

IuteCredit reports unaudited results for 12M/2021

Year of growth reflects evolution towards fully digitized customer solutions and diversified revenue streams

Operational Highlights

- Loan payouts increasing y-o-y up 41,9% to 167,0 million EUR (12M/2020: 117,7 million EUR).
- Number of loans signed up y-o-y 31,0% to 291.439 (12M/2020: 222.418).
- Balance sheet up 43% to 166,8 million EUR (31 December 2020: 116,6 million EUR) resulting from increase in cash position and loans paid out to customers.
- Gross loan portfolio up 26,6% to 120,4 million EUR (31 December 2020: 95,0 million EUR) of which principal amount of loans increased 34,1% to 106,0 million EUR (12M/2020: 79,0 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) improving to 86,7% (12M/2020: 84,7%).
- Net loan portfolio up 33,1% to 105,4 million EUR (31 December 2020: 79,2 million EUR).
- Total number of customers increased by 12,4% to 811 thousand (31 December 2020: 687 thousand).

Strategic Highlights

- Increasing use of the digital customer journey with around 180 thousand loan applications via the Mylute app.
- Continued diversification of income opportunities with revenue streams from wallet services including payment functions.
- Rollout of 30 cardless ATMs to date cuts intermediaries and reduces need for plastic cards and cuts plastic waste.

Financial Highlights

- Interest and commission fee income up 8,7% to 48,3 million EUR (12M/2020: 44,5 million EUR) affected by steadily increasing payouts compared to the 34,1% increase in the average net loan portfolio.
- Net interest and commission fee income only up 1,5% to 34,0 million EUR (12M/2020: 33,5 million EUR) as a result of increased interest payments related to bonds issuances while cash position remained high.
- Total income up 9,1% to 61,2 million EUR (12M/2020: 56,1 million EUR).
- Cost to income ratio at 40,3% (12M/2020: 32,5%) as result of recovering business activity and the related normalization of costs as well as strategic initiatives and consulting costs.
- EBITDA adjusted for FX/revaluation gains at 22,8 million EUR (12M/2020: 20,9 million EUR).
- Net profit up 15,7% to 6,1 million EUR (12M/2020: 5,2 million EUR).
- Strong capitalization with profitability affected by cash position – Eurobond covenants still exceeded.

Statement of the Management

2021 was the year of growth for luteGroup, reflecting its evolution towards fully digitized customer solutions and diversified revenue streams, including now payment services. Contributing factors were our even more sustainable credit practices, which entail larger loan amounts for longer periods, but at lower interest for our customers. As expected, the average annual percentage rate (APR) of loans issued decreased to below 50%.

After a slower than expected start to the year 2021, luteGroup achieved its downward adjusted annual goals. Revenue increased by 10% to 61 million EUR with over 200 000 active loan and wallet customers, slightly above expectations. On the bottom line, as expected, luteGroup generated a net profit of 6 million EUR, corresponding to an increase of 15%. By contrast, the 43% increase in total assets to 166 million EUR was slightly below the target of 170 million EUR.

Digitalization and new service value streams not only contributed a great deal to growth in the past financial year. They are even more important for our future as preconditions for seamless integration of lute with e-commerce solutions. Impressive evidence includes more than 180,000 Mylute app users, over 30 self-operated ATMs, and other fintech solutions from luteGroup by the end of 2021. Having obtained an e-money license in Albania is just another example. The investments we have made over the past two years in the unstoppable process of digitization are therefore already paying off.

The balance sheet with an excess of cash also points to the main challenge for the Group's performance. Here, 46 million EUR represents almost 28% of the Group's assets by end of 2021. Accordingly, the entire lute team is hyper-focused on converting this cash into a productive asset by 2022. In this way, we avoid excessive interest costs, that eat into the shareholders' returns.

That said, the management is optimistic about the outlook. For one, luteGroup is becoming a combined lending (installment loans, buy-now-pay-later loans) and wallet (mobile payments, account to account payments, card payments, ATM operations, FX, and remittances) services company for the people of the Balkans. The rule here is: If it is too time-consuming to build a service value stream ourselves, it must be acquired and turned around as a bank or payment services provider in a given country. Accordingly, in 2022 we aim to acquire full control over at least one bank and one payment institution. We aim to acquire profitable businesses that require know-how but are not short of capital. Secondly, we see great potential for value creation and synergies in the integration of lute's loan and payment services with online shopping solutions. A new market is developing in the Balkans that does not yet have established market leaders. Thirdly, but not less important, we intend to continue our geographic expansion with a focus on the EU countries.

For the financial year 2022 as a whole, the management aims to increase luteGroup's performing customer pool to more than 300,000 people and grow its consolidated balance sheet to at least 300 million EUR. With a trend towards an APR of 40%, revenues from loan and wallet services are expected to exceed 75 million EUR and net profit to increase to over 8 million EUR. The bond covenants will be met while the Group dividend policy will be executed.

Tarmo Sild
CEO of luteCredit Group

Key consolidated financial figures

| | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|---|--------------------|--------------------|---------------|
| Capitalization | | | |
| Cash and cash equivalents | 46.324 | 19.453 | 138,1% |
| Gross loan portfolio (in thousand EUR) | 120.365 | 95.046 | 26,6% |
| Net loan portfolio (in thousand EUR) | 105.372 | 79.186 | 33,1% |
| Assets (in thousand EUR) | 166.786 | 116.619 | 43,0% |
| Equity (in thousand EUR) | 25.585 | 21.488 | 19,1% |
| Equity to assets ratio | 15,3% | 18,4% | -3,1% |
| Capitalization ratio | 24,3% | 27,1% | -2,9% |
| | 12M/2021 | 12M/2020 | Δ in % |
| Profitability | | | |
| Interest income | 48.349 | 44.477 | 8,7% |
| Net interest margin | 36,7% | 44,6% | -7,9% |
| Cost to income ratio | 40,3% | 32,5% | 7,8% |
| Post-allowances operating profit margin | 28,3% | 28,1% | 0,2% |
| EBITDA | 22.843 | 20.873 | 9,4% |
| Interest coverage ratio | 1,6 | 1,9 | -16,3% |
| Profit margin before tax | 16,3% | 13,9% | 17,4% |
| Net profit | 6.068 | 5.243 | 15,7% |
| Return on assets | 4,3% | 4,7% | -0,4% |
| Return on equity | 25,8% | 26,2% | -0,4% |
| | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
| Asset quality | | | |
| Cost of risk | 15,2% | 20,0% | -4,8% |
| Impairment coverage ratio | 69,0% | 71,1% | -2,1% |
| Gross NPL ratio | 18,1% | 23,5% | -5,4% |
| Net NPL ratio | 11,3% | 16,6% | -5,3% |

Contact:

IuteCredit
Kristel Kurvits, Group Chief Financial Officer (CFO)
Email: investor@iutecredit.com
Phone: +372 622 9177

About IuteCredit:

IuteCredit – established in 2008 – is a leading European personal finance company. The Group is specialized in consumer credits via its 100% subsidiaries using equity and loan capital. IuteCredit serves customers currently in Moldova, Albania, North Macedonia, Bulgaria as well as Bosnia and Herzegovina.

IuteCredit's loan products are unsecured consumer loans with maturities between 1 month and 48 months and car-secured loans with maturities up to 72 months.

The mission of IuteCredit is to create the extraordinary experience in personal finance by exceeding customers' expectations.

www.iutecredit.com

MANAGEMENT REPORT

Company Overview

AS luteCredit Europe (**ICE**) is a holding company that issues consumer credits and offers personal finance services via its 100% owned operating subsidiaries in local markets (**Subsidiaries**). As of 31 December 2021, ICE had eight operating subsidiaries: ICS OMF luteCredit SRL (**ICM**) in Moldova, luteCredit Albania SHA (**ICA**), luteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**), MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as luteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and VeloxPay SH.P.K (**Velox**) in Albania.

At the beginning of July 2019, ICG acquired luteCredit Finance S.a.r.l. to act as a financing intermediary for the entire Group. In July 2019, luteCredit Finance S.a.r.l. (Luxembourg), for the first time, issued 40 million EUR of senior secured bonds (hereafter referred to as Eurobond) listed on the Frankfurt Stock Exchange, followed in November 2020 by a EUR 10 million tap.

At the end of September 2021, luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued and at the beginning of October 2021 settled EUR 75 million senior secured corporate bonds with a maturity of 5 years and a coupon of 11% ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange.

The Subsidiaries and ICE together form the luteCredit Group (**ICG**). ICG consisted of nine companies, regardless that one of them was unconsolidated and reclassified.

ICE is responsible for strategic management, including:

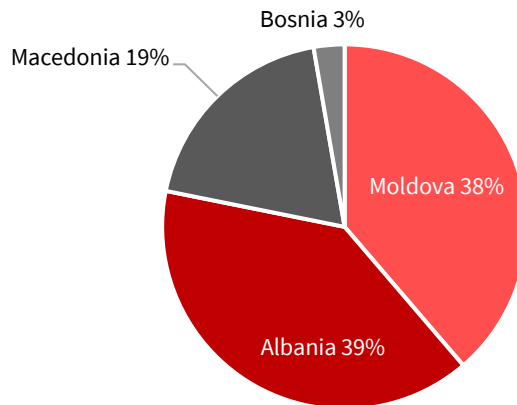
- Strategic targeting
- Organizational structure and manning of the management teams
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Sales and marketing framework rules and targeting guidance
- Service process design and technological development
- Risk management, including loan products approval and general compliance framework
- Data harvesting
- Technology development and outsourcing
- The Group's financing and investor relations

Subsidiaries implement the processes designed by ICE and offer customers the services. Furthermore, the individual subsidiaries develop the business in the local competition field according to strategic guidance and targets, financing, and technology provided by ICE. Finally, subsidiaries consist of local teams, local customers, local loan portfolios, and develop local investor relations and relations with regulatory authorities and partners.

Business Model

ICG’s loan products are unsecured consumer loans with a maturity range between 1 month and 48 months and pledge (usually pledge on the car) secured loans with maturities of up to 72 months. The median loan amount is above 500 EUR, whereas loan amounts range between 25 EUR and 10 thousand EUR. The weighted average annual percentage rate (APR) is 58% and effective interest rate (EIR) 80% depending on the loan amount, maturity, and status of the customer (new or recurring client with good payment history).

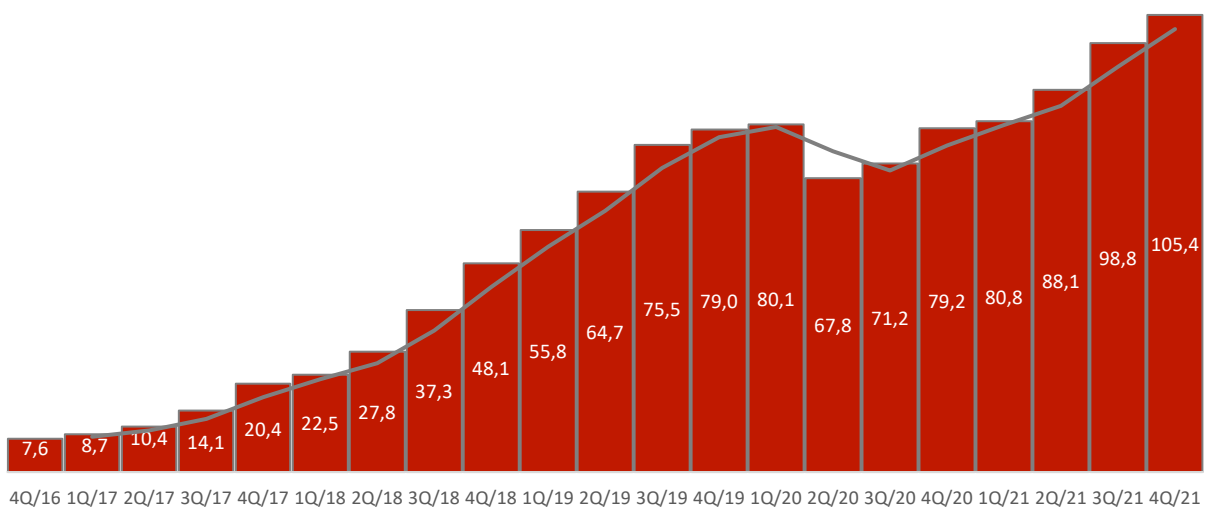
Breakdown of portfolio diversification as of 31/12/2021



ICG aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 60% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, postal agencies), web portals and other online channels, as well as luteCredit branches (retail offices). By the end of December 2021, luteCredit had 44 luteCredit branches and 1.225 shops. Traditionally, ICG handles money only via bank accounts or over the counter through its agents. With the introduction of luteCredit ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Earnings, financial and asset position

Condensed statement of profit and loss

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|----------------|----------------|--------------|
| Interest and similar income | 48.349 | 44.477 | 8,7% |
| Interest and similar expense | -14.371 | -10.997 | 30,7% |
| Net interest and commission fee income | 33.978 | 33.481 | 1,5% |
| Loan administration fees and penalties | 8.194 | 7.890 | 3,9% |
| Total loan administration fees and penalties | 8.194 | 7.890 | 3,9% |
| Other income | 4.670 | 3.723 | 25,4% |
| Allowances for loan impairment | -16.322 | -18.756 | -13,0% |
| Net operating income | 30.520 | 26.338 | 15,9% |
| Personnel expenses | -8.957 | -8.159 | 9,8% |
| Depreciation/amortization charge | -2.613 | -1.742 | 50,0% |
| Other operating expenses | -13.092 | -8.302 | 57,7% |
| Total operating expenses | -24.662 | -18.203 | 35,5% |
| Net gains/losses from financial assets measured at fair value | 842 | 0 | n/a |
| Foreign exchange gains/losses | 1.183 | -1.958 | n/a |
| Net financial result | 2.025 | -1.958 | n/a |
| Profit before tax | 7.884 | 6.176 | 27,6% |
| Income tax expense | -1.816 | -933 | 94,5% |
| Net profit for the period | 6.068 | 5.243 | 15,7% |

luteCredit's business model is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Total income

Total income before expenses consisting of interest income and similar income, penalties and similar income, and other income increased by 9,1% to 61.213 thousand EUR (12M/2020: 56.091 thousand EUR).

Breakdown of total income

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|------------------------------|---------------|---------------|-------------|
| Interest and similar income | 48.349 | 44.477 | 8,7% |
| Penalties and similar income | 8.194 | 7.890 | 3,9% |
| Other income | 4.670 | 3.723 | 25,4% |
| Total income | 61.213 | 56.091 | 9,1% |

Other income

Other income in 12M/2021 of 4.670 thousand EUR included, in particular, income of 2.503 thousand EUR from sales of defaulted loan portfolio and extraordinary income from debt collectors of 1.889 thousand EUR. Defaulted loan portfolio sale depends on the offered price and IuteCredit's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold.

Interest income

Interest income for the period increased by 8,7% to 48.349 thousand EUR (12M/2020: 44.477 thousand EUR), steadily increasing payouts compared to the 34,1% increase in the average net loan portfolio.

Breakdown of interest income

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|----------|----------|--------|
| Total value of loan principal issued | 166.962 | 117.708 | 41,8% |
| Average net loan portfolio | 92.279 | 79.096 | 16,7% |
| Principal | 105.963 | 79.029 | 34,1% |
| Accrued interest | 14.401 | 16.018 | -10,1% |
| Average annualized interest rate on net portfolio | 53,7% | 58,0% | -7,3% |
| Interest income | 48.349 | 44.477 | 8,7% |

Breakdown of interest income by countries

| | 12M/2021 | Total share in % | 12M/2020 | Total share in % | Δ in % |
|--------------|---------------|------------------|---------------|------------------|-------------|
| Moldova | 19.247 | 39,8% | 21.749 | 48,9% | -11,5% |
| Albania | 19.054 | 39,4% | 15.626 | 35,1% | 21,9% |
| Macedonia | 8.005 | 16,6% | 5.556 | 12,5% | 44,1% |
| Bosnia | 1.827 | 3,8% | 1.546 | 3,5% | 18,2% |
| Bulgaria | 216 | 0,4% | 0 | 0,0% | n/a |
| Total | 48.348 | 100,0% | 44.477 | 100,0% | 8,7% |

The change in interest income in Moldova resulted from the implementation of legally impermissible charging of interest after the termination of a loan agreement.

Interest expense

Interest expense increased by 30,7% to 14.371 thousand EUR (12M/2020: 10.997 thousand EUR), in connection with the borrowing related to the expected growth of business. Most notably, was the issue of the 75 million EUR five-year corporate bond 2011/26 in October 2021.

Breakdown of interest expense

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|----------------|----------------|--------------|
| Interest on amounts due to creditors | -5.096 | -5.369 | -5,1% |
| Interest on financial lease liabilities | -162 | -95 | 70,9% |
| Interest on bonds | -9.113 | -5.533 | 64,7% |
| Total | -14.371 | -10.997 | 30,7% |

Loan administration fees and penalties

Income from other fees and penalties increased by 3,9% to 8.194 thousand EUR (12M/2020: 7.890 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

Breakdown of administration fees and penalties

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|--------------|--------------|-------------|
| Penalties under loans and delay interests | 9.312 | 8.396 | 10,9% |
| Resigns under customer loans | 365 | 540 | -32,3% |
| Dealer bonuses | -1.556 | -1.046 | 48,7% |
| Other fees from additional services | 73 | 0 | n/a |
| Total | 8.194 | 7.890 | 3,9% |

Allowances for loan impairment

Change in allowances for loan impairment decreased to 16.322 thousand EUR (12M/2020: 18.756 thousand EUR) in line with an intentionally more conservative provisioning approach as a response to the COVID-19 pandemic creating an additional risk buffer.

Breakdown of allowances for loan impairment

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---------------------------------------|-----------------|-----------------|---------------|
| At the beginning of the period | -15.859 | -13.100 | 21,1% |
| Allowances for loan impairment | -16.322 | -18.756 | -13,0% |
| Utilized | 16.997 | 15.767 | 7,8% |
| Exchange differences | 191 | 229 | -16,6% |
| At the end of the period | -14.993 | -15.859 | -5,5% |
| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
| Impairment charges on loans | -17.596 | -22.237 | -20,9% |
| Recovery from written-off loans | 1.274 | 3.481 | -63,4% |
| Net impairment charges | -16.322 | -18.756 | -13,0% |

The amount utilized is split between the sale of defaulted loan and monthly write-offs.

Overall net impairment losses represented 33,8% of interest income (12M/2020: 42,2%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, equaled 15,2% (31 December 2020: 20,0%).

Operating expenses

Operating expenses for the period increased by 33,9% to 22.049 thousand EUR (12M/2020: 16.461 thousand EUR) related to the recovery of business activity. Advertising expenses accounted for 10,7% (12M/2020: 7,4%) of operating expenses while expenses on IT accounted 10,1% (12M/2020: 9,0%). The cost to income ratio for the period increased to 40,3% (12M/2020: 32,5%).

Breakdown of operating expenses

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|----------------------|----------------|----------------|--------------|
| Personnel | -8.957 | -8.159 | 9,8% |
| Advertising expenses | -2.368 | -1.219 | 94,3% |
| IT | -2.231 | -1.480 | 50,7% |
| Debt collection | -940 | -365 | 157,4% |
| Legal and consulting | -2.449 | -769 | 218,4% |
| Rent and utilities | -226 | -238 | -5,1% |
| Taxes | -550 | -373 | 47,7% |
| Travel | -500 | -285 | 75,8% |
| Other | -3.828 | -3.574 | 7,1% |
| Total | -22.049 | -16.461 | 33,9% |

The increase in IT costs reflects the development of technological solutions at full speed. Other operating expenses are not comparable to 12M/2020 expenses in view of cost reductions during COVID-19. Excluding personnel expenses, operating expenses increased by 57,7% to 13.092 thousand EUR (12M/2020: 8.302 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased less than the build-up in headcount by 10,6% to 7.660 thousand EUR (12M/2020: 6.927 thousand EUR), mostly related to the employment of highly qualified specialists (in-house IT department). The average staff number in full-time equivalents increased by 18,3% to 437 employees (12M/2020: 369 employees).

Breakdown of personnel expenses

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|---------------|---------------|-------------|
| Salaries and bonuses | -7.660 | -6.927 | 10,6% |
| Social security expenses | -1.078 | -1.096 | -1,7% |
| Medical insurance expenses | -160 | -95 | 69,5% |
| Other expenses | -59 | -41 | 44,8% |
| Total | -8.957 | -8.159 | 9,8% |
| Number of employees adjusted to full-time | 437 | 369 | 18,3% |

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 1.183 thousand EUR (12M/2020: loss 1.958 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax increased by 27,6% to 7.884 thousand EUR (12M/2020: 6.176 EUR). The profit margin before tax equaled 16,3% (12M/2020: 13,9%).

Income tax expense

Income tax expense increased by 94,5% to 1.816 thousand EUR (12M/2020: 933 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|----------------------------------|--------------|--------------|--------------|
| Consolidated profit before tax | 7.884 | 6.176 | 27,6% |
| Current income tax expense | -1.816 | -933 | 94,5% |
| Net profit for the period | 6.068 | 5.243 | 15,7% |

Profit for the period

Net profit for the period increased by 15,7% to 6.068 thousand EUR (12M/2020: 5.243 thousand EUR).

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|------------------------------------|---------------|---------------|--------------|
| Profit for the period | 6.068 | 5.243 | 15,7% |
| Provision for corporate income tax | 1.816 | 933 | 94,5% |
| Interest expense | 14.371 | 10.997 | 30,7% |
| Depreciation and amortization | 2.613 | 1.742 | 50,0% |
| EBITDA | 24.868 | 18.915 | 31,5% |
| Adjustments | 2.025 | -1.958 | n/a |
| Adjusted EBITDA | 22.843 | 20.873 | 9,4% |

Breakdown of adjustments to EBITDA

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|---|--------------|---------------|------------|
| Net gains/losses from financial assets measured at fair value | 842 | 0 | n/a |
| Foreign exchange gains/losses | 1.183 | -1.958 | n/a |
| Adjustments | 2.025 | -1.958 | n/a |

Net gains on financial assets measured at fair value result from cash payments received from ICKO and the estimated net cash inflow to be generated from the remaining loan portfolio of the investment.

Condensed statement of financial position

| (In thousand EUR) | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|---|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 46.324 | 19.453 | 138,1% |
| Loans to customers | 105.372 | 79.187 | 33,1% |
| Prepayments | 620 | 1.297 | -52,2% |
| Other assets | 3.112 | 2.702 | 15,2% |
| Other financial investments | 2.755 | 7.196 | -61,7% |
| Property, plant and equipment | 1.076 | 978 | 10,1% |
| Right-of-use assets | 1.587 | 2.113 | -24,9% |
| Intangible assets | 5.939 | 3.693 | 60,8% |
| Total assets | 166.786 | 116.619 | 43,0% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 135.709 | 91.434 | 48,4% |
| Trade and other payables | 1.387 | 1.051 | 31,9% |
| Current income tax liabilities | 638 | 238 | 167,9% |
| Deferred tax liabilities | 882 | 655 | 34,7% |
| Other liabilities | 2.586 | 1.753 | 47,5% |
| Total liabilities | 141.202 | 95.131 | 48,4% |
| Equity | | | |
| Share capital | 10.000 | 10.000 | 0,0% |
| Legal reserve | 799 | 537 | 48,8% |
| Unrealized foreign exchange differences | -510 | -1.689 | -69,8% |
| Retained earnings | 15.295 | 12.640 | 21,0% |
| Total equity | 25.585 | 21.488 | 19,1% |
| Total equity and liabilities | 166.786 | 116.619 | 43,0% |

Assets

Total assets increased by 43,0% to 166.786 thousand EUR as of 31 December 2021 (31 December 2020: 116.619 thousand EUR), as a result of the loan portfolio growth.

Loan portfolio

The net loan portfolio increased by 33.1% to 105.372 thousand EUR as of 31 December 2021 (31 December 2020: 79.186 thousand EUR).

Breakdown of net portfolio

| (In thousand EUR) | 31 Dec 2021 | Total in % | 31 Dec 2020 | Total in % | Δ in % |
|---------------------------------|----------------|---------------|---------------|---------------|--------------|
| Moldova | 40.353 | 38,3% | 35.139 | 44,4% | 14,8% |
| Albania | 41.090 | 39,0% | 30.037 | 37,9% | 36,8% |
| Macedonia | 19.967 | 18,9% | 11.315 | 14,3% | 76,5% |
| Bosnia | 2.844 | 2,7% | 2.695 | 3,4% | 5,5% |
| Bulgaria | 1.118 | 1,1% | 0 | 0,0% | n/a |
| Total net loan portfolio | 105.372 | 100,0% | 79.186 | 100,0% | 33,1% |

Breakdown of loan applications

| in pcs | 12M/2021 | | | | | 12M/2020 | | | | | Δ in % | | |
|-----------------|----------------|----------------|----------------|-----------------|---------------|----------------|----------------|----------------|-----------------|---------------|--------------|--------------|-----------------|
| | Processed | Approved | Paid out | Approval rate % | Active rate % | Processed | Approved | Paid out | Approval rate % | Active rate % | Processed | Approved | Approval rate % |
| Moldova | 203.495 | 127.673 | 90.412 | 62,7% | 93,1% | 169.818 | 104.616 | 97.494 | 61,6% | 93,0% | 19,8% | 22,0% | 1,8% |
| Albania | 159.963 | 116.416 | 84.429 | 72,8% | 95,7% | 138.851 | 93.262 | 88.183 | 67,2% | 94,6% | 15,2% | 24,8% | 8,4% |
| Macedonia | 74.833 | 43.826 | 34.662 | 58,6% | 100,0% | 60.106 | 35.197 | 34.920 | 58,6% | 99,2% | 24,5% | 24,5% | 0,0% |
| Bosnia | 14.570 | 6.147 | 4.698 | 42,2% | 97,8% | 15.598 | 6.185 | 6.078 | 39,7% | 98,3% | -6,6% | -0,6% | 6,4% |
| Bulgaria | 41.080 | 3.904 | 1.845 | 9,5% | 91,6% | 0 | 0 | 0 | 0,0% | 0,0% | n/a | n/a | n/a |
| In total | 493.941 | 297.966 | 216.046 | 60,3% | 95,2% | 384.373 | 239.260 | 226.675 | 62,2% | 94,7% | 28,5% | 24,5% | -3,1% |

Breakdown of issued loans APR on country level

| (In %) | 12M/2021 | 12M/2020 | Δ in % |
|-----------------------------|--------------|--------------|--------------|
| Moldova | 54,3% | 57,1% | -5,0% |
| Albania | 58,6% | 64,1% | -8,5% |
| Macedonia | 41,9% | 44,8% | -6,5% |
| Bosnia | 55,5% | 63,4% | -12,5% |
| Bulgaria | 40,2% | 0,0% | n/a |
| ICG weighted average | 53,7% | 58,0% | -7,3% |

The decrease in average annual percentage rates (APR) at group level in 12M/2021 relates to the shift to longer loan maturities and the increasing share of repeating customers. Moreover, Moldova accounted a lower proportion of dealers compared with the previous year due to lockdowns, while cash loans had higher APRs with lower payouts.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days tolerance, i.e., Customer Performance Index (CPI30).

| (In %) | 12M/2021 | 12M/2020 | Δ in % |
|-----------------------------|--------------|--------------|-------------|
| Moldova | 86,3% | 84,7% | 1,9% |
| Albania | 89,3% | 84,1% | 6,2% |
| Macedonia | 86,5% | 88,8% | -2,6% |
| Bosnia | 70,0% | 73,4% | -4,6% |
| Bulgaria | 59,6% | 0,0% | n/a |
| ICG weighted average | 86,7% | 84,7% | 2,4% |

Customer repayment discipline (Customer Performance Index, CPI30) was driven by the shift to longer loan maturities and a growing share of repeating customers.

Breakdown of portfolio classification

The following tables set out the classification of the Group's net loan portfolio in terms of overdue buckets as well as the total impairment coverage ratio. Non-performing loans are recorded according to DPD+50.

| (In thousand EUR) | 31 Dec 2021 | | | | 31 Dec 2020 | | | |
|------------------------|----------------|----------------|----------------|--------------------|---------------|----------------|---------------|--------------------|
| | Gross amount | Provisions | Net amount | % of net portfolio | Gross amount | Provisions | Net amount | % of net portfolio |
| Performing | 98.630 | -5.157 | 93.473 | 88,7% | 72.751 | -6.746 | 66.005 | 83,4% |
| Non-Performing | 21.734 | -9.835 | 11.899 | 11,3% | 22.295 | -9.113 | 13.182 | 16,6% |
| Total portfolio | 120.365 | -14.993 | 105.372 | 100,0% | 95.046 | -15.859 | 79.187 | 100,0% |

| (In thousand EUR) | 31 Dec 2021 | Total share in % | 31 Dec 2020 | Total share in % |
|----------------------------|---------------|------------------|---------------|------------------|
| Stage 1 | 85.870 | 86,9% | 64.796 | 81,8% |
| Stage 2 | 2.200 | 2,2% | 1.209 | 1,5% |
| Stage 3 | 10.720 | 10,9% | 13.182 | 16,6% |
| Total net portfolio | 98.790 | 100,0% | 79.187 | 100,0% |
| Gross NPL ratio | 18,1% | | 23,5% | |
| Impairment coverage ratio | 69,0% | | 71,1% | |

The total share of poorly performing loan portfolio (Stage 3) decreased starting monthly depreciation of fully impaired loans DPD 365 in October 2020.

Distribution principles between stages

| | 31 Dec 2021 | 31 Dec 2020 |
|---------|---------------|---------------|
| Stage 1 | DPD <=30 | DPD <=30 |
| Stage 2 | 30 < DPD <=50 | 30 < DPD <=50 |
| Stage 3 | DPD > 50 | DPD > 50 |

Other assets and prepayments

Breakdown of other assets and prepayments

| (In thousand EUR) | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|--|--------------|--------------|---------------|
| Deferred tax assets | 179 | 104 | 72,4% |
| Prepayments of rent | 84 | 77 | 9,2% |
| Prepayment of taxes | 251 | 1.011 | -75,1% |
| Prepayments to suppliers and deferred expenses | 105 | 105 | 0,1% |
| Prepayments in total | 620 | 1.297 | -52,2% |
| Receivables from collection companies | 771 | 292 | 164,0% |
| Other receivables | 70 | 73 | 4,3% |
| Deposit receivables from partners | 2.271 | 2.337 | -2,8% |
| Trade and other receivables in total | 3.112 | 2.702 | 15,8% |
| TOTAL | 3.732 | 3.999 | -6,3% |

Liabilities

As of 31 December 2021, total liabilities increased by 48,4% to 141.202 thousand EUR (31 December 2020: 95.131 thousand EUR). The changes mainly relate to the issue of the 75 million EUR five-year corporate bond 2021/26 in October 2021 as well as the tap issue of 10 million EUR to the four-year corporate bond 2019/23 in November 2020.

Breakdown of loans and borrowings

Loans and borrowings increased by 48,4% to 135.710 thousand EUR (31 December 2020: 91.434 thousand EUR), accounting for 96,1% of all liabilities (31 December 2020: 96,1%).

| (In thousand EUR) | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|---------------------------------------|------------------------------------|------------------------------------|---------------|
| Loans from investors | 10.287 | 41.852 | -75,4% |
| Due date during next 12 months | 3.351 | 23.803 | -85,9% |
| Due date after 12 months | 6.936 | 18.049 | -61,6% |
| Bond liabilities | 119.408 | 44.596 | 167,8% |
| Due date during next 12 months | 0 | 0 | n/a |
| Due date after 12 months | 119.408 | 44.596 | 167,8% |
| Lease liabilities | 1.765 | 2.121 | -16,8% |
| Due date during next 12 months | 831 | 860 | -3,3% |
| Due date after 12 months | 934 | 1.261 | -25,9% |
| Accrued interest | 4.249 | 2.866 | 48,3% |
| TOTAL | 135.710 | 91.434 | 48,4% |
| <i>weighted average interest rate</i> | 10.287 | 41.852 | -75,4% |
| <i>currency</i> | <i>EUR, MDL, USD; ALL; MKD</i> | <i>EUR, MDL, USD; ALL; MKD</i> | |

Loans from investors decreased to 10.287 thousand EUR (31 December 2020: 41.852 thousand EUR), of which 908 thousand EUR (31 December 2020: 32.232 thousand EUR) is accounted for by P2P loans from the Mintos platform.

luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued and placed in August 2019 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%, guaranteed by ICG and its subsidiaries. In November 2020, a 10 million EUR tap at a price of 97% followed. After the tap issue, the total amount outstanding of luteCredit's 13% corporate bonds 2019/2023 amounts to 50 million EUR. The bonds are listed on the Regulated Market Frankfurt of Stock Exchange.

At the end of September 2021, luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued and at the beginning of October 2021 settled EUR 75 million senior secured corporate bonds with a maturity of 5 years and a coupon of 11% (ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange.

Eurobond covenant ratios

| | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|---|-------------|-------------|--------|
| Capitalization | | | |
| Capitalization ratio (Equity/net loan portfolio) | 24,3% | 27,1% | -10,5% |
| Financial covenant at least | 15% | | |
| | 12M/2021 | 12M/2020 | Δ in % |
| Profitability | | | |
| Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses) | 1,6 | 1,9 | -16,3% |
| Financial covenant at least | 1,5 | | |

Distribution of investor loan (Mintos)

| (In thousand EUR) | Mintos loans | | | Net loan portfolio | | | |
|-------------------|--------------|---------------|---------------|--------------------|------------------|---------------|------------------|
| | 31 Dec 2021 | 31 Dec 2020 | Δ in % | 31 Dec 2021 | Total share in % | 31 Dec 2020 | Total share in % |
| Moldova | 291 | 12.770 | -97,7% | 40.353 | 0,7% | 35.139 | 36,3% |
| Albania | 305 | 15.272 | -98,0% | 41.090 | 0,7% | 30.037 | 50,8% |
| Macedonia | 312 | 4.189 | -92,6% | 19.967 | 1,6% | 11.315 | 37,0% |
| Bosnia | 0 | 0 | 0,0% | 2.844 | 0,0% | 2.695 | 0,0% |
| Bulgaria | 0 | 0 | 0,0% | 1.118 | 0,0% | 0 | 0,0% |
| Total | 908 | 32.231 | -97,2% | 105.372 | 0,9% | 79.186 | 42,1% |

Other liabilities

Breakdown of other liabilities

| (In thousand EUR) | 31 Dec 2021 | 31 Dec 20 | Δ in % |
|-------------------------------------|--------------|--------------|--------------|
| Trade payables | 1.387 | 1.051 | 31,9% |
| Payables to employees | 466 | 529 | -12,0% |
| Corporate Income Tax payables | 638 | 238 | 167,9% |
| Other Tax payables | 882 | 655 | 34,7% |
| Dealer loan liabilities | 890 | 115 | 673,7% |
| Over-/wrong payments from customers | 487 | 411 | 18,6% |
| Other liabilities | 743 | 698 | 6,4% |
| TOTAL | 5.493 | 3.697 | 48,6% |

Equity

As of 31 December 2021, equity increased by 19,1% to 25.585 thousand EUR (31 December 2020: 21.488 thousand EUR), representing an equity to assets ratio of 15,3% (31 December 2020: 18,4%). The equity to net loan portfolio ratio in line with the portfolio growth decreased to 24,3% (31 December 2020: 27,1%), reflecting the Group's strong capitalization, and exceeds IuteCredit Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Outstanding debts of ICKO in front of Mintos, which was recognized as off-balance sheet for the Group as of 30 November 2019, was repaid by ICE in mid-June 2020.

Recent developments

AS luteCredit Europe in February 2022 purchased an additional 49.7% stake in Moldovan Energbank. The total purchase price for 994,645 shares acquired on the stock exchange amounted to EUR 8.3 million. Already in January, luteCredit had acquired on the stock exchange the first stake of 9.976% of shares of Moldovan Energbank, corresponding to 199,519 shares, for a total purchase price of EUR 1.7 million. As a result, luteCredit owns 59.7% of Energbank shares.

With the approval of the acquisition of a qualified stake in the share capital of Energbank by the Central Bank of the Republic of Moldova, luteCredit is working towards a rapid and orderly transition of the bank's overall share ownership and operational control. luteCredit plans to acquire maximum ownership of the bank by purchasing shares at market conditions.

Velox Pay SH.P.K Albania (luteCredit Albania), a wholly owned subsidiary of luteCredit Europe, in February received approval of an e-money license from the Central Bank of Albania. luteCredit customers in Albania will be able to make and receive payments and transfers to IBAN accounts, withdraw money from ATMs, and perform other transactions through the Mylute mobile app. As a result, luteCredit Albania is the first company in the group to commence payment transactions within the scope of applicable regulations of a financial supervisory authority.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|--|----------------|----------------|---------------|
| Interest and similar income | 48.349 | 44.477 | 8,7% |
| Interest and similar expense | -14.371 | -10.997 | 30,7% |
| Net interest and commission fee income | 33.978 | 33.481 | 1,5% |
| Loan administration fees and penalties | 48.349 | 44.477 | 8,7% |
| Loan administration fees and penalties in total | -14.371 | -10.997 | 30,7% |
| | 33.978 | 33.481 | 1,5% |
| Other income | | | |
| Allowances for loan impairment | 8.194 | 7.890 | 3,9% |
| Net operating income | 8.194 | 7.890 | 3,9% |
| Personnel expenses | 4.670 | 3.723 | 25,4% |
| Depreciation/amortization charge | -16.322 | -18.756 | -13,0% |
| Other operating expenses | 30.520 | 26.338 | 15,9% |
| Total operating expenses | | | |
| Net gains/losses from financial assets measured at fair value | 842 | 0 | n/a |
| Foreign exchange gains/losses | 1.183 | -1.958 | n/a |
| Net financial result | 2.025 | -1.958 | n/a |
| Profit before tax | 7.884 | 6.176 | 27,7% |
| Income tax expense | -1.816 | -933 | 94,5% |
| Profit for the reporting period | 6.068 | 5.243 | 15,7% |
| Other comprehensive income | | | |
| Other comprehensive income to be classified to profit or loss in subsequent periods: | | | |
| Exchange differences on translation of foreign operations | 1.179 | -1.761 | n/a |
| Other comprehensive income total | 7.247 | 3.482 | 108,1% |
| Profit attributable to: | | | |
| Equity holders | 7.247 | 3.482 | 108,1% |
| Total comprehensive income attributable to: | | | |
| Equity holders | 7.247 | 3.482 | 108,1% |

Consolidated statement of financial position

| (In thousand EUR) | 31 Dec 2021 | 31 Dec 2020 | Δ in % |
|---|----------------|----------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | 46.324 | 19.453 | 138,1% |
| Loans to customers | 105.372 | 79.187 | 33,1% |
| Prepayments | 620 | 1.297 | -52,2% |
| Other assets | 3.112 | 2.702 | 15,2% |
| Other financial investments | 2.755 | 7.196 | -61,7% |
| Property, plant and equipment | 1.076 | 978 | 10,1% |
| Right-of-use assets | 1.587 | 2.113 | -24,9% |
| Intangible assets | 5.939 | 3.693 | 60,8% |
| Total assets | 166.786 | 116.619 | 43,0% |
| LIABILITIES AND EQUITY | | | |
| Liabilities | | | |
| Loans and bonds from investors | 135.709 | 91.434 | 48,4% |
| Trade and other payables | 1.387 | 1.051 | 31,9% |
| Current income tax liabilities | 638 | 238 | 167,9% |
| Deferred tax liabilities | 882 | 655 | 34,7% |
| Other liabilities | 2.586 | 1.753 | 47,5% |
| Total liabilities | 141.202 | 95.131 | 48,4% |
| Equity | | | |
| Share capital | 10.000 | 10.000 | 0,0% |
| Legal reserve | 799 | 537 | 48,8% |
| Unrealized foreign exchange differences | -510 | -1.689 | -69,8% |
| Retained earnings | 15.295 | 12.640 | 21,0% |
| Total equity | 25.585 | 21.488 | 19,1% |
| Total equity and liabilities | 166.786 | 116.619 | 43,0% |

Consolidated statement of cash flows

| (In thousand EUR) | 12M/2021 | 12M/2020 | Δ in % |
|--|-----------------|-----------------|---------------|
| Paid prepayments (-) | -25.956 | -11.444 | 126,8% |
| Received pre- and overpayments (+) | 33.424 | 36.164 | -7,6% |
| Paid trade payables outside the Group (-) | -18.203 | -12.384 | 47,0% |
| Received debts from buyers and received other claims (+) | 2.374 | 862 | 175,5% |
| Received from collection companies (+) | 27.758 | 22.561 | 23,0% |
| Paid net salaries (-) | -6.704 | -5.308 | 26,3% |
| Paid tax liabilities, exc. CIT (-) | -4.877 | -2.977 | 63,8% |
| Corporate income tax paid (-) | -1.437 | -1.861 | -22,8% |
| Paid out to customers outside the Group (-) | -67.578 | -47.401 | 42,6% |
| Change in MasterCard settlement account (+/-) | -17.178 | -8.206 | 109,3% |
| Principal repayments from customers outside the Group (+) | 41.649 | 29.435 | 41,5% |
| Loan principal repayments from customers related to MasterCard (+) | 12.556 | 4.484 | 180,0% |
| Interest, commission and other fees received outside the Group (+) | 21.104 | 15.001 | 40,7% |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | -3.068 | 18.926 | n/a |
| Purchase of fixed assets outside the Group, incl. prepayments (-) | -1.931 | 540 | n/a |
| Receipts from the sale of fixed assets outside the Group (+) | 3 | 0 | n/a |
| Payments for other financial investments (-) | -2 | -7.280 | -100,0% |
| Receipts from other financial investments (+) | 5.907 | 6.457 | -8,5% |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | 3.979 | -284 | n/a |
| Loans received from investors outside the Group (+) | 113.212 | 51.413 | 120,2% |
| Repaid loans to investors outside the Group (-) | -74.332 | -42.341 | 75,6% |
| Change in overdraft (+/-) | 0 | -5.162 | n/a |
| Principal payments of financial lease contracts (-) | -977 | -873 | 11,8% |
| Interests paid outside the Group (-) | -8.942 | -7.937 | 12,7% |
| Dividends paid outside the Group (-) | -3.150 | -500 | 530,0% |
| Payments for other financing activities (-) | 0 | -38 | n/a |
| Receipts from other financing activities (+) | 2 | 4 | -46,7% |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 25.813 | -5.434 | n/a |
| Change in cash and cash equivalents | 26.724 | 13.208 | 102,3% |
| Cash and cash equivalents at the beginning of the period | 19.453 | 6.733 | 188,9% |
| Change in cash and cash equivalents | 26.724 | 13.208 | 102,3% |
| Net foreign exchange difference | 148 | -488 | n/a |
| Cash and cash equivalents at the end of the period | 46.325 | 19.453 | 138,1% |
| Cash and cash equivalents comprise | 12M/2021 | 12M/2020 | Δ in % |
| Cash on hand | 420 | 223 | 88,3% |
| Non-restricted current account | 45.905 | 19.230 | 138,7% |

Consolidated statement of changes in equity

| (In thousand EUR) | Share capital | Legal reserve | Share premium | Unrealized foreign exchange differences | Retained earnings | Total |
|-----------------------------------|---------------|---------------|---------------|---|-------------------|---------------|
| 01/01/20 | 10.000 | 398 | 0 | 72 | 8.035 | 18.505 |
| Profit for the year | 0 | 0 | 0 | 0 | 5.243 | 5.243 |
| Other comprehensive income | | | | | | |
| Foreign currency translation | 0 | 0 | 0 | -1.761 | 0 | -1.761 |
| Total comprehensive income | 0 | 0 | 0 | -1.761 | 5.243 | 3.482 |
| Contribution to share capital | 0 | 139 | 0 | 0 | -138 | 0 |
| Dividends | 0 | 0 | 0 | 0 | -500 | -500 |
| 31/12/20 | 10.000 | 537 | 0 | -1.689 | 12.640 | 21.488 |
| 01/01/21 | 10.000 | 537 | 0 | -1.689 | 12.640 | 21.487 |
| Profit for the period | 0 | 0 | 0 | 0 | 6.068 | 6.068 |
| Other comprehensive income | | | | | | |
| Foreign currency translation | 0 | 0 | 0 | 1.179 | 0 | 1.179 |
| Total comprehensive income | 0 | 0 | 0 | 1.179 | 6.068 | 7.247 |
| Allocation to reserves | 0 | 262 | 0 | 0 | -262 | 0 |
| Dividends | 0 | 0 | 0 | 0 | -3.150 | -3.150 |
| 31/12/21 | 10.000 | 799 | 0 | -510 | 15.296 | 25.585 |

Additional key performance indicators

| Profitability | 12M/2021 | 12M/2020 | Δ in % |
|--|-----------------|-----------------|---------------|
| Return on average assets | 4,3% | 4,7% | -0,4% |
| Return on average equity | 25,8% | 26,2% | -0,4% |
| Interest income/Average interest earning assets | 43,8% | 44,1% | -0,4% |
| Interest income/Average gross loan portfolio | 44,9% | 47,5% | -2,6% |
| Interest income/Average net loan portfolio | 45,6% | 56,3% | -10,7% |
| Interest expense/Interest income | 29,7% | 24,7% | 5,0% |
| Cost of funds | 12,2% | 12,0% | 0,1% |
| Cost of interest-bearing liabilities | 12,7% | 12,5% | 0,1% |
| Net interest margin | 36,7% | 44,6% | -7,9% |
| Net effective annualized yield | 52,4% | 59,1% | -6,7% |
| Net impairment/interest income | 33,8% | 42,2% | -8,4% |
| Net fee and commission income/Total operating income | 92,4% | 93,4% | -1,0% |
| Earnings before taxes/Average total assets | 5,6% | 5,5% | 0,1% |
| Efficiency | 12M/2021 | 12M/2020 | Δ in % |
| Total assets/Employee (in thousand EUR) | 382 | 316 | 20,9% |
| Total operating income/Employee (in thousand EUR) | 140 | 152 | -7,8% |
| Cost/Income ratio | 40,3% | 32,5% | 7,8% |
| Total recurring operating costs/Average total assets | 2,4% | 1,8% | 0,6% |
| Total operating income/ Average total assets | 43,2% | 50,3% | -7,1% |
| Personnel costs/Total recurring operating costs | 266,0% | 413,8% | -147,8% |
| Personnel costs/Total operating income | 14,6% | 14,5% | 0,1% |
| Net operating income/Total operating income | 49,9% | 47,0% | 2,9% |
| Net income (Loss)/Total operating income | 9,9% | 9,3% | 0,6% |
| Profit before tax (Loss)/Interest income | 16,3% | 13,9% | 2,4% |
| Liquidity | 1M/2021 | 12M/2020 | Δ in % |
| Net loan receivables/Total assets | 63,2% | 67,9% | -4,7% |
| Average net loan receivables/Average total assets | 74,8% | 70,9% | 3,9% |
| Net loan receivables/Total liabilities | 74,6% | 83,2% | -8,6% |
| Interest earning assets/Total assets | 66,2% | 86,4% | -20,2% |
| Average interest earning assets/Average total assets | 74,5% | 85,1% | -10,6% |
| Liquid assets/Total assets | 29,4% | 22,9% | 6,6% |
| Liquid assets/Total liabilities | 34,8% | 28,0% | 6,7% |
| Total deposits/Total assets | 0,1% | 0,1% | 0,0% |
| Total deposits/Total liabilities | 0,1% | 0,1% | 0,0% |
| Total deposits/Shareholders' equity | 0,8% | 0,6% | 0,2% |
| Tangible common equity/Tangible assets | 12,2% | 15,8% | -3,5% |
| Tangible common equity/Net receivables | 18,6% | 22,5% | -3,8% |
| Net Loan Receivables/Equity (times) | 4,1 | 3,7 | 11,8% |
| Asset quality | 12M/2021 | 12M/2020 | Δ in % |
| Loan loss reserve/Gross receivables from client | 12,5% | 16,7% | -4,2% |
| Average loan loss reserve/Average gross receivables from clients | 14,3% | 15,5% | -1,2% |
| Cost of risk | 15,2% | 20,0% | -4,8% |
| Gross NPL ratio | 18,1% | 23,5% | -5,4% |
| Impairment coverage ratio | 69,0% | 71,1% | -2,1% |
| Selected operating data | 12M/2021 | 12M/2020 | Δ in % |
| Number of employees (adjusted to full-time) | 437 | 369 | 18,3% |
| Average monthly gross salary in group (in EUR) | 1.462 | 1.564 | -6,5% |

DEFINITIONS

EBITDA – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt or any interest earned on debts

Adjusted EBITDA – A non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) adjusted for income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items

Adjusted interest coverage – Adjusted EBITDA/interest expense

Cost of risk – Annualized net impairment charges/average gross loan portfolio (total gross loan portfolio as of the start and end of each period divided by two)

Cost/income ratio – Operating costs/operating income

Equity/assets ratio – Total equity/total assets

Equity/net loan portfolio – Total equity/net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing loan portfolio (including accrued interest) with a delay of over 50 days/gross loan portfolio (including accrued interest)

Gross loan portfolio – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Impairment coverage ratio – Total impairment/gross NPL (+50 days overdue)

Intangible assets – Intangible IT assets (software and developments costs)

Interest and similar income – Generated from our customer loan portfolio

Loss given default – Loss on non-performing loan portfolio (i.e., 1 – recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net effective annualized yield – Annualized interest income (excluding penalties)/average net loan principal

Net impairment to interest income ratio – Net impairment charges on loans and receivables/interest income

Net interest margin – Annualized net interest income/average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

Net loan portfolio – Gross loan portfolio (including accrued interest) less impairment provisions

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 50 days past due

Overall provision coverage – Allowance account for provisions/non-performing receivables

Profit before tax margin – Profit before tax/interest income

Performing customers – Online lending customers with open loans that are up to 30 days past due

Poorly performing customers – Online lending customers with open loans that are over 30 days and less than 50 days past due

Return on average assets – Annualized profit from continuing operations/average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualized profit from continuing operations/average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

STAGE 1 – The 12MECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

STAGE 2 – When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

STAGE 3 – For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar for Stage 2 assets, with the PD set at 100%.

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IuteCredit Finance S.a.r.l.
14, rue Edward Steichen
2540 Luxembourg
Luxembourg
www.iutecredit.com