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 MyIute 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 IuteGroup, 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, IuteGroup 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, IuteGroup 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 Iute with e-commerce solutions. Impressive evidence includes more than 180,000 MyIute app users, over 30 self-operated ATMs, and other fintech solutions from IuteGroup 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 Iute 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, IuteGroup 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 Iute'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 IuteGroup'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 IuteCredit 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%

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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 IuteCredit 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 IuteCredit SRL (**ICM**) in Moldova, IuteCredit Albania SHA (**ICA**), IuteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, IutePay Bulgaria EOOD (**IutePay Bulgaria**) and IuteCredit Bulgaria EOOD (**ICBG**), MKD IuteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as IuteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and VeloxPay SH.P.K (**Velox**) in Albania.

At the beginning of July 2019, ICG acquired IuteCredit Finance S.a.r.l. to act as a financing intermediary for the entire Group. In July 2019, IuteCredit 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, IuteCredit 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 IuteCredit Group (**ICG**). ICG consisted of nine companies, regardless that one of them was unconsolidated and reclassified.

ICE is responsible for strategic management, including:

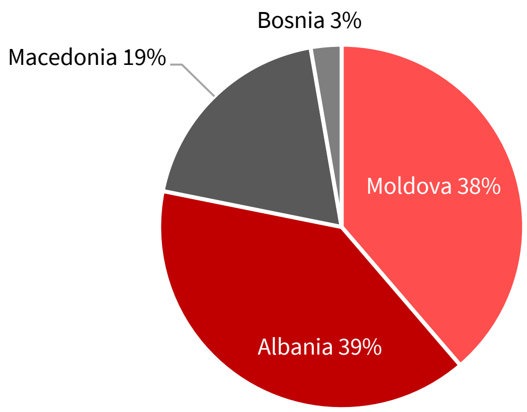
- Strategic targeting
- Organizational structure and manning of the management teams
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Sales and marketing framework rules and targeting guidance
- Service process 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).

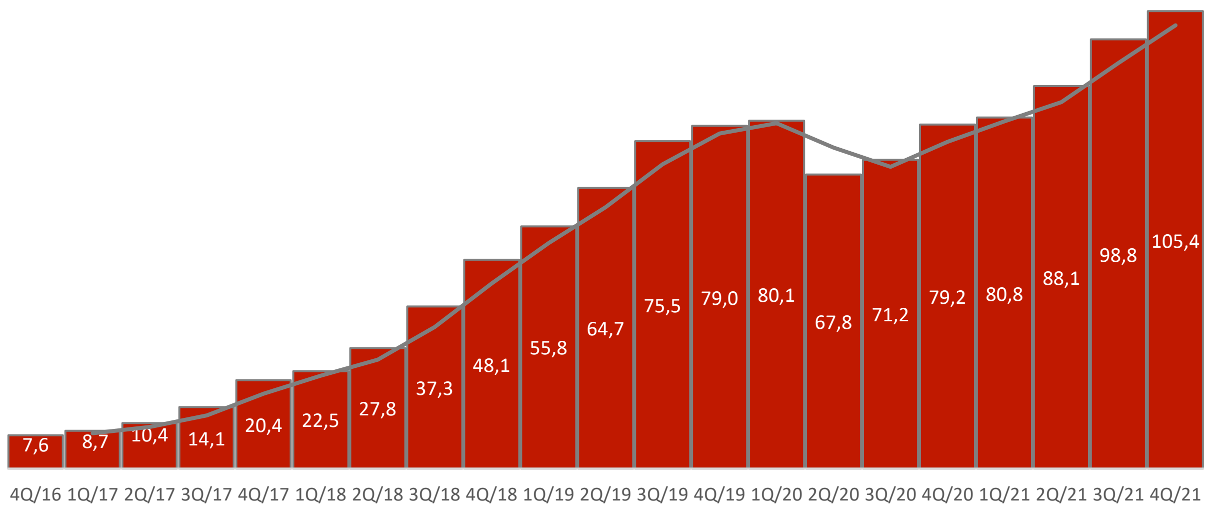
Breakdown of portfolio diversification as of 31/12/2021



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 IuteCredit branches (retail offices). By the end of December 2021, IuteCredit had 44 IuteCredit branches and 1.225 shops. Traditionally, ICG handles money only via bank accounts or over the counter through its agents. With the introduction of IuteCredit 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%**

IuteCredit'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

	12M/2021					12M/2020					Δ in %		
in pcs	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.

	31 Dec 2021				31 Dec 2020			
(In thousand EUR)	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	91.353	86,7%	64.796	81,8%
Stage 2	2.120	2,0%	1.209	1,5%
Stage 3	11.899	11,3%	13.182	16,6%
Total net portfolio	**105.372**	**100,0%**	**79.187**	**100,0%**
Gross NPL ratio	**18,1%**		**23,5%**	
Impairment coverage ratio	**69,0%**		**71,1%**	

The table has been changed from the previously published version because of errors in the data update.

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%**
	weighted average interest rate	**10.287**	**41.852**	**-75,4%**
	currency	*EUR, MDL, USD; ALL; MKD*	*EUR, MDL, USD; ALL; MKD*	

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.

IuteCredit 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 IuteCredit'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, IuteCredit 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	1,6	1,9	-16,3%
(Adjusted EBITDA/interest expenses)			
Financial covenant at least	1,5		

Distribution of investor loan (Mintos)

	Mintos loans			Net loan portfolio			
(In thousand EUR)	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 IuteCredit 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, IuteCredit 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, IuteCredit 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, IuteCredit is working towards a rapid and orderly transition of the bank's overall share ownership and operational control. IuteCredit plans to acquire maximum ownership of the bank by purchasing shares at market conditions.

Velox Pay SH.P.K Albania (IuteCredit Albania), a wholly owned subsidiary of IuteCredit Europe, in February received approval of an e-money license from the Central Bank of Albania. IuteCredit 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 MyIute mobile app. As a result, IuteCredit 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	8.194	7.890	3,9%
Loan administration fees and penalties in total	**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**	**27,7%**
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%

The table has been changed from the previously published version because of design adjustments.

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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IMPRINT

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