

Quarterly report

January to March, 2015

Riga, April 24, 2015



First quarter of 2015 AS Capitalia finished with a net profit of EUR 1,433 and total assets of EUR 1,694,153. Main activities of the company were concentrated in two directions – reduction of expenses and growth of loan portfolio. Although both of the activities might be at times contradictory, we have tried to strike a healthy balance between these two directions. As a result we have raised our EBTIDA profitability from 25% to 42% and increased our assets by 23% compared to year 2014.

Main activities aimed at growth of the company during the last operating quarter were the following: concluding agreement regarding client exchange with Citadele and Altum, testing new products of invoice purchasing and VAT returns, initiating financial mentoring sessions in cooperation with business incubators and refreshing of Capitalia webpage. Furthermore, we have started registration of daughter company in Estonia as well as conducting other necessary preparations to start operations in this country. In March we have agreed with Citadele to offer our merchant financing product POS credit also in Lithuanian and Estonian markets.

Regarding cost optimization we have initiated a number of activities to reduce our regular administrative costs, however, most of the work we are focusing on reducing cost of the financing. To do so we have started discussion with a number of banks regarding potential credit line for our operations.

Equity and subordinated (Latvian Guarantee agency co-financing) capital at the end of the quarter was EUR 364 141 or 21.5% of the total assets. In the following quarter we expect to continue implementation of the initiated projects as well as test a number of new ideas to improve growth and profitability of the company.

In case of any questions or clarifications please don't hesitate to contact Juris Grišins (phone +37129944395, email juris@capitalia.lv).

Best regards,

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above the printed name.

Juris Grišins
Manager
AS Capitalia

Interim Consolidated Unaudited Statement of Profit or Loss

Profit and loss statement is consolidated with daughter company in Lithuania

	01.01.-31.03.2015	01.01.-31.12.2014
	EUR	EUR
Interest and similar income	106 862	393 856
Interest expense	-40 993	-130 471
Impairment (provision) and collection	-9 348	-158 127
Selling expense	-6 128	-35 314
Administrative expense	-47 225	-134 256
Other operating income	3 897	26 658
Other operating expense	-4 272	-18 678
Interest payable and similar expense	45	-303
Profit/(loss) before Income Tax	2 838	-56 635
Corporate Income tax	-1 405	-18 792
Deferred Income	0	0
Net profit/(loss) for the period	1 433	-75 427

Interim Consolidated Balance Sheet

Balance sheet statement is consolidated with daughter company in Lithuania

	31.03.2015	31.12.2014
	EUR	EUR
<u>Assets</u>		
Long term assets		
Fixed assets	13 346	13 309
Participating interest in associated company	6 250	6 250
Total long-term assets:	19 596	19 559
Current assets		
Receivables from associated companies	50 396	57 990
Loans and receivables	1 324 950	1 118 273
Other debtors	16 024	11 722
Loans to shareholders and management	84 354	85 278
Other securities and equity participation	5 691	5 691
Cash and bank	193 141	92 768
Total current assets:	1 674 557	1 371 722
<u>Total assets</u>	1 694 153	1 391 281

Interim Consolidated Balance Sheet

	31.03.2015	31.12.2014
	EUR	EUR
<u>Liabilities</u>		
Shareholders' funds:		
Share capital	226 490	226 490
Other reserves	-10 679	-10 679
Prior years' retained earnings	-83 775	-8 348
Current year's profit / (losses)	1 343	-75 427
Total shareholders' funds:	133 379	132 036
 Creditors:		
Long-term creditors:		
Bonds issued	921 224	915 728
Other borrowings	255 803	55 418
Deferred tax liabilities	290	290
Total long-term creditors:	1 177 317	971 436
 Short-term creditors:		
Bonds issued	22 333	22 333
Other borrowings	301 995	204 091
Accounts payable to affiliated companies	2 390	3 266
Trade creditors and accrued liabilities	13 200	13 561
Taxes and social insurance	14 153	18 419
Deferred income	29 386	26 139
Total short-term creditors:	383 456	287 809
 <u>Total liabilities and shareholders' funds</u>	 <u>1 694 153</u>	 <u>1 391 281</u>