income		2 471	2 181	2 471	2 181
Accrued expense		1 108	830	1 108	830
Provisions	15.	26 493	25 373	26 493	25 373
Support programme funding	16.	118 851	126 959	118 864	126 959
Other liabilities		2 864	2 706	2 851	2 643
Corporate Income tax liabilities		-	-	-	-
Total liabilities		290 692	274 349	290 692	274 286
Equity					
Share capital		204 862	204 862	204 862	204 862
Reserves	17.	12 863	7 965	12 863	7 610
Revaluation reserve of financial assets measured at fair value through other comprehensive income	17.	3 323	3 597	3 323	3 597
Retained earnings		5 174	4 900	5 174	5 254
Net assets attributable to the Company's owners		226 222	221 324	226 222	221 323
Non-controlling interest		320	266	-	-
Total equity		226 542	221 590	226 222	221 323
Total equity and liabilities		517 234	495 939	516 914	495 609

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

The accompanying notes on pages 17 through 48 form an integral part of these financial statements.



Reinis Bērziņš
 Chairman of the Board



Inese Kuprovskā
 Acting Chief Accountant

29 August 2019

Consolidated Statement of Changes in Equity

All amounts in thousands of euro

	Attributable to owners of the Company						Total equity
	Share capital	Reserves	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserve of disposal group classified as held for sale	Retained earnings	Non-controlling interest	
As at 31 December 2017 (audited)	204 862	722	6 092	1 839	9 333	-	222 848
Impact of IFRS 9 adoption	-	-	-	(1 839)	(812)	-	(2 651)
Reclassification of distribution of 2015 year profit of the Company	-	-	-	-	(1 829)	-	(1 829)
As at 1 January 2018 (audited)	204 862	722	6 092	-	6 692	-	218 368
Profit for the period	-	-	-	-	1 892	-	1 892
Other comprehensive income	-	-	(1 298)	-	-	-	(1 298)
Total comprehensive income	-	-	(1 298)	-	1 892	-	594
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-	-
As at 30 June 2018 (unaudited)	204 862	6 606	4 794	-	2 700	-	218 962
Profit for the period	-	-	-	-	2 200	-	2 200
Other comprehensive income	-	-	(1 197)	-	-	-	(1 197)
Total comprehensive income	-	-	(1 197)	-	2 200	-	1 003
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	-	-	-	-	5 174	-	5 174
Other comprehensive income	-	-	(274)	-	-	-	(274)
Total comprehensive income	-	-	(274)	-	5 174	-	4 900
Changes of reserves	-	(355)	-	-	355	-	-
Distribution of profit of previous years	-	791	-	-	(791)	-	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-	-
Non-controlling interest	-	-	-	-	-	54	54
As at 30 June 2019 (unaudited)	204 862	12 863	3 323	-	5 176	320	226 544

The accompanying notes on pages 17 through 48 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	-	-	-	-	1 017	1 017
Other comprehensive income	-	-	(1 298)	-	-	(1 298)
Total comprehensive income	-	-	(1 298)	-	1 017	(281)
Distribution of 2017 year profit of the Company	-	5 884	-	-	(5 884)	-
As at 30 June 2018 (unaudited)	204 862	5 498	4 794	-	1 809	216 963
Profit for the period	-	-	-	-	3 445	3 445
Other comprehensive income	-	-	(1 197)	-	-	(1 197)
Total comprehensive income	-	-	(1 197)	-	3 445	2 248
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	-	-	-	-	5 174	5 174
Other comprehensive income	-	-	(274)	-	-	(274)
Total comprehensive income	-	-	(274)	-	5 174	4 900
Distribution of profit of previous years	-	791	-	-	(791)	-
Distribution of 2018 year profit of the Company	-	4 462	-	-	(4 462)	-
As at 30 June 2019 (unaudited)	204 862	12 863	3 323	-	5 175	226 223

The accompanying notes on pages 17 through 48 form an integral part of these financial statements.

Statement of Cash Flows

All amounts in thousands of euro

	Notes	Group	Group	Company	Company
		01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)
Cash and cash equivalents at the beginning of period		128 916	100 597	128 536	100 597
Cash flows from operating activities					
Profit before taxes		5 174	2 489	5 174	1 017
Amortisation of intangible assets and depreciation of property, plant and equipment		435	261	435	261
Interest income		(6 652)	(5 874)	(6 652)	(5 874)
Interest received		3 909	3 094	3 909	3 094
Interest expenses		1 173	682	1 173	682
Interests paid		(822)	(51)	(822)	(51)
(Decrease) / increase in provisions for impairment	7.	(2 578)	433	(2 578)	433
(Increase) in share of profit / (loss) in joint venture and associate capital funds	10.	-	247	-	-
(Decrease) of cash and cash equivalents from operating activities before changes in assets and liabilities		639	1 281	639	(438)
Due from credit institutions decrease		3 115	1 997	3 115	1 997
Decrease / (increase) of loans		(9 016)	707	(8 593)	707
Decrease / (increase) of grants		9 767	(8 486)	9 767	(8 486)
Due to credit institutions (decrease)		7 173	(3 410)	7 173	(3 411)
Increase in deferred income and accrued expense		568	(125)	568	(125)
(Decrease) in deferred expense and accrued income		776	(245)	677	(242)
(Increase) of other assets		796	(242)	796	121
Increase / (decrease) in other liabilities		(7 517)	11 617	(7 507)	13 139
Corporate income tax		-	-	-	-
Net cash flows to/ from operating activities		6 301	3 094	6 635	3 262
Cash flows from investment activities					
Sale of investment securities		3 113	2 484	3 113	2 484
Acquisition of property, plant and equipment and intangible assets		(887)	(963)	(887)	(963)
Purchase of investment properties		(5 404)	(1 967)	(5 404)	(1 967)
Ieguldījumu īpašumu pārdošana		32	-	32	-
Sale of assets held for sale		-	-	-	-
Investments in venture capital funds, net		(1 945)	1 233	(1 945)	905
Investments of subsidiaries in share capital		(808)	-	(944)	-
Investments in subsidiaries		-	-	-	-
Net cash flows to/ from investing activities		(5 899)	787	(6 035)	459
Cash flows from financing activities					
Issued debt securities		15 000	9 901	15 000	9 901
Increase of capital		-	-	-	-
Net cash flow from financing activities		15 000	9 901	15 000	9 901
Increase in cash and cash equivalents		15 402	13 782	15 600	13 622
Cash and cash equivalents at the end of period	8.	144 318	114 379	144 136	114 219

The accompanying notes on pages 17 through 48 form an integral part of these financial statements.

Approval of the Financial Statements

The Management of the Group / Company has approved these unaudited interim condensed financial statements on 29 August 2019.

1 General Information

(1) Corporate Information

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

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

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

Altum Group includes the Company and two closed investment funds Hipo Latvia Real Estate Fund I and Hipo Real Estate Fund II (legal address – Elizabetes street 41/43, Riga, Latvia LV-1010) in which the Company is the sole investor. The below listed venture capital funds - subsidiaries and associates - are treated as subsidiaries or associates only for purposes of financial accounting.

Venture capital funds classified as Subsidiaries or Associates:

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

2 Summary of significant accounting policies

(1) Basis of presentation

These unaudited interim condensed financial statements for the three-month period ended 30 June 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.

Vairāki jauni standarti un interpretācijas ir publicēti, un tie stājas spēkā finanšu periodos, kas sākas 2019. gada 1. janvārī vai vēlāk.

3 Risk Management

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

4 Interest income

All amounts in thousands of euro

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Interest on loans and guarantees **	5 868	5 087 *	5 868	5 088 *
Interest on securities at amortised cost	7	12	7	12
Interest on securities at fair value	759	1 023	759	1 023
Other interest income	11	364	11	-
Interest on balances due from credit institutions	7	-	7	-
Total interest income	6 652	6 486	6 652	6 123

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

** Based on the Mezzanine and Guarantee Fund Activity Agreement concluded with the Ministry of Economics in 2016 (Agreement No 2011/16), the financing given by the Ministry of Economics must be increased by the income of the Mezzanine and Guarantee Fund from the placement of free funds, interest income from loans, premium income on issued guarantees, commissions, contractual penalties, etc. As a result, the Group's/Company's sub-item Interest income on loans and guarantees is reduced by EUR 230 thousand (6 months of 2018: EUR 247 thousand).

5 Income for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Compensation of expenses for management of state support programmes	1 145	1 218 *	1 145	1 218 *
Compensation of venture capital fund management fees	583	661 *	583	661 *
Compensation of 2018 year expenses for management of state support programmes	237	-	237	-
Total income from implementation of state support programmes	1 965	1 879	1 965	1 879

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

6 Expenses to be compensated for implementation of state aid programmes

All amounts in thousands of euro

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Compensated staff costs	933	992 *	933	992 *
Compensated administrative expense	212	226 *	212	226 *
Compensated venture capital fund management fees	583	710 *	583	710 *
Total compensated expense for implementation of state support programmes	1 728	1 928	1 728	1 928

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

7 Impairment losses, net

All amounts in thousands of euro

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Impairment losses on:	3 567	9 897	3 567	9 897
Loans, net	2 069	7 661	2 069	7 661
<i>impairment losses</i>	3 341	7 661	3 341	7 661
<i>impairment losses covered by risk coverage reserve</i>	(1 272)	-	(1 272)	-
Disbursed guarantee compensations	-	-	-	-
<i>impairment losses</i>	519	-	519	-
<i>impairment losses covered by risk coverage reserve</i>	(519)	-	(519)	-
Other assets		1 249	-	1 249
Debt securities	-	33	-	33
Guarantees, net	1 359	954	1 359	954
<i>impairment losses</i>	5 638	954	5 638	954
<i>impairment losses covered by risk coverage reserve</i>	(4 279)	-	(4 279)	-
Loan commitments, net	139	-	139	-
<i>impairment losses</i>	320	-	320	-
<i>impairment losses covered by risk coverage reserve</i>	(181)	-	(181)	-
Reversal of impairment on:	(5 031)	(8 455)	(5 031)	(8 455)
Kredītiem, neto	(2 924)	(2 877)	(2 924)	(2 877)
<i>reversal of impairment</i>	(3 435)	(2 877)	(3 435)	(2 877)
<i>reversal of impairment covered by risk coverage reserve</i>	511	-	511	-
Disbursed guarantee compensations	(1 155)	-	(1 155)	-
<i>reversal of impairment</i>	(1 161)	-	(1 161)	-
<i>reversal of impairment covered by risk coverage reserve</i>	6	-	6	-
Other assets		(274)	-	(274)
Debt securities	-	(2)	-	(2)
Guarantees, net	(905)	(5 302)	(905)	(5 302)
<i>reversal of impairment</i>	(2 457)	(5 302)	(2 457)	(5 302)
<i>reversal of impairment covered by risk coverage reserve</i>	1 552	-	1 552	-
Loan commitments, net	(47)	-	(47)	-
<i>reversal of impairment</i>	(766)	-	(766)	-
<i>reversal of impairment covered by risk coverage reserve</i>	719	-	719	-
Total impairment (losses) / reversal, net	(1 464)	1 442	(1 464)	1 442
Recovery of loans written off in previous periods	(1 114)	(905)	(1 114)	(905)
Total impairment (losses) / reversal and income from recovery of loans written-off	(2 578)	537	(2 578)	537

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. therefore quality of the data was not comparable with 6 months of 2019

8 Due from credit institutions and the Treasury

All amounts in thousands of euro

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Due from credit institutions and State Treasury	149 320	137 031	149 138	136 651
<i>cash and cash equivalent</i>	144 318	128 916	144 136	128 536
Impairment allowances	(5)	(5)	(5)	(5)
Net due from credit institutions and State Treasury	149 315	137 026	149 133	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	-	12 868	107 640	22 673	6 139	-	-	-	149 320
Total gross as at 30 June 2019	-	12 868	107 640	22 673	6 139	-	-	-	149 320

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	-	12 818	107 640	22 541	6 139	-	-	-	149 138
Total gross as at 30 June 2019	-	12 818	107 640	22 541	6 139	-	-	-	149 138

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

As at 30 June 2019, the average interest rate on balances due from credit institutions was 0.01% (31 December 2017: -0.012%).

9 Loans

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

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Private companies	200 143	189 549	199 438	189 267
Individuals	26 642	25 853	26 642	25 853
Financial institutions	731	867	731	867
Local governments	214	239	214	239
Public institutions	1 018	623	1 018	623
Total gross loans	228 748	217 131	228 043	216 849
Impairment allowances	(18 101)	(19 376)	(18 101)	(19 376)
Total net loans	210 647	197 755	209 942	197 473

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Number of customers	24	26	24	26
Total credit exposure of customers (EUR '000)	35 624	35 652	35 624	35 652
Percentage of total gross portfolio of loans	15.62%	16.42%	15.62%	16.44%

9 Loans (cont'd)

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Performing	194 033	178 557	193 328	178 275
Past due up to 30 days	15 318	17 565	15 318	17 565
Past due from 31 to 60 days	336	3 012	336	3 012
Past due from 61 to 90 days	399	618	399	618
Past due over 90 days	18 662	17 379	18 662	17 379
Total gross loans, without interest accrued on the loans	228 748	217 131	228 043	216 849
Impairment allowances	(18 101)	(19 376)	(18 101)	(19 376)
Total net loans	210 647	197 755	209 942	197 473

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	172 759	163 133	172 054	162 851
Credit risk has increased significantly (Stage 2)	19 414	16 597	19 414	16 597
Loans which have objective evidence of impairment (Stage 3)	36 575	37 401	36 575	37 401
Total gross loans, without interest accrued on the loans	228 748	217 131	228 043	216 849
Impairment allowances	(18 101)	(19 376)	(18 101)	(19 376)
Total net loans	210 647	197 755	209 942	197 473

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

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Allowances at the beginning of the period	19 376	15 438	19 376	15 438
Covered by risk coverage reserve	-	2 557	-	2 557
Impact of IFRS 9 adoption	-	4 324	-	4 324
Allowances for accrued income	-	1 745	-	1 745
Allowances at 1 January 2018	19 376	24 064	19 376	24 064
Increase in impairment allowances (Note 5)	3 341	4 684	3 341	4 684
Decrease in impairment allowances (Note 5)	(3 435)	(3 117)	(3 435)	(3 117)
Accrued interest	-	(164)	-	(164)
Write-off of loans	(1 181)	(27)	(1 181)	(27)
Currency change	-	-	-	-
Allowances at the end of the period ended 30 June	18 101	25 440	18 101	25 440
<i>Group's / Company's share of provisions</i>		12 617		12 617
<i>Provisions covered by risk coverage*</i>		5 484		5 484
Increase in impairment allowances (Note 5)	-	1 233	-	1 233
Decrease in impairment allowances (Note 5)	-	(291)	-	(291)
Accrued interest	-	164	-	164
Write-off of loans	-	(7 173)	-	(7 173)
Currency change	-	3	-	3
Allowances at the end of the period ended 31 December	-	19 376	-	19 376
<i>Group's / Company's share of provisions</i>		14 426		14 426
<i>Provisions covered by risk coverage*</i>		4 950		4 950

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. therefore quality of the data was not comparable with 6 months of 2019.

9 Loans (cont'd)

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Real estate (loans)	150 866	155 299	150 866	155 299
Real estate (leaseback)	11 374	6 923	11 374	6 923
Movable property	23 361	22 273	23 361	22 273
Guarantees	1 239	305	1 239	305
Total collateral	186 840	184 800	186 840	184 800
Loan portfolio, gross	228 748	217 131	228 043	216 849
Impairment allowances	(18 101)	(19 376)	(18 101)	(19 376)
Loan portfolio, net	210 647	197 755	209 942	197 473
Exposed	11.30%	6.55%	11.00%	6.42%

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Agriculture and forestry	105 876	94 954	105 876	94 954
Manufacturing	48 744	46 192	48 744	46 192
Private individuals	26 641	23 481	26 641	23 481
Other industries	12 718	21 508	12 013	21 226
Retail and wholesale	13 653	11 371	13 653	11 371
Hotels and restaurants	4 207	4 256	4 207	4 256
Electricity, gas and water utilities	3 855	3 958	3 855	3 958
Transport, warehousing and communications	1 042	1 166	1 042	1 166
Real estate	6 223	4 219	6 223	4 219
Construction	2 375	2 586	2 375	2 586
Financial intermediation	850	867	850	867
Fishing	2 350	2 334	2 350	2 334
Municipal authorities	214	239	214	239
Total gross loans	228 748	217 131	228 043	216 849
Impairment allowances	(18 101)	(19 376)	(18 101)	(19 376)
Total net loans	210 647	197 755	209 942	197 473

As at 30 June 2019 the average annual interest rate for the loan portfolio of the Group / Company was 4.17% (31 December 2018: 4.15%).

10 Investments in venture capital funds

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

Company or VCF generation	Country of incorporation	VCF's equity		Carrying Amount	
		30.06.2019.	31.12.2018.	30.06.2019.	31.12.2018.
The 1st generation of VCF	LV	2 387	2 387	746	746
The 2nd generation of VCF	LV	20 355	20 399	14 582	14 623
The 3rd generation of VCF	LV	23 894	24 950	22 756	23 763
The 4th generation of VCF	LV	2 178	186	1 359	119
Baltic Innovation fund	LU	57 705	54 942	12 741	10 988
Total investments		106 519	102 864	52 184	50 239

As at 30 June 2019 the total VCF portfolio value at cost value was 63,196 thsd. euros (as at 31/12/2018: 59,698 thsd. euros).

10 Investments in venture capital funds (cont'd)

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

	Investments in associates		BIF investments		Total	
	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)
Carrying amount at the beginning of period	39 251	44 898	10 988	8 394	50 239	53 292
Invested	1 376	134	1 753	1 106	3 129	1 240
Refunded	(1 688)	(3 223)	-	-	(1 688)	(3 223)
Share of net loss of investment in joint venture and associate	623	1 055	-	-	623	1 055
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-	-	-	-
Compensation of impairment	-	(185)	-	-	-	(185)
Carrying amount at the end of the period ended at 30 June	39 562	42 679	12 741	9 500	52 303	52 179
Impairment	-	(140)	-	-	-	(140)
Net carrying amount at the period ended at 30 June	39 562	42 539	12 741	9 500	52 303	52 039
Invested	-	121	-	1 719	-	1 840
Refunded	-	(1 330)	-	(488)	-	(1 818)
Share of net loss of investment in joint venture and associate	-	(2 403)	-	-	-	(2 403)
Share of gain of investment in joint venture and associate at fair value through profit or loss	-	-	-	257	-	257
Compensation of impairment	-	185	-	-	-	185
Impairment	-	140	-	-	-	140
Net carrying amount at the period ended at 31 December	-	39 252	-	10 988	-	50 240

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

- EUR 531 thousand (6 months of 2018: EUR 656 thousand) from the risk coverage reserve used to cover management fees for the 2nd and 3rd generation venture capital funds;
- EUR 240 thousand (6 months of 2018: 0) 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 47 thousand (6 months of 2018: EUR 94 thousand), of which EUR 47 thousand (6 months of 2018: EUR 40 thousand) was compensated from the risk coverage reserve.

Part of disbursements, made into the 4th generation venture capital funds, are classified as Investments in subsidiaries (detailed information is available in Note 19) un management fees of such funds amounted EUR 406 thousand (6 months of 2018: 0) were covered by the risk coverage reserve.

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

11 Investment properties

All amounts in thousands of euro

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (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*	5 404	3 988	5 404	3 988
Disposals during the reporting period	(32)	(234)	(32)	(234)
Net gain from fair value adjustment	-	232	-	232
Carrying amount at the end of the period	20 166	14 794	20 166	14 794

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

14 Due to general governments

All amounts in thousands of euro

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Due to government entities	1 725	2 724	1 725	2 724
Loans received from Rural Support Service	6 671	7 171	6 671	7 171
Loans received from the Treasury	51 290	38 215	51 290	38 215
Total due to general governments	59 686	48 110	59 686	48 110

Liabilities Due to government entities includes obligations in amount of 1,725 thsd euros (2018: 2,723 thsd euros), of which 1,723 thsd. euros originated from the capital reduction of ERDFII and ESFII loan funds, effected by Altum in year 2013. Since an agreement with responsible state entities was reached that the part of ERDFII and ESFII public funding is redistributed to other purposes, that amount is accounted outside the ERDFII and ESFII loan funds balance, i.e., on the liabilities side of the Statement of financial position under the item Due to government entities.

Item Loans from Rural Support Service includes the financing to the Loan Fund, which was established in accordance with the Cabinet Regulation No 664 dated 20 July 2010 Procedure for Administering and Supervising the State and European Union Aid for Agriculture, Rural and Fisheries Development through Establishment of the Loan Fund and Financing Agreement dated 7 September 2010 concluded among the Ministry of Agriculture, Rural Support Service and the Company (Altum) stipulating the provisions for establishment, operation and supervision of the Loan Fund, absorption of the funds and performance of the Business Plan and its purpose. Altum was granted 44,711 thsd euros (7,114 thsd euros from the European Fisheries Fund (EFF); 37,596 thsd euros – European Agricultural Fund for Rural development (EAFRD)) to transfer these resources of the Loan Fund to the eligible beneficiaries via financial intermediaries. In the reporting period the Group/Company had not made any reimbursements to RSS. However, based on the Agreement No 2018/88 dated 29 August 2018 concluded between Altum and Ministry of Agriculture and Section 4.2. of the Cabinet of Ministers Regulations No 446 dated 24 July 2018 On the Lending Programmes for Agricultural, Rural and Fisheries Economic Operators, the investment in the amount of 500 thsd euros was made to the Lending Programme for Fisheries Economic Activities, resulting in a 500 thsd euros reduction of the repayable funding of the Loan Fund under "EFF measures". As at 30 June 2019 the Group/Company liabilities to Rural Support Service consist of the principal amount of 6,403 thsd euros and accrued interest – 268 thsd euros..

Loans received from the Treasury includes the loan of 51,290 thsd euros received by the Group/Company for the implementation of the Agricultural land acquisition programme and SME development programme. During the reporting period the Group/Company liabilities to the Treasury increased by 13,075 thsd euros, because in March the loan in amount of 3,078 thsd euros was issued for the financing the loans issued within the Agricultural land acquisition programme and in June the loan in amount of 9,997 thsd euros was issued for the financing the loans issued within the SME Development programme. More information is available in Note **Error! Reference source not found.**

15 Provisions

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Provisions for financial guarantees	25 709	24 144	25 709	24 144
<i>Group's / Company's share of provisions</i>	9 955	10 982	9 955	10 982
<i>Provisions covered by risk coverage</i>	15 754	13 162	15 754	13 162
Provisions for loan commitments	775	1 220	775	1 220
<i>Group's / Company's share of provisions</i>	181	88	181	88
<i>Provisions covered by risk coverage</i>	594	1 132	594	1 132
Provisions for grant commitments	9	9	9	9
<i>Group's / Company's share of provisions</i>	9	9	9	9
<i>Provisions covered by risk coverage</i>	-	-	-	-
Total provisions	26 493	25 373	26 493	25 373
<i>Group's / Company's share of provisions</i>	10 145	11 079	10 145	11 079
<i>Provisions covered by risk coverage</i>	16 348	14 294	16 348	14 294

15 Provisions (cont'd)

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

	Group 01.01.2019.- 30.06.2019. (unaudited)	Group 01.01.2018.- 30.06.2018. (unaudited) *	Company 01.01.2019.- 30.06.2019. (unaudited)	Company 01.01.2018.- 30.06.2018. (unaudited) *
Provisions at the beginning of the period	24 144	5 986	24 144	5 986
Impact of IFRS 9 adaption	-	6 123	-	6 123
Reclassification IAS 37 (Provisions for onerous contracts)	-	8 544	-	8 544
Provisions covered by risk coverage	-	2 196	-	2 196
Provisions as at 1 January 2018	24 144	22 849	24 144	22 849
Increase in provisions (Note 5)	5 638	669	5 638	669
Decrease in provisions (Note 5)	(2 457)	(2 521)	(2 457)	(2 521)
Reclassification IAS 37 (Provisions for onerous contracts)	(1 615)		(1 615)	
Currency change	(1)	(2)	(1)	(2)
Provisions at the end of the period ended 30 June (unaudited)	25 709	20 995	25 709	20 995
<i>Group's / Company's share of provisions</i>	9 955	-	9 955	-
<i>Provisions covered by risk coverage</i>	15 754	-	15 754	-
Increase in provisions (Note 5)	-	7 505	-	7 505
Decrease in provisions (Note 5)	-	(4 355)	-	(4 355)
Currency change	-	(1)	-	(1)
Provisions at the end of the period ended 31 December (audited)	-	24 144	-	24 144
<i>Group's / Company's share of provisions</i>	-	10 982	-	10 982
<i>Provisions covered by risk coverage</i>	-	13 162	-	13 162

* In 2018, the Group / Company continued to test and develop the new financial instruments recognition and measurement processes, internal control and management frameworks necessary to implement IFRS 9 requirements. therefore quality of the data was not comparable with 6 months of 2019.

16 Support programme funding

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

Programme	Programme funding		Credit risk cover		Provisions covered by risk coverage		Net programme funding	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)
ERDF II	10 898	11 888	4 747	5 208	(918)	(984)	9 980	10 904
ESF II	1 076	1 422	860	1 225	(248)	(363)	828	1 059
Microcredits of Swiss programme	5 383	5 435	1 064	1 366	(32)	(43)	5 351	5 392
ERDF I	597	606	176	197	(24)	(28)	573	578
ESF I	315	380	84	157	(46)	(77)	269	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 564	5 733	1 220	1 662	(161)	(186)	5 403	5 547
Incubators (from ESF II)	78	78	16	20	(1)	(2)	77	76
ERAF II 2 Public fund	2 485	2 396	250	317	(15)	(16)	2 470	2 380
Fund of Funds and venture capital funds	16 346	24 914	13 101	19 931	-	-	16 346	24 914
Fund of Funds programme - Start-up loans	2 629	2 283	2 629	2 282	(337)	(354)	2 292	1 929
Fund of Funds programme – Microcredits	309	297	309	297	(39)	(42)	270	255
Fund of Funds programme - Parallel loans	2 901	2 143	2 901	2 143	(2 216)	(2 044)	685	99
Fund of Funds programme - Guarantees	20 752	14 981	20 752	14 981	(5 247)	(4 254)	15 505	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	1 316	2 388	1 316	2 388	-	-	1 316	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	4 181	3 008	3 336	2 400	(826)	(530)	3 355	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	23 046	31 305	-	-	-	-	23 046	31 305
Housing Guarantee Programme	9 659	6 849	9 659	6 849	(6 887)	(5 769)	2 772	1 080
Social Entrepreneurship Programme	1 202	302	-	-	-	-	1 202	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 978	1 000	(307)	(342)	1 671	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 754	6 158	(1 090)	(1 090)	6 663	5 068
Other loans to start-ups	1 350	2 407	634	898	(106)	(94)	1 244	2 313
Mezzanine Loan Programme	4 070	3 806	3 256	3 045	(3 026)	(2 906)	1 044	900
Investment Fund Activity	2 010	1 130	1 486	836	-	-	2 010	1 130
Baltic Innovation Fund	1 799	1 860	-	930	-	-	1 799	1 860
Guarantees and interest grants programme	4 181	4 278	4 181	4 278	-	-	4 181	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 900	1 923	1 705	1 923	(810)	(42)	1 090	1 881
Parallel loans	2 000	2 000	2 000	2 000	(22)	(21)	1 978	1 979
Export guarantees	2 030	2 030	2 030	2 030	(138)	(79)	1 892	1 951
Loans for enterprises in rural territories	3 000	2 499	210	175	(7)	(2)	2 993	2 497
Energy Efficiency Fund	191	133	-	-	-	-	191	133
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-
Grants for development of energy efficiency projects	354	-	-	-	-	-	354	-
Total	141 353	146 227	87 654	85 276	(22 503)	(19 268)	118 850	126 959

16 Support programme funding (cont'd)

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

Programme	Programme funding		Credit risk cover		Provisions covered by risk coverage		Net programme funding	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)
ERDF II	10 898	11 888	4 747	5 208	(918)	(984)	9 980	10 904
ESF II	1 076	1 422	860	1 225	(248)	(363)	828	1 059
Microcredits of Swiss programme	5 383	5 435	1 064	1 366	(32)	(43)	5 351	5 392
ERDF I	597	606	176	197	(24)	(28)	573	578
ESF I	315	380	84	157	(46)	(77)	269	303
Microcredits	-	15	-	-	-	-	-	15
ERDF II (second round)	5 564	5 733	1 220	1 662	(161)	(186)	5 403	5 547
Incubators (from ESF II)	78	78	16	20	(1)	(2)	77	76
ERAF II 2 Public fund	2 485	2 396	250	317	(15)	(16)	2 470	2 380
Fund of Funds and venture capital funds	16 359	24 914	13 101	19 931	-	-	16 359	24 914
Fund of Funds programme - Start-up loans	2 629	2 283	2 629	2 282	(337)	(354)	2 292	1 929
Fund of Funds programme - Microcredits	309	297	309	297	(39)	(42)	270	255
Fund of Funds programme - Parallel loans	2 901	2 143	2 901	2 143	(2 216)	(2 044)	685	99
Fund of Funds programme - Guarantees	20 752	14 981	20 752	14 981	(5 247)	(4 254)	15 505	10 727
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	1 316	2 388	1 316	2 388	-	-	1 316	2 388
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	4 181	3 008	3 336	2 400	(826)	(530)	3 355	2 478
Energy Efficiency Programme for Multi-apartment Buildings - Grants	23 046	31 305	-	-	-	-	23 046	31 305
Housing Guarantee Programme	9 659	6 849	9 659	6 849	(6 887)	(5 769)	2 772	1 080
Social Entrepreneurship Programme	1 202	302	-	-	-	-	1 202	302
Start-up State Aid Cumulation Lending Programme	1 978	1 000	1 978	1 000	(307)	(342)	1 671	658
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	7 753	6 158	7 754	6 158	(1 090)	(1 090)	6 663	5 068
Other loans to start-ups	1 350	2 407	633	898	(106)	(94)	1 244	2 313
Mezzanine Loan Programme	4 070	3 806	3 256	3 045	(3 026)	(2 906)	1 044	900
Investment Fund Activity	2 010	1 130	1 486	836	-	-	2 010	1 130
Baltic Innovation Fund	1 799	1 860	-	930	-	-	1 799	1 860
Guarantees and interest grants programme	4 181	4 278	4 181	4 278	-	-	4 181	4 278
Parallel loans to large entrepreneurs	-	580	-	580	-	-	-	580
Portfolio Guarantee Fund	1 900	1 923	1 705	1 923	(810)	(42)	1 090	1 881
Parallel loans	2 000	2 000	2 000	2 000	(22)	(21)	1 978	1 979
Export guarantees	2 030	2 030	2 030	2 030	(138)	(79)	1 892	1 951
Loans for enterprises in rural territories	3 000	2 499	210	175	(7)	(2)	2 993	2 497
Energy Efficiency Fund	191	133	-	-	-	-	191	133
Regional Creative Industries Alliance	-	-	-	-	-	-	-	-
Grants for development of energy efficiency projects	354	-	-	-	-	-	354	-
Total	141 366	146 227	87 653	85 276	(22 503)	(19 268)	118 863	126 959

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

	30.06.2019. (unaudited)	31.12.2018. (audited)
Provisions for financial guarantees	15 754	13 162
Provisions for loans	5 484	4 951
Provisions loan commitments	594	1 132
Provisions for financial assets - disbursed guarantee compensations	671	23
Provisions for grants	-	-
Provisions for grant commitments	-	-
Total provisions covered by risk coverage	22 503	19 268

16 Support programme funding (cont'd)

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

Movement of the Group's risk coverage reserve during the 6 months of 2019, in thousands of euro:

Programme	Financing beginning of period, gross	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Other changes	Financing end of period, gross	Provisions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	-	-	-	-	(990)	10 898	(918)	9 980
ESF II	1 422	-	-	-	(108)	-	(238)	1 076	(248)	828
Microcredits of Swiss programme	5 435	-	-	-	-	-	(52)	5 383	(32)	5 351
ERDF I	606	-	-	-	-	-	(9)	597	(24)	573
ESF I	380	-	-	-	(65)	-	-	315	(46)	269
Microcredits	15	-	(15)	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	-	-	-	-	(169)	5 564	(161)	5 403
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(1)	77
ERAF II 2 Public fund	2 396	-	-	-	-	-	89	2 485	(15)	2 470
Fund of Funds and venture capital funds	24 914	-	(5 841)	-	(2 178)	-	(518)	16 377	-	16 377
Fund of Funds programme - Start-up loans	2 283	-	300	-	-	-	47	2 630	(337)	2 293
Fund of Funds programme - Microcredits	297	-	-	-	-	-	12	309	(39)	270
Fund of Funds programme - Parallel loans	2 143	-	541	-	-	-	217	2 901	(2 216)	685
Fund of Funds programme - Guarantees	14 981	-	5 000	-	-	-	771	20 752	(5 247)	15 505
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	2 388	-	(1 200)	-	-	-	129	1 317	-	1 317
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	3 008	-	1 200	-	(75)	-	48	4 181	(826)	3 355
Energy Efficiency Programme for Multi-apartment Buildings - Grants	31 305	-	-	(7 715)	(544)	-	-	23 046	-	23 046
Housing Guarantee Programme	6 849	2 810	-	-	-	-	-	9 659	(6 887)	2 772
Social Entrepreneurship Programme	302	910	-	-	(10)	-	-	1 202	-	1 202
Start-up State Aid Cumulation Lending Programme	1 000	-	1 000	-	(22)	-	-	1 978	(307)	1 671
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	7 753	(1 090)	6 663
Other loans to start-ups	2 407	-	(1 000)	-	(33)	-	(55)	1 319	(106)	1 213
Mezzanine Loan Programme	3 806	-	-	-	-	-	264	4 070	(3 026)	1 044
Investment Fund Activity	1 130	-	-	-	(576)	638	816	2 008	-	2 008
Baltic Innovation Fund	1 860	-	-	-	(61)	-	-	1 799	-	1 799
Guarantees and interest grants programme	4 278	-	-	-	-	-	(97)	4 181	-	4 181
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-
Portfolio Guarantee Fund	1 923	-	-	-	(23)	-	-	1 900	(810)	1 090
Parallel loans	2 000	-	-	-	-	-	-	2 000	(22)	1 978
Export guarantees	2 030	-	-	-	-	-	-	2 030	(138)	1 892
Loans for enterprises in rural territories	2 499	-	500	-	-	-	-	2 999	(7)	2 992
Energy Efficiency Fund	133	70	-	-	(11)	-	-	192	-	192
Regional Creative Industries Alliance	-	14	-	-	(14)	-	-	-	-	-
Grants for development of energy efficiency projects	-	389	-	(3)	(32)	-	-	354	-	354
Total	146 227	4 193	1 500	(7 718)	(3 752)	638	265	141 353	(22 503)	118 850

16 Support programme funding (cont'd)

Movement of the Company's risk coverage reserve during the 6 months of 2019, in thousands of euro:

Programme	Financing beginning of period, gross	Financing received	Reallocated funding between programmes	Compensated grants	Compensated income and expense	Revaluation of liabilities	Other changes	Financing end of period, gross	Provisions covered by risk coverage	Financing end of period, net
ERDF II	11 888	-	-	-	-	-	(990)	10 898	(918)	9 980
ESF II	1 422	-	-	-	(108)	-	(238)	1 076	(248)	828
Microcredits of Swiss programme	5 435	-	-	-	-	-	(52)	5 383	(32)	5 351
ERDF I	606	-	-	-	-	-	(9)	597	(24)	573
ESF I	380	-	-	-	(65)	-	-	315	(46)	269
Microcredits	15	-	(15)	-	-	-	-	-	-	-
ERDF II (second round)	5 733	-	-	-	-	-	(169)	5 564	(161)	5 403
Incubators (from ESF II)	78	-	-	-	-	-	-	78	(1)	77
ERAF II 2 Public fund	2 396	-	-	-	-	-	89	2 485	(15)	2 470
Fund of Funds and venture capital funds	24 914	-	(5 841)	-	(2 178)	-	(518)	16 377	-	16 377
Fund of Funds programme - Start-up loans	2 283	-	300	-	-	-	47	2 630	(337)	2 293
Fund of Funds programme - Microcredits	297	-	-	-	-	-	12	309	(39)	270
Fund of Funds programme - Parallel loans	2 143	-	541	-	-	-	217	2 901	(2 216)	685
Fund of Funds programme - Guarantees	14 981	-	5 000	-	-	-	771	20 752	(5 247)	15 505
Energy Efficiency Programme for Multi-apartment Buildings - Loan Fund	2 388	-	(1 200)	-	-	-	129	1 317	-	1 317
Energy Efficiency Programme for Multi-apartment Buildings - Guarantees	3 008	-	1 200	-	(75)	-	48	4 181	(826)	3 355
Energy Efficiency Programme for Multi-apartment Buildings - Grants	31 305	-	-	(7 715)	(544)	-	-	23 046	-	23 046
Housing Guarantee Programme	6 849	2 810	-	-	-	-	-	9 659	(6 887)	2 772
Social Entrepreneurship Programme	302	910	-	-	(10)	-	-	1 202	-	1 202
Start-up State Aid Cumulation Lending Programme	1 000	-	1 000	-	(22)	-	-	1 978	(307)	1 671
Guarantee Programme for Clients of State Aid Accumulation, Grace Period and Large Economic Operators	6 158	-	1 595	-	-	-	-	7 753	(1 090)	6 663
Other loans to start-ups	2 407	-	(1 000)	-	(33)	-	(42)	1 332	(106)	1 226
Mezzanine Loan Programme	3 806	-	-	-	-	-	264	4 070	(3 026)	1 044
Investment Fund Activity	1 130	-	-	-	(576)	638	816	2 008	-	2 008
Baltic Innovation Fund	1 860	-	-	-	(61)	-	-	1 799	-	1 799
Guarantees and interest grants programme	4 278	-	-	-	-	-	(97)	4 181	-	4 181
Parallel loans to large entrepreneurs	580	-	(580)	-	-	-	-	-	-	-
Portfolio Guarantee Fund	1 923	-	-	-	(23)	-	-	1 900	(810)	1 090
Parallel loans	2 000	-	-	-	-	-	-	2 000	(22)	1 978
Export guarantees	2 030	-	-	-	-	-	-	2 030	(138)	1 892
Loans for enterprises in rural territories	2 499	-	500	-	-	-	-	2 999	(7)	2 992
Energy Efficiency Fund	133	70	-	-	(11)	-	-	192	-	192
Regional Creative Industries Alliance	-	14	-	-	(14)	-	-	-	-	-
Grants for development of energy efficiency projects	-	389	-	(3)	(32)	-	-	354	-	354
Total	146 227	4 193	1 500	(7 718)	(3 752)	638	278	141 366	(22 503)	118 863

17 Reserves

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

	Specific reserves		General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserves
	Difference recognised in Group's reorganisation reserve	Reserve capital for Housing Guarantee Programme			
Reserves as at 31 December 2017 (audited)	(14 827)	9 695	5 854	7 931	8 653
Impact of IFRS 9 adoption	-	-	-	(1 839)	(1 839)
Reserves as at 1 January 2018 (audited)	(14 827)	9 695	5 854	6 092	6 814
Changes of reserves	(720)	-	-	-	(720)
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(902)	(902)
Reserves as at 30 June 2018 (unaudited)	(15 547)	9 695	5 854	5 190	5 192
Changes of reserves	(33)	-	-	-	(33)
Distribution of 2017 year profit of the Company	-	-	5 884	-	5 884
Increase of reserve capital	-	2 112	-	-	2 112
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(1 593)	(1 593)
Reserves as at 31 December 2018 (audited)	(15 580)	11 807	11 738	3 597	11 562
Changes of reserves	585	-	-	-	585
Distribution of 2018 year profit of the Company	-	-	5 253	-	5 253
(Decrease) in revaluation reserve of financial assets measured at fair value through other comprehensive income	-	-	-	(274)	(274)
Reserves as at 30 June 2019 (unaudited)	(14 995)	11 807	16 991	3 323	17 126

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

	Specific reserves		General reserve capital	Revaluation reserve of financial assets measured at fair value through other comprehensive income	Reserves
	Difference recognised in Group's reorganisation reserve	Reserve capital for Housing Guarantee Programme			
Reserves as at 31 December 2017 (audited)	(15 935)	9 695	5 854	7 931	7 545
Impact of IFRS 9 adoption	-	-	-	(1 839)	(1 839)
Reserves as at 1 January 2018 (audited)	(15 935)	9 695	5 854	6 092	5 706
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(902)	(902)
Reserves as at 30 June 2018 (unaudited)	(15 935)	9 695	5 854	5 190	4 804
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	-	-	-	(1 593)	(1 593)
Reserves as at 31 December 2018 (audited)	(15 935)	11 807	11 738	3 597	11 207
Distribution of 2018 year profit of the Company	-	-	5 253	-	5 253
(Decrease) in revaluation reserves of financial assets measured at fair value through other comprehensive income	-	-	-	(274)	(274)
Reserves as at 30 June 2019 (unaudited)	(15 935)	11 807	16 991	3 323	16 186

18 Off-balance sheet items and contingent liabilities

All amounts in thousands of euro

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Contingent liabilities:				
Outstanding guarantees	273 270	236 895	273 270	236 895
Financial commitments:				
Loan commitments	29 114	19 611	29 114	19 611
Commitments to venture capital funds	54 925	60 258	54 925	60 258
Grant commitments	14 276	7 320	14 276	7 320
Total contingent liabilities	371 585	324 084	371 585	324 084

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Credit risk has not increased significantly (Stage 1)	266 059	228 081	266 059	228 081
Credit risk has increased significantly (Stage 2)	1 362	2 496	1 362	2 496
Loans which have objective evidence of impairment (Stage 3)	5 849	6 317	5 849	6 317
Total outstanding guarantees, gross	273 270	236 894	273 270	236 894
Impairment allowances	(25 709)	(24 144)	(25 709)	(24 144)
Total outstanding guarantees, net	247 561	212 750	247 561	212 750

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Unutilised loan facilities	29 114	19 611	29 114	19 611
Impairment allowances	(774)	(1 220)	(774)	(1 220)
Total unutilized loan facilities, net	28 340	18 391	28 340	18 391

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

	Group 30.06.2019. (unaudited)	Group 31.12.2018. (audited)	Company 30.06.2019. (unaudited)	Company 31.12.2018. (audited)
Grant commitments	14 276	7 320	14 276	7 320
Impairment allowances	(9)	(9)	(9)	(9)
Total grant commitments, net	14 267	7 311	14 267	7 311

Breakdown of the Group's / Company's off-balance sheet assets and contingent liabilities by remaining contractual maturities as at 30 June 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	273 270	-	-	-	-	-	273 270
Financial commitments							
Loan commitments	29 114	-	-	-	-	-	29 114
Grant commitments	14 276	-	-	-	-	-	14 276
Commitments to venture capital funds	1 200	1 800	2 800	6 200	38 625	4 300	54 925
Total financial commitments	44 590	1 800	2 800	6 200	38 625	4 300	98 315
Total contingent liabilities and financial commitments	317 860	1 800	2 800	6 200	38 625	4 300	371 585

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

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 **Error! Reference source not found.**

19 Related party transactions

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

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

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

	People with significant control (PSC)		Transactions with shareholders		Associates		Other companies owned by the Group's shareholders	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	-	-	52 184	50 239	-	-
Assets held for sale	11 343	11 343	-	-	-	-	-	-
Due to general governments	-	-	-	-	-	-	6 671	7 171
Support programme funding	-	-	96 664	102 045	-	-	22 187	23 422
Off-balance sheet financial liabilities for venture capital funds	-	-	-	-	38 619	43 952	-	-

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

	Transactions with shareholders		Associates		Other companies owned by the Group's shareholders		Investments in subsidiaries	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)
Investments in venture capital funds – associates	-	-	52 184	50 239	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	2 436	1 492
Due to general governments	-	-	-	-	6 671	7 171	-	-
Support programme funding	96 677	103 537	-	-	22 187	23 422	-	-
Off-balance sheet financial liabilities for venture capital funds	-	-	38 619	43 952	-	-	-	-

19 Related party transactions (cont'd)

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

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

	Received State aid funding		Issued State aid funding or funding paid back	
	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)	01.01.2019.- 30.06.2019. (unaudited)	01.01.2018.- 30.06.2018. (unaudited)
Transactions with shareholders				
LR Finanšu ministrija	389	-	-	-
LR Ekonomikas ministrija	2,810	-	-	-
LR Labklājības ministrija	-	1,209	-	(1,027)
Associates				
Riska kapitāla fondi	138	2 145	(553)	(1 990)
Other companies owned by the Group's shareholders				
Lauku atbalsta dienests	-	-	-	-
Centrālā finanšu un līgumu aģentūra	-	14,000	-	-

In the reporting period, the remuneration of the members of the Supervisory Council, Audit Committee and the Management Board of the Company amounted to EUR 152 thousand (6 months of 2018: EUR 270 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	Group	Company	Company
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)
Assets exposed to credit risk				
Due from credit institutions and the Treasury	149 315	137 026	149 133	136 646
Financial assets at fair value through other comprehensive income - investment securities	48 117	50 389	48 117	50 389
Financial assets at amortised cost:				
Investment securities	459	467	459	467
Loans and receivables	210 648	197 755	209 943	197 473
Grants	12 808	22 561	12 808	22 561
Investments in venture capital funds	52 184	50 239	52 184	50 239
Other assets	2 363	1 739	2 363	1 739
Total	475 894	460 176	475 007	459 514
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 16)	273 270	236 895	273 270	236 895
Financial commitments (Note 16)	98 315	87 189	98 315	87 189
Total	371 585	324 084	371 585	324 084

20 Maximum exposure to credit risk (cont'd)

As at 30 June 2019, the Group's / Company's commitments considered as an aggregation of property amounting to 85,192 thsd euros were pledged in favour of the Ministry of Finance. Detailed information on the loan agreements concluded by the Group / Company:

- On 16 June 2015, a commercial pledge stemming from loan agreement No A/1/F12/296 and its amendments concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge refers to the right of claims resulting from loans granted by the Group/Company in compliance with the Cabinet Regulations No 295 "Procedure of Granting State Aid for Acquisition of Agricultural Land Used for Producing Agricultural Production" of 22 May 2018 (till May 25 2018 in compliance with the Cabinet Regulations No 381 "Procedure of Granting State Aid for Acquisition of Agricultural Land for Producing Agricultural Production" of 29 May 2012). As at 30 June 2019, the total amount of the Group's/Company's commitments considered as an aggregation of property in favour of the Ministry of Finance was 41,294 thsd euros (2018: 38,245 thsd euro).
- A commercial pledge agreement dated 29 December 2016 stemming from the loan agreement No A1/1/15/698 dated 18 December 2015 and loan agreement No A1/1/16/395 dated 26 September 2016, concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia. The commercial pledge refers to the right of claims resulting from loans granted by the Group/Company in compliance with the Cabinet Regulation No 1065 dated 15 September 2009 On Loans for Promoting the Development of Micro, Small and Medium Sized Merchants and Agricultural Service Co-operative Societies and Cabinet Regulation No 328 dated 31 May 2016 On Micro Loans and Start-up Loans. As at 30 June 2019, the total amount of the Group's/Company's commitments considered as an aggregation of property in favour of the Ministry of Finance was 9,997 thsd euros (2018: 0.00 euro).
- A guarantee of the Ministry of Finance of the Republic of Latvia amounting to 33,903 thsd euro (2018: 38,245 thsd euro) was issued to secure the Group's/Company's loan from EIB, which was issued in 2010 (Note **Error! Reference source not found.**).
- On 7 March 2019 Mortgage agreement, stemming from Loan agreement No A1/1/19/53 concluded between the Group/Company and the Ministry of Finance of the Republic of Latvia, was signed. Mortgage agreement refers to the financing, which is available for the Group/Company in the form of a loan and which is used for the financing of purchase, lease, selling or exchange of agricultural land on behalf of the Land Fund of Latvia in compliance with the Cabinet Regulations No 748 "Regulations on the Transactions with the Agricultural Land" of 2 December 2014. The secured claim amount is 15,00 thsd euro. In reporting period, the loan was issued to the Group/Company in amount of 5,075 thsd euro, which was repaid by the Group/Company till 30 June 2019.

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

- Based on the loan agreement No A1/1/F16/474 dated 24 November 2016 between the Group/Company and the Ministry of Finance of the Republic of Latvia a commercial pledge agreement was concluded on the same date. The commercial pledge refers to the right of claims resulting from the loans granted by the Group/Company in compliance with the Cabinet Regulation No 469 dated 15 July 2016 On Parallel Loans for Improvement of Competitiveness of Businesses. The maximum secured claim amount is 24,000 thsd euro. As at 30 June 2019, the Group/Company has not started to use the loan.
- On 30 October 2017 a loan agreement with the Council of Europe Development Bank was signed. Within the framework of the loan agreement Group/Company would have the opportunity of borrowing EUR 50 mln for implementation of the energy efficiency improvement measures in multi-apartment buildings. As stipulated by agreement, the first tranche has to be disbursed within September 2019. The loan is not secured by a registered collateral, but presents pari passu rights against other creditors. As at 30 June 2019, the Group/Company didn't use the financing available under the above-mentioned agreement.
- 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 **Error! Reference source not found.**

21 Fair values of assets and liabilities

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

	Carrying Amount		Fair Value	
	30.06.2019. (unaudited)	31.12.2018. (audited) *	30.06.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	149 315	137 026	149 313	137 007
Financial assets at fair value through profit or loss	1 968	1 160	1 968	1 160
Financial assets at fair value through other comprehensive income - investment securities	48 117	50 389	48 117	50 389
Financial assets at amortised cost:				
Investment securities	459	467	1 140	1 148
Individuals	210 648	197 755	208 007	196 401
Companies	24 533	23 485	23 933	23 387
Loans	186 115	174 270	184 074	173 014
Grants	12 808	22 561 *	12 808	22 561 *
Assets held for sale	11 343	11 343	11 343	11 343
Investments in venture capital funds – associates (investments in BIF)	12 741	10 988	12 741	10 988
Investment properties	20 166	14 794	20 166	14 794
Other assets	2 363	1 739 *	2 363	1 739 *
Total assets	469 928	448 222	467 966	447 530
Liabilities				
Due to credit institutions	33 903	38 245	33 903	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	59 686	48 110	59 222	47 370
Financial liabilities at amortised cost - Issued debt securities	45 316	29 943	45 316	29 943
Support programme funding	118 851	126 959	118 851	126 959
Total liabilities	257 756	243 259	257 292	242 519

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

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

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

	Carrying Amount		Fair Value	
	30.06.2019. (unaudited)	31.12.2018. (audited) *	30.06.2019. (unaudited)	31.12.2018. (audited) *
Assets				
Due from credit institutions and the Treasury	149 133	136 646	149 131	136 627
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income - investment securities	48 117	50 389	48 117	50 389
Financial assets at amortised cost:				
Investment securities	459	467	1 140	1 148
Individuals	209 943	197 473	207 302	196 119
Companies	24 451	23 451	23 851	23 353
Loans	185 492	174 022	183 451	172 766
Grants	12 808	22 561 *	12 808	22 561 *
Assets held for sale	11 343	11 343	11 343	11 343
Investments in venture capital funds – associates (investments in BIF)	12 741	10 988	12 741	10 988
Investments in subsidiaries	2 436	1 492	2 436	1 492
Investment properties	20 166	14 794	20 166	14 794
Other assets	2 363	1 739 *	2 363	1 739 *
Total assets	469 509	447 892	467 547	447 200
Liabilities				
Due to credit institutions	33 903	38 245	33 903	38 245
Financial liabilities at fair value through profit or loss – derivatives	-	2	-	2
Due to general governments	59 686	48 110	59 222	47 370
Financial liabilities at amortised cost - Issued debt securities	45 316	29 943	45 316	29 943
Support programme funding	118 851	126 959	118 851	126 959
Total liabilities	257 756	243 259	257 292	242 519

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

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

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

	Level 1		Level 2		Level 3		Total	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)*	30.06.2019. (unaudited)	31.12.2018. (audited)*
Assets measured at fair value								
Financial assets at fair value through profit or loss	-	-	-	-	1 968	1 160	1 968	1 160
Financial assets at fair value through other comprehensive income - investment securities	35 099	36 344	13 018	14 045	-	-	48 117	50 389
Assets held for sale	-	-	-	-	11 343	11 343	11 343	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	12 741	10 988	12 741	10 988
Investment properties	-	-	-	-	20 166	14 794	20 166	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	142 718	132 026	-	-	6 595	4 981	149 313	137 007
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	208 007	196 401	208 007	196 401
Grants	-	-	-	-	12 808	22 561	12 808	22 561
Other assets	-	-	-	-	2 363	1 739	2 363	1 739
Total assets	177 817	168 370	14 158	15 193	275 991	263 967	467 966	447 530
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	118 851	126 959	118 851	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	33 903	38 245	33 903	38 245
Due to general governments	-	-	-	-	59 222	47 370	59 222	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 316	29 943	45 316	29 943
Total liabilities	-	-	-	2	257 292	242 517	257 292	242 519

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

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

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

	Level 1		Level 2		Level 3		Total	
	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)	30.06.2019. (unaudited)	31.12.2018. (audited)*	30.06.2019. (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	35 099	36 344	13 018	14 045	-	-	48 117	50 389
Investments in subsidiaries	-	-	-	-	2 436	1 492	2 436	1 492
Assets held for sale	-	-	-	-	11 343	11 343	11 343	11 343
Investments in venture capital funds – associates (investments in BIF)	-	-	-	-	12 741	10 988	12 741	10 988
Investment properties	-	-	-	-	20 166	14 794	20 166	14 794
Assets with fair values disclosed								
Due from credit institutions and the Treasury	142 536	131 646	-	-	6 595	4 981	149 131	136 627
Financial assets at amortised cost:								
Investment securities	-	-	1 140	1 148	-	-	1 140	1 148
Loans	-	-	-	-	207 302	196 119	207 302	196 119
Grants	-	-	-	-	12 808	22 561 *	12 808	22 561 *
Other assets	-	-	-	-	2 363	1 739 *	2 363	1 739 *
Total assets	177 635	167 990	14 158	15 193	275 754	264 017	467 547	447 200
Liabilities measured at fair value								
Financial liabilities at fair value through profit or loss – derivatives	-	-	-	2	-	-	-	2
Support programme funding	-	-	-	-	118 851	126 959	118 851	126 959
Liabilities with fair value disclosed								
Due to credit institutions	-	-	-	-	33 903	38 245	33 903	38 245
Due to general governments	-	-	-	-	59 222	47 370	59 222	47 370
Financial liabilities at amortised cost - Issued debt securities	-	-	-	-	45 316	29 943	45 316	29 943
Total liabilities	-	-	-	2	257 292	242 517	257 292	242 519

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

Assets

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

Liabilities

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

Fair value hierarchy of financial assets and liabilities

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

- Level 1 includes balances due from other credit institutions and the Treasury as well as listed financial instruments for which an active market exists, if in determining their fair value the Group/Company use unadjusted quoted market prices, obtained from a stock-exchange or reliable information systems;
- Level 2 includes financial instruments traded over the counter (OTC) and financial instruments having no active market or a declining active market whose fair value measurement are based to a significant extent on observable market inputs (e.g., rates applied to similar instruments, benchmark financial instruments, credit risk insurance transactions, etc.);

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

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

Debt securities

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

Derivatives

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

Investments in venture capital funds

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

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

Investment properties

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

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

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

Assets held for sale

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

22 Liquidity risk

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

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

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 June 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	8 805	25 168	-	-	-	33 973
Due to general governments	1	-	8 396	-	51 290	59 686
Issued debt securities	585	2 340	46 170	-	-	49 095
Support programme funding	-	23 487	19 164	67 706	8 493	118 851
Other liabilities	1 437	1 427	-	-	-	2 864
Total financial liabilities	10 828	52 422	73 730	67 706	59 783	264 469
Off-balance sheet items and contingent liabilities	328 660	38 625	4 300	-	-	371 585
Total financial liabilities, off-balance items and contingent liabilities	339 488	91 047	78 030	67 706	59 783	636 054
Due from credit institutions and the Treasury	150 065	-	-	-	-	150 065
Investment securities	9 597	28 047	10 932	-	-	48 576
Liquid assets	159 662	28 047	10 932	-	-	198 641

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

Maturity profile of the Group's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2018, in thousands of euro:

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

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

22 Liquidity risk (cont'd)

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 30 June 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	8 805	25 168	-	-	-	33 973
Due to general governments	1	-	8 396	-	51 290	59 686
Issued debt securities	585	2 340	46 170	-	-	49 095
Support programme funding	-	23 608	19 164	67 598	8 493	118 864
Other liabilities	1 424	1 427	-	-	-	2 851
Total financial liabilities	10 815	52 543	73 730	67 598	59 783	264 469
Off-balance sheet items and contingent liabilities	328 660	38 625	4 300	-	-	371 585
Total financial liabilities, off-balance items and contingent liabilities	339 475	91 168	78 030	67 598	59 783	636 054
Due from credit institutions and the Treasury	149 883	-	-	-	-	149 883
Investment securities	9 597	28 047	10 932	-	-	48 576
Liquid assets	159 480	28 047	10 932	-	-	198 459

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

Maturity profile of the Company's expected undiscounted future cash flows of financial liabilities, off-balance liabilities and liquid assets as at 31 December 2018, in thousands of euro:

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

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

22 Liquidity risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 30 June 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	144 312	-	5 002	-	-	-	149 314
Financial assets at fair value through profit or loss	-	-	-	-	-	1 968	1 968
Investment securities	-	-	-	9 597	28 047	10 932	48 576
Loans	8 481	6 217	14 415	21 232	90 129	70 174	210 648
Grants	1	-	-	-	553	12 254	12 808
Deferred expense and accrued income	1 296	-	-	-	-	-	1 296
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	745	-	7 136	7 446	22 757	14 100	52 184
Investments in subsidiaries	-	-	-	-	-	-	-
Investment property	-	-	-	-	18 119	2 047	20 166
Property, plant and equipment	-	-	-	-	-	4 746	4 746
Intangible assets	-	-	-	-	-	1 281	1 281
Other assets	501	-	-	841	1 561	-	2 903
Total assets	166 679	6 217	26 553	39 116	161 166	117 502	517 233
Liabilities							
Due to credit institutions	-	4 396	-	4 339	25 168	-	33 903
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	2	-	-	-	-	59 684	59 686
Issued debt securities	(4)	(7)	174	369	(190)	44 974	45 316
Deferred income and accrued expense	121	221	1 350	315	913	659	3 579
Support programme funding	26 493	-	-	-	-	-	26 493
Provisions	-	-	-	-	23 487	95 364	118 851
Corporate income tax liabilities	1 354	-	-	83	1 427	-	2 864
Other liabilities	-	-	-	-	-	-	-
Total liabilities	27 966	4 610	1 524	5 106	50 805	200 681	290 692
Net liquidity	138 713	1 607	25 029	34 010	110 361	(83 179)	226 541

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

22 Liquidity risk (cont'd)

Breakdown of the Group's assets and liabilities by maturity profile as at 31 December 2018 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	123 824	8 202	-	5 000	-	-	137 026
Financial assets at fair value through profit or loss	-	-	-	-	-	1 160	1 160
Investment securities	96	1 270	71	260	38 866	10 293	50 856
Loans	10 224	8 387	7 779	18 886	85 664	66 815	197 755
Grants	2	-	-	-	974	21 585	22 561
Deferred expense and accrued income	158	-	-	1 703	211	-	2 072
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	746	-	-	-	38 505	10 988	50 239
Investments in subsidiaries	-	-	-	-	-	-	-
Investment property	-	-	-	-	12 747	2 047	14 794
Property, plant and equipment	-	-	-	-	-	4 228	4 228
Intangible assets	-	-	-	-	-	1 347	1 347
Other assets	265	-	-	652	1 641	-	2 558
Total assets	146 658	17 859	7 850	26 501	178 608	118 463	495 939
Liabilities							
Due to credit institutions	-	4 398	-	4 333	26 389	3 125	38 245
Financial assets at fair value through profit or loss – derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48 109	48 110
Issued debt securities	109	-	-	-	-	29 834	29 943
Deferred income and accrued expense	970	185	228	253	789	586	3 011
Support programme funding	25 103	-	-	270	-	-	25 373
Provisions	34 052	-	206	-	11 883	80 818	126 959
Corporate income tax liabilities	2 706	-	-	-	-	-	2 706
Other liabilities	-	-	-	-	-	-	-
Total liabilities	62 942	4 584	434	4 856	39 061	162 472	274 349
Net liquidity	83 716	13 275	7 416	21 645	139 547	(44 009)	221 590

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

22 Liquidity risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 30 June 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	144 130	-	5 002	-	-	-	149 132
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	-	-	-	9 597	28 047	10 932	48 576
Loans	8 481	6 217	14 415	21 232	90 129	69 469	209 943
Grants	1	-	-	-	553	12 254	12 808
Deferred expense and accrued income	1 395	-	-	-	-	-	1 395
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	745	-	7 136	7 446	22 757	14 100	52 184
Investments in subsidiaries	-	-	-	-	584	1 852	2 436
Investment property	-	-	-	-	18 119	2 047	20 166
Property, plant and equipment	-	-	-	-	-	4 746	4 746
Intangible assets	-	-	-	-	-	1 281	1 281
Other assets	501	-	-	841	1 561	-	2 903
Total assets	166 596	6 217	26 553	39 116	161 750	116 681	516 913
Liabilities							
Due to credit institutions	-	4 396	-	4 339	25 168	-	33 903
Financial assets at fair value through profit or loss – derivatives	-	-	-	-	-	-	-
Due to general governments	2	-	-	-	-	59 684	59 686
Issued debt securities	(4)	(7)	174	369	(190)	44 974	45 316
Deferred income and accrued expense	121	221	1 350	315	913	659	3 579
Support programme funding	26 493	-	-	-	-	-	26 493
Provisions	-	-	-	-	23 487	95 377	118 864
Corporate income tax liabilities	1 341	-	-	83	1 427	-	2 851
Other liabilities	-	-	-	-	-	-	-
Total liabilities	27 953	4 610	1 524	5 106	50 805	200 694	290 692
Net liquidity	138 643	1 607	25 029	34 010	110 945	(84 013)	226 221

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

22 Liquidity risk (cont'd)

Breakdown of the Company's assets and liabilities by maturity profile as at 31 December 2018 based on the time remaining from the reporting date to their contractual maturity, in thousands of euro:

	Up to 1 month	1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years and w/o maturity	Total
Assets							
Due from credit institutions and the Treasury	123 444	8 202	-	5 000	-	-	136 646
Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
Investment securities	96	1 270	71	260	38 866	10 293	50 856
Loans	10 224	8 387	7 779	18 886	85 664	66 533	197 473
Grants	2	-	-	-	974	21 585	22 561
Deferred expense and accrued income	158	-	-	1 703	211	-	2 072
Assets held for sale	11 343	-	-	-	-	-	11 343
Investments in venture capital funds	746	-	-	-	38 505	10 988	50 239
Investments in subsidiaries	-	-	-	-	-	1 492	1 492
Investment property	-	-	-	-	12 747	2 047	14 794
Property, plant and equipment	-	-	-	-	-	4 228	4 228
Intangible assets	-	-	-	-	-	1 347	1 347
Other assets	265	-	-	652	1 641	-	2 558
Total assets	146 278	17 859	7 850	26 501	178 608	118 513	495 609
Liabilities							
Due to credit institutions	-	4 398	-	4 333	26 389	3 125	38 245
Financial assets at fair value through profit or loss – derivatives	2	-	-	-	-	-	2
Due to general governments	-	1	-	-	-	48 109	48 110
Issued debt securities	109	-	-	-	-	29 834	29 943
Deferred income and accrued expense	970	185	228	253	789	586	3 011
Support programme funding	25 103	-	-	270	-	-	25 373
Provisions	34 052	-	206	-	11 883	80 818	126 959
Corporate income tax liabilities	2 643	-	-	-	-	-	2 643
Other liabilities	-	-	-	-	-	-	-
Total liabilities	62 879	4 584	434	4 856	39 061	162 472	274 286
Net liquidity	83 399	13 275	7 416	21 645	139 547	(43 959)	221 323

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

23 Segment Information

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

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

Other services include Land Fund's transactions, transaction, which are connected to the assets that have been taken over in the debt collection process and new state aid development, as well as transactions, which cannot be attributed to state aid programmes.

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

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

23 Segment Information (cont'd)

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

	Loan service	Guarantee service	Venture capital fund service	Grant service	Other services	Total
Net interest income	4 433	1 041	56	-	(51)	5 479
Net income from fees and commissions	191	1	(30)	89	(14)	237
Net trading income	39	46	9	-	-	94
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	623	-	-	623
Gains less losses from liabilities at fair value through profit or loss	-	-	(623)	-	-	(623)
Other income	0	-	-	1	425	425
Other expense	(102)	(20)	(3)	(10)	(126)	(261)
Operating income / (loss) before operating expenses	4 561	1 068	32	79	234	5 974
Staff costs	(1 504)	(317)	(6)	(250)	(142)	(2 218)
Administrative expense	(446)	(122)	(23)	(153)	(34)	(778)
Amortisation of intangible assets and depreciation of property, plant and equipment	(198)	(73)	(14)	(81)	(15)	(382)
Net impairment provisions	1 176	1 401	-	-	-	2 578
Corporate income tax	-	-	-	-	-	-
Total segment profit/(loss)	3 590	1 958	(11)	(406)	43	5 174
Financial assets at fair value through profit or loss	-	-	1 968	-	-	1 968
Investments in venture capital funds - associates	-	-	52 184	-	-	52 184
Additions of property and equipment, intangible assets and investment property	120	35	8	54	5 415	5 632
Total segment assets	305 717	68 347	76 434	26 579	40 156	517 234
Total segment liabilities	157 126	71 184	20 239	24 876	17 267	290 692

Analysis of the operating segments of the Group for the period from 1 January 2018 till 31 December 2018, in thousands of euro::

	Loan service	Guarantee service	Venture capital fund service	Other services	Total
Net interest income	3 890	1 240	17	409	5 556
Net income from fees and commissions	458	(296)	(1)	50	211
Net trading income	(117)	(118)	(4)	(11)	(250)
Share of gain or (loss) of investment in joint venture and associate at fair value through profit or loss	-	-	-	1 055	1 055
Other income	313	397	179	725	1 614
Operating income / (loss) before operating expenses	4 544	1 223	191	2 228	8 186
Staff costs	(1 675)	(616)	(128)	(899)	(3 318)
Administrative expense	(954)	(281)	(85)	(261)	(1 581)
Amortisation of intangible assets and depreciation of property, plant and equipment	(166)	(45)	(6)	(44)	(261)
Net impairment provisions	(3 879)	3 373	-	(31)	(537)
Corporate income tax	-	-	-	-	-
Total segment profit/(loss)	(2 130)	3 654	(28)	993	2 489
Investments in venture capital funds - associates	-	-	49 830	-	49 830
Additions of property and equipment, intangible assets and investment property	2 846	925	95	14 213	18 079
Total segment assets	274 285	87 373	54 498	52 730	468 886
Total segment liabilities	158 348	53 425	11 563	22 892	246 228

24 Events after the reporting date

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

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OTHER NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

KEY FINANCIAL AND PERFORMANCE INDICATORS

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

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

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

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

**** Loans issued.

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

Definitions of ratios

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