

**JSC DEVELOPMENT FINANCE INSTITUTION ALTUM**

**UNAUDITED INTERIM CONDENSED  
REPORT FOR 9 MONTHS PERIOD  
ENDED 30 SEPTEMBER 2017**

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JSC Development Finance Institution Altum  
Doma laukums 4  
Rīga, LV-1050, Latvia  
telephone: + 37167774010  
Registration No: 50103744891

**JSC DEVELOPMENT FINANCE INSTITUTION ALTUM**  
**REPORT OF BOARD OF DIRECTORS**

**Activity during reporting period**

The joint stock company Development Finance Institution Altum (hereinafter referred to as Altum or Company) is a state-owned development finance institution that provides state aid to specific target groups by means of financial instruments (loans, guarantees, investments in venture capital funds, a.o.). By way of implementing the state aid programmes the Company fills in the market gaps and ensures accessibility to the funding in the areas the state has identified as priority.

The mission of Altum is – We help Latvia to thrive!

The vision of Altum is – Co-operation partner and financial expert in development of the national economy.

The role of the development finance institution in the financial market is to:

- complement the financial market;
- fill in the market gaps and rectify the market failures;
- operate, as delegated by the state, in the defined areas and segments;
- implement the programmes jointly with private market participants.

The Development Finance Institution Law governs the operations of Altum.

The Ministry of Finance holds 40% of Altum's shares, the Ministry of Economics and Ministry of Agriculture – 30% each.

During 9 months of year 2017 Altum made a profit of 6,4 mln euros.

**Operational Volumes**

As at 30 September 2017 Altum's (gross) books and records held a portfolio of the financial instruments granted within the state aid programmes for the total value of 453,4 mln euros made up of 13,787 projects, including:

- guarantee portfolio of 176,5 mln euros, the total number of transactions – 7,264;
- loan portfolio of 211,5 mln euros, the total number of transactions – 6,331;
- investments in venture capital funds for the total value of 65,4 mln euros, the total number of projects financed by funds – 192.

Since the start of the year the portfolio of the Company's financial instruments has increased by 5.2% (22,5 mln euros) in terms of volume and by 20.4% (by 2,338 projects) in terms of the number of projects. Among the financial instruments the guarantee portfolio has had the most rapid growth by 20% in terms of volume (29,3 mln euros) and by 47% in terms of the number of transactions (by 2,327 transactions). Implementation of the Housing Guarantee Programme has contributed significantly to the rise of the number of transactions. The rapid increase of the guarantee portfolio in the Company's total portfolio of financial instruments tallies with medium-term development strategy of Altum.

**Volumes of New Transactions**

In the reporting period lasting from 1 January 2017 till 30 September 2017 the funding granted within the state aid programmes amounted to 91,8 mln euros, supporting 3,500 projects, including:

- guarantees for 50,5 mln euros, the total number of transactions – 2,596 projects;
- loans for 39,4 mln euros, 891 projects;
- investments made by venture capital funds for 1,8 mln euros, 13 projects.

During 9 months of 2017, compared to the same period last year, the state aid programmes have had an equivalent number of new transactions: with the amount of the granted funding being less by 0.5% (0.5 mln euros), the number of supported projects has increased by 5% (or by 167 projects).

The guarantees for promotion of business were boosted specifically. In 9 months the business projects were granted new guarantees for 35,5 mln euros.

## **REPORT OF THE BOARD OF DIRECTORS (continued)**

It is often that the companies lack adequate collateral to obtain a bank loan or amount of the loan needed for business development. Being aware of the situation, Altum boosted issuing of credit guarantees for promotion of business expecting an influx of financial resources into the national economy.

Since boosting of the credit guarantees in year 2017, the maximum single guarantee amount was increased to 3 mln euros. A new solution for granting of guarantees – delegated guarantees – was introduced in the reporting period. The delegated guarantees will promote availability of funding for the small and medium-sized enterprises even more. In order to implement the delegated guarantees, a special co-operation agreement has been concluded with SEB Bank. It is planned to initiate similar co-operation also with other banks. The service enables the banks to speed up considerably reviewing of the loan applications of the small and medium-sized enterprises.

To increase competitiveness of Latvian companies, the export credit guarantees are being issued also to the small-scale exporters (with export turnover below 2 mln euros) for transactions with EU member states and for transactions with longer maturities of deferred payments (from 180 to 720 days). Due to the new guarantees the volume of protected export to the EU member states will increase considerably. More than 150 enterprises will be supported within the framework of the programme that will guarantee export transactions to the EU member states for at least 82 mln euros. The enterprises of manufacturing industry, agricultural producers as well as small and medium-sized enterprises entering the export markets are expected to benefit most.

### **Venture Capital Investments**

In year 2017, within the framework of the Fund of funds established by Altum to implement the financial instruments by means of the funding of the European Regional Development Fund (ERDF), selection of the managers of the accelerator funds was finalised in an international tender. Acceleration is an activity not yet practised in Latvia intended to support the companies being in a very early development stage with 15 mln euros of public funding earmarked for the activity. Around 120 perspective ideas will receive accelerator and investment services.

In year 2017 selection of the financial intermediaries for the seed, start-up and expansion capital investment funds has been started. It is expected that the seed and start-up capital investment funds will be launched in Q2 of year 2018. The total earmarked public funding for Company's investments in the seed and start-up funds amounts to 30 mln euros. The expansion capital investment funds are to be launched in Q3 of year 2018 with the total earmarked public funding being 30 mln euros.

### **European Strategic Investment Fund**

As part of promoting use of the funds of the European Strategic Investment Fund (EFSI) in Latvia and implementation of the large investment projects (above 50 mln euros), Altum, in co-operation with the European Investment Bank and Representation of the European Commission in Latvia, organises informative campaigns and consults the large projects on EFSI funds. Co-operation has been established with Latvian commercial banks to attract the investments needed for more efficient implementation of the large investment projects.

In order to expand support to the business ideas of the small and medium enterprises, there is an agreement concluded with the European Investment Fund (EIF) on the counter-guarantees of InnovFIN Facility for the guarantee portfolio worth 30 mln euros. The risk cover provided by counter-guarantees allows Altum to issue guarantees to the eligible projects at lower rates, thus reducing the costs for attracting funding for these projects. As at 30 September, 2017, there were 6 guarantees for 0,992 mln euros issued under InnovFIN Facility. There is an agreement concluded with EIF about COSME programme's portfolio guarantee for a loan portfolio worth 15 mln euros that will guarantee loans issued to start-ups. An application has been submitted to EFSI programme for promotion of micro loans and social entrepreneurship loans.

## **REPORT OF THE BOARD OF DIRECTORS (continued)**

### **Starting a Business**

Promotion of start-ups is a significant business segment of Altum. As at 30 September 2017, under the Start-ups Programme, the start-ups projects were granted loans totalling 41,1 mln euros financing 2,266 projects of the new entrepreneurs.

In year 2017, based on the current tendencies in the business angels' sector, Altum expanded the options of the joint pilot project with Latvian Business Angels Network (LatBAN) regarding co-financing of business ideas. The expanded co-operation means that from now on also those viable business ideas where the syndicate – union of business angels consisting of several natural persons – investors having jointly decided to invest in a project – has decided to invest – will qualify for Altum's loan.

### **Aid for Improvement of Energy Efficiency of Multi-apartment Buildings**

The Company started to implement the Energy Efficiency Programme of Multi-apartment Buildings in year 2016. The total earmarked public funding (ERDF and state budget) of the programme is 166 mln euros to be supplemented by Altum funds and loan.

The extensive information campaigns focusing on the prospective clients that were started in year 2016 in co-operation with the Ministry of Economics and other partners continued also in the reporting period and took the shape of free of charge events throughout Latvia and in Altum Competence Centre.

In year 2017, to consult about the programme:

- workshops with 780 participants were organized in 21 towns of Latvia;
- Altum organised two practical training workshops for the entities authorised to represent the residents of multi-apartment buildings (submitters of the projects);
- new marketing materials were prepared.

Within 9 months of this year an impressive number of project applications was received – 185 of which 111 applications were approved. Faulty procurement regulations prepared by submitters of the projects halted progress of many of the submitted projects.

As at 30 September 2017, within the framework of the programme, 12 guarantees for 1,2 mln euros were granted to energy efficiency projects of multi-apartment buildings; project support grants were given to 25 projects for the sum total of 2,5 mln euros and 3 Altum loans for 0,3 mln euros were issued.

### **Support to Families with Children for Buying Housing**

As at 30 September 2017 the Housing Guarantee Programme had granted 6,542 guarantees for 44,5 mln euros to the families with children. The programme's guarantees help with the first instalment on the mortgage and are used by families throughout Latvia. 67% of the guarantees were issued to the loans taken out in Riga and adjacent districts, 15% - in Vidzeme, 9% - in Kurzeme, 7% - in Zemgale, 2% - in Latgale. The average guarantee amount was 6,8 thsd euros.

### **Land Fund of Latvia**

As at 30 September 2017, the balance sheet of the Land Fund administered by Altum enlisted 216 properties with the total land area of 3,591 ha, worth 9,3 mln euros.

As at 30 September 2017, 86% of the fund's properties had been attracted the lessees – farmers, including ten newly established farmers, in need of agricultural land for development of their economic activities.

In the reporting period the preparations were made for introduction of new type of state aid under the Land Fund – reverse rent whereby a farmer could sell its property to the Land Fund and continue using it for production purposes by subsequently renting the property from the fund.

### **Risk Management**

In order to have an adequate risk management, the Company has developed the Risk Management System that provides both preventive risk management and timely implementation of risk mitigation or prevention measures. While assuming the risks, the Company remains capable of implementing the established operational targets and assignments in the long run. In its risk management the Company makes use of various risk management methods and instruments as well as establishes risk limits and restrictions.

**REPORT OF THE BOARD OF DIRECTORS** (continued)

The risk management methods are chosen based on materiality of the particular risk and its impact on the Company's operations.

The Development Finance Institution Law stipulates that a finance institution has to prepare an assessment of the programme's impact, risks and expected losses, financial results and implementation costs prior to its approval by Cabinet of Ministers. The Cabinet of Ministers approves the programmes and lays down their implementation procedures, funding, eligible operations and expenditure, including funding for covering the expenses of the finance institution.

**Rating**

*Moody's Investors Service* has assigned to Altum an investment grade rating Baal with a stable outlook. The assigned rating is among the highest ratings ever assigned to the capital companies of Latvia. The rating was assigned on 15 June 2017.


Obtaining of the rating was a step towards issuing of notes on the Baltic Bonds Market scheduled for this October. The assigned rating reflects Altum's compliance with the high requirements of the financial markets towards corporate management standards, financial stability, sustainability and other factors.

**Future Outlook**

Altum, based on the market gap analysis and in co-operation with the responsible ministries, drafts and implements new state aid programmes.

In year 2017 the volume of new transactions performed with Company's financial instruments is estimated at 180 mln euros with support to be provided to more than 5,500 business projects. The financed projects will create more than 3,100 new work places. The total input of Altum's financial instruments, including the co-financing of the aid beneficiaries, in the national economy, is expected to be around 290 mln euros.

This October Altum issued transferable debt securities (notes) as series of notes, registered them with the Latvian Central Depository and quoted on Nasdaq Riga for the total face value of 20 mln euros. SEB Bank has been chosen as the manager and advisor of the issue. The notes were issued to diversify Altum's funding structure and provide for several state-supported investment projects in the national economy of Latvia. The funds attracted through the issue of notes will amplify the financial support to the business projects in such fields as energy efficiency, promotion of renewable energy resources and decreasing of impact of the negative effects of climate change.



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Reinis Bērziņš  
Chairman of the Board

15 November 2017

## THE SUPERVISORY COUNCIL AND THE BOARD OF DIRECTORS

### The Supervisory Council

The Council was established by a Ministry of Finance order No 584 on 19 December 2013.

<i>Name, surname</i>	<i>Position</i>	<i>Date appointed</i>
Līga Kļaviņa	Chairperson of the Council	19/12/2013 – 18/12/2016 29/12/2016 – present
Jānis Šnore	Council Member	19/12/2013 – 18/12/2016 29/12/2016 – present
Kristaps Soms	Council Member	29/12/2016 – present
Gatis Sniedziņš	Council Member	19/12/2013 – 04/10/2016

The Board was established by a Ministry of Finance order No 584 on 19 December 2013.

On 2 October 2015 the Council decided to re-elect to the Board the Board members - Juris Vaskāns and Jēkabs Krieviņš and elect a new Board member – Inese Zīle and new Chairman of the Board – Reinis Bērziņš. The Council also ruled that Rolands Paņko had to assume the duties of Board member as of 12 October 2015.

<i>Name, surname</i>	<i>Position</i>	<i>Date appointed / removed</i>
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
Rolands Paņko	Board Member	15/04/2014 – 12/10/2015 – Chairman of the Board; 12/10/2015 – 14/04/2017 – Board Member

**STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS**

Done in Riga

15 November 2017

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 8 to 35 for the period from 1 January 2017 to 30 September 2017. The Management confirms that the 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 Company and to prevent and detect fraud and other irregularities.



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Reinis Bērziņš  
Chairman of the Board

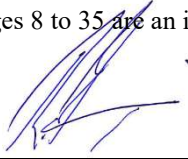



## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(all amounts in thousands of euro)

	Notes	9 months of 2017	9 months of 2016
Interest income	3	8,874	10,394
Interest expense	4	(324)	(668)
<b>Net interest income</b>		<b>8,550</b>	<b>9,726</b>
Fees and commissions income		366	344
Fees and commissions expense		(192)	(114)
<b>Net income from fees and commissions</b>		<b>174</b>	<b>230</b>
<b>Net trading income</b>		(145)	(74)
Other income	5	6,183	3,947
<b>Operating income before operating expenses</b>		<b>14,762</b>	<b>13,829</b>
Staff costs		(4,503)	(4,562)
Administrative expense	6	(2,833)	(3,385)
Amortisation of intangible assets and depreciation of property, plant and equipment		(304)	(411)
Net provisions for impairment	7	(728)	(2,114)
<b>Profit before corporate income tax</b>		<b>6,394</b>	<b>3,357</b>
Corporate income tax		-	-
<b>Profit for the period</b>		<b>6,394</b>	<b>3,357</b>
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Net profit/ (loss) on available for sale investments	19	(861)	1,041
<b>Other comprehensive income / (loss) for the period, net of tax</b>		<b>(861)</b>	<b>1,041</b>
<b>Total comprehensive income for the period</b>		<b>5,533</b>	<b>4,398</b>

The notes on pages 8 to 35 are an integral part of these interim condensed financial statements.

  
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 Reinis Bērziņš  
 Chairman of the Board

  
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 Marina Baranovska  
 Chief Accountant


15 November 2017


**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

(all amounts in thousands of euro)

	Notes	30/09/2017	31/12/2016 (audited)
<b><u>Assets</u></b>			
Due from other credit institutions and Treasury	8	86,460	89,408
Investment securities - available for sale		62,125	64,294
Investment securities – held to maturity		457	1,531
Loans and receivables	9	194,869	201,250
Derivatives	10	451	-
Investments in venture capital funds – associates	11	54,744	56,722
Deferred expense		457	413
Accrued income		1,733	1,647
Investments in subsidiaries		10,532	10,376
Investment property	12	9,503	4,869
Property, plant and equipment		3,729	3,507
Intangible assets		671	168
Other assets		4,563	3,875
Assets held for sale	13	-	1,367
<b>Total assets</b>		<b>430,294</b>	<b>439,427</b>
<b><u>Liabilities</u></b>			
Due to credit institutions	14	46,886	56,195
Derivatives	10	-	855
Due to general governments	15	43,610	46,914
Deferred income		1,509	777
Accrued expense		646	1,198
Support programme funding	16	94,288	94,425
State aid	16	5,088	6,849
Provisions	18	16,039	16,864
Other liabilities		5,627	4,282
<b>Total liabilities</b>		<b>213,693</b>	<b>228,359</b>
<b><u>Capital and reserves</u></b>			
Share capital		204,862	204,862
Reserves		(2,886)	(6,911)
Available for sale reserve	19	8,231	9,092
Accumulated profit		6,394	4,025
<b>Total capital and reserves</b>		<b>216,601</b>	<b>211,068</b>
<b>Total liabilities</b>		<b>430,294</b>	<b>439,427</b>

The notes on pages 8 to 35 are an integral part of these interim condensed financial statements.

  
 \_\_\_\_\_  
 Reinis Bērziņš  
 Chairman of the Board

  
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 Marina Baraņovska  
 Chief Accountant

15 November 2017

*JSC Development Finance Institution Altum*  
*Unaudited interim condensed report for 9 months period ended 30 September 2017*

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

(all amounts in thousands of euro)

	Share capital	Reserves	Available for sale reserve	Retained earnings	Total capital
Notes					
<b>as at 31 December 2015</b>	<b>204,862</b>	<b>(14,300)</b>	<b>8,667</b>	<b>1,829</b>	<b>201,058</b>
Profit for the period	-	-	-	3,357	3,357
Other comprehensive income	-	-	1,041	-	1,041
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,041</b>	<b>3,357</b>	<b>4,398</b>
Increase of reserve capital	-	4,947	-	-	4,947
Distribution of the profit of the previous period	-	1,829	-	(1,829)	-
<b>as at 30 September 2016</b>	<b>204,862</b>	<b>(7,524)</b>	<b>9,708</b>	<b>3,357</b>	<b>210,403</b>
Loss for the period	-	-	-	668	668
Other comprehensive loss	-	-	(616)	-	(616)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(616)</b>	<b>668</b>	<b>52</b>
Increase of reserve capital	-	613	-	-	613
<b>as at 31 December 2016</b>	<b>204,862</b>	<b>(6,911)</b>	<b>9,092</b>	<b>4,025</b>	<b>211,068</b>
Profit for the period	-	-	-	6,394	6,394
Other comprehensive loss	<b>19</b>	-	(861)	-	(861)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(861)</b>	<b>6,394</b>	<b>5,533</b>
Distribution of the profit of the previous period	-	4,025	-	(4,025)	-
<b>as at 30 September 2017</b>	<b>204,862</b>	<b>(2,886)</b>	<b>8,231</b>	<b>6,394</b>	<b>216,601</b>

The notes on pages 8 to 35 are an integral part of these interim condensed financial statements.

*JSC Development Finance Institution Altum*  
*Unaudited interim condensed report for 9 months period ended 30 September 2017*

**INTERIM CONDENSED CASH FLOW STATEMENT**

(all amounts in thousands of euro)

	Notes	9 months of 2017	9 months of 2016 (restated)
<b>Profit before taxes</b>		<b>6,394</b>	<b>3,357</b>
Amortisation of intangible assets and depreciation of property, plant and equipment		304	411
Interest income		(8,874)	(10,394)
Interest received		7,261	8,658
Interest expenses		324	668
Interests paid		(345)	(941)
Increase in provisions for impairment of loans, guarantees, other assets and investment securities held to maturity	7	728	2,114
Increase / (decrease) in deferred income and accrued expense		180	(546)
(Increase) in deferred expense and accrued income		(130)	(345)
Decrease / (increase) of other assets		(5,926)	7,870
(Decrease) / increase of other liabilities		(14,503)	18,204
<b>Increase / (decrease) of cash and cash equivalents used before changes in assets and liabilities</b>		<b>(14,587)</b>	<b>29,056</b>
Decrease / (increase) in Due from credit institutions		5,002	(7,568)
Decrease/ (increase) of Loans		5,756	(6,109)
Increase in Due to credit institutions		2,614	7,351
Corporate income tax		-	-
<b>Net cash flow from operating activities</b>		<b>(1,215)</b>	<b>22,730</b>
<b>Cash flows from investment activities</b>			
Changes to investment securities, net		4 356	24,420
Sale of available-for-sale assets		5,239	-
Acquisition of property, plant and equipment and intangible assets		(1,028)	(503)
Investments in venture capital funds, net		(663)	(13,174)
Purchase of investment properties, net		(4,635)	(3,151)
<b>Net cash flow of investment activities</b>		<b>3,269</b>	<b>7,592</b>
<b>Cash flows from financing activities</b>			
Increase in reserve capital		-	4,947
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>4,947</b>
<b>Increase in cash and cash equivalents</b>		<b>2,054</b>	<b>35,269</b>
Cash and cash equivalents at the beginning of period		84,406	43,716
<b>Cash and cash equivalents at the end of period</b>	<b>20</b>	<b>86,460</b>	<b>78,985</b>

The notes on pages 8 to 35 are an integral part of these interim condensed financial statements.

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

### APPROVAL OF FINANCIAL STATEMENTS

The management of the Company has approved these financial statements on 15 November 2017.

#### 1. GENERAL INFORMATION

##### (1) Background information

The joint-stock company Development Finance Institution Altum (Company) was established on 27 December 2013 by decision of the Cabinet of Ministers.

The mission of the Company is 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 equities of RDF (Rural Development Fund), LGA (Latvian Guarantee Agency) and ALTUM to the Company, thus establishing a group of development finance institutions. This stage successfully accomplished on 11 September 2014, when all the 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 the JSC Development Finance Institution.

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

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

The establishment of the Company and reorganization of the development finance institutions ALTUM, LGA and RDF did not affect continuity of the current support programmes.

Altum is the only development finance institution in Latvia governed by Development Finance Institution Law.

#### 2 ACCOUNTING POLICIES

##### (1) Basis of preparation

These interim condensed financial statements for 9 months period ended on 30 September 2017 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting*, as adopted in the European Union. The interim financial statements are to be used together with uncondensed financial statements for year 2016 prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union.

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

Corporate income tax is recognised for each period based on the expected average weighted effective corporate income tax rate for full financial year. The corporate income tax expense accumulated over one period of financial year may be adjusted in subsequent financial year's periods provided the estimation of the average weighted effective rate of the corporate income tax is adjusted. Corporate income tax expense for the interim period is accumulated using the tax rate to be applied to the expected annual income, i.e. the expected average weighted effective corporate income tax rate for the reporting year is applied to the profit before taxes of the interim period.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**(2) 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 2017 or have not been endorsed by the European Union yet:

IFRS 9: Financial Instruments (effective for financial years beginning on or after 1 January 2018).

IFRS 15: Revenue from Contracts with Customers (effective for financial years beginning on or after 1 January 2018).

IFRS 15: Revenue from Contracts with Customers (Clarifications) (effective for annual periods beginning on or after 1 January 2018, once endorsed by the EU).

IFRS 16: Leases (effective for financial years beginning on or after 1 January 2019, once endorsed by the EU).

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU).

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses (effective for financial years beginning on or after 1 January 2017, once endorsed by the EU).

IFRS 2: Classification and Measurement of Share based Payment Transactions (Amendments) (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU).

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.).

Amendments to IAS 40: Transfers to Investment Property (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU).

IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration (effective for financial years beginning on or after 1 January 2018, once endorsed by the EU).

In the financial statements for year 2016 the Company's management has described impact (if any) of the applied new standards and interpretations on these financial statements. Detailed assessment is being prepared with results to be presented in the financial statements for year 2017.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**3 INTEREST INCOME**

	<b>01/01/2017- 30/09/2017</b>	<b>01/01/2016- 30/09/2016 Restated*</b>
Interest income:		
- interest on balances due from credit institutions	14	36
- interest on loans and guarantees <i>including on impaired loans</i> (Note 9 )	7,195 603	8,130 752
- interest on investments of venture capital funds **	-	-
- interest on securities at amortised cost	42	58
- interest on trading securities	1,572	2,170
- other interest income ***	51	-
	<u><b>8,874</b></u>	<u><b>10,394</b></u>

\*Interest income for 9 months of year 2016 was reduced by 283 thsd euros under sub-item of venture capital funds. The adjustment was due to the fact that at the moment of preparation of the financial statements the income was not attributed to the funding received from the Ministry of Economics of the Republic of Latvia.

\*\* Pursuant to the agreement *On Implementation of the Holding Fund* (agreement No LĪg.2011/15) concluded with the Ministry of Economics, the funding 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. For 9 months of year 2017 the financial intermediaries contributed 532 thsd euros (for 9 months of year 2016: 283 thsd euros) of income generated from investments that were 100% added to the funding given by Ministry of Economics. Hence the item *Interest on investments of venture capital funds* equals zero (Note 21).

\*\*\* Item *Other interest income* includes state aid interest of 51 thsd euros.

**4 INTEREST EXPENSE**

	<b>01/01/2017- 30/09/2017</b>	<b>01/01/2016- 30/09/2016</b>
Interest expense:		
- expense on balances due to credit institutions	163	249
- other interest expense *	161	419
	<u><b>324</b></u>	<u><b>668</b></u>

\* Sub-item *Other interest expense* for 9 months of year 2016 includes 244 thsd euros of state aid interest.

**5 OTHER INCOME**

	<b>01/01/2017- 30/09/2017</b>	<b>01/01/2016- 30/09/2016</b>
Other operating income*	4,337	2,588
Compensations**	1,722	1,002
Income from property privatisation services	-	187
Income from lease payments for operational leases	124	146
Income from investment property revaluation	-	24
	<u><b>6,183</b></u>	<u><b>3,947</b></u>

\* Item *Other operating income* includes income from sale of the office building situated at Elizabetes iela 41/43, Riga. As a result of the sale the Company earned 3,872 thsd euros (Note 13).

\*\* Compensations include the compensation for management expenses of the state aid programmes implemented by Company. Increase in received compensations is connected with implementation of the new state aid programmes - Fund of funds and Energy Efficiency Programme of Multi-apartment Buildings.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**5 OTHER INCOME**

Pursuant to the agreement *On Implementation of the Holding Fund* (No Līg.2011/15) concluded with the Ministry of Economics of the Republic of Latvia, the funding provided by the Ministry of Economics must be increased by net interest and other income, as stipulated by agreements with financial intermediaries, including also from venture capital funds. For 9 months of year 2017 the financial intermediaries contributed 238 thsd euros of income generated from investments that were 100% added to the funding given by Ministry of Economics (Note 1421).

**6 ADMINISTRATIVE EXPENSE**

	<b>01/01/2017- 30/09/2017</b>	<b>01/01/2016- 30/09/2016</b>
Information system and communication expense	707	810
Premises and equipment maintenance expense	548	636
Expense of assets that have been taken over in the debt collection process	513	451
Professional services	347	208
Advertising and public relations	285	291
Real estate tax	227	106
Training and other staff expense	110	167
Other expense*	96	716
	<b>2,833</b>	<b>3,385</b>

\* Item *Other expense* for 9 months of year 2016 includes unrecovered input VAT amounting to 254 thsd euros.

**7 PROVISIONS FOR IMPAIRMENT, NET**

	<b>01/01/2017 - 30/09/2017</b>	<b>01/01/2016 - 30/09/2016</b>
Provisions for impairment on:		
- loans	3,806	3,987
- other assets*	1,207	567
- investments in subsidiaries	-	5
- debt securities	-	-
- guarantees	1,857	1,963
	<b>6,870</b>	<b>6,522</b>
Release of provisions for impairment on:		
- loans	(1,874)	(360)
- other assets*	(291)	(2,457)
- debt securities	(53)	(416)
- guarantees	(2,360)	(2,090)
	<b>(4,578)</b>	<b>(5,323)</b>
Income from release of provisions for onerous contracts (guarantees)	<b>(704)</b>	<b>1,606</b>
Recovery of loans written off in previous periods	<b>(860)</b>	<b>(691)</b>
<b>Total provisions for impairment expense</b>	<b>728</b>	<b>2,114</b>

\* Item *Provisions for impairment on other assets* includes 2,645 thsd euros of value impairment on venture capital funds that 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 11).  
Item *Release of provisions for impairment on other assets* includes 4 thsd euros of release of provisions for impairment of venture capital funds (Note 11).



**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**8 DUE FROM OTHER CREDIT INSTITUTIONS AND TREASURY**

	<b>30/09/2017</b>	<b>31/12/2016</b>
Due from credit institutions registered in:		
OECD area	-	2
Republic of Latvia and Treasury	86,460	89,406
	<b>86,460</b>	<b>89,408</b>

When placing the funds with the Treasury of the Republic of Latvia (Treasury) 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 are concluded, the Company supervises the monetary financial institutions and follows that the assigned limits comply with credit risk assessment:

<b>Moody`s ratings</b>	Aaa	Aa1- Aa3	A1-A3	Baa1- Baa3	Ba1- Ba3	B1- B3	Caa- C	WR
<b>Credit risk level</b>	very low risk	low risk	risk below average	average risk	risk above average	high risk	very high risk	Rating withdrawn

The distribution of Company`s balances due from credit institutions and Treasury by categories as at 30 September 2017:

<b>Moody`s ratings</b>	Aaa	Aa1- Aa3	A1- A3	Baa1- Baa3	Ba1- Ba3	B1-B3	Caa- C	WR		<b>Total</b>
Due from credit institutions registered in OECD area	-	-	-	-	-	-	-	-		-
Due from credit institutions registered in Latvia and Treasury	-	20,220	63,859	-	2,381	-	-	-		<b>86,460</b>
<b>Total</b>	-	<b>20,220</b>	<b>63,859</b>	-	<b>2,381</b>	-	-	-		<b>86,460</b>

The distribution of Company`s balances due from credit institutions and Treasury by categories as at 31 December 2016:

<b>Moody`s ratings</b>	Aaa	Aa1- Aa3	A1- A3	Baa1- Baa3	Ba1- Ba3	B1-B3	Caa- C	WR		<b>Total</b>
Due from credit institutions registered in OECD area	-	2	-	-	-	-	-	-		2
Due from credit institutions registered in Latvia and Treasury	-	23,360	63,367	-	-	2,679	-	-		<b>89,406</b>
<b>Total</b>	-	<b>23,362</b>	<b>63,367</b>	-	-	<b>2,679</b>	-	-		<b>89,408</b>

As at 30 September 2017 the Company had accounts with 5 banks and Treasury of the Republic of Latvia.

As at 30 September 2017 the average interest rate on balances due from credit institutions was 0% (31 December 2016: 0.07%).

For amount of cash and cash equivalents see Note 20

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**9 LOANS AND RECEIVABLES**

Loans by type of borrower:

	<b>30/09/2017</b>	<b>31/12/2016</b>
Private companies	184,146	188,245
Individuals	23,853	24,490
Financial institutions	2,577	3,655
Local governments	304	344
Public and religious institutions	145	172
Accrued interest	447	523
<b>Total gross loans</b>	<b>211,472</b>	<b>217,429</b>
Allowance for impairment loss	(16,603)	(16,179)
<b>Total net loans</b>	<b>194,869</b>	<b>201,250</b>

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

Granted loans by branches of economy:

	<b>30/09/2017</b>	<b>31/12/2016</b>
Agriculture and forestry	95,645	83,048
Manufacturing	44,314	47,104
Private individuals	13,560	24,490
Retail and wholesale	16,001	16,901
Other industries	12,523	14,871
Hotels and restaurants	7,255	7,653
Electricity, gas and water utilities	5,861	6,734
Transport, warehousing and communications	2,164	4,620
Real estate	4,541	4,310
Construction	3,826	3,818
Financial intermediation	2,576	2,443
Fishing	2,455	570
Municipal authorities	304	344
Accrued interest on loans	447	523
<b>Total gross loans</b>	<b>211,472</b>	<b>217,429</b>

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:

	<b>30/09/2017</b>	<b>31/12/2016</b>
Number of customers	22	26
Total credit exposure of customers	35,383	43,740
Percentage of total gross portfolio of loans	16.6%	20.0%

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**9 LOANS AND RECEIVABLES (continued)**

Loans issued by the Company by type of impairment valuation:

	30/09/2017			31/12/2016		
	Individuals	Companies	Total loans	Individuals	Companies	Total loans
Individually assessed loans	6,219	140,760	146,979	6,728	145,964	152,692
Collectively assessed loans	17,683	46,810	64,493	17,821	46,916	64,737
<b>Total gross loans</b>	<b>23,902</b>	<b>187,570</b>	<b>211,472</b>	<b>24,549</b>	<b>192,880</b>	<b>217,429</b>
Allowance for impairment loss						
-individually assessed	(1,263)	(15,217)	(16,480)	(1,105)	(14,902)	(16,007)
Allowance for impairment loss						
- collectively assessed	(39)	(84)	(123)	(57)	(115)	(172)
<b>Total net loans</b>	<b>22,600</b>	<b>172,269</b>	<b>194,869</b>	<b>23,387</b>	<b>177,863</b>	<b>201,250</b>

Loans granted by the Company by their quality assessment:

	30/09/2017			31/12/2016		
	Individuals	Companies	Total loans	Individuals	Companies	Total loans
Neither past due nor impaired	18,869	139,203	158,072	19,839	137,487	157,326
Past due but not impaired	2,636	15,707	18,343	2,376	18,217	20,593
Impaired	2,397	32,660	35,057	2,334	37,176	39,510
<b>Total loans</b>	<b>23,902</b>	<b>187,570</b>	<b>211,472</b>	<b>24,549</b>	<b>192,880</b>	<b>217,429</b>
Allowance for impairment loss	(1,301)	(15,302)	(16,603)	(1,161)	(15,018)	(16,179)
<b>Total net loans</b>	<b>22,601</b>	<b>172,268</b>	<b>194,869</b>	<b>23,388</b>	<b>177,862</b>	<b>201,250</b>

Past due but not impaired loans granted by the Company by past due term profile:

	30/09/2017			31/12/2016		
	Individuals	Companies	Total loans	Individuals	Companies	Total loans
Past due up to 30 days	1,636	11,217	12,853	1,228	10,935	12,163
Past due 30 – 60 days	93	563	656	337	607	944
Past due 60 – 90 days	183	156	339	121	100	221
Past due over 90 days	724	3,771	4,495	690	6,575	7,265
<b>Total gross loans</b>	<b>2,636</b>	<b>15,707</b>	<b>18,343</b>	<b>2,376</b>	<b>18,217</b>	<b>20,593</b>

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

### 9 LOANS AND RECEIVABLES (continued)

Movement in the Company's impairment allowance for loans:

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
<b>Provisions at the beginning of period</b>	<b>16,179</b>	<b>17,044</b>
Impairment allowance increase	3,806	3,987
Impairment allowance decrease	(1,874)	(360)
Accrued interest (Note 3 )	(603)	(752)
Write-off of loans	(905)	(579)
<b>Provisions at the end of period</b>	<b>16,603</b>	<b>19,340</b>

As at 30 September 2017 the average annual interest rate of the Company's loan portfolio was 4.09% (31 December 2016: 4.16%).

### 10 DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses the following derivative financial instruments: currency forwards representing commitments to purchase foreign and domestic currency, currency swaps representing commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies.

The notional contract values and fair values of derivative instruments are provided in the table below:

	30/09/2017			31/12/2016		
	Notional contract value	Fair value		Notional contract value	Fair value	
		Assets	Liabilities		Assets	Liabilities
Currency forwards	11,944	451	-	12,330	-	855
<b>Total</b>		<b>451</b>	<b>-</b>		<b>-</b>	<b>855</b>

The contract is in force up to 6 December 2017.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**11 INVESTMENTS IN VENTURE CAPITAL FUNDS**

	30/09/2017	31/12/2016
<b>Carrying amount at the beginning of period (gross)</b>	<b>64,746</b>	<b>44,378</b>
Invested	3,033	23,159
Management fee	(1,310)	(2,066)
Refunded	(1,060)	(205)
Written off	-	(520)
<b>Carrying amount at the end of period (gross)</b>	<b>65,409</b>	<b>64,746</b>
Allowance for impairment loss	(10,665)	(8,024)
<b>Net value at the end of period</b>	<b>54,744</b>	<b>56,722</b>

Movement in the impairment provisions for venture capital funds' investments:

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
<b>Provisions at the beginning of period</b>	<b>8,024</b>	<b>5,414</b>
Increase in provisions *	2,641	-
Release of provisions	-	(520)
Investments written off	-	(520)
<b>Provisions at the end of period</b>	<b>10,665</b>	<b>4,894</b>

\* The accumulated impairment provisions of 2,645 thsd euros were 100% compensated from Risk Coverage Reserve pursuant to the agreement *On Implementation of the Holding Fund* concluded with the Ministry of Economics (agreement No Līg.2011/15) (Note 9 **Error! Reference source not found.**).

**12 INVESTMENT PROPERTY**

	30/09/2017	31/12/2016
Carrying amount at the beginning of period	4,869	1,225
Acquired during the period *	4,655	3,704
Sold and written off during the period	(21)	(89)
Net gain from fair value adjustment	-	29
Carrying amount at the end of period	<b>9,503</b>	<b>4,869</b>

\* Item *Acquired during the period* includes real estate purchased within the framework of Land Fund.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**13 ASSETS HELD FOR SALE**

In June 2017 the Company sold its only asset held for sale – office building situated at Elizabetes iela 41/43, Rīga, earning a profit of 3,872 thsd euros (Note 5).

**14 DUE TO CREDIT INSTITUTIONS**

	<b>30/09/2017</b>	<b>31/12/2016</b>
Due to credit institutions registered in:		
OECD area	46,886	56,195
<b>Total</b>	<b>46,886</b>	<b>56,195</b>

Item *Due to credit institutions registered in OECD area* includes loans totalling 46,865 thsd euros that the Company has received from the European Investment Bank (EIB) of which 21 thsd euros are accrued interest expenses. In the reporting period the Company repaid 9,330 thsd euros of which the accrued interest amounted to 235 thsd euros.

The Ministry of Finance of the Republic of Latvia has issued a 46,865 thsd euros guarantee (Note 21) for the loan that is a parent guarantee on behalf of the Company.

As at 30 September 2017 the average interest rate for item *Due to credit institutions* was 0.82% (31 December 2016: 0.33%).

**15 DUE TO GENERAL GOVERNMENTS**

	<b>30/09/2017</b>	<b>31/12/2016</b>
Liabilities due to government entities	1,723	1,723
Loans received from Rural Support Service (RSS)	9,686	12,990
Loans received from Treasury	32,201	32,201
<b>Total due to general governments</b>	<b>43,610</b>	<b>46,914</b>

**16 SUPPORT PROGRAMME FUNDING AND STATE AID**

	<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Support programme funding</b>	<b>94,288</b>	<b>94,425</b>
<b>State aid</b>	<b>5,088</b>	<b>6,849</b>

During the reporting period the Company has received additional funding of 2,849 thsd euros for implementation of the *Housing Guarantee Programme*.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**16 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 to cover the Company's credit risk losses as at 30 September 2017:

<b>Programme</b>	<b>Programme funding, thsd EUR</b>	<b>Programme's loan portfolio, thsd EUR</b>	<b>Credit risk cover by public funding, %</b>	<b>Credit risk cover on 30/09/2017, thsd EUR</b>
ERDFII	25,619	10,881	66%	7,182
ESF II	9473	3,937	80%	3,149
Swiss Microcredits Programme	5,651	2,436	80%	1,949
ERDF I	1,470	1,730	50%	865
ESF I	1,008	213	90%	192
Microcredits	605	4	80%	3
ERDF II (second round)	5,519	4,695	68%	3,192
Incubators (from ESF II)	546	42	100%	546
ERDF II 2 Public fund	2,485	1,342	100%	1,342
Fund of funds and venture capital funds	20,765	-	49%	10,632
Fund of funds prog.- Start-up loans	979	2,986	82%	803
Fund of funds prog.- Microcredits	174	510	55%	96
Fund of funds prog.- Parallel loans	1,200	239	90%	1,080
Fund of funds prog.- Guarantees	6,581	-	91%	5,988
EEPMB* loan fund	2,512	-	18%	452
EEPMB guarantees	3,051	-	67%	2,044
EEPMB grants	-	265	0%	-
Housing Guarantee Programme	2,849	11,135	100%	2,849
Social Entrepreneurship Programme	-	-	0%	-
Start-up State Aid Cumulation Lending Programme	2,000	2,000	100%	2,000
<i>KBLG</i> **	5,000	-	95%	4,750
Other loans to start-ups	2,196	2,088	0%	1,677
Mezzanine Loan Programme	4,843	-	85%	4,117
Implementation of Holding Fund Activity	5,731	-	96%	5,502
<b>Risk Coverage Reserve</b>	<b>110,257</b>			<b>60,410</b>

\* EEPMB – Energy Efficiency Programme for Multi-apartment Buildings

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

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**16 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 to cover the Company's credit risk losses as at 31 December 2016:

<b>Programme</b>	<b>Programme funding, thsd EUR</b>	<b>Programme's loan portfolio, thsd EUR</b>	<b>Credit risk cover by public funding, %</b>	<b>Credit risk cover on 31/12/2016, thsd EUR</b>
ERDFII	25,746	14,650	66%	9,669
ESF II	9,466	4,921	80%	3,937
Swiss Microcredits Programme	5,711	2,751	80%	2,201
ERDF I	1,470	1,944	50%	972
ESF I	987	234	90%	210
Microcredits	616	6	80%	5
ERDF II (second round)	5,051	5,420	68%	3,685
Incubators (from ESF II)	545	52	100%	545
ERDF II 2 Public fund	2,485	1,691	100%	1,691
Fund of funds and venture capital funds	24,207	-	49%	12,609
Fund of funds prog.- Start-up loans	625	-	82%	513
Fund of funds prog.- Microcredits	80	-	55%	44
Fund of funds prog.- Parallel loans	1,200	-	90%	1,080
Fund of funds prog.- Guarantees	3,522	-	91%	3,205
EEPMB loan fund	2,512	-	18%	452
EEPMB guarantees	3,051	-	67%	2,044
<i>KBLG</i>	5,000	-	95%	4,750
Other loans to start-ups	2,481	2,365	0%	1,677
Mezzanine Loan Programme	5,322	-	85%	4,524
Implementation of Holding Fund Activity	9,083	-	96%	8,719
<b>Risk Coverage Reserve</b>	<b>109,160</b>			<b>62,532</b>

**17 OFF BALANCE SHEET ITEMS AND CONTINGENT LIABILITIES**

	<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Contingent liabilities</b>		
outstanding guarantees *	176,495	147,175
Financial commitments		
unutilised loan facilities	8,892	6,324
commitments to venture capital funds	27,966	28,940
<b>other liabilities</b>	-	142
<b>Total</b>	<b>213,353</b>	<b>182,581</b>

\* As stipulated by Law on State Budget 2017, the portfolio of *Outstanding guarantees* worth 176,495 thsd euros is over-secured by 200,000 thsd euros of state funding (31 December 2016: 100,247 thsd euros).

**18 PROVISIONS**

	<b>30/09/2017</b>	<b>31/12/2016</b>
Provisions for:		
Loan guarantees to rural entrepreneurs	748	827
Guarantees under the Mezzanine Loan Programme	646	402
Guarantee programme (activity)	2,376	2,553
Housing Guarantee Programme	57	41
Other guarantee programmes	3,897	4,022
Provision (onerous contracts)	8,315	9,019
<b>Total provisions</b>	<b>16,039</b>	<b>16,864</b>



**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**19 MOVEMENT IN REVALUATION RESERVE OF INVESTMENT SECURITIES AVAILABLE FOR SALE**

	01/01/2017- 30/09/2017	01/01/2016- 30/09/2016
<b>At the beginning of period</b>	<b>9,092</b>	<b>8,667</b>
Gain / (loss) from changes in fair value *	(861)	1,041
<b>Other comprehensive income</b>	<b>(861)</b>	<b>1,041</b>
<b>At the end of period</b>	<b>8,231</b>	<b>9,708</b>

\* The position *Gain / (loss) from changes in fair value* includes the revaluation of Latvian Treasury bills and government bonds as well as Open – ended investment funds registered in Latvia.

**20 CASH AND CASH EQUIVALENTS**

	30/09/17	30/09/16
Demand deposits with other credit institutions	86,460	29,600
Deposits with credit institutions with original maturity of less than 3 months	-	14,786
	<b>86,460</b>	<b>44,386</b>

**21 RELATED PARTY TRANSACTIONS**

Related parties are defined as Council and Board members of the 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 Company's operations are treated as related parties to the Company.

The powers granted to the heads of the Company's structural units do not allow them to manage the operations of the Company and decide on material transactions that could affect the Company's operations and/or result in legal consequences.

In the reporting period the remuneration of the members of the Company's Council and Board amounted to 268 thsd euros.

The Company has entered into number of transactions with other government entities. The most significant were obtaining funding 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.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**21 RELATED PARTY TRANSACTIONS (continued)**

The following table provides the total amounts of transactions that have been entered into with related parties as at 30 September 2017 and 31 December 2016:

		Received state aid funding, thsd EUR	Granted state aid funding or repayment of the funding, thsd EUR	Received reserve capital, thsd EUR
<b>Transactions with shareholders:</b>				
Ministry of Finance	30/09/2017	-	(336)	-
	31/12/2016	-	-	5,559
Ministry of Economics	30/09/2017	5,349	(217)	-
	31/12/2016	29,610	-	-
<b>Entity with significant influence:</b>				
Investment funds	30/09/2017	-	-	-
	31/12/2016	-	-	-
<b>Associates:</b>				
Venture capital funds	30/09/2017	1,060	(3,033)	-
	31/12/2016	205	(22,932)	-
<b>Other companies owned by Altum shareholders</b>				
Rural Support Service	30/09/2017	-	-	-
	31/12/2016	-	(9,387)	-
Central Finance and Contracting Agency	30/09/2017	-	-	-
	31/12/2016	5,563	-	-

Gain and expense on related party transactions within 9 months of year 2017 and 9 months of year 2016:

		Interest received, thsd EUR	Interest paid, thsd EUR	Other expenses, thsd EUR
<b>Associates:</b>				
Venture capital funds*	2017	770	(770)	-
	2016	283	(283)	-

\*In 9 months of year 2017 the venture capital funds yielded 532 thsd euros of interest income and 238 thsd euros of income realised on the investments (within 9 months of year 2016: 283 thsd euros) that were 100% attributed to the funding by Ministry of Economics of the Republic of Latvia (Note 3 and Note 5 ).

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**21 RELATED PARTY TRANSACTIONS (continued)**

Balances, including off-balance sheet financial liabilities, with related parties as at 30 September 2017 and 31 December 2016:

		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	30/09/2017	-	-	65,409	-
(Provisions for impairment) (Note 11)	30/09/2017	-	-	(10,665)	-
	31/12/2016	-	-	64,746	-
	31/12/2016	-	-	(8,024)	-
Investments in subsidiaries	30/09/2017	10,532	-	-	-
	31/12/2016	10,376	-	-	-
Due to general governments (Note 15)	30/09/2017	-	-	-	9,686
	31/12/2016	-	-	-	12,990
Support programme funding and state aid	30/09/2017	-	93,813	-	5,563
	31/12/2016	-	95,711	-	5,563
Off-balance sheet financial liabilities for venture capital funds (Note 17)	30/09/2017	-	-	27,966	-
	31/12/2016	-	-	28,940	-

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**22 MAXIMUM EXPOSURE TO CREDIT RISK**

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

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

	<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Statement of financial position assets exposed to credit risk</b>		
Investment securities – held to maturity	457	1,531
Investment securities - available for sale	62,125	64,294
Due from other credit institutions and Treasury	86,460	89,408
Loans and receivables	194,869	201,250
Investments in venture capital funds	54,744	56,722
Other assets	1,973	762
<b>Total</b>	<b>400,628</b>	<b>413,967</b>
<b>Off-balance sheet items exposed to credit risk</b>		
Contingent liabilities	176,495	147,175
Financial commitments	36,858	35,406
<b>Total</b>	<b>213,353</b>	<b>182,581</b>

As at 30 September 2017 a part of the Company's assets were pledged. On 16 June 2015 the commercial pledge stemming from the loan agreement No A/1/F12/296 dated 25 June 2012 and its amendments concluded between the Company and Ministry of Finance of the Republic of Latvia was renewed. The commercial pledge is related to the loans granted by Company in compliance with the Cabinet of Ministers Regulations No 381 dated 29 May 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 (2016: 32,201 thsd euros).

Based on the loan agreement No A1/1/F16/474 dated 24 November 2016 between the 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 Company received from the Treasury and used to grant loans according to the Cabinet of Ministers 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 Company has granted. Within 9 months of year 2017 the Company had not started to use the Treasury's loan as yet. During year 2017 the Company is planning to grant loans in the amount of 4,700 thsd euros, while in the period after year 2017 till 2021 the Company is planning to grant loans in the amount of 15,000 thsd euros.

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 Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the 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 Company and Treasury of the Republic of Latvia. The commercial pledge refers to the loan funds the 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 Company has granted. Within 9 months of year 2017 the Company had not started to use the Treasury's loan as yet. During year 2017 the Company is planning to grant loans in the amount of 15,000 thsd euros, while in the period after year 2017 till 2021 the Company is planning to grant loans in the amount of 18,000 thsd euros.

## NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

### 22 MAXIMUM EXPOSURE TO CREDIT RISK (continued)

Transactions with derivatives, in effect on 30 September 2017, had been concluded seeking to cushion the effect of exchange rate fluctuations on the value of balance-sheet assets (see Note 10).

None of the financial assets, except for *Loans to customers*, has been collateralised. Loans are mostly secured by real estate collateral, to a lesser extent – by other 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 9.

As at 30 September 2017 the total amount of Company's entitlements considered as an aggregate property in favour of the Ministry of Finance was EUR 46,865 thsd (2016: 56,111 thsd euros) (Note 14).

The Treasury counter-guarantees 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 objective 3.1.1.1 with the earmarked funding of 15 mln euros;
- funding of 6 mln euros is earmarked for the state aid cumulation 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);
- loan guarantees of 4,3 mln euros are available to the farmers;
- as of 8 June 2016 the loan guarantees are issued under specific objective 3.1.1.1. As at 30 September 2017, 206 guarantees with the total funding of 34 mln euros were issued under specific objective 3.1.1.1., whereas 15 guarantees with the total funding of 6,2 mln euros were issued to state aid cumulation clients and large economic operators. From 1 January 2017 to 30 September 2017 there were 28 guarantees with the total funding of 3,4 mln euros issued to farmers;
- *InnovFIN* Facility guarantees are available to the innovative companies complying with the conditions of specific 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 30 September 2017 there were 7 guarantees issued with *InnovFin* counter guarantee with the total funding of 1,2 mln euros.
- EEPMB guarantees are granted under specific objective 4.2.1.1. *To Increase Energy Efficiency in Residential Buildings*. The funding earmarked for the purpose amounts to 12,2 mln euros. As at 30 September 2017 there were 10 EEPMB guarantees issued for 1,2 mln euros.
- the housing guarantees to the families with underage children are granted based on the Cabinet of Ministers Regulation No 443 dated 5 August 2014 *On State Aid for Acquisition or Construction of Dwelling*. The Housing Guarantee Programme has been running since January 2015 with 7 commercial banks involved in its implementation. 2,347 housing guarantees for 16,6 mln euros were granted from 1 January 2017 to 30 September 2017.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**23 FAIR VALUES OF ASSETS AND LIABILITIES**

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:

	30/09/2017		31/12/2016	
	Carrying amount	Fair value	Carrying amount	Fair value
<b><u>Assets</u></b>				
Due from other credit institutions and Treasury	86,460	86,460	89,408	89,392
Debt securities	62,125	62,125	64,294	64,294
Investment securities - available for sale	<b>62,125</b>	<b>62,125</b>	<b>64,294</b>	<b>64,294</b>
Individuals	22,028	21,998	22,722	22,684
Companies	172,841	171,913	178,528	177,644
<b>Loans and receivables</b>	<b>194,869</b>	<b>193,911</b>	<b>201,250</b>	<b>200,328</b>
Debt securities	457	1,236	1,531	3,315
<b>Investment securities – held to maturity</b>	<b>457</b>	<b>1,236</b>	<b>1,531</b>	<b>3,315</b>
Investments in subsidiaries	10,532	10,532	10,376	10,376
Derivatives (Note 10)	451	451	-	-
Investments in venture capital funds (Note 11)	54,744	54,744	56,722	56,722
Investment property (Note 12)	9,503	9,503	4,869	4,869
Assets held for sale (Note 13)	-	-	1,367	3,488
<b><u>Liabilities</u></b>				
Due to credit institutions (Note 14)	46,886	46,886	56,195	56,195
Derivatives (Note 10)	-	-	855	855
Due to general governments (Note 15)	43,610	43,610	46,914	46,914
Support program funding (Note 16)	94,288	94,288	94,425	94,425

**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 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.

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**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 as at 30 September 2017:

	Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value:</u></b>				
Investment property (Note 12)	-	-	9,503	9,503
Debt securities - available for sale	37,841	24,284	-	62,125
Investments in subsidiaries	-	-	10,532	10,532
Derivatives (Note 10)	-	451	-	451
<b><u>Assets for which fair values are disclosed:</u></b>				
Loans and receivables (Note 9)	-	-	193,911	193,911
Due from other credit institutions and Treasury	86,460	-	-	86,460
<b>Total</b>	<b>124,301</b>	<b>24,735</b>	<b>213,946</b>	<b>362,982</b>
<b><u>Liabilities measured at fair value:</u></b>				
Derivatives (Note 10)	-	-	-	-
<b><u>Liabilities for which fair values are disclosed:</u></b>				
Due to credit institutions (Note 14)	-	-	46,886	46,886
Due to general governments	-	-	43,610	43,610
Support program funding (Note 16)	-	-	94,288	94,288
<b>Total</b>	<b>-</b>	<b>-</b>	<b>184,784</b>	<b>184,784</b>

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**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 as at 31 December 2016:

	Level 1	Level 2	Level 3	Total
<b><u>Assets measured at fair value:</u></b>				
Investment property (Note 12)	-	-	4,869	4,869
Debt securities - available for sale	39,026	25,268	-	64,294
Investments in subsidiaries	-	-	10,376	10,376
<b><u>Assets for which fair values are disclosed:</u></b>				
Loans and receivables (Note 9)	-	-	200,328	200,328
Due from other credit institutions and Treasury	79,292	-	10,100	89,392
<b>Total</b>	<b>118,318</b>	<b>25,268</b>	<b>225,673</b>	<b>369,259</b>
<b><u>Liabilities measured at fair value:</u></b>				
Derivatives (Note 10)	-	855	-	855
<b><u>Liabilities for which fair values are disclosed:</u></b>				
Due to credit institutions (Note 14)	-	-	56,195	56,195
Due to general governments	-	-	46,914	46,914
Support program funding (Note 16)	-	-	94,425	94,425
<b>Total</b>	<b>-</b>	<b>855</b>	<b>197,534</b>	<b>198,389</b>

Fair value hierarchy of financial assets and liabilities

The Company classifies fair value measurements by applying a fair value hierarchy, which reflects the significance of the data used in evaluation. The fair value hierarchy of the Company has 3 levels:

- *Level 1* includes *Due from other credit institutions and Treasury* as well as listed financial instruments having an active market, if the 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., rates of similar instruments, benchmark financial instruments, credit risk insurance transactions, 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 Company that enable a credible measurement of the financial instrument's value.



**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**23 FAIR VALUES OF ASSETS AND LIABILITIES (continued)**

**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 subsidiaries**

The investments in the shares of the investment funds are values that are based on net redemption price as the investments are made in investment funds.

**Investment property**

Investments in real estate are evaluated in accordance with Latvian and International Valuation Standards (IVS) for real estate involving professional and certified valuers.

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 Company, according to the abovementioned methods.

**24 LIQUIDITY RISK**

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, including the balances of *Due from other credit institutions and Treasury* and *Investment securities* as at 30 September 2017. The presentation is based on the expected future cash flows linked with 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	<b>Total</b>
Due to credit institutions	8,857	32,376	6,309	47,542
Due to general governments	163	653	48,592	49,408
Support programme funding	-	-	94,288	94,288
Other liabilities	-	-	5,627	5,627
<b>Total financial liabilities</b>	<b>9,020</b>	<b>33,029</b>	<b>154,816</b>	<b>196,865</b>
Off-balance items and contingent liabilities	43,253	86,510	83,590	213,353
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>52,273</b>	<b>119,539</b>	<b>238,406</b>	<b>410,218</b>
Due from other credit institutions and Treasury	86,460	-	-	86,460
Investment securities	-	51,944	10,638	62,582
<b>Liquid assets</b>	<b>86,460</b>	<b>51,944</b>	<b>10,638</b>	<b>149,042</b>

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**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 December 2016:

	Up to 1 year	1 to 5 years	Over 5 years and w/o date	<b>Total</b>
Due to credit institutions	9,483	35,368	12,293	57,144
Due to general governments	163	653	50,017	50,833
Support programme funding	-	-	94,425	94,425
Other liabilities	-	-	4,282	4,282
<b>Total financial liabilities</b>	<b>9,646</b>	<b>36,021</b>	<b>161,017</b>	<b>206,684</b>
Off-balance items and contingent liabilities	63,019	56,967	75,782	195,768
<b>Total financial liabilities, off-balance items and contingent liabilities</b>	<b>72,665</b>	<b>92,988</b>	<b>236,799</b>	<b>402,452</b>
Due from other credit institutions and Treasury	89,408	-	-	89,408
Investment securities	1,027	50,176	14,622	65,825
<b>Liquid assets</b>	<b>90,435</b>	<b>50,176</b>	<b>14,622</b>	<b>155,233</b>

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**25 MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

The table below discloses assets and liabilities according to their contractual maturity. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the effective interest rate. The issued debts reflect the contractual coupon amortisations.

The table below allocates the Company's assets and liabilities to maturity groupings as at 30 September 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	<b>Total</b>
<b>ASSETS</b>							
Due from other credit institutions and Treasury	86,460	-	-	-	-	-	<b>86,460</b>
Investment securities	-	-	-	606	48,352	13 624	<b>62,582</b>
Loans and receivables	9,413	9,499	15,661	17,193	-	143,103	<b>194,869</b>
Derivatives	-	-	451	-	-	-	<b>451</b>
Investments in venture capital funds	-	803	-	-	47,129	6,812	<b>54,744</b>
Deferred expense and accrued income	445	1,724	5	2	10	4	<b>2,190</b>
Investment property	-	-	-	-	9,503	-	<b>9,503</b>
Property, plant and equipment	-	-	-	-	-	3,729	<b>3,729</b>
Intangible assets	-	-	-	-	-	671	<b>671</b>
Investments in subsidiaries	-	-	-	10,532	-	-	<b>10,532</b>
Overpaid corporate income tax	-	-	-	-	-	-	<b>-</b>
Other assets	183	-	-	1	2,589	1,790	<b>4,563</b>
Assets held for sale	-	-	-	-	-	-	<b>-</b>
<b>Total assets</b>	<b>96,501</b>	<b>12,026</b>	<b>16,117</b>	<b>28,334</b>	<b>107,583</b>	<b>169,733</b>	<b>430,294</b>
<b>LIABILITIES</b>							
Due to credit institutions	-	-	4,352	4,340	31,944	6,250	<b>46,886</b>
Due to general governments	-	-	-	-	5,000	38,610	<b>43,610</b>
Deferred income and accrued expense	556	17	221	80	139	1,142	<b>2,155</b>
Support programme funding and state aid	7,080	-	-	-	37,963	54,333	<b>99,376</b>
Provisions for off-balance sheet commitments	692	202	865	1,452	3,419	9,409	<b>16,039</b>
Other liabilities	5,003	-	524	-	-	100	<b>5,627</b>
<b>Total liabilities</b>	<b>13,331</b>	<b>219</b>	<b>5,962</b>	<b>5,872</b>	<b>78,465</b>	<b>109,844</b>	<b>213,693</b>
<b>Net liquidity</b>	<b>83,170</b>	<b>11,807</b>	<b>10,155</b>	<b>22,462</b>	<b>29,118</b>	<b>59,889</b>	<b>216,601</b>

**NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS**

**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 2016 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
<b>ASSETS</b>							
Due from other credit institutions and Treasury	79,408	5,000	-	5,000	-	-	<b>89,408</b>
Investment securities	-	-	1,027	-	50,176	14,622	<b>65,825</b>
Loans and receivables	14,369	9,473	8,997	19,313	91,132	57,966	<b>201,250</b>
Investments in venture capital funds	-	864	-	-	50,045	5,813	<b>56,722</b>
Deferred expense and accrued income	410	1,640	4	1	5	-	<b>2,060</b>
Investment property	-	-	-	-	-	4,869	<b>4,869</b>
Property, plant and equipment	-	-	-	-	-	3,507	<b>3,507</b>
Intangible assets	-	-	-	-	-	168	<b>168</b>
Investments in subsidiaries	-	-	-	10,376	-	-	<b>10,376</b>
Overpaid corporate income tax	-	-	-	-	-	-	<b>-</b>
Other assets	596	-	-	1	3,113	165	<b>3,875</b>
Assets held for sale	-	-	-	1,367	-	-	<b>1,367</b>
<b>Total assets</b>	<b>94,783</b>	<b>16,977</b>	<b>10,028</b>	<b>36,058</b>	<b>194,471</b>	<b>87,110</b>	<b>439,427</b>
<b>LIABILITIES</b>							
Due to credit institutions	-	4,896	93	4,340	34,717	12,149	<b>56,195</b>
Derivatives	-	855	-	-	-	-	<b>855</b>
Due to general governments	1,723	-	-	-	-	45,191	<b>46,914</b>
Deferred income and accrued expense	160	17	464	427	201	706	<b>1,975</b>
Support programme funding	3,785	-	-	2,098	36,995	58,396	<b>101,274</b>
Provisions for off-balance sheet commitments	2,509	1,195	970	31	6,591	5,568	<b>16,864</b>
Other liabilities	3,409	-	376	174	292	31	<b>4,282</b>
<b>Total liabilities</b>	<b>11,586</b>	<b>6,963</b>	<b>1,903</b>	<b>7,070</b>	<b>78,796</b>	<b>122,041</b>	<b>228,359</b>
<b>Net liquidity</b>	<b>83,197</b>	<b>10,014</b>	<b>8,125</b>	<b>28,988</b>	<b>115,675</b>	<b>(34,931)</b>	<b>211,068</b>

**26 SUBSEQUENT EVENTS**

This October Altum issued transferable debt securities (notes) as series of notes, registered them with the Latvian Central Depository and quoted on Nasdaq Riga for the total face value of 20 mln euros. SEB Bank has been chosen as the manager and advisor of the issue. The notes were issued to diversify Altum's funding structure and provide for several state-supported investment projects in the national economy of Latvia. The funds attracted through the issue of notes will amplify the financial support to the business projects in such fields as energy efficiency, promotion of renewable energy resources and decreasing of impact of the negative effects of climate change.

There are no other subsequent events from the last day of the reporting period until signature of this report, which would have a significant effect on the financial position of the Company.