

# **AS CAPITALIA**

## **Unaudited consolidated interim financial statements**

For the period 01.01.2018 – 30.09.2018

Prepared in accordance with the international  
financial reporting standards as adopted by EU

## Information about the group

### Parent Company

Name of the Company	AS CAPITALIA
Legal status of the Company	Join-stock company (from 17.03.2014)
Number, place and date of registration	40003933213, Commercial Register Riga, 21.06.2007
Operations as classified by NACE	64.92 Other credit service activities 70.22 Business and management consultancy
Address	Brīvības street 40-35,Riga, LV-1050, Latvia
Names and positions of Council members	Mārtiņš Krūtainis – Chairman of the Council Andrejs Strods – Deputy Chairman of the Council Peeter Piho – Council Member
Names and positions of Board members	Juris Grišins – Chairman of the Board
The reporting period	2018, January 1 to September 30

### Subsidiaries

Subsidiaries' Name	Capitalia Finance AB
Address of the subsidiary	Ankštoji g. 5-11, Vilnius, Lietuva
Number, place and date of registration	302718931, Lithuania, registered in 30.01.2012
Operations as classified by NACE	64.92 Other credit service activities
Subsidiaries' Name	Capitalia Finance AS
Address of the subsidiary	Harjumaa, Tallinn, Tartu maantee 84a, 10112
Number, place and date of registration	12822836, Estonia, registered in 26.03.2015
Operations as classified by NACE	64.92 Other credit service activities

# Interim management report

## On operating results

In the third quarter of 2018 Capitalia reported turnover of EUR 825 thousand and profit of EUR 40 thousand. In accordance to the strategy, the Company has decreased its overall assets that were EUR 2,875 thousand at the end of the reporting period, while total business loans under management increased and stood at EUR 5,625 thousand.

## On key events

Third quarter is regularly the low season on our business with smaller number and amount of loan issues than in other quarters. Our large focus has been on refinancing the bond issue that was expiring in October 25, 2018. This task we successfully completed by making and selling a new closed bond issue. The reorganization and merger process with the daughter companies has been going well and is expected to complete in November. We have been successful in expanding our cofinancing syndicates and during this quarter have financed our largest project to date with the total investment of EUR 720,000 for a real estate development client in Lithuania.

## On plans for the next quarter

The end of the year tends to be our most active in terms of providing new financing to businesses. We expect to be fully occupied on this task. Among other things we plan to end reorganization process and launch new integrated website.

---

Juris Grišins  
Chairman of the board

Riga, October 25, 2018

## Summary of financial performance

The summary of financial results portrays the development of key financial indicators of Capitalia over the last reporting period. The assets of the Company continued to decrease as a result of strategy to reduce overall liabilities of Capitalia. At the same time, the turnover has stayed about the same compared to the corresponding period of the year 2017. This is a result of decreasing portion of interest income in the turnover as the Company concentrates on earning from commissions and fees. Equity and other liabilities subordinated to the outstanding bond issues constituted 40% of the total assets or well above the benchmark bond covenant of 20%.

### Summary of balance sheet figures

EUR	2015	2016	2017	2018, Q3
Total assets	2 623 207	3 984 473	3 945 083	2 852 551
Loan portfolio on books	1 938 899	3 410 747	3 181 163	1 545 331
Equity capital	173 156	435 276	460 941	501 134

### Summary of profit and loss figures

EUR	2015	2016	2017	2018, Q3
Total revenue	574 568	924 909	1 189 028	824 591
Interest expenses	-211 639	-328 933	-377 727	-278 667
Impairment expenses	-64 891	-88 928	-184 805	-22 800
Sales and marketing expenses	-41 354	-124 688	-102 716	-81 804
Administrative costs	-195 984	-359 165	-432 254	-379 379
Net profit	48 587	-11 390	25 665	40 193

### Key operating ratios

EUR	2015	2016	2017	2018, Q3
Equity to assets	6.60%	10.92%	11.68%	17.42%
Turnover growth	45.72%	60.97%	28.56%	-7.5%
Return on equity (ROE)	40.22%	-3.74%	7.63%	11.62%
Net profitability	8.46%	-1.23%	2.16%	4.87%
Annualized impairment loss	4.81%	3.33%	5.60%	1.2%

## Interim condensed profit and loss statement

	<b>01.01.-30.09.2018</b>	<b>01.01.-30.09.2017</b>
	<b>EUR</b>	<b>EUR</b>
Interest and similar income	824 591	886 874
Interest expense	-278 667	-383 413
Impairment (provision)	-22 800	-110 103
Selling expense	-81 804	-79 607
Administrative expense	-379 379	-317 547
Other operating income	4 618	2 941
Other operating expense	-24 720	-23 951
<b>Profit/(loss) before Income Tax</b>	<b>41 839</b>	<b>58 431</b>
Corporate Income tax	-1 646	-15 469
<b>Net profit/(loss) for the period</b>	<b>40 193</b>	<b>42 962</b>

## Interim condensed balance sheet

	30.09.2018	31.12.2017
	EUR	EUR
<b><u>Assets</u></b>		
<b>Long term investments</b>		
Intangible assets	64 923	92 429
Fixed assets and asset creation	33 133	30 917
Receivables from affiliated companies	300 000	313 500
Loans and receivables	376 305	462 830
<b>Total long-term investments:</b>	<b>774 361</b>	<b>899 676</b>
<b>Current assets</b>		
Receivables from affiliated companies	1 557	23 166
Loans and receivables	1 169 026	2 718 333
Other debtors	39 472	50 307
Loans to shareholders and management	13 780	20 120
Other securities and equity	50 000	-
Cash and bank	827 155	233 481
<b>Total current assets:</b>	<b>2 100 990</b>	<b>3 045 407</b>
<b><u>Total assets</u></b>	<b><u>2 875 351</u></b>	<b><u>3 945 083</u></b>

## Interim condensed balance sheet

	30.09.2018	31.12.2017
	EUR	EUR
<b><u>Liabilities</u></b>		
<b>Shareholders' funds</b>		
Share capital	500 000	500 000
Other reserves	-10 389	-10 389
Prior years' retained earnings	-28 670	-54 335
Current year's profit / (losses)	40 193	25 665
<b>Total shareholders' funds:</b>	<b>501 134</b>	<b>460 941</b>
<b>Creditors</b>		
<b>Long-term creditors</b>		
Bonds issued	1 062 323	295 474
Other borrowings	43 246	60 545
<b>Total long-term creditors:</b>	<b>1 105 569</b>	<b>356 019</b>
<b>Short-term creditors</b>		
Bonds issued	672 021	2 241 933
Other borrowings	552 755	805 738
Trade creditors and accrued liabilities	20 346	22 901
Taxes	5 154	36 795
Deferred income	18 372	20 756
<b>Total short-term creditors:</b>	<b>1 268 648</b>	<b>3 128 123</b>
<b><u>Total liabilities and shareholders' funds</u></b>	<b><u>2 875 351</u></b>	<b><u>3 945 083</u></b>