



Mortgage Lender

July 2021

www.hipocredit.lv



PTAC

License from Consumer protection center (PTAC) to carry out consumer lending

49%

Secured loans – all loans are secured with real estate pledge with average LTV of 49%

14%

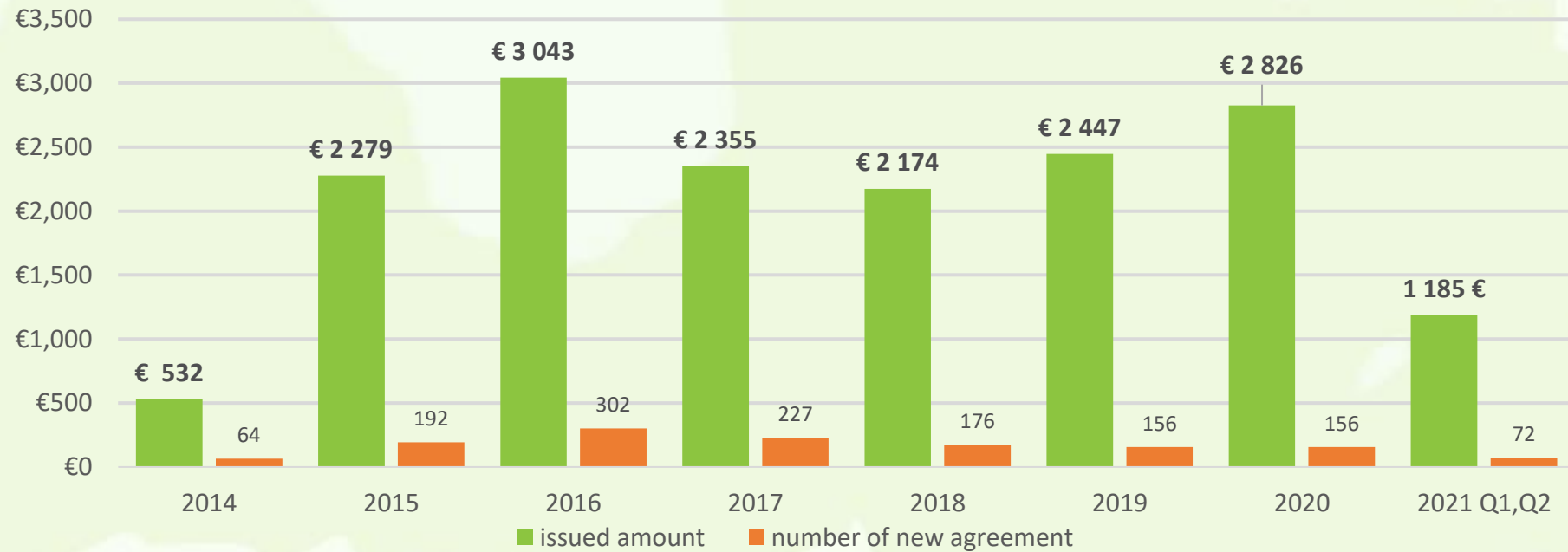
Average interest rate of 14%

25%

25% market share of new non-bank mortgages in Latvia



Originated Loans

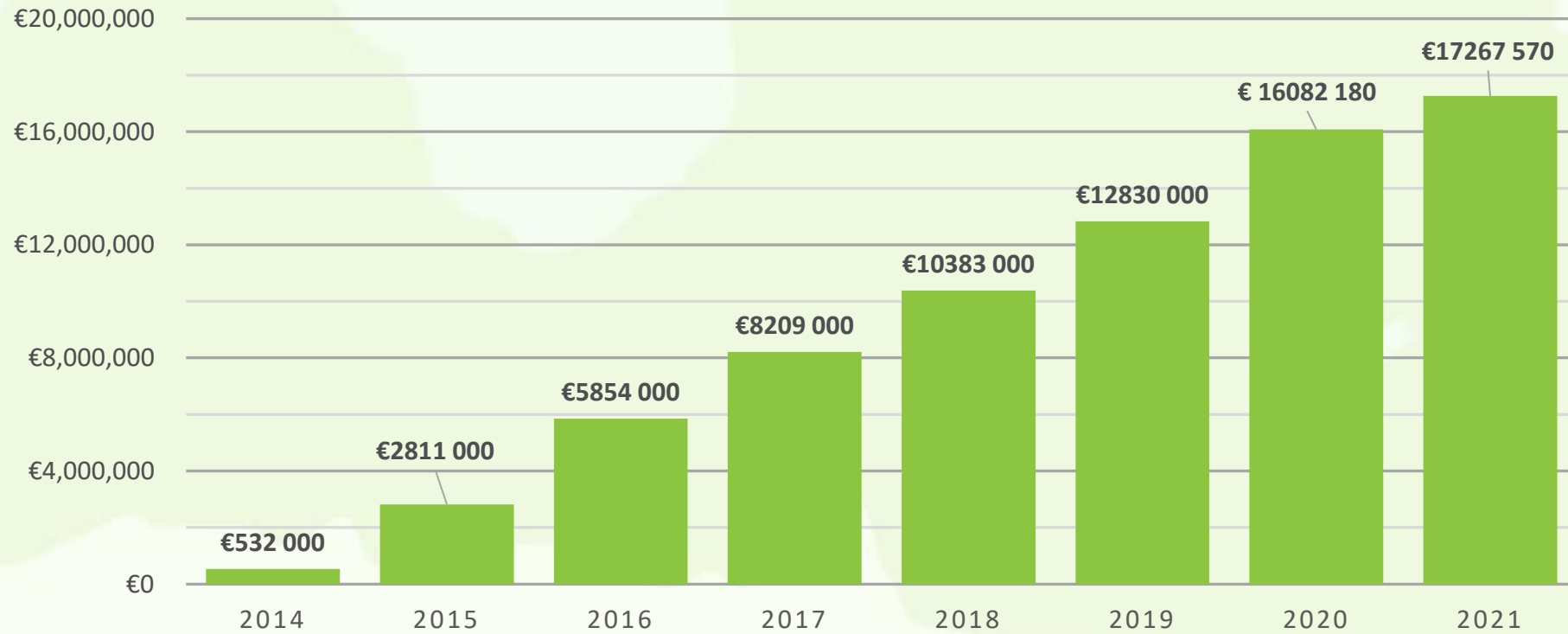


Growing lending volumes – originated 17 mln EUR in loans in 6 years

Very conservative loan approval policy – approved only 10% of received applications

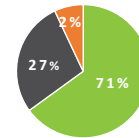
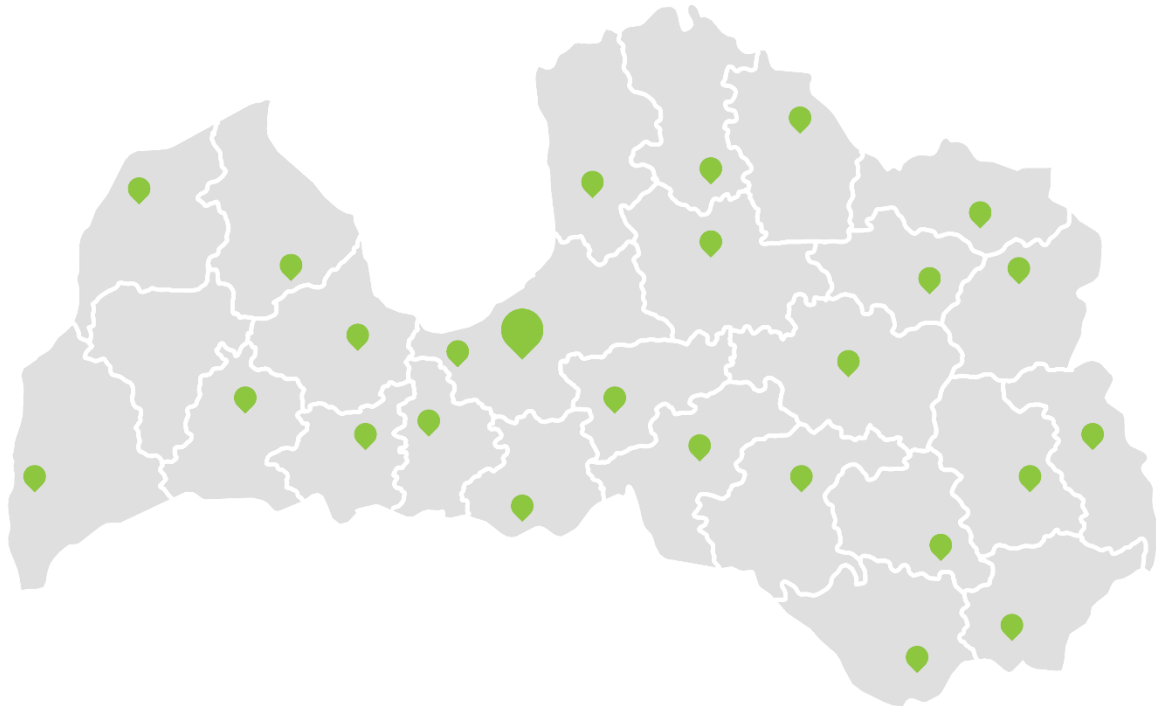


About

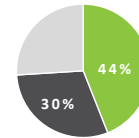


Strategy

Hipocredit's strategy is to originate secure and reliable loans against real estate pledge **across all Latvia**, thereby offering **wider territorial coverage than its competitors** as well as faster and more convenient client service during loan issuance and servicing.



Hipocredit is **mainly** originating **loans against pledge of apartment** (69% of all loans), which at the same time is also the primary place of residence for the borrower, hence significantly reducing the default risk. In addition Hipocredit issues loans against pledge of houses (30%) and commercial real estate (1%).



By issuing loans with average LTV of 49%, as well as by verifying customers stable income (**average DTI is <30%**) and doing due diligence, Hipocredit is **significantly protecting itself from possible credit losses**.



Hipocredit **gives initial offer within couple of hours, examines 100% online and signs all agreements at notary office**. Agreement terms are published on website where client can also have an online chat.

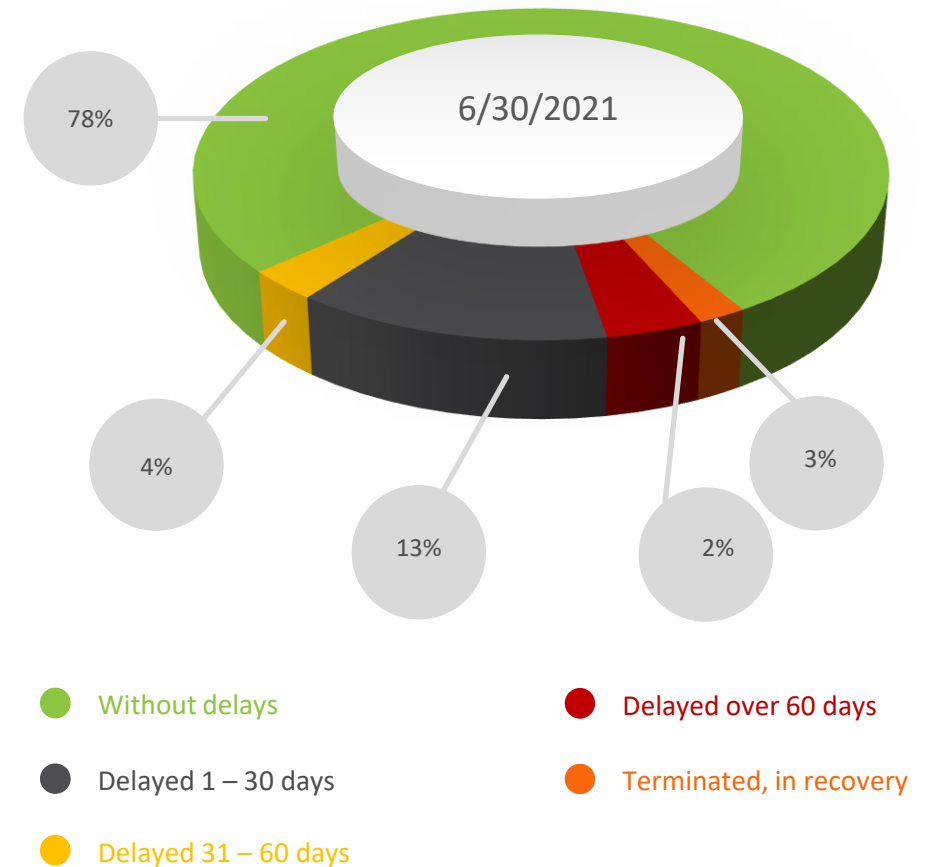


Quality of issued loans

By comparing data gathered by Consumer protection center about non-bank mortgage lenders, Hipocredit has significantly lower amount of loans with larger delays. Hipocredit expects that around 3-4% from originated loans will become default and therefore will require debt recovery procedures. By taking into consideration the low LTV levels, the net loss from credit losses as a result of recoveries are expected to be very small or negligible.

Till now Hipocredit has started recovery of 54 loans. In 37 cases full loan amount has been recovered, while other 17 cases are still in process. Hipocredit does not have any losses so far.

Portfolio Analysis



Financial Data



Profit and Loss Statement

| | Total 2016 | Total 2017 | Total 2018 | Total 2019 | Total 2020 | 30/06/2021 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Income | 314,827 | 543,982 | 853,077 | 1,083,084 | 1,311,570 | 659,868 |
| Commission income | 197,221 | 152,026 | 136,767 | 155,563 | 176,588 | 77,821 |
| Interest income from loans | 105,461 | 391,955 | 716,310 | 927,521 | 1,135,118 | 582,047 |
| Payroll expenses | (72,182) | (83,246) | (61,669) | (78,169) | (116,528) | (48,239) |
| Depreciation and amortization | (27,064) | (35,391) | (39,749) | (16,019) | (3,253) | (1,669) |
| Other operating expenses | (143,047) | (126,061) | (104,265) | (50,091) | (158,953) | (92,388) |
| Marketing and PR expenses | (77,126) | (39,642) | (25,122) | (21,067) | (47,073) | (20,466) |
| Legal expenses | (13,184) | (19,953) | (13,403) | (8,725) | (2,423) | (2,039) |
| IT and communication expenses | (5,781) | (7,746) | (11,518) | (17,259) | (48,338) | (37,666) |
| Loan issuance expenses | (37,800) | (32,154) | (32,954) | (20,570) | (25,414) | (12,267) |
| Rent expenses and related expenses | (4,396) | (9,174) | (11,330) | (11,373) | (10,045) | (5,319) |
| Other costs | (4,761) | (17,391) | (9,938) | (4,724) | (25,660) | (14,631) |
| Expenses for Mintos Marketplace | (33,841) | (51,158) | (41,992) | (42,403) | (42,608) | (23,528) |
| Interest expenses | (22,624) | (287,357) | (481,013) | (539,037) | (597,449) | (310,518) |
| Tax | - | - | (10,142) | (19,646) | (4,216) | (109) |
| Net income | 16,068 | (39,232) | 114,247 | 272,514 | 388,563 | 183,417 |
| EBITDA | 99,598 | 334,674 | 687,143 | 889,619 | 1,036,089 | 519,241 |



Balance Sheet

| | 31/12/2016 | 31/12/2017 | 31/12/2018 | 31/12/2019 | 31/12/2020 | 30/06/2021 |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | 1,577,208 | 3,725,427 | 5,791,304 | 7,134,039 | 8,007,325 | 8,495,524 |
| Cash | 46,201 | 22,753 | 172,484 | 518,139 | 62,323 | 259,638 |
| Loans to customers | 1,423,823 | 3,605,436 | 5,278,538 | 6,584,234 | 7,842,543 | 8,185,799 |
| Fixed assets | 5,439 | 3,418 | 2,106 | 1,191 | 467 | 251 |
| Intangible assets | 40,782 | 31,431 | 19,599 | 5,658 | 6,409 | 9,517 |
| Other assets | 60,963 | 62,389 | 59,519 | 24,817 | 65,318 | 40,319 |
| Equity | 125,869 | 95,968 | 180,072 | 442,551 | 831,114 | 1,014,531 |
| Share capital | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Retained earnings | (390,200) | (364,773) | (434,309) | (329,963) | (57,449) | 331,114 |
| Current year result | 16,069 | (39,259) | 114,381 | 272,514 | 388,563 | 183,417 |
| Liabilities | 1,451,339 | 3,629,461 | 5,611,233 | 6,691,488 | 7,176,211 | 7,480,993 |
| Other liabilities | 33,265 | 76,882 | 849,038 | 1,887,994 | 1,251,218 | 1,034,053 |
| Borrowings - related | 790,639 | 1,175,164 | 2,860,000 | 2,109,539 | 2,845,000 | 3,245,000 |
| Borrowings - Mintos Finance | 620,956 | 1,635,375 | 1,888,806 | 2,663,383 | 3,061,637 | 3,197,012 |
| Borrowings - Bank | - | 736,744 | - | - | - | - |
| Salary and taxes payables | 6,479 | 5,296 | 13,389 | 30,572 | 18,356 | 4,928 |



Covid-19





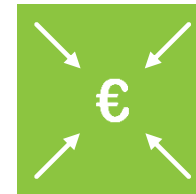
Hipocredit continues new loan application acceptance and examination



All employees are working from home having all the necessary equipment



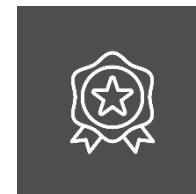
Company evaluates borrower's insolvency more strictly, paying special attention to client's workplace industry and its potential



During the crisis Hipocredit offers reduced monthly payments and loan agreement extensions, carefully examining every request and its validity



Loan agreements are signed with e-signature and meetings with notary are organized as video conferences. Notary examines all the documents and sends them electronically to the Land register



Portfolio quality and debt collection is a priority at Hipocredit



THANK YOU
FOR YOUR TIME



hipocredit

www.hipocredit.lv

info@hipocredit.lv

+371 67 333 773