JSC DEVELOPMENT FINANCE INSTITUTION ALTUM

Unaudited interim condensed report
for the three months period ended 31 March 2018

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Altum group

MISSION We help Latvia grow!

VISION Cooperation partner and expert in finance promoting the growth of national economy

VALUES Excellence / Team / Responsibility

JSC Development Finance Institution Altum as Altum Group parent company is a Latvia state-owned company ensuring access of enterprises and households to the financing resources by means of support financial instruments - loans, guarantees, investments in venture capital funds - in areas defined as important and to be supported by the state, thus developing national economy and by such way enhancing mobilization of private capital and financial resources.

Long-term financial objectives until 2018

The Management Board and Supervisory Council of JSC Development Finance Institution Altum have approved the Company's strategic development directions and long-term financial objectives for the period 2016 – 2018, which are:

Effective management of State funds, preserving the capital and achieving positive return on equity in the long-term

Implement new state aid programmes, including, multi-apartment buildings energy efficiency programmes, several new guarantee and agricultural land sales and leaseback products

Considerably increase the scope of activities
- Steep growth of guarantee portfolio
- Moderate growth of loan and investments in venture capital funds portfolios

Increase operational efficiency

Report of the board of directors

Activity during the reporting period

During the 3 months of year 2018 the joint-stock company Development Finance Institution Altum group (hereinafter – Group) made a profit of EUR 1.9 mln. The Group's parent company the joint-stock company Development Finance Institution Altum (Company) made a profit of EUR 1 mln.

Key financial and performance indicators of the Group

	2017 (audited)	2016 (audited)	2018, 1st quarter (not audited)	2017, 1st quarter (not audited)
Key financial data				
Net income from interest, fees and commission (tEUR)	11,374	11,024	2,647	3,569
Profit for the period (tEUR)	6,945	2,170	1,892	1,768
Cost to income ratio (CIR)	54.7%	88.4%	55.5%	54.1%
Employees	230	242	231	226
Total assets (tEUR)	451,686	443,126	473,588	438,408
Tangible common equity (TCE)/total tangible managed assets (TMA)	35.6%	35.2%	33.9%	36.0%
Equity and reserves (tEUR)	222,486	210,094	222,756	213,693
Total risk coverage: (tEUR)	65,002	67,705	73,573	-
Risk coverage reserve	60,060	64,833	70,872	-
Risk coverage reserve used for provisions	-4,753	-4,323	-6,994	-
Portfolio loss reserve (specific reserve capital)	9,695	7,195	9,695	7,195
Liquidity ratio for 180 days	507%	449%	382%	-
Financial instruments (gross value)				
Outstanding (tEUR) (by financial instrument)				
Loans	207,585	217,429	203,267	212,751
Guarantees	182,376	147,175	194,511	155,308
Venture capital funds	51,310	58,541	51,440	58,428
Total	441,271	423,145	449,218	426,487
Number of contracts	14,402	11,449	15,017	12,072
Volumes granted (tEUR) (by financial instrument)				
Loans	51,869	59,465	11,507*	14,085
Guarantees	68,615	56,109	18,319	14,208
Venture capital funds	2,638	21,356	546	274
Total	123,122	136,929	30,372	28,567
Number of contracts	4,697	4,461	1,021	1,008
Leverage for raised private funding	185%	162%	175%	172%

* issued loans

The data are explained in Other notes to interim condensed report "Group's key financial and performance indicators".

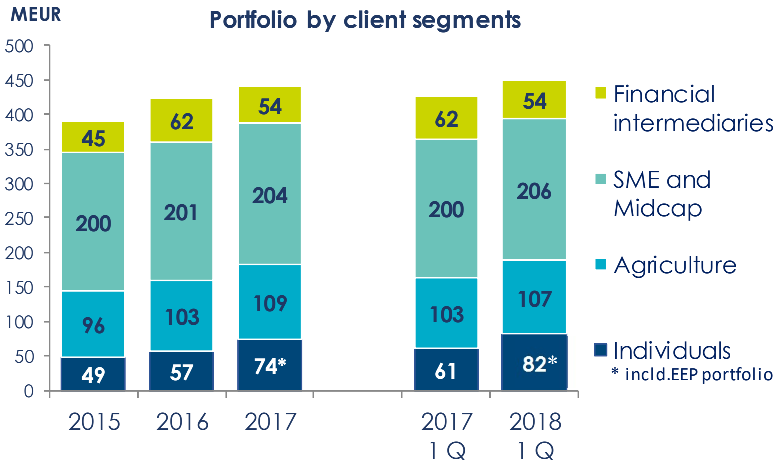
Financial Instruments Portfolio

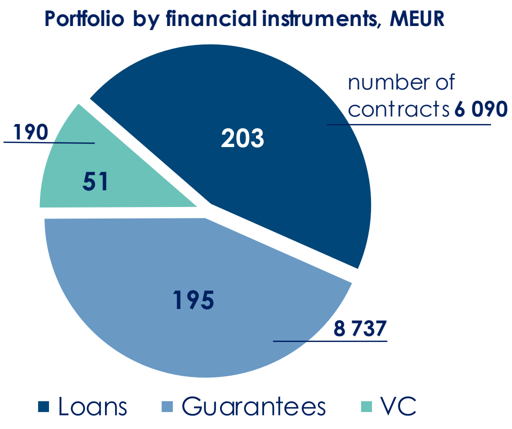
As at 31 March 2018 the Group held a gross portfolio of the financial instruments issued within the state aid programmes for the total value of EUR 449 mln made up of 15 017 projects, the Company's (gross) books and records held a portfolio EUR 461mln, 15 017 projects.

In the first quarter of year 2018 the portfolio of the Group's financial instruments increased by 1.8% (EUR 7.9 mln) in terms of volume and by 4.3% in terms of the number of projects (by 615 projects). Among the financial instruments the guarantee portfolio had the most rapid growth by 7% in terms of volume (EUR 12.1 mln) and by 8% in terms of the number of transactions. The rapid increase of the guarantee financial instruments in the Group's portfolio of transactions complies with the development strategy of the Group for years 2016-2018.

Analysing segments a part, the greatest part of the portfolio is taken by financed projects to Small and Medium enterprises and Midcap (SME and Midcap). During the first quarter, the highest growth was in the segment Individuals +11% (+8mln EUR). During the reporting period, the portfolio has also increased in the segment of SME and Midcap (+2 mln EUR), whilst it has decreased in the Agriculture segment (-2 mln EUR). Currently there is an active work under process for further improvements in current programmes as well as elaboration of new loan programme for Agriculture segment.

Report of the board of directors (continued)





Group 31.03.2018

In terms of the number of transactions the largest increase was observed in the segment of Individuals. Implementation of the Housing Guarantee Programme has contributed significantly to the rise of the number of transactions in this segment. As of March of this year the implementation of the programme has got a new additional boost by amendments of the programme's framework, which permits to explore this programme also to young professionals.

The portfolio structures of the loan and guarantee financial instruments reflects the state aid implementation priorities of the Latvian government.

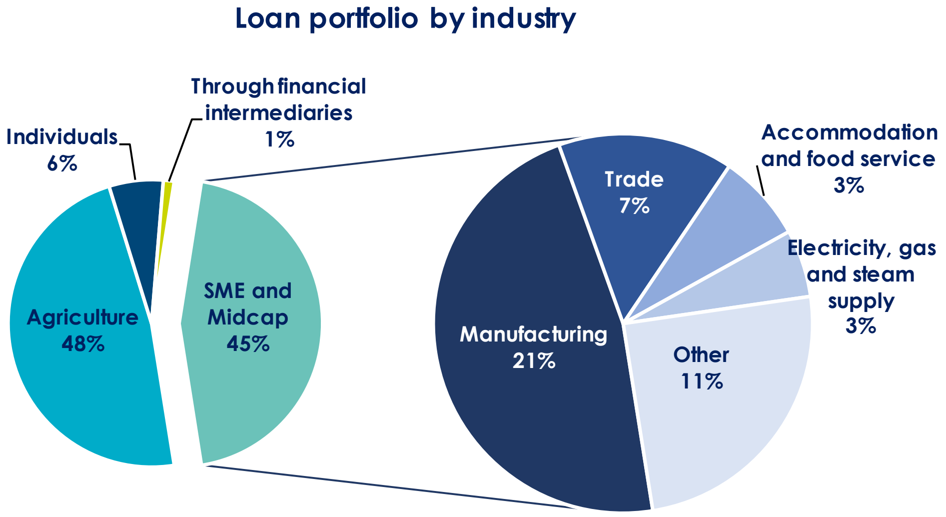
The state aid programmes implemented by the Group embrace a vast variety of the industries of the national economy and client segments resulting in broadly diversified financial instruments' portfolio of the Group.

It has evolved over the course of time that the Group implements a range of lending programmes for farmers that is reflected in the structure of the loan portfolio where the Agriculture segment accounts for 48%. Considerable portion of loan portfolio goes to manufacturing (21%) and trading companies (7%).

Promotion of entrepreneurship is a significant business segment of the Group. As at 31 March 2018 the business commencement projects were issued EUR 44.4 mln within the framework of "The loan to start a business" programme that funded 2 372 projects.

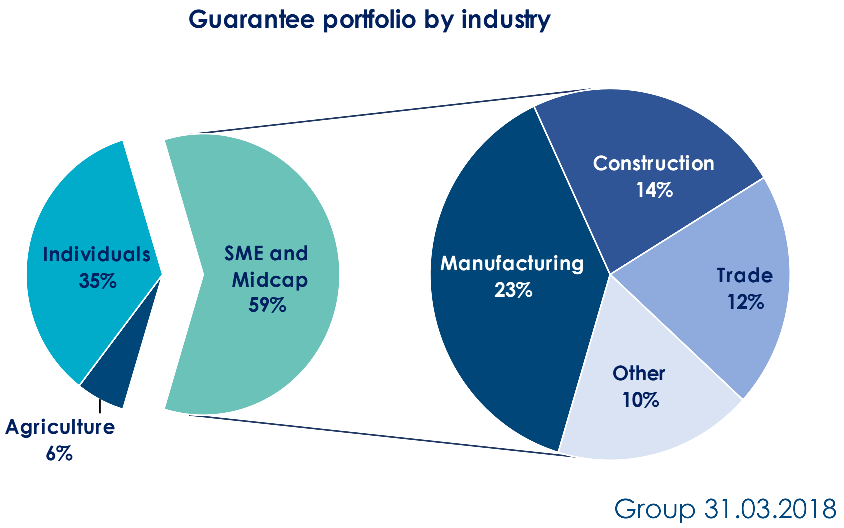
With the approved state aid programmes closing the market gaps, the Small and Medium enterprises and Midcap's account for most of the Group's guarantees - 59%, while Individuals account for 35% of the guarantees comprised of the housing acquisition guarantees issued to the families with children and young professionals, as well as guarantees in the framework of the Energy Efficiency Programme of Multi-apartment Buildings (EEP).

In terms of industries, the guarantees to manufacturing account for 23% of the portfolio with considerable guarantee amounts of 14% and 12% respectively being issued also in the construction and trade industries.



Group 31.03.2018

Report of the board of directors (continued)



By 31 March 2018, as part of the housing acquisition state aid for the families with children, the Housing Guarantee Programme had granted 7,861 guarantees worth EUR 54 mln. The families throughout Latvia use the programme's guarantees that help to save for the first instalment required to obtain a mortgage loan: of the total number of the issued guarantees 67% were granted in Riga and outskirts, 14% - in Vidzeme, 9% - in Kurzeme, 7% - in Zemgale and 3% - in Latgale. The average amount of one guarantee is EUR 7 thsd. As from 1 March 2018 when the programme was enraged to young professionals, and up to 31 March 2018, 24 guarantees in total were attributed to young professionals constituting EUR 182 thsd in total.

As at 31 March 2018, the balance sheet of the Land Fund administered by the Group enlisted 287 investment properties with the total land area of 4,933 ha worth of EUR 13,02 mln, including 31 reverse rent (sales and leaseback) transactions with the total land area of 557 ha worth of EUR 1,724 mln.

Volumes issued

The funding issued implementing the state aid programmes amounted to EUR 30.3 mln (60% - guarantees, 38% - loans and 2% - investments in venture capital funds) in the reporting period. In total, 1,021 projects were supported (the same amount if compared to the first quarter of 2017). The amount of new transactions for the reporting period on year to year basis increased by 6% (EUR 1.7 mln), 19% more guarantees were issued (EUR 2.9 mln), whereas the amount of loans decreased by 11% (EUR 1.4 mln). Due to the improvements introduced to the programme, the amount of loans issued to new businesses within the Start programme increased by 124% (EUR 1.2 mln) for the reporting period on year to year basis.

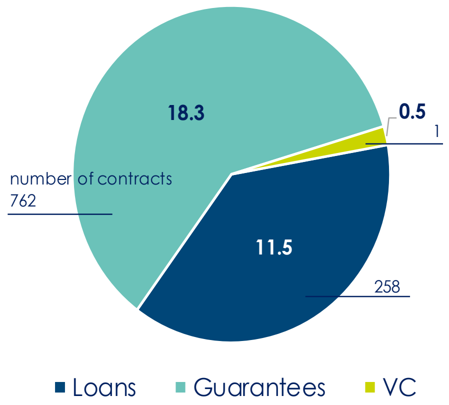
Within implementation of the Energy Efficiency Programme of Multi-apartment, the total amount of programme projects received was 330 constituting EUR 57 mln. 261 projects for the total amount of EUR 45.6 mln were given positive assessment. The number of projects submitted constitute 30% of the total number of projects planned for the entire period of implementation of the EEP (until 2022). In total within this programme, 90 grants were attributed (39 out of them during the first quarter of 2018) for the total amount of EUR 15.8 mln, 42 guarantees for the total amount of EUR 6 mln and 4 Altum loans for EUR 0.8 mln.

Following the growth of issued guarantees in 2017 and to facilitate entrepreneurship, during the reporting period, new guarantees for total amount of EUR 11.4 mln (+21% for the reporting period on year to year basis) were issued to business projects. Commercial banks have taken particular advantage of loan guarantees to construction companies as the security for bank credit lines issued. Like in previous periods, the portfolio of new guarantees issued is rather diversified, and the amount of transactions ranged from EUR 50 thsd to EUR 2.2. mln. The decision to increase, in 2017, the maximum amount of the guarantee from EUR 1.5 mln to EUR 3 mln had a positive effect since more and more enterprises who had attained maximum guarantee limits ask again for support. The use of delegated guarantees has been used more actively, which liberates the administrative resources of ALTUM. During the first quarter of 2018, 75% of the new SEB Banka guarantee applications have been submitted based on a delegation.

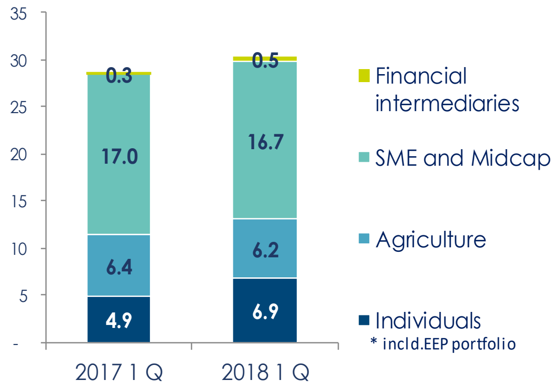
During the first quarter of 2018, the amount of short-term export guarantees has increased up to EUR 2.8 mln (it was EUR 0.4 mln for the same period of the previous year). The increase was affected by the broadening of the programme to transactions with the European Union and of the OECD member states for small-scale exporters (export turnover less than EUR 2 mln) or for larger export turnovers provided the maturity of deferred payment exceeds 180 days as well as by cancellation of criteria for local product leading to the right to apply for export guarantee for re-exporters.

Report of the board of directors (continued)

Volumes by financial instruments, TEUR



Volumes by client segments, TEUR



Group 31.03.2018

During the reporting period, the greatest number of new transactions are in the SME and Midcap segment 55%, the Individuals segment 23%, and the Agriculture segment 20%. We can see an increase of 41% (EUR 2 mln) in the Individuals segment for the reporting period on year to year basis, where the increase was influenced by the broadening of the EEP (guarantees and loans), as well as further implementation and broadening of the Housing Guarantee Programme.

In the Financial intermediaries segment dominated by venture capital investments, the volumes of new transactions have remained low during the reporting period since the managers of the acceleration funds and the venture capital funds (4th stage) are expected to commence their investment activities in the second half of 2018.

New Products and Increasing Operational efficiency

In order to foster development of the national economy through an influx of additional funds, the Group, following its Strategy for Years 2016–2018, expanded its business of loan guarantees for promotion of entrepreneurship by offering both – new guarantee products and enhancing of the existing products. In the first quarter 2018, conditions have been detailed and application of credit institutions in the framework of portfolio guarantee instrument was launched. Likewise, improvement shave been introduced into the individual guarantee programme by broadening the list of admitted industries.

To ensure access to the funding to a broader scope of clients, SME loans for new businesses underwent a range of considerable improvements that took effect as from February 2018 by extending the loan term from 8 to 10 years, and in case of funding real estate – up to 15 years, as well as by accepting enterprises who have been functioning for up to 5 years (replacing the previous 3 years criteria), and accepting self-employed persons as having the right to apply for a loan.

In the first quarter of 2018, negotiations with the European Investments Fund (EIF) were carried on regarding the attribution of the EaSI (Employment and Social Innovation) counter-guarantee to micro entrepreneurs and new businesses. Attribution of this counter-guarantee will reduce security requirements for the said group of companies. It is planned to sign an agreement with the EIF and to introduce changes to the Altum products as of June 2018.

On 06 April 2018 the selection of credit institutions for implementation of portfolio guarantees was closed. It is expected that as of third quarter of 2018 credit institutions would be able to issue loans at the maximum amount of EUR 250 thsd to companies of respective industries as set by credit institution itself at more advantageous conditions, i.e. lower interest rate.

During the first quarter of 2018, a range of improvements were elaborated and introduced to Agriculture segment programmes, substantial changes in the programme for acquisition of agricultural lands is planned, as well as a new loan programme for small agriculture and farming business launchers will be introduced. It is planned to launch these programmes in June 2018. Along with this, amendments to the Agriculture guarantee programme are being elaborated and the programme framework is simplified.

Amendments introduced to the Cabinet of Ministers Regulations No. 160 that came into effect in March of this year have had a positive impact on the accessibility of the EEP programme and ensures increased interest from project implementors: higher eligible costs amount is set for each project and the repayment period has been increased up to 40 years.

At the third quarter of 2018 venture capital acceleration investments for very early stage companies will be available in Latvia which is a novelty in the start-ups environment of Latvia. It is planned that in August 2018, 3 acceleration funds will commence their activities where the acceleration investments would receive appr. 120 feasible and sustainable business ideas within next 3 years. The total public funding for the Group's investments in these funds amounts EUR 15 mln.

It is planned that both, seed and start-up venture capital funds that were selected in 2007 taking into account the process of private funding raising will commence their activities in the 4th quarter of 2018. The total public funding for the Group's investments in these seed and start-up venture capital funds is expected to reach EUR 30 mln. Meanwhile, the growth venture capital fund will commence activities as from 3rd quarter of year 2018 with the total public funding for the Group's investments in this fund amounting to EUR 15 mln. It is planned to select a manager of one more growth venture capital fund in 2018.

Report of the board of directors (continued)

On 1 January 2018 the Law on Assistance in Solving Apartment Matters came into effect making also the persons having acquired secondary vocational or higher education and being below 35 years of age (young professionals) eligible for assistance of the state in purchase or construction of residential space. Making the young professionals eligible for the support of the Housing Guarantee Programme will improve the business environment of Latvia.

Continuing to work on optimisation of the management costs, on April 2018 the Group transitions to a new information system for transactions accounting that would ensure further gradual reduction of the management costs over the coming years. After implementation of the new information system, the annual information system maintenance costs would decrease by more than EUR 0.4 mln, without taking into consideration costs of upgrade and maintenance costs of related infrastructure. The new system would improve the speed of information circulation and client service since the visual layout of the modern software would let its users to intuitively find the necessary information without specific training. Moreover, the reports and extracts could be drawn up without using any additional software.

Long-term Funding

In October 2017 the Company issued transferable debt securities as series of notes in the form of a programme, registered them with the Latvian Central Depository and listed on Nasdaq Riga. With a view to diversify the funding sources on 2 March 2018 the Company emitted debt securities of 7 years with the total value of EUR 10 mln within the framework of this EUR 30 mln bonds programme. The investors of Latvia, Lithuania and Estonia have shown a substantial interest. Like in the case with the emission of bond securities by the Company in October 2017, this time, too, the subscribed volume exceeded the issued volume more than 6 times. 14 investors purchased the bonds: asset management funds, insurance companies and banks in Latvia (53%), Lithuania (22%) and Estonia (25%). Having issued these notes the Group continues activities in the capital markets with a long-term perspective in mind aiming to proceed with diversification of the structure of the attracted funding.

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 remains capable of implementing the established operational targets and assignments in the long run. In its risk management the Group makes use of various risk management methods and instruments as well as establishes risk limits and restrictions. The risk management methods are chosen based on materiality of the particular risk and its impact on the Group's operations.

In view of the Group's activities in the increased risk areas when implementing the state aid programmes, the Group has amassed the risk coverage of EUR 73.6 mln (as at 31.03.2018) that is available for coverage of expected credit loss of the state aid programmes. The expected loss is assessed before implementation of the respective aid programme and a portion of the public funding received within respective state aid programme for coverage of the expected credit loss is transferred 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.

Rating

On 15 June 2017 international credit rating agency Moody's Investors Service assigned to Altum (the parent company of the Group) an investment grade rating Baa1 with a stable outlook. The assigned rating is among the highest ratings ever assigned to a Latvian capital company. The assigned rating makes it possible for the Group to implement the Group's long-term strategy for raising funding through becoming a member of the capital market and issuing the notes with more success.

Future Outlook

In year 2018 the rapid growth of the guarantee portfolio will continue. It is expected that at the end of year 2018 the volume of the guarantee portfolio will exceed the loan portfolio, thus meeting the target identified by the development strategy of the Group for years 2016-2018, i.e., augment the operational volumes considerably by laying emphasis on the indirect financial instruments (guarantees).

Reinis Bērziņš
Chairman of the Board

30 May 2018

Supervisory Council and Board of Directors

The Supervisory Council

Name, surname	Position	Date appointed
Līga Kļaviņa	Chairperson of the Council	29/12/2016 – present
Jānis Šnore	Council Member	29/12/2016 - present
Kristaps Soms	Council Member	29/12/2016 - present

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

The Board of directors

Name, surname	Position	Date appointed – removed
Reinis Bērziņš	Chairman of the Board	12/10/2015 – present
Jēkabs Krieviņš	Board Member	12/10/2015 – present
Juris Vaskāns	Board Member	12/10/2015 – present
Inese Zīle	Board Member	12/10/2015 – present
Aleksandrs Bimbirulis	Board Member	07/07/2017 – present

Statement of the management's responsibility

Riga 30 May 2018

The Board of Directors (Management) is responsible for preparing the financial statements. The Management confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements on pages 10 to 51 for the period from 1 January 2018 to 31 March 2018. The Management confirms that the Group's and Company's financial statements were prepared on a going concern basis in accordance with International Accounting Standard 34 Interim Financial Reporting.

In 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 of the Company and to prevent and detect fraud and other irregularities.

Reinis Bērziņš
Chairman of the Board

Statement of comprehensive income

all amounts in thousands of euro

	Notes	Group 01/01/2018-31/03/2018 (unaudited)	Group 01/01/2017-31/03/2017 (unaudited)	Company 01/01/2018-31/03/2018 (unaudited)	Company 01/01/2017-31/03/2017 (unaudited)
Interest income	4	3,069	3,852	3,069	3,065
Interest expense		**(487)**	**(377)**	**(331)**	**(377)**
Net interest income		2,582	3,475	2,738	2,688
Fee and commission income		84	109	84	109
Fee and commission expense		(19)	(15)	(73)	(15)
Net income from fees and commissions		65	94	11	94
Net trading income		(88)	(45)	(88)	(45)
Share of profit of investment in joint venture and associate	9	1,003	208	-	-
Other income		921	590	921	590
Operating income before operating expenses		4,483	4,322	**3,582**	3,327
Staff costs		(1,613)	(1,415)	(1,613)	(1,415)
Administrative expense		(764)	(804)	(764)	(804)
Amortisation of intangible assets and depreciation of property, plant and equipment		(112)	(120)	(112)	(120)
(Impairment) loss, net	6	(96)	(215)	(96)	(215)
Profit before corporate income tax		1,898	1,768	997	773
Corporate income tax		(6)	-	(6)	-
Profit for the period		**1,892**	**1,768**	**991**	**773**
Other comprehensive income: Net loss from financial assets measured at fair value through other comprehensive income	19	(902)	**(219)**	(902)	**(219)**
Total comprehensive income for the period		**990**	**1,549**	**89**	**554**

The Notes on pages 15 to 51 are an integral part of these financial statements.

Reinis Bērziņš
Chairman of the Board

Marina Baranovska
Chief accountant

30 May 2018

Statement of financial position

all amounts in thousands of euro

	Notes	Group 31/03/2018 (unaudited)	Group 31/12/2017 (audited)	Company 31/03/2018 (unaudited)	Company 31/12/2017 (audited)
Assets					
Due from other credit institutions and Treasury	7	137,943	109,594	137,943	109,594
Financial assets at fair value through profit or loss - derivatives		-	142	-	142
Financial assets at fair value through other comprehensive income - investment securities		59,680	61,760	59,680	61,760
Financial assets at amortised cost:					
Investment securities		437	443	437	443
Loans and receivables	8	184,708	192,147	184,708	192,147
Deferred expense		412	176	412	176
Accrued income		2,315	2,080	2,315	2,080
Assets held for sale		12,816	12,935	10,602	10,565
Investments in venture capital funds – associates	9	51,300	51,170	48,553	49,108
Investment property	10 1010	11,697	10,808	11,697	10,808
Property, plant and equipment		3,815	3,828	3,815	3,828
Intangible assets		885	771	885	771
Other assets	11	7,580	5,832	7,580	5,832
Total assets		**473,588**	**451,686**	**468,627**	**447,254**
Liabilities					
Due to credit institutions	12	42,545	46,933	42,545	46,933
Financial assets at fair value through profit or loss - derivatives		40	-	40	-
Due to general governments		43,609	43,609	43,609	43,609
Financial liabilities at amortised cost - Issued debt securities	13	29,880	19,852	29,880	19,852
Deferred income		1,681	1,395	1,681	1,395
Accrued expense		929	982	929	982
Liabilities directly associated with assets held for sale		2,000	2,000	-	-
Provisions for financial guarantees	14	12,676	14,531	12,676	14,531
Support programme funding	15	110,485	90,757	112,176	94,080
State aid	15	3,968	3,968	3,968	3,968
Other liabilities		3,013	3,764	2,737	3,488
Corporate Income tax liabilities		6	125	6	125
Total liabilities		250,832	229,200	250,247	228,963
Capital and reserves					
Share capital		204,862	204,862	204,862	204,862
Reserves	16	2,367	2,398	(386)	(386)
Reserve of disposal group classified as held for sale	19	1,875	1,839	1,875	1,839
Financial assets' measured at fair value through other comprehensive income revaluation reserve	19	**5,154**	**6,092**	**5,154**	**6,092**
Retained earnings		8,498	7,295	6,875	5,884
Total capital and reserves		222,756	222,486	218,380	218,291
Total liabilities, capital and reserves		**473,588**	**451,686**	**468,627**	**447,254**

The Notes on pages 15 to 51 are an integral part of these financial statements.

Reinis Bērziņš
Chairman of the Board

Marina Baranovska
Chief accountant

30 May 2018

Consolidated statement of changes in equity

all amounts in thousands of euro

	Share capital	Reserves	Financial assets measured at fair value through other comprehensive income revaluation reserve	Reserve of disposal group classified as held for sale	Retained earnings	Total capital and reserves
As at 31 December 2016 (audited)	**204,862**	**(8,235)**	**9,092**	**-**	**4,375**	**210,094**
Profit for the period	-	-	-	-	1,768	1,768
Other comprehensive income	-	-	(219)	-	-	(219)
Total comprehensive income	-	-	(219)	-	1,768	1,549
Changes of reserves (see Note 16)	-	2,050	-	-	-	2,050
As at 31 March 2017 (unaudited)	**204,862**	**(6,185)**	**8,873**	**-**	**6,143**	**213,693**
Profit for the period	-	-	-	-	5,177	5,177
Other comprehensive (loss)	-	-	(942)	-	-	(942)
Other comprehensive income associated with assets held for sale	-	-	(1,839)	1,839	-	-
Total comprehensive income	-	-	(2,781)	1,839	5,177	4,235
Changes of reserves (see Note 16)	-	2,058	-	-	-	2,058
Increase of reserve capital (see Note 16)	-	2,500	-	-	-	2,500
Distribution of 2016 year profit of Company (Note 16)	-	4,025	-	-	(4,025)	-
As at 31 December 2017 (audited)	**204,862**	**2,398**	**6,092**	**1,839**	**7,295**	**222,486**
Profit for the period	-	-	-	-	1,203	1,203
Other comprehensive (loss)	-	-	(938)	-	-	(938)
Other comprehensive income associated with assets held for sale	-	-	-	36	-	36
Total comprehensive income	-	-	(938)	36	1,203	301
Changes of reserves (see Note 16)	-	(31)	-	-	-	(31)
As at 31 March 2018 (unaudited)	**204,862**	**2,367**	**5,154**	**1,875**	**8,498**	**222,756**

The Notes on pages 15 to 51 are an integral part of these financial statements.

Statement of changes in equity for the Company

all amounts in thousands of euro

	Share capital	Reserves	Financial assets measured at fair value through other comprehensive income revaluation reserve	Reserve of disposal group classified as held for sale	Retained earnings	Total capital and reserves
as at 31 December 2016 (audited)	**204,862**	**(6,911)**	**9,092**	**-**	**4,025**	**211,068**
Profit for the period	-	-	-	-	773	773
Other comprehensive income (Note 19)	-	-	(219)	-	-	(219)
Total comprehensive income	**-**	**-**	**(219)**	**-**	**773**	**554**
as at 31 March 2017 (unaudited)	**204,862**	**(6,911)**	**8,873**	**-**	**4,798**	**211,622**
Profit for the period	-	-	-	-	5,111	5,111
Other comprehensive income (Note 19)	-	-	(942)	-	-	(942)
Other comprehensive income associated with assets held for sale (Note 19)	-	-	(1,839)	1,839	-	-
Total comprehensive income	**-**	**-**	**(2,781)**	**1,839**	**5,111**	**4,169**
Increase of reserve capital (Note 16)	-	2,500	-	-	-	2,500
Distribution of 2016 year profit (Note 16)	-	4,025	-	-	(4,025)	-
as at 31 December 2017 (audited)	**204,862**	**(386)**	**6,092**	**1,839**	**5,884**	**218,291**
Profit for the period	-	-	-	-	991	991
Other comprehensive income (Note 19)	-	-	(938)	-	-	(938)
Other comprehensive income associated with assets held for sale (Note 19)			-	36	-	36
Total comprehensive income	**-**	**-**	**(938)**	**36**	**991**	**89**
as at 31 March 2018 (unaudited)	**204,862**	**(386)**	**5,154**	**1,875**	**6,875**	**218,380**

The notes on pages 15 to 51 are an integral part of these financial statements.

Cash flow statement

all amounts in thousands of euro

	Notes	Group 01/01/2018-31/03/2018 (unaudited)	Group 01/01/2017-31/03/2017 (unaudited)	Company 01/01/2018-31/03/2018 (unaudited)	Company 01/01/2017-31/03/2017 (unaudited)
Profit before taxes		**1,898**	**1,768**	**997**	**773**
Amortisation of intangible assets and depreciation of property, plant and equipment		112	120	112	120
Interest income	4	(3,069)	(3,065)	(3,069)	(3,065)
Interest received		566	1,947	566	1,947
Interest expenses		487	377	331	377
Interests paid		(172)	(665)	(16)	(665)
Increase in provisions for impairment of loans, guarantees, other assets and investment securities measured at amortised cost	6	96	215	96	215
Increase in share of profit in joint venture and associate capital funds	9	(1,003)	(208)	-	-
Increase in deferred income and accrued expense		234	101	233	101
(Decrease) in deferred expense and accrued income		(472)	(179)	(471)	(179)
Increase of cash and cash equivalents used before changes in assets and liabilities		**(1,323)**	**411**	**(1,221)**	**(376)**
(Increase) of other assets		(2,077)	(67)	(2,237)	(137)
Increase / (decrease) in other liabilities		16,021	(7,602)	16,312	(6,544)
Due from credit institutions decrease		8	1	8	3
Decrease of loans		8,107	5,227	8,107	5,228
Due to credit institutions increase / (decrease)		(4,432)	2	(4,432)	2
Corporate income tax		-	-	-	-
Net cash flow from operating activities		**16,304**	**(2,028)**	**16,537**	**(1,824)**
Cash flows from investment activities					
Sale of investment securities, net		2,561	1,494	2,561	1,450
Acquisition of property, plant and equipment and intangible assets		(211)	(355)	(211)	(355)
Purchase of investment properties		(889)	(1,133)	(889)	(1,133)
Investments in venture capital funds, net		688	321	455	28
Net cash flow of investment activities		**2,149**	**327**	**1,916**	**(10)**
Cash flows from financing activities					
Issued debt securities		9,901	-	9,901	-
Net cash flow from financing activities		**9,901**	**-**	**9,901**	**-**
Increase in cash and cash equivalents		**28,354**	**(1,701)**	**28,534**	**(1,834)**
Cash and cash equivalents at the beginning of period	18	100,597	84,553	100,597	84,406
Cash and cash equivalents at the end of period	18	**128,951**	**82,852**	**128,951**	**82,572**

The Notes on pages 15 to 51 are an integral part of these financial statements

Approval of the financial statements

The management of the Group/Company has approved these unaudited interim condensed financial statements on 30 May 2018.

1 General information

(1) Background information

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

The Group ensures access of enterprises and households to the financing resources by means of support financial instruments – loans, guarantees, investments in venture capital funds – in areas defined as important and to be supported by the state, thus developing national economy and by such way enhancing mobilisation of private capital and financial resources.

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

The mission of the Company is, by merging the SJSC Rural Development Fund (RDF), single registration No 40003227583, Latvian Guarantee Agency Ltd (LGA), single registration No 40003375584, and SJSC Latvian Development Finance Institution ALTUM (ALTUM), single registration No 40003132437, into a unified aid-providing institution, to become an integrated development finance institution, which, by means of state aid financial instruments, would provide aid in an efficient and professional manner to particular target groups in the form of financial instruments (loans, guarantees, investments in venture capital funds, etc.), complementing this also with non-financial support (consultations, training, mentoring, etc.) within some programmes, as well as implementing other Government-delegated functions.

The establishment of the integrated Development Finance Institution was accomplished in two stages. The first stage was the transferring of the equity of RDF, LGA and ALTUM to the Company, thus establishing a group of development finance institutions. This stage was accomplished successfully on 11 September 2014, when all shares of ALTUM, LGA and RDF were invested in the equity capital of the Company as investment in kind

The second stage encompassed reorganization of the Company, ALTUM, LGA and RDF thus establishing an integrated development finance institution. For this purpose, on 28 October 2014, ALTUM, LGA and RDF signed a reorganization agreement on merging these companies with JSC Development Finance Institution.

This stage was successfully completed by registration with the Enterprise Register of the Republic of Latvia on 15 April 2015. As a result, ALTUM, LGA, RDF and Company's accounting records were merged on 1 April 2015. The newly established integrated development finance institution will implement the existing state aid programmes and financial instruments of ALTUM, LGA and RDF and, together with policy makers, develop new programmes and financial instruments.

As of 15 April 2015 the Company has changed its name from JSC Development Finance Institution to JSC Development Finance Institution Altum.

2 Accounting policies

(1) Basis of preparation

These interim condensed financial statements for the three months period ended on 31 March 2018 have been 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 uncondensed financial statements for the year 2017 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

(2) Application of IFRS 9 "Financial Instruments"

As a result of application of classification of financial assets and liabilities according to IFRS 9 "Financial Instruments" – a) measured at amortised cost, b) measured at fair value through other comprehensive income or c) measured at fair value through profit and loss – their carrying values as at 1 January 2018 did not changed and there was no impact on financial result of the Group / Company.

Comparison of classifications of financial instruments according to IAS 39 and IFRS 9:

	Classification according to IAS 39	Classification according to IFRS 9	Change in carrying amount due to classification
Financial assets			
Due from other credit institutions and Treasury	Loans and receivables	Measured at amortised cost	-
Derivatives	Measured at fair value through profit and loss	Measured at fair value through profit and loss	-
Investment securities - available for sale	Financial assets available for sale	Measured at fair value through other comprehensive income	-
Investment securities - held to maturity	Financial assets held to maturity	Measured at amortised cost	-
Loans and receivables	Loans and receivables	Measured at amortised cost	-
Other financial assets	Loans and receivables	Measured at amortised cost	-
Financial liabilities			
Due to credit institutions	Measured at amortised cost	Measured at amortised cost	-
Derivatives	Measured at fair value through profit and loss	Measured at fair value through profit and loss	-
Due to general governments	Measured at amortised cost	Measured at amortised cost	-
Issued debt securities	Measured at amortised cost	Measured at amortised cost	-
Support programm funding and state aid	Measured at amortised cost	Measured at amortised cost	-
Other financial liabilities	Measured at amortised cost	Measured at amortised cost	-

As a result of transition to IFRS 9, incurred loss model used in the measurement of impairment allowances applied to financial instruments was replaced by expected loss model, where expected credit losses are measured due to changes in credit quality of financial instruments:

- Financial instruments which are not considered to have significantly increased in credit risk at initial recognition or on the balance sheet date have loss allowances measured at an amount equal to 12-month expected credit losses, while interest income is calculated from gross carrying amount of financial instrument.
- Financial instruments which are considered to have significantly increased in credit risk since initial recognition, but there are no relevant objective evidence, have loss allowances measured at an amount equal to expected credit losses over the expected life of the financial instrument, while interest income is calculated from gross carrying amount of financial instrument.
- Financial instruments for which there is objective evidence of impairment on the balance sheet date, have loss allowances measured at an amount equal to expected credit losses over the expected life of the financial instrument, while interest income is calculated from net carrying amount of financial instrument, i.e. gross carrying amount less allowance for expected credit losses.

2 Accounting policies (continued)

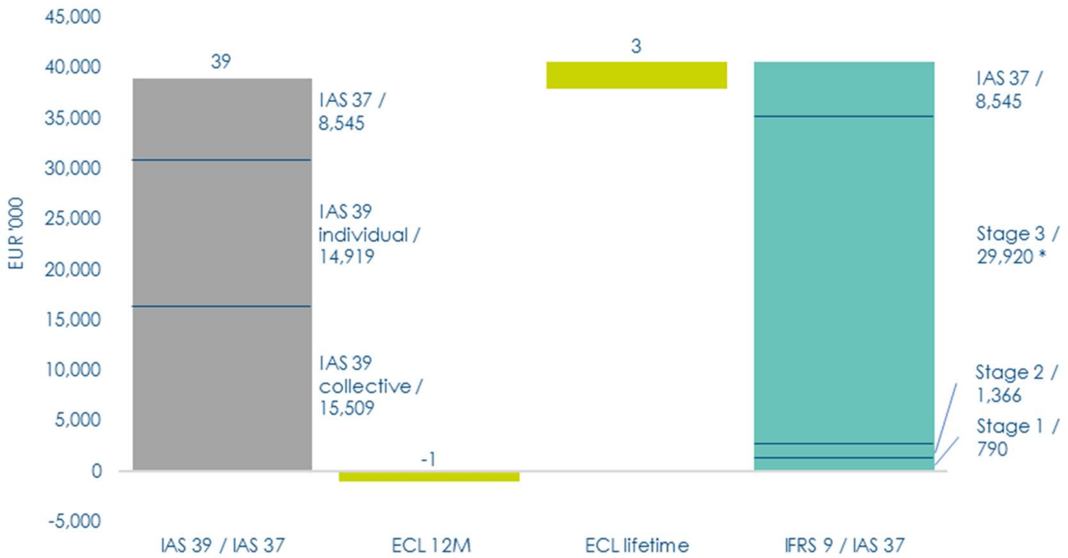
(2) Application of IFRS 9 "Financial Instruments" (continued)

Expected credit losses for financial instruments, which are not considered to have significantly increased in credit risk, are measured based on historical data of probability of default and loss given default, adjusted to take into account future macroeconomical forecasts, for example changes in gross domestic product or real estate prices. Investment securities and claims to credit institutions and State Treasury are measured based on credit ratings assigned and public statistics of rating agency Moody's on probability of default and loss given default.
Expected credit losses for individually significant financial instruments are measured at amount equal to the difference between gross carrying amount of financial instrument and discounted future cash flow of particular financial instrument. Expected credit losses for other individually significant financial instruments are measured by applying average historical loss given default rates of the group of financial instruments that have similar credit risk characteristics.

(3) Impact from transition to IFRS 9 "Financial Instruments"

On 1 January 2018, the Group / Company adopted the requirements of IFRS 9 "Financial Instruments" with respect to recognition and measurement of financial instruments. The impact of transitioning from IAS 39 to IFRS 9 at 1 January 2018 was a decrease in equity of 1,648 thsd euros, arising from additional impairment allowances.

IAS 39 / IAS 37 allowances to IFRS 9 ECL / IAS 37 allowance walk:



* 2,093 thsd euros were impairment allowances for restructured loans for which there was no relevant objective evidence of impairment on the balance sheet date and which will be moved to stage 2 after certain observation period (min 1 year).

The Group's / Company's total allowance for expected credit losses as at 1 January 2018 was 32,075 thsd euros, which comprises 27,114 thsd euros allowance for expected credit losses in respect of financial assets measured at amortised cost, 33 thsd euros allowance for expected credit losses in respect of financial assets measured at fair value through other comprehensive income and 4,928 thsd euros allowance for credit losses in respect of financial guarantees.

2 Accounting policies (continued)

Financial instruments to which the impairment requirements in IFRS 9 are applied:

			01.01.2018.			31.12.2017.
	Gross carrying amount	Allowance for credit losses		Gross carrying amount	Allowance for credit losses	
		IAS 37	IFRS 9		IAS 37	IAS 39
Due to credit institutions and Treasury	109,594	-	6	109,594	-	-
Investment securities held to maturity	4,247	-	3,804	4,247	-	3,804
Loans and receivables	207,586	-	17,907	207,585	-	15,438
Other financial assets	6,588	-	5,397	6,588	-	5,200
Financial assets measured at amortised cost, total	**328,015**	**-**	**27,114**	**328,014**	**-**	**24,442**
Investment securities available for sale	61,760	-	33	61,760	-	-
Financial assets measured at fair value through other comprehensive income, total	**61,760**	**-**	**33**	**61,760**	**-**	**-**
Financial guarantees	**182,376**	**8,545**	**4,928**	**182,376**	**8,545**	**5,986**

The Group / Company continue to test and refine the new accounting processes internal controls and governance framework necessitated by the adoption of IFRS 9. Therefore the estimation of expected credit losses and related impacts remains subject to change until finalisation of the financial statements for the year ending 31 December 2018.

(4) Adoption of new and/or changed IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations

Several new standards and interpretations have been published that become effective for the financial reporting periods beginning on or after 1 April 2018 or have not been endorsed by the European Union yet:

- **IFRS 16: Leases**
  The standard is effective for annual periods beginning on or after 1 January 2019.

- **IFRS 9: Prepayment features with negative compensation (Amendment)**
  The Amendment is effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.

- **IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)**
  The Amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted.

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

3 Risk management

The most significant risks to which the Group / Company is exposed are credit risk, liquidity risk and operational risk. These unaudited interim condensed financial statements do not include all information on risk management and disclosure required in the annual financial statements. They are to be used together with uncondensed financial statements for year 2017 prepared in accordance with IFRS.

4 Interest income

	Group	Group	Company	Company
	01/01/2018-31/03/2018 (unaudited)	01/01/2017-31/03/2017 (unaudited)	01/01/2018-31/03/2018 (unaudited)	01/01/2017-31/03/2017 (unaudited)
Interest on loans and guarantees*	2,499	2,344	2,499	2,344
including on impaired loans (see Note 8)	*164*	*184*	*164*	*184*
Interest on investments of venture capital funds**	-	-	-	-
Interest on securities at amortised cost	6	19	6	19
Interest on securities at fair value	485	526	485	526
Other interest income***	79	959	79	172
Interest on balances due from credit institutions	-	4	-	4
Total interest income	**3,069**	**3,852**	**3,069**	**3,065**

* Based on the Mezzanine and Guarantee Fund Activity Agreement concluded with the Ministry of Economics (agreement No 2011/16) in year 2016, the financing given by the Ministry of Economics must be increased by income of the Mezzanine and Guarantee Fund on placement of the free funds, interest income on the loans, premium income on the 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 127 thsd euros (the 1st quarter of 2017: 0 euros).

**Based on the Investment Fund Activity Agreement (agreement No Līg.2011/15) concluded with the Ministry of Economics, the financing given by the Ministry of Economics must be increased by net interest and other income as stipulated by contracts with financial intermediaries, including from the venture capital funds. As a result, the Company's sub-item Interest on *investments of venture capital funds* is reduced by 79 thsd euros (the 1st quarter of 2017: 173 thsd euros). Hence the item Interest on *investments of venture capital funds* equals zero (Note 20).

*** Group Item *Other interest income* for the period ended 31 March 2017, includes interest income from *Alternative investment Funds'* investments in amount of 787 thsd euros. In turn, for the 1st quarter of 2018, interest expenses of 155 thsd euros were calculated from investments of *Alternative Investment Funds* that are included in the Group's item *Interest expense*.

At the Group level, in line with application of equity method, all interest income received from venture capital funds reduces the value of investments made by venture capital funds.

6 Impairment losses, net

	Group	Group	Company	Company
	01/01/2018-31/03/2018 (unaudited)	01/01/2017-31/03/2017 (unaudited)	01/01/2018-31/03/2018 (unaudited)	01/01/2017-31/03/2017 (unaudited)
impairment losses on:	6,018	4,037	6,018	4,037
Loans	4,684	2,283	4,684	2,283
other assets	632	198	632	198
debt securities	33	-	33	-
investments in venture capital funds	-	-	-	-
guarantees	669	1,556	669	1,556
Reversal of impairment on:	(5,676)	(3,624)	(5,676)	(3,624)
loans	(3,117)	(3,229)	(3,117)	(3,229)
other assets	(36)	(38)	(36)	(38)
debt securities	(2)	(7)	(2)	(7)
investments in venture capital funds	-	-	-	-
guarantees	(2,521)	(350)	(2,521)	(350)
Income/(loss) from release of provisions for onerous contracts (guarantees)	-	-	-	-
Recovery of loans written off in previous periods	(246)	(198)	(246)	(198)
Total impairment losses, net	**96**	**215**	**96**	**215**

6 Impairment losses, net (continued)

In the Company's financial statements the value of impairment on 2nd and 3rd generation venture capital funds was increased by 100 thsd euros which were 100% compensated from Risk coverage reserve in accordance with agreement No Līg.2011/15 On Implementation of the Holding Fund concluded with the Ministry of Economics.

In the Group's financial statements the amount of venture capital funds' impairment that was compensated to the Group relating the decrease in the value of 2nd and 3rd generation venture capital funds amounts of 185 thsd euros (Note 9).

7 Due from other credit institutions and treasury

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Due from credit institutions registered in Latvia and Treasury	137,948	109,594	137,948	109,594
Allowance for impairment loss	(5)	-	(5)	-
Total net	**137,943**	**109,594**	**137,943**	**109,594**

When placing the funds with the Treasury of the Republic of Latvia and monetary financial institutions, the external credit ratings assigned to these financial institutions are evaluated. The evaluation of the financial institutions not having been assigned an individual rating is based on the ratings assigned to their parent banks that are one notch lower as well as their financial and operational assessments. Once the contracts have been concluded, the Group / Company supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment:

The distribution of Group's / Company's balances due from credit institutions and Treasury of the Republic of Latvia as at 31 March 2018:

Moody`s ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	WR	Total
Due from credit institutions registered in Latvia and Treasury	-	27,108	106,513	-	4,327	-	-	-	137 948
Total gross	**-**	**27,108**	**106,513**	**-**	**4,327**	**-**	**-**	**-**	**137,948**

The distribution of Group's / Company's balances due from credit institutions and Treasury of the Republic of Latvia as at 31 December 2017:

Moody`s ratings	Aaa	Aa1-Aa3	A1-A3	Baa1-Baa3	Ba1-Ba3	B1-B3	Caa-C	WR	Total
Due from credit institutions registered in Latvia and Treasury	-	21,094	85,297	-	3,203	-	-	-	109,594
Total gross	**-**	**21,094**	**85,297**	**-**	**3,203**	**-**	**-**	**-**	**109,594**

The increase of *Due from other credit institutions and the State Treasury* item is related to the advance payment in amount of 14 mln euros received in February 2018 from the Central Finance and Contracting Agency (CFLA) for the issued grants under the Energy Efficiency Programme of Multi-apartment Buildings. In addition, in March 2018, the Company issued 10 mln euros bonds maturing on 7 March 2025 (Note 13).

As at 31 March 2018 the Group/Company had accounts with 5 banks and Treasury of the Republic of Latvia.

The average interest rate on balances due from credit institutions was -0.39% as at 31 March 2018 (at 31 December 2017: -0.2%).

8 Loans

Group's/ Company's loans by type of borrower:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Private companies	175,835	180,833	175,835	180,833
Individuals	22,523	23,324	22,523	23,324
Financial institutions	2,337	2,431	2,337	2,431
Local governments	278	292	278	292
Public and religious institutions	305	269	305	269
Accrued interest*	1,989	436	1,989	436
Total gross loans	**203,267**	**207,585**	**203,267**	**207,585**
Allowance for impairment loss*	(18,559)	(15,438)	(18,559)	(15,438)
Total net loans	**184,708**	**192,147**	**184,708**	**192,147**

* As of 1 January 2018, the Group / Company improves the methodology for calculating interest income on loans. Now, in accordance with IFRS 9 interest income is recognized in the Group's / Company's profit and loss statement also for loans whose repayment is overdue by more than 90 days (Note 2 (3)). As a result of the change, on 1 January 2018, the balance sheet positions such as *Accrued interest* and *Allowance for impairment loss* were increased by 1,745 thsd euros without affecting the Group's / Company's profit and loss statement.

The increase in provision for loan impairment was affected by the transition from IAS 39 to IFRS 9, as well as changes in provisions for estimating expected credit losses in the 1st quarter of 2018.

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

Granted loans by branches of economy:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Agriculture and forestry	84,882	83,948	84,882	83,948
Manufacturing	42,423	44,855	42,423	44,855
Private individuals	22,523	23,324	22,523	23,324
Retail and wholesale	13,532	14,137	13,532	14,137
Other industries	14,667	14,568	14,667	14,568
Hotels and restaurants	6,719	6,564	6,719	6,564
Electricity, gas and water utilities	5,222	5,550	5,222	5,550
Transport, warehousing and communications	1,148	1,885	1,148	1,885
Real estate	3,863	4,332	3,863	4,332
Construction	3,303	3,132	3,303	3,132
Financial intermediation	1,127	1,218	1,127	1,218
Fishing	1,591	3,345	1,591	3,345
Municipal authorities	278	292	278	292
Accrued interest on loans	1,989	435	1,989	435
Total gross loans	**203,267**	**207,585**	**203,267**	**207,585**

The extent of loan and advance concentration with respect to a single customer with total credit exposures equal to or exceeding 1,000 thsd euros is presented below:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Number of customers	23	23	23	23
Total credit exposure of customers (thsd euros)	33,556	36,895	33,556	36,895
Percentage of total gross portfolio of loans	16.5%	17.7%	16.5%	17,7%

8 Loans (continued)

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

	Group	Group	Company	Company
	31/03/2018 (unaudited)	01/01/2018 (unaudited)	31/03/2018 (unaudited)	01/01/2018 (unaudited)
Credit risk has not increased significantly (Stage 1)	147,444	149,296	147,444	149,296
Credit risk has increased significantly (Stage 2)	9,053	10,349	9,053	10,349
Loans that have objective evidence of impairment (Stage 3)	46,770	47,940	46,770	47,940
Total loans gross	**203,267**	**207,585**	**203,267**	**207,585**
Allowance for impairment loss	(18,559)	(19,651)	(18,559)	(19,651)
Total net loans	**184,708**	**187,934**	**184,708**	**187,934**

Group's / Company's movement in impairment allowance for loans:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	15,438	16,179	15,438	16,179
Provision for accrued income*	1,745	-	1,745	-
Impairment allowance increase	4 684	2,284	4 684	2,284
Impairment allowance decrease	(3,117)	(3,218)	(3,117)	(3,218)
Accrued interest (Note 4)	(164)	(184)	(164)	(184)
Write-off of loans	(27)	-	(27)	-
Provisions at the period ended 31 March (unaudited)	**18,559**	**15,061**	**18,559**	**15,061**
Impairment allowance increase	-	3,399	-	3,399
Impairment allowance decrease	-	1,106	-	1,106
Accrued interest (Note 4)	-	(609)	-	(609)
Write-off of loans	-	(3,519)	-	(3,519)
Provisions at the period ended 31 December (audited)	**-**	**15,438**	**-**	**15,438**

* As of 1 January 2018, the Group / Company improves the methodology for calculating interest income on loans. Now, in accordance with IFRS 9 interest income is recognized in the Group's / Company's profit and loss statement also for loans whose repayment is overdue by more than 90 days (Note 2 (3)). As a result of the change, on 1 January 2018, the balance sheet positions such as *Accrued interest* and *Allowance for impairment loss* were increased by 1,745 thsd euros without affecting the Group's / Company's profit and loss statement.

Calculating the loss on asset impairment that has occurred due to default on loan principal or interest payments or other events resulting in losses are taken into account:

- collateral, including real estates and commercial pledges assessed at market value. The assessment is based on valuations performed by accredited independent valuator;
- risk coverage reserve (Note 15).

8 Loans (continued)

Information about value of collateral (based on fair value as at 31 March 2018) and position against net loan portfolio as at 31 March 2018 is provided below:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Real estate (loans)	148,721	151,321	148,721	151,321
Real estate (reverse rent)	1,581	520	1,581	520
Movable property	25,567	26,250	25,567	26,250
Guarantees	305	238	305	238
Risk coverage of loan funds	5,422	2,557	5,422	2,557
Total collateral	**181,596**	**180,886**	**181,596**	**180,886**
Loan portfolio, gross	203,267	207,585	203,267	207,585
Provisions	(18,559)	(15,438)	(18,559)	(15,438)
Loan portfolio, net	184,708	192,147	184,708	192,147
Exposed	**1,68%**	**5,86%**	**1,68%**	**5,86%**

According to the Group's/Company's estimates as at March 31 2018 the loan loss provisions should amount to 24,040 thsd euros (2017: 17,836 thsd euros). The risk coverage amount available for such loan loss provisions equals to 5,481 thsd euros (2017: 2,557 thsd, euros). Risk coverage is not attributable to compensation of accrued interest income for loans in amount of 1,399 thsd euro.

The average annual interest rate for the loan portfolio of the Group/Company is 4.10 % as at 31 March 2018 (as at 31 March 2017: 4.16%).

9 Investments in venture capital funds

The Group/Company has a number of investments in the capital of venture capital funds, which are listed below.

All venture capital funds, except *Baltic Innovation Fund,* are limited partnership that are registered in Latvia. *Baltic Innovation fund* is a Fund-of-Fund initiative launched by the European Investment Fund (EIF) in close co-operation with the Governments of Lithuania, Latvia and Estonia to boost equity investments made into Baltic Small and Medium sized enterprises with high growth potential. *Baltic Innovation Fund* is registered in Luxemburg. None of the fund is listed on any public exchange.

The Group's carrying value of investment in associates is analysed below:

		31/03/2018 (unaudited)			31/03/2018 (unaudited)	31/12/2017 (audited)			31/12/2017 (audited)
Company	**Country of incorpo-ration**	**Equity per company**	**Group's correction***	**Group's share of total share capital, %**	**Carrying amount under equity method**	**Equity per company**	**Group's correction***	**Group's share of total share capital, %**	**Carrying amount under equity method**
KS Otrais Eko Fonds	LV	2,238	-	33.33	746	2,387	-	33.33	796
KS Baltcap Latvia Venture Capital Fund	LV	10,152		66.67	6,768	10,272		66.67	6,848
KS Imprimatur Capital Seed Fund	LV	4,288	(24)	100	4,264	4,474	(24)	100	4,450
KS Imprimatur Capital Technology Venture Fund	LV	3,900	(18)	67	2,601	3,899	(18)	67	2,600
KS Expansion Capital Fund	LV	13,809	-	95.24	13,152	13,738	-	95.24	13,084
KS ZGI-3	LV	8,444	-	95.24	8,043	7,474	-	95.24	7,118
KS Flycap Investment Fund	LV	9,927	-	95.24	9,454	10,502	-	95.24	10,002
Baltic Innovation Fund	LU	32,058	-	20	6,412	32,058	-	20	6,412
Total investments in associates		**84,816**	**(42)**	**x**	**51,440**	**84,804**	**(42)**	**x**	**51,310**

* Adjustment to align with Group's accounting policies.

9 Investments in venture capital funds (continued)

The movement of in the investments in associates in the Group's financial statements is presented below:

	Group	Group
	01/01/2018-31/03/2018	01/01/2017-31/12/2017
Carrying amount at the beginning of period	51,310	58,541
Invested	934	272
Refunded	(1,622)	(593)
Share of profit of investment in joint venture and associate *	1,003	208
Compensation of impairment loss	(185)	-
Carrying amount at the period ended 31 March under equity method (unaudited)	51,440	58,428
Invested	-	3,726
Refunded	-	(2,437)
Share of (loss) of investment in joint venture and associate	-	(8,407)
Carrying amount at the period ended 31 December under equity method (audited)	-	51,310
Allowance for impairment loss	(140)	(140)
Net value at the end of period under equity method	**51,300**	**51,170**

* In the 1st quarter of 2018 the Group has used from the Risk coverage reserve an amount of 185 thsd euros to compensate impairment loss from the investments in venture capital funds in accordance with agreement No Līg.2011/15 on Implementation of the Holding Fund concluded with the Ministry of Economics. In 2017 there are aligned principles of use of Risk Coverage Reserve for venture capital funds between the Company and the Group financial statements. Thus leads to considerably higher portion of Risk Coverage Reserve used for compensating "Share of (loss) of investment in joint venture and associates" vs charge to be recognised in Comprehensive statement of income comparing to prior years in the consolidated financial statements.

The Company's investments in venture capital funds are recognized at cost less any impairment in value.

The following table illustrates the Company's movements in the investments in associates:

	Company	Company
	01/01/2018-31/03/2018	01/01/2017-31/12/2017
Carrying amount at the beginning of period	63,504	64,746
Invested	934	622
Management fee*	(388)	(350)
Refunded	(1,001)	(300)
Carrying amount at the period ended 31 March under cost less impairment method (unaudited)	63,049	64,718
Invested	-	3,375
Management fee	-	(1,364)
Refunded	-	(1,485)
Written-off	-	(1,740)
Carrying amount at the period ended 31 December under cost less impairment method (audited)	-	63,504
Allowance for impairment loss**	(14,496)	(14,396)
Net value at the end of period under cost less impairment method	**48,553**	**49,108**

* As regards the Holding Fund Programme the expenses of the Company for the reporting period include management fees of the venture capital funds amounting to 388 thsd euros of which 344 thsd euros were reimbursed.

** In the 1st quarter 2018, the Company increased the value of impairment on 2nd and 3rd generation venture capital funds by 100 thsd euros which were 100% compensated from Risk coverage reserve in accordance with agreement No Līg.2011/15 On Implementation of the Holding Fund concluded with the Ministry of Economics (Note 6).

10 Investment property

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Carrying amount at the beginning of period	10,808	17,087	10,808	4,869
Acquired during the period*	889	1,133	889	1,133
Disposals during the financial period	-	-	-	-
Net gain from fair value adjustment	-	(70)	-	-
Carrying amount at the period ended 31 March (unaudited)	11,697	18,150	11,697	6,002
Reclassified as Assets held for sale	-	(12,218)	-	-
Acquired during the period*	-	4,706	-	4,706
Disposals during the financial period	-	(21)	-	(21)
Net gain from fair value adjustment	-	191	-	121
Carrying amount at the period ended 31 December (audited)	**-**	**10,808**	**-**	**10,808**

* All investment property during the reporting period was acquired by the Land Fund.

11 Other assets

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Financial assets	19,770	16,735	19,770	16,735
Other assets (inventory)	1,226	1,946	1,226	1,946
Total other assets (gross)	**20,996**	**18,681**	**20,996**	**18,681**
Impairment provision for financial assets	(13,416)	(12,849)	(13,416)	(12,849)
Total other assets (net)	**7,580**	**5,832**	**7,580**	**5,832**

Group's / Company's item *Financial assets* includes the following assets generated by:

- disbursed guaranteed compensations amounting to 5,335 thsd euros (2017: 5,073 thsd euros) for which provisions of 5,435 thsd euros (2017: 5,073 thsd euros) were accumulated;
- term deposits of 7,648 thsd euros of JSC Latvijas Krājbanka (Savings Bank of Latvia) being in liquidation that were 100% provisioned for;
- issued grants under Energy Efficiency programme of Multi-apartment Buildings 5,273 thsd euros (2017: 2,772)
- financial assets of 1,377 thsd euros (2017: 197 thsd euros) provisioned for 257 thsd euros (2017: 122 thsd euros).
- other financial assets of 137 thsd euros (2017: 1,045 thsd euros) provisioned for 76 thsd euros (2017: 6 thsd euros).

Other assets - assets, that have been taken over in the debt collection process for the purpose to hold them and sale in an ordinary course of business.

The following table presents movements in book value of assets that have been taken over in the debt collection process, thsd. euro:

	Group	Company
Carrying amount at the beginning of period	3,113	3,113
Additions	271	271
Disposals	(1,141)	(1,141)
Revaluation	(297)	(297)
Carrying amount at the period ended 31 December (audited)	1,946	1,946
Disposals	(720)	(720)
Carrying amount at the period ended 31 March (unaudited)	**1,226**	**1,226**

12 Due to credit institutions

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Due to credit institutions registered in OECD countries	42,545	46,933	42,545	46,933
Total	**42,545**	**46,933**	**42,545**	**46,933**

Credit institutions registered in OECD area include loans received by Group/Company from the European Investment Bank (EIB) of 42,545 thsd euros, where 0.5 thsd euros are accrued interest expenses. In the reporting period the Group/Company repaid 4,432 thsd euros of which the accrued interest amounted to 92 thsd euros.
The Ministry of Finance of the Republic of Latvia has issued 42,545 thsd euros guarantee (Note 22) for the loan that is a parent guarantee on behalf of the Group/Company.

The average interest rate for *Due to credit institutions* as at 31 March 2018 was 0.81% (2017: 0.41%).

13 Issued debt securities

In March 2018 the Company issued its second bond emission in amount of 10 mln euros. All bonds are listed on the Baltic Bond List by Nasdaq Riga.

ISIN	Currency	Number of initially issued securities	Par value	Date of emission	Date of maturity	Discount / Coupon rate, %	Group 31/03/2018 (unaudited)	Group 31/12/2017 (audited)	Company 31/03/2018 (unaudited)	Company 31/12/2017 (audited)
LV0000802353	EUR	20,000	1,000	17.10.2017	17.10.2024	1.37	19,852	19,852	19,852	19,852
LV0000880037	EUR	10,000	1,000	07.03.2018	07.03.2025	1.3	9,956	-	9,956	-
Total issued debt securities							**29,880**	**19,852**	**29,880**	**19,852**

14 Provisions for financial guarantees

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Provisions for:				
Provision (onerous contracts)	8,545	8,545	8,545	8,545
Other guarantee programmes	2,384	3,817	2,384	3,817
Guarantee activity	1,180	941	1,180	941
Loan guarantees to rural entrepreneurs for agricultural	413	824	413	824
Guarantees *under the Mezzanine loan programme*	135	391	135	391
Housing Guarantee Programme	20	13	20	13
Total provisions	**12,676**	**14,531**	**12,676**	**14,531**

Provision (onerous contracts) includes the loss from the concession which is the discounted difference between total of actual receivable commissions and total of commissions under market rate. Onerous contracts relate to issued guarantees which are measured at fair value based on equivalent market rates at initial recognition.

14 Provisions for financial guarantees (continued)

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

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	5,986	7,845	5,986	7,845
Impairment allowance increase	669	1,556	669	1,556
Impairment allowance decrease	(2,521)	(350)	(2,521)	(350)
Currency change	(2)	-	(2)	-
Provisions at the period ended 31 March * (unaudited)	4,132	9,051	4,132	9,051
Impairment allowance increase	-	1,702	-	1,702
Impairment allowance decrease	-	(4,751)	-	(4,751)
Currency change	-	(16)	-	(16)
Provisions at the period ended 31 December * (audited)	**-**	**5,986**	**-**	**5,986**

*According to the Group's/Company's estimates as at 31 March 2018 the guarantee provisions should amount to 5,644 thsd euros (2017: 8,182 thsd euros), of which 1,513 thsd euros are covered from the risk coverage amount (2017: 2,196 euros).

The guarantee provisions are measured at the highest of the unamortised amount and impairment amount of expected credit loss in accordance with IFRS 9, which amounts to 4,132 thsd euros as at 31 March 2018.

Movement in *onerous contracts* provisions for guarantees:

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Provisions at the beginning of period	8,544	9,019	8,544	9,019
Change in provisions	-	-	-	-
Provisions at the period ended 31 March (unaudited)	8,544	9,019	8,544	9,019
Impairment allowance increase	-	3 940	-	3 940
Impairment allowance decrease	-	(4 415)	-	(4 415)
Provisions at the period ended 31 December (audited)	**-**	**8,544**	**-**	**8,544**

Financial guarantee gross and net amounts

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Maximum exposure to credit for off balance sheet amount	194,511	182,376	194,511	182,376
Provisions for guarantees	(4,132)	(5,986)	(4,132)	(5,986)
Off-balance sheet amount of guarantee	**190,379**	**176,390**	**190,379**	**176,390**

For information on amounts and categories of guarantees see Note 17.

15 Support programme funding and state aid

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Support programme funding	**110,485**	**90,757**	**112,176**	**94,080**
State aid Service	**3,968**	**3,968**	**3,968**	**3,968**

Support programme funding is considered a liability of the Group/Company while state aid is a grant. The major state aid programmes benefiting from the received financing are:

- Fund of funds – 28,754 thsd euros;
- Energy Efficiency Programme of Multi-apartment Buildings (EEPMB) – 24,066 thsd euros;
- ERDFII – 22,940 thsd euros;
- Other support programmes finance – 47,530 thsd euros.

The terms for use of the public funding of each state aid programme, including covering of the management expenses and credit risk losses, are stipulated by agreement between the implementing body and line ministry and/or state-owned Central Finance and Contracting Agency.
The support programme funding is provided with zero interest rate.
The repayment terms for the co-financing received by the Group / Company for implementation of largest state aid programs are presented below:

- Fund of funds – till the end of 2029
- Programme for improving energy efficiency in multi-apartment residential buildings – till the end of 2034;
- ERAFII – till the end of 2020;
- ESFII – till the end of 2020.

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Group's credit risk losses as at 31 March 2018:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/03/2018, thsd EUR
ERDFII	22,940	9,227	66%	6,090
ESF II	3,916	2,726	80%	2,181
Microcredits of Swiss programme	5,592	1,890	80%	1,512
ERAF I	1,265	1,283	50%	642
ESF I	370	243	90%	219
Microcredits	18	4	80%	3
ERAF II (second round)	5,909	3,690	68%	2,509
Incubators (from ESF II)	73	31	100%	31
ERAF II 2 Public fund	2,428	752	100%	752
Fund of funds and venture capital funds	11,970	-	0%	9,611
Fund of funds programme - Start-up loans	1,635	5,193	100%	1,635
Fund of funds programme – Microcredits	240	1,038	100%	240
Fund of funds programme - Parallel loans	2,360	642	100%	2,360
Fund of funds programme - Guarantees	12,549	-	100%	12,549
EEPMB* loan fond	2,512	-	100%	2,512
EEPMB guarantees	2,966	-	80%	2,366
EEPMB grants	18,588	5,213	0%	-
Housing Guarantee Programme	6,849	1,777	100%	6,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	6,158	-	100%	6,158
Other loans to start-ups	2,241	1,613	70%	1,129
Mezzanine Loan Programme	4,520	-	85%	3,842
Investment Fund Activity***	1,052	-	87%	915
Garantees and interest grants programme	4,374	-	100%	4,374
Baltic Innovation Fund	393	-	100%	393
Total	**122,918**			**70,872**

15 Support programme funding and state aid (continued)

* EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

** KBLG – Guarantee Programme for Clients of State Aid Cumulation, Grace Period and Large Economic Operators.

*** For more information on use of Risk Coverage Reserve of particular programme see Note **Error! Reference source not found.**.

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Group's credit risk losses as at 31 December 2017:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/12/2017, thsd EUR
ERDFII	25,269	9,775	66%	6,451
ESF II	6,392	3,045	80%	2,436
Microcredits of Swiss programme	5,643	2,071	80%	1,657
ERAF I	1,285	1,239	50%	620
ESF I	1,008	204	90%	184
Microcredits	605	4	80%	3
ERAF II (second round)	5,528	3,974	68%	2,703
Incubators (from ESF II)	546	33	100%	546
ERAF II 2 Public fund	2,485	960	100%	960
Fund of funds and venture capital funds	16,424	-	77%	12,699
Fund of funds programme - Start-up loans	1,316	4,066	82%	1,079
Fund of funds programme – Microcredits	257	867	55%	141
Fund of funds programme - Parallel loans	1,200	1,556	90%	1,080
Fund of funds programme - Guarantees	9,500	-	91%	8645
EEPMB* loan fond	2,512	-	18%	452
EEPMB guarantees	2,994	-	67%	2,006
EEPMB grants	4,856	4,856	0%	-
Housing Guarantee Programme	2,849	1,803	100%	2,849
Social Entrepreneurship Programme	-	-	-	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	5,000	-	95%	4,750
Other loans to start-ups	2,239	1,744	0%	1,677
Mezzanine Loan Programme	4,462	-	85%	3,793
Investment Fund Activity***	1,074	-	96%	1,031
Garantees and interest grants programme	1,904	-	100%	1,904
Baltic Innovation Fund	394	-	100%	394
Total	**107,742**			**60,060**

15 Support programme funding and state aid (continued)

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Company's credit risk losses as at 31 March 2018:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/03/2018, thsd EUR
ERDFII	22,940	9,227	66%	6,090
ESF II	3,916	2,726	80%	2,181
Microcredits of Swiss programme	5,592	1,890	80%	1,512
ERAF I	1,265	1,283	50%	642
ESF I	370	243	90%	219
Microcredits	18	4	80%	3
ERAF II (second round)	5,909	3,690	68%	2,509
Incubators (from ESF II)	73	31	100%	31
ERAF II 2 Public fund	2,428	752	100%	752
Fund of funds and venture capital funds	11,970	-	0%	9,611
Fund of funds programme - Start-up loans	1,635	5,193	100%	1,635
Fund of funds programme – Microcredits	240	1,038	100%	240
Fund of funds programme - Parallel loans	2,360	642	100%	2,360
Fund of funds programme - Guarantees	12,549	-	100%	12,549
EEPMB* loan fond	2,512	-	100%	2,512
EEPMB guarantees	2,966	-	80%	2,366
EEPMB grants	18,588	5,213	0%	-
Housing Guarantee Programme	6,849	1,777	100%	6,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	6,158	-	100%	6,158
Other loans to start-ups	2,241	1,613	70%	1,129
Mezzanine Loan Programme	4,520	-	85%	3,842
Investment Fund Activity	1,424	-	87%	1,239
Garantees and interest grants programme	4,374	-	100%	4,374
Baltic Innovation Fund	393	-	100%	393
Total	**123,290**			**71,196**

15 Support programme funding and state aid (continued)

The table below presents Risk Coverage Reserve included in Support programme funding and State aid which can be used for coverage Company's credit risk losses as at 31 December 2017:

Programme	Programme funding, thsd EUR	Programme's loan portfolio thsd EUR	Credit risk cover by public funding, %	Credit risk cover on 31/12/2017, thsd EUR
ERDFII	25,269	9,775	66%	6,451
ESF II	6,392	3,045	80%	2,436
Microcredits of Swiss programme	5,643	2,071	80%	1,657
ERAF I	1,285	1,239	50%	620
ESF I	1,008	204	90%	184
Microcredits	605	4	80%	3
ERAF II (second round)	5,528	3,974	68%	2,703
Incubators (from ESF II)	546	33	100%	546
ERAF II 2 Public fund	2,485	960	100%	960
Fund of funds and venture capital funds	16,424	-	77%	12,699
Fund of funds programme - Start-up loans	1,316	4,066	82%	1,079
Fund of funds programme – Microcredits	257	867	55%	141
Fund of funds programme - Parallel loans	1,200	1,556	90%	1,080
Fund of funds programme - Guarantees	9,500	-	91%	8,645
EEPMB* loan fond	2,512	-	18%	452
EEPMB guarantees	2,994	-	67%	2,006
EEPMB grants	4,856	4,856	0%	-
Housing Guarantee Programme	2,849	1,803	100%	2,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
KBLG **	5,000	-	95%	4,750
Other loans to start-ups	2,239	1,744	0%	1,677
Mezzanine Loan Programme	4,462	-	85%	3,793
Investment Fund Activity	1,286	-	96%	1,235
Garantees and interest grants programme	1,904	-	100%	1,904
Baltic Innovation Fund	394	-	100%	394
Total	**107,954**			**60,264**

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

16 Reserves

Information about the Group's reserves movements below:

	Specific reserves					
	Difference recognised in Group's reorganisation reserve, thsd EUR	Reserve capital for Housing Guarantee Programme, thsd EUR	General reserve capital, thsd EUR	Reserve of disposal group classified as held for sale, thsd EUR	Financial assets' measured at fair value through other comprehensive income revaluation reserve, thsd EUR	Reserves, thsd EUR
Reserves as at 01/01/2017 (audided)	(17,259)	7,195	1,829	-	9,092	857
Changes of reserves	2,050	-	-	-	-	2,050
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	-	-	(219)	(219)
Reserves as at 31/03/2017 (unaudited)	**(15,209)**	**7,195**	**1,829**	**-**	**8,873**	**2,688**
Changes of reserves	2,058	-	-	-	-	2,058
Distribution of 2016 year profit of Company	-	-	4,025	-	-	4,025
Increase of reserve capital	-	2,500	-	-	-	2,500
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (note 19)	-	-	-	-	(942)	(942)
Increase / (decrease) of reserve of disposal group classified as held for sale (Note 19)				1,839	(1,839)	-
Reserves as at 31/12/2017 (audited)	**(13,151)**	**9,695**	**5,854**	**1,839**	**6,092**	**10,329**
Changes of reserves	(31)	-	-		-	(31)
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	-	-	(938)	(938)
Increase / (decrease) of reserve of disposal group classified as held for sale (Note 19)	-	-	-	36	-	36
Reserves as at 31/03/2018 (unaudited)	**(13,182)**	**9,695**	**5,854**	**1,875**	**5,154**	**9,396**

16 Reserves (continued)

See information about the Company's reserves movements below:

	Difference recognised in Company's reorganisation reserve, thsd EUR	Reserve of disposal group classified as held for sale, thsd EUR	Financial assets' measured at fair value through other comprehensive income revaluation reserve, thsd EU	Reserve capital for Housing Guarantee Programme*, thsd EUR	Reserve capital, thsd EUR	Reserves, thsd EUR
Reserves as at 01/01/2017 (audited)	(15,935)	-	9,092	7,195	1,829	2,181
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(219)	-	-	(219)
Reserves as at 31/03/2017 (unaudited)	**(15,935)**	**-**	**8,873**	**7,195**	**1,829**	**1,962**
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(942)	-	-	(942)
Increase / (decrease) of reserve of disposal group classified as held for sale (Note 19)	-	1,839	(1,839)	-	-	-
Distribution of 2016 year profit	-	-	-	-	4,025	4,025
Increase of reserve capital	-	-	-	2,500	-	2,500
Reserves as at 31/12/2017 (audited)	**(15,935)**	**1,839**	**6,092**	**9,695**	**5,854**	**7,545**
(Decrease) of revaluation reserve for financial assets' measured at fair value through other comprehensive income (Note 19)	-	-	(938)	-	-	(938)
Increase of reserve of disposal group classified as held for sale (Note 19)	-	36	-	-	-	36
Reserves as at 31/03/2018 (unaudited)	**(15,935)**	**1,875**	**5,154**	**9,695**	**5,854**	**6,643**

*One of the Group's/Company's reserve capital is related to *Housing Guarantee Programme*. To implement this programme the Group's/Company's reserve capital was increased 2,500 thsd euros in 2017.

17 Off-balance sheet items and contingent liabilities

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Contingent liabilities:				
outstanding guarantees	194,511	182,376	194,511	182,376
Financial commitments:				
unutilised loan facilities	11,728	8,788	11,728	8,788
commitments to venture capital funds	26,106	27,020	26,106	27,020
Total contingent liabilities	**232,345**	**218,184**	**232,345**	**218,184**

The guarantees issued by Group/Company account for the largest sum in the Group's/Company's off-balance sheet items as contingent liabilities. The Company's guarantee portfolio consists of the portfolios of the state aid programmes implemented through guarantees.

Commitments to venture capital funds are contingent liabilities, which are based on contractual agreements between the Group/Company and a venture capital fund that obligates the Group/Company to contribute money to the fund.

17 Off-balance sheet items and contingent liabilities (continued)

The table below presents the information about commitments to venture capital funds:

	Contract period	Commitment, thsd EUR	Sum of commitment, which is not contributed to the fund 31/03/2018, thsd EUR (unaudited)	Sum of commitment, which is not contributed to the fund 31/12/2017, thsd EUR (audited)
BaltCap LatviaVentureCapital Fund,KS	22.01.2020.	20,000	4,114	4,114
AIF Impr.Cap.Technol.Vent.Fund,KS	11.06.2020.	4,966	638	638
AIF Imprimatur Capital Seed Fund,KS	11.06.2020.	10,000	858	893
ZGI-3,KS	31.12.2020.	11,800	1,389	1,502
FlyCap Investment Fund I AIF,KS	31.12.2020.	15,000	1,709	1,875
Expansion Capital Fund AIF,KS	31.12.2020.	15,000	331	331
Baltic Innovation Fund	01.01.2029.	26,000	17,067	17,667
Total		**102,766**	**26,106**	**27,020**

The table below allocates the Group's / Company's off balance sheet items and contingent liabilities to maturity groupings as at 31 Match 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Contingent liabilities							
outstanding guarantees	943	4,650	13,490	20,603	61,181	93,644	194,511
Financial commitments							
unutilised loan facilities	11,728	-	-	-	-	-	11,728
commitments to venture capital funds	559	1,117	1,577	5,169	14,810	2,874	26,106
Total financial commitments	12,287	1,117	1,577	5,169	14,810	2,874	37,834
Total	**13,230**	**5,767**	**15,067**	**25,772**	**75,991**	**96,518**	**232,345**

The table below allocates the Group's / Company's off balance sheet items and contingent liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Contingent liabilities							
outstanding guarantees	-	19	832	13,165	58,688	109,672	182,376
Financial commitments							
unutilised loan facilities	8,788	-	-	-	-	-	8,788
commitments to venture capital funds	436	714	1,676	3,732	16,246	4,216	27,020
Total financial commitments	9,224	714	1,676	3,732	16,246	4,216	35,808
Total	**9,224**	**733**	**2,508**	**16,897**	**74,934**	**113,888**	**218,184**

18 Cash and cash equivalents

	Group	**Group**	**Company**	**Company**
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Demand deposits with other credit institutions	128,951	100,597	128,951	100,597
Total	**128,951**	**100,597**	**128,951**	**100,597**

19 Financial assets measured at fair value through other comprehensive income revaluation reserve

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
As at 1 January	7,931	9,092	7,931	9,092
(Loss) from changes in fair value*	(933)	(1,161)	(933)	(1,161)
Impairment loss**	31	-	31	
Other comprehensive income	(902)	(1,161)	(902)	(1,161)
Total	**7,029**	**7,931**	**7,029**	**7,931**
Reserve of disposal group classified as held for sale**	**(1,875)**	**(1,839)**	**(1,875)**	**(1,839)**
Financial assets' measured at fair value through other comprehensive income revaluation reserve	**5,154**	**6,092**	**5,154**	**6,092**

* The position *Loss from changes in fair value* includes the revaluation of Latvian Treasury bills and government bonds as well as *Alternative investment fund Hipo Latvia Real Estate Fund I* and *Alternative investment fund Hipo Latvia Real Estate Fund II* registered in Latvia.

** More information see Note 2 (3).

*** The reserve of disposal groups classified as held for sale includes the revaluation result of the *Alternative Investment Fund Hipo Latvia Real Estate Fund I* and the *Alternative Investment Fund Hipo Latvia Real Estate Fund II.*

20 Related party transactions

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

In accordance with the International Accounting Standards (IAS) 24 *Related Party Disclosures* also the managing 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 Group's/Company's structural units do not allow 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 remuneration of the members of the Company's Council and Board in the reporting period amounted to 135 thsd euros.

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

The following table provides the total amount of transactions of the Group that have been entered into with related parties for the relevant financial year as at 31 March 2018 and 31 December 2017:

		Received support programme funding, thsd EUR	**Granted support programme funding or funding paid back, thsd EUR**
Transactions with shareholders: Ministry of Finance	31/03/2018	-	-
	31/12/2017	-	(336)
Ministry of Economics	31/03/2018	-	-
	31/12/2017	5,349	(217)
Associates: Venture capital funds	31/03/2018	1,622	(934)
	31/12/2017	3,030	(3,998)
Other companies owned by Group shareholders: Rural Support Service	31/03/2018	-	-
	31/12/2017	-	(3,304)
Central Finance and Contracting Agency	31/03/2018	14,000	-
	31/12/2017	4,946	-

During the reporting period, the Group had no gains and expenses from transactions with related parties.

Balances, including off-balance sheet financial liabilities of the Group with related parties as at 31 March 2018:

		Entity with significant influence, thsd. EUR	**Transactions with shareholders, thsd. EUR**	**Associates, thsd. EUR**	**Other companies owned by Group shareholders, thsd. EUR**
Investments in venture capital funds – associates	31/03/2018	-	-	51,440	-
(Allowance for impairment loss) (Note 9)	31/03/2018	-	-	(140)	-
	31/12./017	-	-	51,310	-
	31/12/2017	-	-	(140)	-
Assets held for sale	31/03/2018	12,816	-	-	-
	31/12/2017	12,935	-	-	-
Due to general governments	31/03/2018	-	-	-	9,683
	31/12/2017	-	-	-	9,686
Support programme funding and state aid (Note 15)	31/03/2018	-	90,387		24,066
	31/12/2017	-	84,363	-	10,362
Liabilities directly associated with assets held for sale	31/03/2018	2,000	-	-	-
	31/12/2017	2,000	-	-	-
Commitments to venture capital funds	31/03/2018	-	-	26,106	-
(Note 17)	31/12/2017	-	-	27,020	-

20 Related party transactions (continued)

The following table provides the total amounts of transactions of the Company that have been entered into with related parties as at 31 March 2018:

		Received state aid funding, thsd EUR	Granted state aid funding or repayment of the funding, thsd EUR
Transactions with shareholders: Ministry of Finance	31/03/2018	-	-
	31/12/2017	-	(336)
Ministry of Economics	31/03/2018	-	-
	31/12/2017	5,349	(217)
Associates: Venture capital funds	31/03/2018	1,001	(934)
	31/12/2017	1,785	(3,998)
Other companies owned by Altum shareholders Rural Support Service	31/03/2018	-	-
	31/12/2017	-	(3,304)
Central Finance and Contracting Agency	31/03/2018	14,000	-
	31/12/2017	4,946	-

Gain and expense on related party transactions within period ended 31 March 2018:

		Interest received, thsd EUR	Interest paid, thsd EUR	Realized gains, thsd EUR	Paid realized gains, thsd EUR
Associates:					
Venture capital funds	01/01/2018-31/03/2018	79	(79)	544	(544)
	01/01/2017-31/03/2017	173	(173)	118	(118)

In the 1st quarter 2018 the venture capital funds yielded 79 thsd euros of interest income and 544 thsd euros of income realised on the investments that were 100% attributed to the funding by Ministry of Economics of the Republic of Latvia (Note 4).

Balances, including off-balance sheet financial liabilities of the Company with related parties as at 31 March 2018:

		Significant influence entity, thsd EUR	Transactions with shareholders, thsd EUR	Associates, thsd, EUR	Other companies owned by Altum shareholders, thsd EUR
Investments in venture capital funds – associates	31/03/2018	-	-	63,049	-
(Provisions for impairment) (Note 9)	31/03/2018	-	-	(14,496)	-
	31/12/2017	-	-	63,504	-
	31/12/2017	-	-	(14,396)	-
Due to general governments	31/03/2018	-	-	-	9,683
	31/12/2017	-	-	-	9,685
Support programme funding and state aid (Note 15)	31/03/2018	-	92,078	-	24,066
	31/12/2017	-	87,686	-	10,362
Off-balance sheet financial liabilities for venture capital funds (Note 17)	31/03/2018	-	-	26,106	-
	31/12/2017	-	-	27,020	-

20 Related party transactions (continued)

The table below provides information about Group:

Name	Legal address	Investment % in capital
Investments in associates		
KS Otrais Eko Fonds	Dārza 2, Riga, LV-1007	33
KS Baltcap Latvia Venture Capital Fund	Jaunmoku street 34, Riga, Latvia, LV-1046	67
KS Imprimatur Capital Technology Venture Fund	Elizabetes street 85a-18, Riga, Latvia, LV-1050	67
KS Imprimatur Capital Seed Fund	Elizabetes street 85a-18, Riga, Latvia, LV-1050	100
KS ZGI-3	Daugavgrivas street 21, Riga, Latvia, LV-1048	95
KS FlyCap investment Fund	Matrožu iela 15A, Riga, Latvia, LV-1048	95
KS Expansion Capital fund	Krišjāņa Barona street 32-7, Riga, Latvia, LV-1011	95
Baltic Innovation Fund	European Investment Fund, 37B, avenue J.F. Kennedy, L-2968 Luxembourg	20
Alternative investment funds over which Company has control		
Hipo Latvia Real Estate Fund I	Elizabetes street 41/43, Riga, Latvia, LV-1010	100
Hipo Latvia Real Estate Fund II	Elizabetes street 41/43, Riga, Latvia, LV-1010	100

21 Segment information

The management of the Group believe that the Group's operations can be organised info four segments based on the core business activities as follows: loan service, guarantee service, venture capital funds service and other services.

The Group defines its operating segments based on financial products, which are issued to Group clients.

Operating segment information is prepared on the basis of internal reports.

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

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

Analysis of the operating segments of the Group for the period from 1 January 2018 till 31 March 2018:

	Loan service, thsd EUR	Guarantee service, thsd EUR	Venture capital funds service, thsd EUR	Other services, thsd EUR	Total, thsd EUR
Net interest income / (expense)	2,286	516	(72)	(148)	2,582
Net income / (expense) from fees and commissions	113	(102)	54	-	65
Net trading income	(44)	(42)	(2)	-	(88)
Share of profit of investment in joint venture and associate	-	-	1,003	-	1,003
Other income	215	57	229	420	921
Operating income before operating expenses	**2,570**	**429**	**1,212**	**272**	**4,483**
Staff costs	(836)	(300)	(68)	(409)	(1 613)
Administrative expense	(425)	(143)	(35)	(161)	(764)
Amortisation of intangible assets and depreciation of property, plant and equipment	(60)	(25)	(4)	(23)	(112)
Net impairment provisions	(1,321)	1,256	-	(31)	(96)
Corporate income tax	-	(3)	(3)	-	(6)
Total segment profit/(loss)	**(72)**	**1,214**	**1,102**	**(352)**	**1,892**
Investments in venture capital funds - associates	-	-	51,440	-	51,440
Additions of property and equipment, intangible assets and investment property	2,565	819	152	12,861	16,397
Total segment assets	**284,510**	**102,031**	**54,901**	**32,146**	**473,588**
Total segment liabilities	**175,016**	**32,683**	**11,459**	**31,674**	**250,832**

21 Segment information (continued)

Analysis of the operating segments of the Group for the period from January 1, 2017 till December 31, 2017:

	Loan service, thsd EUR	Guarantee service, thsd EUR	Venture capital funds service, thsd EUR	Other services, thsd EUR	Total, thsd EUR
Net interest income	9,671	1,399	96	208	11,374
Net income from fees and commissions	449	(24)	(191)	(6)	228
Net trading income	(97)	(83)	(10)	(1)	(191)
Share of profit of investment in joint venture and associate	-	-	818	-	818
Other income	1,623	454	636	5,078	7,791
Operating income before operating expenses	11,646	1,746	1,349	5,279	20,020
Staff costs	(3,653)	(1,203)	(241)	(1,425)	(6,522)
Administrative expense	(2,849)	(275)	(140)	(746)	(4,010)
Amortisation of intangible assets and depreciation of property, plant and equipment	(344)	(40)	(7)	(26)	(417)
Net impairment provisions	(2,390)	2,318	-	(1,929)	(2,001)
Corporate income tax	(43)	(45)	(17)	(20)	(125)
Total segment profit	2,367	2,501	944	1,133	6,945
Investments in venture capital funds - associates	-	-	51,310	-	51,310
Additions of property and equipment, intangible assets and investment property	786	234	49	273	1,342
Total segment assets	286,204	82,305	57,582	25,595	451,686
Total segment liabilities	176,196	31,014	12,453	9,537	229,200

Other services include Land Fund's transactions, service centres for Energy Efficiency Programme for Multi-apartment Buildings, Social Entrepreneurship Programme's grants, transaction, which are connected to the assets that have been taken over in the debt collection process, new state aid development, as well as transactions, which cannot be attributed to state aid programmes.

22 Maximum exposure to credit risk

The credit risk is a risk that a customer or cooperation partner of the Group/Company is unable or unwilling to meet its liabilities towards the Group/Company in full and within the established term.

The table below shows credit risk exposures of the balance and off-balance sheet items (before collateral held or other credit security):

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Statement of financial position assets exposed to credit risk				
Due from other credit institutions and Treasury	137,943	109,594	137,943	109,594
Financial assets at fair value through other comprehensive income - investment securities	59,680	61,760	59,680	61,760
Financial assets at amortised cost:				
Investment securities	437	443	437	443
Loans and receivables	184,708	192,147	184,708	192,147
Investments in venture capital funds	51,300	51,170	48,553	49,108
Other assets	6,354	3,886	6,354	3,886
Total	**440,422**	**419,000**	**437,675**	**416,938**

22 Maximum exposure to credit risk (continued)

	Group	Group	Company	Company
	31/03/2018 (unaudited)	31/12/2017 (audited)	31/03/2018 (unaudited)	31/12/2017 (audited)
Off-balance sheet items exposed to credit risk				
Contingent liabilities (Note 17)	194,511	182,376	194,511	182,376
Financial commitments (Note 17)	37,834	35,808	37,834	35,808
Total	**232,345**	**218,184**	**232,345**	**218,184**

As at March 31, 2018 a part of the Group's/Company's assets amounting to EUR 74,746 thsd has been pledged. Detailed information about the loan agreements concluded by the Group/Company as at 31 March 2018:

On June 16, 2015 the commercial pledge stemming from the loan agreement No A/1/F12/296 and its amendments concluded between the Group/Company and Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge is related to the loans granted by Group/Company in compliance with the Cabinet of Ministers Regulations No 381 dated May 29, 2012 Procedure for Granting State Aid when Acquiring Farmland for Agricultural Production as well as future components of the aggregation of property. The claim amount is 32,201 thsd euros (2017: 32,201 thsd euros).

As at 31 March 2018 the total amount of Group's/Company's entitlements considered as an aggregate property in favour of the Ministry of Finance was 42,545 thsd euros (2017: 46,933 thsd euros). Guarantee of the Ministry of Finance of the Republic of Latvia amounting to 42,545 thsd euros that has been issued to back the Group's/Company's loan from EIB (Note 12).

Further disclosed information on commercial pledges stemming from the signed loan agreements where, as at 31 March 2018, the available funding has not been disbursed at all:

Based on the loan agreement No A1/1/F16/474 dated 24 November 2016 between the Group/Company and Treasury of the Republic of Latvia a commercial pledge agreement was concluded on the same date. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 469 dated 15 July 2016 On Parallel Loans for Improvement of Competitiveness of Businesses. The maximum secured claim amount is 24,000 thsd euros. The composition of the commercial pledge: claim rights and their future components resulting from the aforementioned loans the Group/Company has granted. Within year 2018 the Group/ Company had not started to use the Treasury's loan as yet.

On 29 December 2016 a commercial pledge agreement was concluded based on the following two loan agreements: loan agreement No A1/1/15/698 dated 18 December 2015 and loan agreement No A1/1/16/395 dated 26 September 2016. The loan agreement No A1/1/15/698 dated 18 December 2015 was concluded between the Group/Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 1065 dated 15 September 2009 On Loans for Promoting the Development of Micro, Small and Medium Sized Merchants and Agricultural Service Co-operative Societies. The loan agreement No A1/1/16/395 dated 26 September 2016 was concluded between the Group/Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the Group/Company received from the Treasury and used to grant loans according to the Cabinet Regulation No 328 dated 31 May 2016 On Micro Loans and Start-up Loans. The total maximum secured claim amount is 39,600 thsd euros. The composition of the commercial pledge: claim rights and their future components resulting from the aforementioned loans the Group/Company has granted. Within 2018 year the Group/Company had not started to use the Treasury's loan as yet.

On 19 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. The agreement has been signed to fund Group's/Company's loans within the energy efficiency programme of the multi-apartment buildings. Nevertheless, in year 2017 Group/Company didn't use the funds of the Council of Europe Development Bank as Group's/Company's loan for implementation of the project involving the multi-apartment buildings could only be issued if the commercial banks refused to fund the project, but in view of the current economic circumstances such occurrences were rear (in year 2017 – 4 loans worth EUR 0.6 mln). The funds available through the loan agreement won't be used to grant small loans; these funds will be used only if there is a demand for Group's/Company's loans of at least 12,5 mln which is the minimum amount of the tranche. As stipulated by agreement, the first tranche has to be disbursed within 12 months and there is no payment on the portion of the loan that has not been disbursed. The loan is not secured by a registered collateral, but presents *pari passu* rights against other collaterals.

Transactions with derivatives, in effect on 31 March 2018, had been concluded seeking to cushion the effect of exchange rate fluctuations on the value of balance-sheet assets.

Loans to customers are secured, mostly by real estate, to a lesser extent – by other types of assets or commercial pledge. Some loans, granted during lending campaigns, are partially covered by guarantees of the state aid programmes. Loan impairment estimates take into account the expected cash flows from collateral. Loan quality is described in Note 8.

22 Maximum exposure to credit risk (continued)

The counter-guarantees of the Treasury are available for the following guarantee programmes:

- under the Funding Covenant concluded with the Central Finance and Contracting Agency (contract dated 08/06/2016) on implementation of the fund of funds the guarantees are available under specific support objective 3.1.1.1 with the earmarked funding of 15 mln euros.
- funding of 6 mln euros is earmarked for the state aid combination guarantees for the small and medium-sized enterprises sourced from repayments made on sub-activity 2.2.1.4.1. Support in the Form of Loan for Improvement of Competitiveness of Businesses; as regards the guarantees for large companies – the funding of 675 thsd euros is available from activity 3.1.3. Training and Consultations for Business and Self-employment Start-ups as well as reflows from activity 1.3.1.2. Support to Self-employment and Business Start-ups under operational programme Human Resources and Employment (482 thsd euros), as well as funding of 1.5 mln euros from repayments of the small and medium-sized programme.
- Loan guarantees of 4,3 mln euros are available to the farmers;
- As of 8 June 2016 the loan guarantees are issued under specific support objective 3.1.1.1. As at 31 March 2018, 292 guarantees with the total funding of 47,9 mln euros were issued under specific support objective 3.1.1.1., whereas 34 guarantees with the total funding of 14,3 mln euros were issued to large companies. From 1 January 2018 to 31 March 2018 there were 39 guarantees with the total funding of 4.45 mln euros issued to farmers.
- InnovFIN Facility guarantees are available to the innovative companies complying with the conditions of specific support objective 3.1.1.1. as well as large companies. There is an agreement (dated 13/10/2016) concluded with the European Investment Fund on InnovFIN Facility counter-guarantees for 30 mln euros. As of conclusion of the agreement up to 31 March 2018 there were 7 guarantees issued with InnovFin counter guarantee with the total funding of 1,2 mln euros.
- The guarantees of the Energy Efficiency Programme of Multi-apartment Buildings (EEPMB) are issued within the framework of the specific objective's measure 4.2.1.1. To Increase Energy Efficiency in Residential Buildings. The funding of 12,2 mln euros is earmarked for EEPMB guarantees. As at 31 March 2018 there were 39 EEPMB guarantees granted for 5.8 mln euros.
- Based on the Cabinet of Ministers Regulation No 443 On State Assistance to Acquisition or Construction of Living Accommodation adopted on 5 August 2014 the housing guarantees to 1) the families with underage children (up to 23 years included); 2) young specialists (persons who have completed secondary or higher education and do not exceed 35 years of age). The Housing Guarantee Programme has been running since January, 2015 with 7 co-operating commercial banks involved in its implementation. 3,801 housing guarantees for families with underage children for 27,5 mln euros were granted from 1 January 2017 to 31 March 2018.

23 Fair values of assets and liabilities

In the opinion of Management, the fair value of assets and liabilities held in the Group's balance sheet at amounts other than fair value differs from their carrying values and those booked at fair value, as follows:

	31/03/2018 (unaudited)		31/12/2017 (audited)	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Due from other credit institutions and Treasury	137,943	137,943	109,594	109,594
Individuals	20,831	20 791	21,635	21,597
Companies	163,877	162 738	170,512	169,699
Loans and receivables	184,708	183,529	192,147	191,296
Debt securities	437	1,168	443	1,208
Investment securities – held to maturity	51,300	51,300	51,170	51,170
Investments in venture capital funds	12,816	12,816	12,935	12,935
Assets held for sale	137,943	137,943	109,594	109,594
Liabilities				
Due to credit institutions	42,545	42,545	46,933	46,933
Due to general governments	43,609	42,487	43,609	42,103
Support program funding, net of state aid	110,485	110,485	90,757	90,757

In the opinion of Management, the fair value of assets and liabilities held in the Company's balance sheet at amounts other than fair value differs from their carrying values and those booked at fair value, as follows:

	31/03/2018 (unaudited)		31/12/2017 (audited)	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Assets				
Due from other credit institutions and Treasury	137,943	137,943	109,594	109,594
Individuals	20,831	20 791	21,635	21,597
Companies	163,877	162 738	170,512	169,699
Loans and receivables	184,708	183 529	192,147	191,296
Debt securities	437	1,168	443	1,208
Investments in venture capital funds	48,553	48,553	49,108	49,108
Assets held for sale	10,602	10,602	10,565	10,565
Liabilities				
Due to credit institutions	42,545	42,545	46,933	46,933
Due to general governments	43,609	42,487	43,609	42,103
Support program funding, net of state aid	112,176	112,176	94,080	94,080

Assets

Fair value of securities has been estimated based on quoted market prices where available. In assessing the fair value for other financial assets, the management has performed discounted cash flow analysis, estimating cash flows upon assumptions based on the most up-to-date market information at the moment of assessment. For loans having fixed rates in fixed terms, the management has conducted discounted cash flow analysis, while for loans where the base interest rates are pegged to floating market interest rates, the Group/Company has assumed that the carrying value of such loans equals their fair value.

Liabilities

Fair value of financial liabilities at amortised cost such as Due to credit institutions have been estimated based on discounted cash flow model using interest rates for similar products as at year end. Fair value of those financial liabilities that are on demand or have floating interest rate (e.g. Due to credit institutions) have been estimated to be approximately equal to its carrying amount.

23 Fair values of assets and liabilities (continued)

The following table shows the hierarchy of the Group's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 March 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	11,697	11,697
Financial assets at fair value through other comprehensive income - investment securities	36,373	23,307	-	59,680
Derivatives	-	-	-	-
Assets held for sale	-	-	12,816	12,816
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	183,529	183,529
Due from other credit institutions and Treasury (Notes 7, 18)	128,951	-	8,992	137,943
Total assets	**165,324**	**23,307**	**217,034**	**405,665**
Liabilities measured at fair value:				
Derivatives	-	40	-	40
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	42,545	42,545
Due to general governments	-	-	42,487	42,487
Support program funding (Note 15)	-	-	110,485	110,485
Total liabilities	**-**	**40**	**195,517**	**195,557**

The following table shows the hierarchy of the Group's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	10,808	10,808
Financial assets at fair value through other comprehensive income - investment securities	37,723	24,037	-	61,760
Derivatives	-	142	-	142
Assets held for sale	-	-	12,935	12,935
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	191,296	191,296
Due from other credit institutions and Treasury (Notes 7,18)	100,594	-	9,000	109,594
Total assets	**138,317**	**24,179**	**224,039**	**386,535**
Liabilities measured at fair value:				
Derivatives	-	-	-	-
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	46,933	46,933
Due to general governments	-	-	43,609	43,609
Support program funding (Note 15)	-	-	90,757	90,757
Total liabilities	**-**	**-**	**181,299**	**181,299**

23 Fair values of assets and liabilities (continued)

The following table shows the hierarchy of the Company's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 March 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	11,697	11,697
Financial assets at fair value through other comprehensive income - investment securities	36,373	23,307	-	59,680
Derivatives	-	-	-	-
Assets held for sale	-	-	10,602	10,602
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	183,529	183,529
Due from other credit institutions and Treasury (Notes 7, 18)	128,951	-	8,992	137,943
Total assets	**165,324**	**23,307**	**214,820**	**403,451**
Liabilities measured at fair value:				
Derivatives	-	40	-	40
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	42,545	42,545
Due to general governments	-	-	42,487	42,487
Support program funding (Note 15)	-	-	110,485	110,485
Total liabilities	**-**	**-**	**195,517**	**195,557**

The following table shows the hierarchy of the Company's financial assets and liabilities assessed and recognised at fair value or for which fair value is disclosed as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Investment property (Note 10)	-	-	10,808	10,808
Financial assets at fair value through other comprehensive income - investment securities	37,723	24,037	-	61,760
Derivatives	-	142	-	142
Assets held for sale	-	-	10,565	10,565
Assets for which fair values are disclosed:				
Loans and receivables (Note 8)	-	-	191,296	191,296
Due from other credit institutions and Treasury (Notes 7, 18)	100,594	-	9,000	109,594
Total assets	**138,317**	**24,179**	**221,669**	**384,165**
Liabilities measured at fair value:				
Derivatives	-	-	-	-
Liabilities for which fair values are disclosed:				
Due to credit institutions (Note 12)	-	-	46,933	46,933
Due to general governments	-	-	43,609	43,609
Support program funding (Note 15)	-	-	94,080	94,080
Total liabilities	**-**	**-**	**184,622**	**184,622**

23 Fair values of assets and liabilities (continued)

Fair value hierarchy of financial assets and liabilities

The Group/Company classifies the fair value measurements based on the fair value hierarchy, which reflects significance of the data used in measurement. The fair value hierarchy of the Group/Company has 3 levels:

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

Debt securities

The debt securities are measured using the quoted prices or valuation techniques using both - observable and unobservable market inputs and a combination of the two. The majority of investments in debt securities recognised at fair value are investments in Latvian government debt securities having a quoted price, but not being traded on the active market. The management has estimated that the quoted price is a reasonable approximation of the fair value by reference to yield of similar risk investments.

Derivatives

The derivatives measured using valuation techniques relying on observable market inputs are mainly currency swaps and over-the-counter forward exchange contracts. Most frequently applied valuation techniques include discounted cash flow calculation, where inputs include foreign exchange spot and forward rates as well as interest rate curves.

Investments in venture capital funds

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

The Group's and the Company's investments in venture capital funds are treated as *Associates*. An *Associate* is a company in which the Group or the Company has significant influence, but not control. Significant influence is defined as the power to affect the financial and operating policy decisions of the investee. Significance of influence is classified based on the same parameters that are applied to the branches.

For the purpose of evaluating investments in venture capital funds, the equity method is used at the level of the Group, but at the level of the Company these investments are recognized at cost less any impairment in value.

Investment property

Investments in real estate are evaluated in accordance with Latvian and International Valuation Standards (IVS) for real estate involving an independent and professional committee of experts.

Property investments are evaluated at their fair value using one of the following approaches:

(a) market data (comparable sales) approach;

(b) income approach;

(c) depreciated replacement cost method.

The valuation method is selected depending on the type of property and acquisition purpose. Property valuation is carried out by a professional and certified valuator, selected by the Group, according to the abovementioned methods.

Assets held for sale

Non-current assets and 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 amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as 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, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

24 Liquidity risk

The table below provides the maturity structure of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets, which are included balances of due from other credit institutions and the State Treasury and investment securities as at 31 March 2018. The presentation is based on the expected future cash flows based on payment schedules and includes interest while the maturity analysis presented in Note 25 discloses the term structure of actual balances of liabilities and assets.

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,842	29,540	4,723	43,105
Due to general governments	123	694	44,785	45,602
Support programme funding	-	-	110,485	110,485
Other liabilities	-	-	3,013	3,013
Total financial liabilities	**8,965**	**30,234**	**163,006**	**202,205**
Off-balance items and contingent liabilities	59,836	75,991	96,517	232,344
Total financial liabilities, off-balance items and contingent liabilities	**68,801**	**106,225**	**259,523**	**434,549**
Due from other credit institutions and the State Treasury	137,943	-	-	137,943
Investment securities	37	49,514	10,566	60,117
Liquid assets	**137,980**	**49,514**	**10,566**	**198,060**

The table below provides the maturity structure of expected undiscounted future cash flows of the Group's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2017:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	612	44,869	45,644
Support programme funding	-	-	90,757	90,757
Other liabilities	-	-	3,764	3,764
Total financial liabilities	**9,020**	**32,988**	**145,699**	**187,707**
Off-balance items and contingent liabilities	29,361	74,935	113,888	218,184
Total financial liabilities, off-balance items and contingent liabilities	**38,381**	**107,923**	**259,587**	**405,891**
Due from other credit institutions and the State Treasury	109,594	-	-	109,594
Investment securities	38	51,426	10,739	62,203
Liquid assets	**109,632**	**51,426**	**10,739**	**171,797**

24 Liquidity risk (continued)

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

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	612	44,869	45,644
Support programme funding	-	-	112,176	112,176
Other liabilities	-	-	2,737	2,737
Total financial liabilities	**9,020**	**32,988**	**166,091**	**208,099**
Off-balance items and contingent liabilities	59,836	75,991	96,517	232,344
Total financial liabilities, off-balance items and contingent liabilities	**68,856**	**108,979**	**262,608**	**440,443**
Due from other credit institutions and the State Treasury	137,943	-	-	137,943
Investment securities	37	49,514	10,566	60,117
Liquid assets	**137,980**	**49,514**	**10,566**	**198,060**

The table below provides the maturity structure of expected undiscounted future cash flows of the Company's financial liabilities, off-balance liabilities and liquid assets as at 31 December 2017:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	Total
Due to other credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	612	44,869	45,644
Support programme funding	-	-	94,080	94,080
Other liabilities	-	-	3,488	3,488
Total financial liabilities	**9,020**	**32,988**	**148,746**	**190,754**
Off-balance items and contingent liabilities	29,361	74,935	113,887	218,184
Total financial liabilities, off-balance items and contingent liabilities	**38,381**	**107,923**	**262,633**	**408,938**
Due from other credit institutions and the State Treasury	109,594	-	-	109,594
Investment securities	38	51,426	10,738	62,202
Liquid assets	**109,632**	**51,426**	**10,738**	**171,796**

25 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are settled according to contractual maturity. With regard to loans and advances to customers, the Group uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations.

The table below allocates the Group's assets and liabilities to maturity groupings as at 31 March 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Assets							
Due from other credit institutions and the State Treasury	128,951	-	1,992	7,000	-	-	137,943
Investment securities	-	-	-	37	49,514	10,566	60,117
Loans and receivables	9,120	5,444	7,516	22,887	1,581	138,160	184,708
Derivatives	-	-	-	-	-	-	-
Investments in venture capital funds	-	746	-	-	44,143	6,411	51,300
Deferred expense and accrued income	480	2,035	4	3	9	196	2,727
Investment property	-	-	-	234	9,031	2,432	11,697
Property, plant and equipment	-	-	-	-	-	3,815	3,815
Intangible assets	-	-	-	-	-	885	885
Other assets	3,288	-	139	-	1,226	2,927	7,580
Assets held for sale	-	-	12,816	-	-	-	12,816
Total assets	**141,839**	**8,225**	**22,467**	**30,161**	**105,504**	**165,392**	**473,588**
Liabilities							
Due to credit institutions	-	4,351	-	4,340	29,166	4,688	42,545
Derivatives	40	-	-	-	-	-	40
Due to general governments	2,794	-	-	-	5,000	35,815	43,609
Issued debt securities	-	-	118	9	-	29,753	29,880
Deferred income and accrued expense	400	87	451	135	135	1,402	2,610
Support programme funding and state aid	20,103	-	-	1,578	24,394	68,378	114,453
Provisions for financial guarantees	19	263	932	200	3,917	7,345	12,676
Corporate income tax liabilities	-	6	-	-	-	-	6
Other liabilities	2,450	376	-	-	169	18	3,013
Liabilities directly associated with assets held for sale	-	-	2,000	-	-	-	2,000
Total liabilities	**25,806**	**5,083**	**3,501**	**6,262**	**62,781**	**147,399**	**250,832**
Net liquidity	**116,033**	**3,142**	**18,966**	**23,899**	**42,723**	**17,993**	**222,756**

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Group's assets and liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Assets							
Due from other credit institutions and the State Treasury	100,597	-	-	8,997	-	-	109,594
Investment securities	-	-	-	38	51,426	10,739	62,203
Loans and receivables	9,708	11,789	10,152	19,765	-	140,733	192,147
Derivatives	-	142	-	-	-	-	142
Investments in venture capital funds	-	864	-	-	43,964	6,342	51,170
Deferred expense and accrued income	655	1,581	3	3	9	5	2,256
Investment property	-	-	-	234	8,142	2,432	10,808
Property, plant and equipment	-	-	-	-	-	3,828	3,828
Intangible assets	-	-	-	-	-	771	771
Other assets	271	-	139	-	1,966	3,456	5,832
Assets held for sale	-	-	-	12,935	-	-	12,935
Total assets	**111,231**	**14,376**	**10,294**	**41,972**	**105,507**	**168,306**	**451,686**
Liabilities							
Due to credit institutions	-	4,399	-	4,340	31,944	6,250	46,933
Due to general governments	-	-	-	-	5,000	38,609	43,609
Issued debt securities	-	-	-	53	-	19,799	19,852
Deferred income and accrued expense	48	87	451	425	135	1,231	2,377
Support programme funding and state aid	9,795	-	-	8,290	20,798	57,126	96,009
Provisions for off-balance sheet commitments	843	757	66	259	4 199	8,407	14,531
Corporate income tax liabilities	125	-	-	-	-	-	125
Other liabilities	2,962	-	53	319	-	430	3,764
Liabilities directly associated with assets held for sale	-	-	-	2,000	-	-	2,000
Total liabilities	**13,773**	**5,243**	**570**	**15,686**	**62,076**	**131,852**	**229,200**
Net liquidity	**97,458**	**9,133**	**9,724**	**26,286**	**43,431**	**36,454**	**222,486**

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Company's assets and liabilities to maturity groupings as at 31 March 2018 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Assets							
Due from other credit institutions and the State Treasury	128,951	-	1,992	7,000	-	-	137,943
Investment securities	-	-	-	37	49,514	10,566	60,117
Loans and receivables	9,120	5,444	7,516	22,887	1,581	138,160	184,708
Derivatives	-	-	-	-	-	-	-
Investments in venture capital funds	-	864	-	-	40,800	6,889	48,553
Deferred expense and accrued income	480	2,035	4	3	9	196	2,727
Investment property	-	-	-	234	9,031	2,432	11,697
Property, plant and equipment	-	-	-	-	-	3,815	3,815
Intangible assets	-	-	-	-	-	885	885
Other assets	3,288	-	139	-	1,226	2,927	7,580
Assets held for sale	-	-	10,602	-	-	-	10,602
Total assets	**141,839**	**8,343**	**20,253**	**30,161**	**102,161**	**165,870**	**468,627**
Liabilities							
Due to credit institutions	-	4,351	-	4,340	29,166	4,688	42,545
Derivatives	40	-	-	-	-	-	40
Due to general governments	2,794	-	-	-	5,000	35,815	43,609
Issued debt securities	-	-	118	9	-	29,753	29,880
Deferred income and accrued expense	400	87	451	135	135	1,402	2,610
Support programme funding and state aid	20,103	-	-	1,578	24,394	70,069	116,144
Provisions for off-balance sheet commitments	19	263	932	200	3,917	7,345	12,676
Corporate income tax liabilities	-	6	-	-	-	-	6
Other liabilities	2,174	376	-	-	169	18	2,737
Total liabilities	**25,530**	**5,083**	**1,501**	**6,262**	**62,781**	**149,090**	**250,247**
Net liquidity	**116,309**	**3,260**	**18,752**	**23,899**	**39,380**	**16,780**	**218,380**

25 Maturity analysis of assets and liabilities (continued)

The table below allocates the Company's assets and liabilities to maturity groupings as at 31 December 2017 based on the time remaining from the balance sheet date to the contractual maturity dates.

	Up to 1 month	1 to 3 months	3 to 6 months	Up to 1 year	1 to 5 years	Over 5 years and undated	**Total**
Assets							
Due from other credit institutions and the State Treasury	100,597	-	-	8,997	-	-	109,594
Investment securities	-	-	-	38	51,426	10,739	62,203
Loans and receivables	9,708	11,789	10,152	19,765	-	140,733	192,147
Derivatives	-	142	-	-	-	-	142
Investments in venture capital funds	-	1,008	-	-	41,757	6,343	49,108
Deferred expense and accrued income	655	1 581	3	3	9	5	2,256
Investment property	-	-	-	234	8,142	2,432	10,808
Property, plant and equipment	-	-	-	-	-	3,828	3,828
Intangible assets	-	-	-	-	-	771	771
Other assets	271	-	139	-	1,966	3,456	5,832
Assets held for sale	-	-	-	10,565	-	-	10,565
Total assets	**111,231**	**14,520**	**10,294**	**39,602**	**103,300**	**168,307**	**447,254**
Liabilities							
Due to credit institutions	-	4,399	-	4,340	31,944	6,250	46,933
Due to general governments	-	-	-	-	5,000	38,609	43,609
Issued debt securities	-	-	-	53	-	19,799	19,852
Deferred income and accrued expense	48	87	451	425	135	1,231	2,377
Support programme funding and state aid	9,625	-	-	1,904	29,392	57,127	98,048
Provisions for off-balance sheet commitments	843	757	66	259	4 199	8,407	14,531
Corporate income tax liabilities	125	-	-	-	-	-	125
Other liabilities	2,962	-	53	42	-	431	3,488
Total liabilities	**13,603**	**5,243**	**570**	**7,023**	**70,670**	**131,854**	**228,963**
Net liquidity	**97,628**	**9,277**	**9,724**	**32,579**	**32,630**	**36,453**	**218,291**

26 SUBSEQUENT EVENTS

There are no other subsequent events since the last day of the reporting year, which would have a significant effect on the financial position of the Group /Company.

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Group's key financial and performance indicators

	2017 (audited)	2016 (audited)	2015 (audited)	2018 Q1 (unaudited)	2017 Q1 (unaudited)
Key financial data					
Net income from interest, fees and commission (tEUR)	11,374	11,024	16,419	2,647	3,569
Profit for the period (tEUR)	6,945	2,170	4,924	1,892	1,768
Cost to income ratio (CIR)	54.7%	88,4%	55,8%	55.5%	54,1%
Employees	230	242	282	231	226
Total assets (tEUR)	**451,686**	**443,126**	**406,918**	**473,588**	**438,408**
Tangible common equity (TCE)/total tangible managed assets (TMA)	35.6%	35,2%	37,3%	33.9%	36,0%
Equity and reserves (tEUR)	222,486	210,094	199,610	222,756	213,693
Total risk coverage: (tEUR)	65,002	67,705	41,021	73,573	-
Risk coverage reserve	60,060	64,833	40,662	70,872	-
Risk coverage reserve used for provisions	-4,753	-4,323	-1,276	-6,994	-
Portfolio loss reserve (specific reserve capital)	9,695	7,195	1,635	9,695	7,195
Liquidity ratio for 180 days	507%	449%	352%	382%	-
Financial instruments (gross value)					
Outstanding (tEUR) (by financial instrument)					
Loans	207,585	217,429	218,562	203,267	212,751
Guarantees	182,376	147,175	131,120	194,511	155,308
Venture capital funds	51,310	58,541	39,929	51,440	58,428
Total	**441,271**	**423,145**	**389,611**	**449,218**	**426,487**
Number of contracts	14,402	11,449	8,901	15,017	12,072
Volumes granted (tEUR) (by financial instrument)					
Loans	51,869	59,465	52,329	11,507*	14,085
Guarantees	68,615	56,109	50,065	18,319	14,208
Venture capital funds	2,638	21,356	18,798	546	274
Total	**123,122**	**136,929**	**121,192**	**30,372**	**28,567**
Number of contracts	4,697	4,461	2,819	1,021	1,008
Leverage for raised private funding	185%	162%	104%	175%	172%

* Issued loans

Definitions and ratios

Net Income from Interest, Fees and Commission	Net Income from Interest, Fees and Commission consists of the following items of the Income statement: Net Interest Income and Net Commission Income. The indicator demonstrates operating income of ALTUM Group.
Cost to Income Ratio (CIR)	Cost to Income Ratio (CIR) is calculated by dividing the sum of the Personnel expenses, Administrative expenses and Depreciation of intangible assets and property, plant and equipment by Operating income before operating expense included in the Income Statement. CIR is the indicator for establishing efficiency of the operating activities.
Tangible Common Equity (TCE) / Tangible Managed Assets (TMA)	Tangible Common Equity (TCE) is calculated by subtracting from Total equity the Revaluation reserve of available for sale investments. The Total Tangible Managed Assets (TMA) include the total assets of ALTUM Group adding the guarantees entered into the off-balance and taking into account the provisions for guarantees from which the following is subtracted: Deferred expense, Accrued income, Property, plant and equipment, Intangible assets, Other assets and Available for sale assets. The items used to calculate both indicators (TCE, TMA) are included in the following financial statements of ALTUM Group: Statement of Financial Position and Statement of Changes in Equity, and in the following notes: Off-balance items and contingent liabilities and Provisions. TCE/TMA are used assess the Group's capital adequacy.
Total Risk Coverage	Total Risk Coverage is the net funding available for covering of the expected credit losses of the state aid programmes implemented by ALTUM. The Total Risk Coverage is the sum total of Risk Coverage Reserve and Portfolio Loss Reserve (Specific Reserve Capital) less Risk Coverage Reserve Used for Provisions. The expected losses are estimated before implementation of the respective state aid programme and a portion of the public funding intended for coverage of the credit risk losses expected in the respective state aid programme is either transferred to the Portfolio Loss Reserve that is the Group's specific reserve capital or accounted for separately as provisions for risk coverage under liabilities' item Risk Coverage Reserve. The Portfolio Loss Reserve (specific reserve capital) is included in the Note on Reserves to the financial statements of ALTUM Group. While the Risk Coverage Reserve is included in the Note on Support Programme Funding and State Aid to the financial statements of ALTUM Group. The Risk Coverage Reserve Used for Provisions is the amount of the Risk Coverage Reserve allocated to and used for provisioning for impairment of the loan portfolio and guarantees which in its turn is included in the Note on Loans and Note on Provisions to the financial statements of ALTUM Group. Total Risk Coverage is a key indicator for assessment of the risk coverage in the state aid programmes implemented by ALTUM and long-term financial stability of the Group.
The liquidity ratio for 180 days	The liquidity ratio for 180 days is calculated by dividing the sum of Due from other credit institutions and Treasury with a maturity of up to 1 month and Investment securities – available for sale by sum of Total liabilities maturing within 6 months and Total financial liabilities maturing within 6 months (off-balance item). The data required for calculation of the liquidity ratio for 180 days are included in the following financial statements of ALTUM Group: Financial Position Statement and notes – Off-balance items and contingent liabilities and Maturity analysis of assets and liabilities. The liquidity ratio for 180 days represents ability of ALTUM Group to honour its obligations in due time with currently available liquid assets.
Leverage for raised private funding	Leverage for raised private funding indicates the amount of additional private funds invested in a project on top of funding provided by ALTUM. Leverage is determined considering the funding invested by a private co-financier and a project's implementer on top of ALTUM's funding, which, on average, makes up to 50 per cent for loans, up to 70 per cent for guarantees and venture capital (except for the first instalment of the Housing Guarantee Programme where the ratio is 795 per cent).
Venture capital	In accordance with the accounting policies, the part of the losses from investments in associates is included.