IuteCredit reports unaudited results for 3M/2020

Pleasing 3M results – Outlook for 2020 as a whole affected by COVID-19 pandemic

Operational Highlights

- Number of loans issued in period under review up 10% to 32.152 (3M/2019: 29.223)
- Principal amount of loans issued up 8% to 31,7 million EUR (3M/2019: 29,3 million EUR)
- Gross loan portfolio up 4% to 96 million EUR (31/12/2019: 92 million EUR)
- Personnel increase to 360 employees (31/12/2019: 347 employees) in line with the expansion of business activities

Financial Highlights

- Interest income up almost 62% to 12,9 million EUR (3M/2019: 8,0 million EUR)
- Net interest and commission fee income increased more than 59% to 10,2 million EUR (3M/2019: 6,4 million EUR)
- EBITDA increased by almost 32% to 5,4 million EUR (3M/2019: 4,1 million EUR)
- Cost to income ratio at close to 29% (3M/2019: 58%), reflecting different portfolio size and corresponding income as well as IT development costs recorded as expenses in 3M/2019 which were reclassified to intangible assets at the end of 2019.
- Net profit for the period decreased by more than 16% to 1,5 million EUR (3M/2019: 1,8 million EUR) mainly due to foreign exchange losses in amount of 2,2 million EUR.

Please note that compared to the original publication in the Operational Highlights as well as in the Management Statement, a reference to the license revocation in Kosovo has been added. The Management Statement was also supplemented by a statement on the future development of the financial sector.

Statement of the Management

The Q1 2020 results were pleasing and almost in line with our targets. IuteCredit Group grew its loan portfolio at strong annual percentage rates, attracted more customers, and the customers maintained good repayment discipline. All in all, that resulted in a net profit of 1,5 million EUR. Adjusted for exchange rate losses, our net result would have been 3,7 million EUR. Nevertheless, the 3M report is only a glance into the rear mirror. As a result of the challenges posed by the COVID-19 pandemic, the strategic and operational approach for the second quarter of 2020 and beyond is much more relevant.

In the second half of March 2020 and the first weeks of April, we saw a COVID-19-related decline in customer demand for our loans of around 80%. The demand for new loans, like any other economic activity, fell when consumption came to a standstill due to closed shops and imposed curfews. Simultaneously, we started to observe repayment difficulties by our customers, either caused by public lockdown that prevented customers from free movement to repayment counters, or more importantly caused by drying up of the customers' earnings.

Consequently, we have since the beginning of March shifted the focus from growth to a. strengthening the balance sheet by increasing the share of EUR nominated cash; b. keeping the amount of equity; and c. controlled contraction of the balance sheet (cashing loans in), that we expect to continue as long as our home markets continue contraction. The contraction of balance sheet in March reversed the growth of balance sheet that we achieved during January and February. As at the end of February, the balance sheet had reached its peak of 112 million EUR.

Cashflow now has a decisive function to steering, for example, the volume and price of loans issued and our operating expenses. In other words, new loans to customers can be originated only to the extent where we have met the loan repayment targets (cash in targets) and operating expense cut targets first.

Group cash position reached close to 9 million EUR (8% of the balance sheet) by the end of March and the cash share of the balance sheet is expected to exceed 12% by end of Q2. This is a historically unprecedented level that reflects the actions above.

We expect a gradual easing of curfews in the second quarter so that technical preconditions for domestic consumption and for conducting repayments will improve again. However, the business environment will likely stabilize with a time lag only once the underlying medical crisis has been stabilized and new social normality has been achieved in Europe.

Over the next four quarters, we also expect national rallies to restart the emerging economies. Experience shows that certain national governments and central banks are rather inclined to boost the exports and cure the national budget and foreign trade deficits with national currency depreciation.

We would like to stress that the demand for loans as a result of financial difficulties will not be a substitute for the demand that IuteCredit strives to meet. IuteCredit sticks to its business model built on sustainable lending that has a positive social impact and helps people who can afford to make monthly repayments, according to a pre-agreed schedule.

In an operationally extremely dynamic environment, the primary objective of IuteCredit Management is to maintain both equity and debt capital and to guarantee interest payments to debt capital investors. To reach that objective, the company must at minimum break-even during 2020. At the same time, we collect and analyze extensive data to set IuteCredit for the time after COVID-19. We are convinced that the demand for consumer credit, backed by individual earnings, will again grow in the future. The current challenge is to build a bridge from today to this future. IuteCredit is well-armed to both mitigate the financial impact of COVID-19 and grow in the new post-crisis normality.

Taking into account the unprecedented challenges for society as a whole in connection with the unpredictable development of the COVID 19 pandemic, we are convinced, with commercial prudence, that we will not be able to achieve our initial targets for 2020 as a whole. The economic impact of the pandemic cannot be determined in detail or reliably quantified at present, so we expect IuteCredit results to be below those of the previous year.

COVID-19 impact mitigation

ACTIONS TAKEN

1. Shift from growth to strengthening and controlled contraction of the balance sheet. Cashflow as decisive function, to steering, for example, the volume and price of loans issued and our operating expenses.
2. Operating expenses (OPEX) cut by more than 25% with an almost unchanged staff size –most significant reductions relate to salaries, marketing and sales, R&D, and leases. Expenses strictly controlled in line with cash inflow.
3. Capital expenses on R&D of core loan origination technology and customer experience continue and will pay off in future to generate more revenue from a larger customer base.
4. New loan issuance significantly restricted – Credit risk requirements for customers increased while the maximum exposure per customer reduced.
5. Loan provisions increased in the first quarter in anticipation of future impairments.
6. Operations of start-up subsidiary IuteCredit Bulgaria frozen to a minimum.
7. Discounted buyback of short-term loans offered on Mintos P2P platform. Low demand speaks for investor confidence in IuteCredit.
8. Assistance for COVID-19 affected customers beyond the emergency provisions. Three-month grace period offers for repayment of loans in all markets – even without a legal obligation. At the same time, interest and commission fees continue to accrue. In addition, customers receive offers to restructure the maturities; early repayment is rewarded with a discount on fees.
9. Cash position of 9 million EUR by 31 March 2020, representing 8% of the balance sheet. Accumulation targeted of at least 12% of the balance sheet by end of 6M2020.

Key consolidated financial figures

	3M/2020	3M/2019	Δ in %	12M/2019
Capitalization				
Gross loan portfolio (in thousand EUR)	95.571	67.172	42,3%	92.105
Net loan portfolio (in thousand EUR)	80.142	55.838	43,5%	79.005
Assets (in thousand EUR)	105.987	68.406	54,9%	106.254
Equity (in thousand EUR	19.014	13.703	38,8%	18.506
Equity to assets ratio	17,9%	20,0%	-2,1%	17,4%
Capitalization ratio	23,7%	24,5%	-0,8%	23,4%
Interest coverage ratio	2,8	2,6	5,0%	2,2
Profitability				
Interest income	12.937	7.990	61,9%	46.994
Net interest margin	14,0%	14,7%	-0,7%	56,2%
Cost to income ratio	28,5%	57,6%	-29,1%	42,8%
Post-allowances operating profit margin	11,0%	13,4%	-2,4%	40,5%
EBITDA	7.642	4.231	80,6%	20.165
Profit margin before tax	17,5%	28,7%	-39,1%	22,3%
Net profit	1.475	1.764	-16,4%	8.371
Return on assets	1,7%	3,7%	-2,0%	10,4%
Return on equity	9,0%	19,5%	-10,5%	53,7%
Assets quality				
Cost of risk	4,9%	2,1%	2,8%	14,3%
Impairment coverage ratio	87,1%	90,9%	-4,2%	88,5%
Gross NPL ratio	18,5%	18,6%	-0,1%	16,1%
Net NPL ratio	6,5%	7,0%	-0,6%	4,9%

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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 36 months and car-secured loans with maturities up to 60 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 March 2020, ICE had eight operating subsidiaries: ICS OMF IuteCredit SRL (**ICM**) in Moldova, IuteCredit Albania SHA (**ICA**), IutePay Albania SH.P.K (**IutePay Albania**), 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.

IuteCredit Kosovo JSC (**ICKO**) was also considered as part of the consolidated group until it has been deconsolidated and reclassified as a financial investment at the end of November 2019.

FINAL SHA (**FINAL**, direct subsidiary of ICA) was sold in May 2019. For the Group, the sale ended up with a profit of 145 thousand EUR taken also account reclassified unrealized foreign exchange differences from other comprehensive income (OCI).

IutePay Albania SH.P.K. (**IutePay Albania**) incorporated on 2 July 2018 remained in inactive status during 3M2020, as of 31 March 2020 share capital is not paid in.

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.

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

ICE is responsible for strategic management, including:

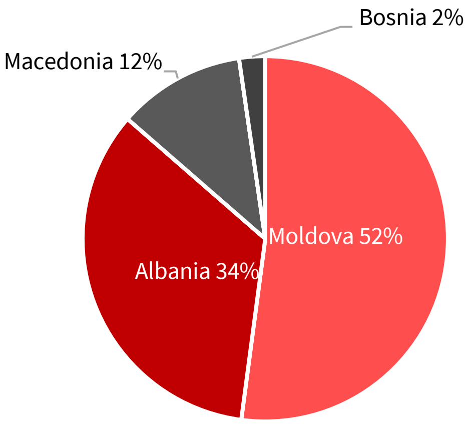
- Strategic targeting
- Organizational structure and manning of the management teams
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Sales and marketing framework rules and targeting guidance
- Service process design and technological development
- Risk management, including loan products approval and general compliance framework
- Data harvesting
- 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 36 months and car-secured loans with maturities of up to 60 months. The median loan amount is above 400 EUR, whereas loan amounts range between 25 EUR and 10 thousand EUR. The weighted average annual percentage rate (APR) is 60% and effective interest rate (EIR) 92% depending on the loan amount, maturity and status of customer (new or recurring client with good payment history).

Breakdown of portfolio diversification as of 31/03/2020

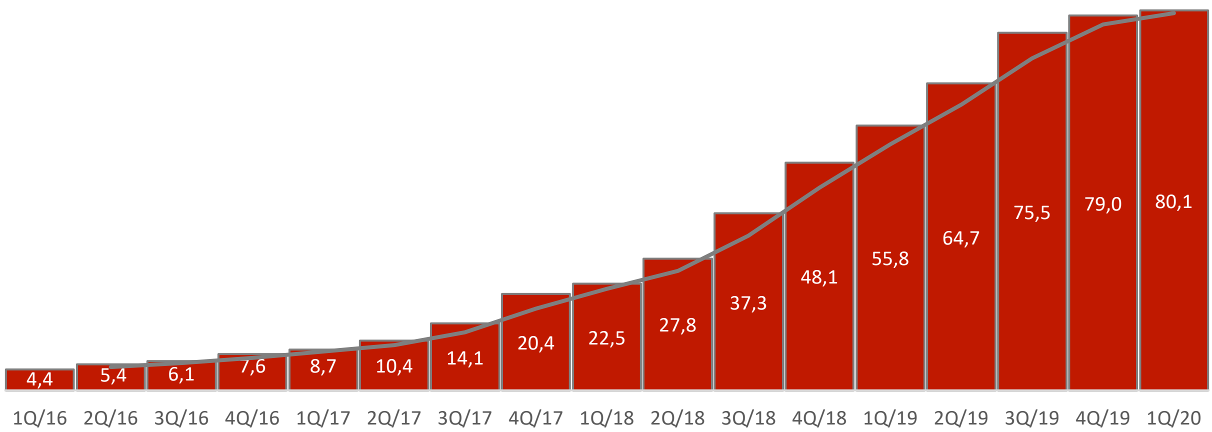


Since Bosnia commenced operations only in June 2019, its share of the Group's loan portfolio is still insignificant as of 31 March 2020.

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 54% 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 March 2020, IuteCredit had 37 IuteCredit branches and 2.392 shops, and thousands of other points of sale. ICG handles money only via bank accounts or over the counter through its agents and does not perform cash operations itself.

Breakdown of portfolio development in EUR (million)



Earnings, financial and asset position

Condensed statement of profit and loss

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Interest and similar income	12.937	7.990	61,9%
Interest and similar expense	-2.768	-1.609	72,1%
Net interest and commission fee income	**10.169**	**6.381**	**59,4%**
Loan administration fees and penalties	2.174	-1.008	n/a
Total loan administration fees and penalties	**2.174**	**-1.008**	**n/a**
Other income	597	33	1708,7%
Allowances for loan impairment	-3.992	1.031	n/a
Net operating income	**8.947**	**6.437**	**39,0%**
Personnel expenses	-2.185	-1.350	61,9%
Depreciation/amortization charge	-406	-229	77,2%
Other operating expenses	-1.888	-2.465	-23,4%
Total operating expenses	**-4.479**	**-4.044**	**10,8%**
Foreign exchange gains/losses	-2.204	-96	2195,9%
Total foreign exchange gains/losses	**-2.204**	**-96**	**2195,9%**
Profit before tax	**2.264**	**2.297**	**-1,4%**
Income tax expense	-789	-533	48,0%
Net profit for the period	**1.475**	**1.764**	**-16,4%**

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 consequence of non-performance of loan repayment payments on 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.

Interest income

Interest income for the period significantly increased by 61.9% to 12.937 thousand EUR (3M/2019: 7.990 thousand EUR), slightly lower than the 73,6% increase in the average net loan portfolio. While recording a slightly lower average interest rate, customers prematurely repaid their loans.

Breakdown of interest income

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Total value of loan principal issued	31.673	29.320	8,0%
Average net loan portfolio	67.990	39.167	73,6%
Principal	83.977	60.780	38,2%
Accrued interest	11.594	6.393	81,4%
Average annualized interest rate on net portfolio	65,9%	72,0%	-8,5%
Interest income	13.534	8.023	68,7%
Interest on loans to customers and commission	12.937	7.990	61,9%
Other interest	597	33	1708,7%

Breakdown of interest income by countries

	3M/2020	Total share in %	3M/2019	Total share in %	Δ in %
Moldova	6.670	51,6%	3.840	48,1%	73,7%
Albania	4.669	36,1%	2.756	34,5%	69,4%
Macedonia	1.303	10,1%	679	8,5%	91,9%
Bosnia	295	2,3%	0	0,0%	100,0%
Kosovo	0	0,0%	715	8,9%	-100,0%
In total	**12.937**	**100,0%**	**7.990**	**100,0%**	**61,9%**

Interest expense

Interest expense for the period increased by 72,1% to 2.768 thousand EUR (3M/2019: 1.609 thousand EUR), in connection with the borrowing resulting from the expansion of business activities in 2019.

Breakdown of interest expense

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Interest on amounts due to creditors	-1.453	-1.120	29,8%
Interest on financial lease liabilities	-22	-34	100,0%
Interest on bonds	-1.293	-455	184,1%
Total	**-2.768**	**-1.609**	**72,1%**

Loan administration fees and penalties

Income from other fees and penalties increased by 315,7% to 2.174 thousand EUR (3M/2019: -1.008 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees. The revenue of the previous year period was influenced by the reappraisal of penalties and delay interest, which gives a more conservative approach. Assessment is done on the cash-based method since 2019 according to what penalties are recorded from the moment of receiving the cash. The retrospective effect to the previous periods is unmeasurable.

Breakdown of administration fees and penalties

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Penalties under loans and delay interests	2.212	795	178,2%
Reappraisal of secondary revenue	0	-1.817	100,0%
Resigns under customer loans	165	179	-7,7%
Dealer bonuses	-203	-165	22,9%
Total	**2.174**	**-1.008**	**-315,7%**

Allowances for loan impairment

Change in allowances for loan impairment increased to -3.992 thousand EUR (3M/2019: 1.031 thousand EUR) higher than the growth in loans granted.

Breakdown of allowances for loan impairment

(in thousand EUR)	3M/2020	3M/2019	Δ in %
At the beginning of the period	**-13.100**	**-12.465**	**5,1%**
Allowances for loan impairment	-3.992	1.031	-548,4%
Utilized	1.081	46	2249,2%
Exchange differences	582	54	977,8%
At the end of the period	**-15.429**	**-11.334**	**36,1%**

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Impairment charges on loans	-4.041	655	-716,9%
Recovery from written-off loans	49	376	-87,0%
Net impairment charges	**-3.992**	**1.031**	**-487,2%**

Overall net impairment losses represented 30,9% of interest income (3M/2019: 12,9%), representing an increase of 18% which is mainly due to changes of DPD recognition as described in breakdown of portfolio classification. The cost of risk, which is net impairment charges to average gross loan portfolio, decreased by 60,8% to 5,6% (31/12/2019: 14.3%).

The positive result in changes of allowances in 3M/2019 was strongly influenced by the implementation of the cash-based method the in secondary revenue approach, after what the quality of the total loan portfolio improved.

Operating expense

Operating expense for the period increased by 10,8% to 4.479 thousand EUR (3M/2019: 4.044 thousand EUR) Marketing expenses accounted for 10,4% (3M/2019: 19.5%) of operating expenses. The cost to income ratio for the period decreased by 50,5% to 28,5% (3M/2019: 57,6%), related to different portfolio size of the at the end of the comparative period and the corresponding income. IT development costs recorded as expenses in 3M/2019 were reclassified to intangible assets at the end of 2019.

Breakdown of operating expense

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Personnel	-2.185	-1.350	61,9%
Advertising expenses	-466	-790	-41,0%
Research and development	0	-598	-100,0%
IT	-365	-109	234,5%
Debt collection	-81	-86	-5,7%
Legal and consulting	-188	-89	111,6%
Rent and utilities	51	-53	-195,7%
Taxes	-117	-80	45,6%
Travel	-90	-76	18,0%
Other	-1.038	-813	27,7%
Total	**-4.479**	**-4.044**	**10,8%**

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased stronger than the build-up in headcount by 61,9% to 2.185 thousand EUR (3M/2019: 1.350 thousand EUR), mostly due to employment of highly qualified specialists (in-house IT department) and one-time motivational bonuses paid out for the subsidiaries whose result was negative. The average staff number in full-time equivalents was at 360 employees on par with the same period of the previous year (3M/2019: 277 employees).

Breakdown of personnel expenses

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Salaries and bonuses	-1.835	-1.026	78,8%
Social security expenses	-288	-244	18,0%
Medical insurance expenses	-25	-8	213,9%
Other expenses	-38	-72	-47,6%
Total	**-2.185**	**-1.350**	**61,9%**
Number of employees adjusted to full-time	360	277	25,6%

Other operating expenses

Other operating expenses, mainly for advertising services, outsourced services, and telecommunication and IT, decreased by 23,4% to 1.888 thousand EUR (3M/2019: 2.465 thousand EUR).

Breakdown of other operating expenses

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Advertising expenses	-466	-790	-41,0%
Outsource services	-199	-315	-37,0%
Repair, maintenance of property and equipment	-73	-140	-48,2%
Utilities	-77	-40	91,8%
Telecommunication and IT	-365	-708	-48,5%
Small items of equipment	-55	-27	104,6%
Transportation	-90	-76	18,0%
Withheld taxes	-117	-80	45,6%
Other operating expenses	-448	-289	55,0%
Total	**-1.888**	**-2.465**	**-23,4%**

Foreign exchange gains/losses

Foreign exchange movements resulted in a loss of 2.204 thousand EUR (3M/2019: 96 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased by 1,4% to 2.264 thousand EUR (3M/2019: 2.297 thousand EUR). The profit margin before tax decreased by 39,1% points to 17,5% (3M/2019: 28,7%).

Income tax expense

Income tax expense increased by 48,0% to 789 thousand EUR (3M/2019: 533 thousand EUR).

Breakdown of income tax

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Consolidated profit before tax	2.264	2.297	-1,4%
Current income tax expense	-789	-533	48,0%
Net profit for the period	**1.475**	**1.764**	**-16,4%**

Profit for the period

Net profit for the period decreased by 16,4% to 1.475 thousand EUR (3M/2019: 1.764 thousand EUR). Adjusted for exchange rate losses, our net result would have been 3,7 million EUR.

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(in thousand EUR)	3M/2020	3M/2019	3M Δ in %	12M/2019	12M/2018	12M Δ in %
Profit for the period	1.475	1.764	-16,4%	8.371	7.256	15,4%
Provision for corporate income tax	789	533	48,0%	2.096	2.244	-6,6%
Interest expense	2.768	1.609	72,1%	8.968	3.855	132,7%
Depreciation and amortization	406	229	77,2%	1.239	220	464,2%
EBITDA	**5.438**	**4.135**	**31,5%**	**20.674**	**13.574**	**52,3%**
Adjustments	-2.204	-96	2195,9%	510	662	-23,0%
Adjusted EBITDA	**7.642**	**4.231**	**80,6%**	**20.165**	**12.913**	**56,2%**

Breakdown of adjustments to EBITDA

(in thousand EUR)	3M/2020	3M/2019	3M Δ in %	12M/2019	12M/2018	12M Δ in %
Foreign exchange gains/losses	-2.204	-96	2195,9%	510	662	-23,0%
Adjustments	**-2.204**	**-96**	**2195,9%**	**510**	**662**	**-23,0%**

Condensed statement of financial position

(in thousand EUR)	31 Mar 2020	31 Dec 2019	Δ in %
ASSETS			
Cash and bank accounts	8.815	6.734	30,9%
Loans to customers	80.142	79.005	1,4%
Prepayments	610	913	-33,2%
Other assets	2.267	2.489	-8,9%
Assets held for sale	11	5	120,0%
Other financial investments	6.801	9.908	-31,4%
Property, plant and equipment	1.081	1.025	5,6%
Right-of-use assets	2.821	2.850	-1,0%
Intangible assets	3.440	3.326	3,4%
Total assets	**105.987**	**106.254**	**-0,3%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	84.176	84.073	0,1%
Trade and other payables	645	1.031	-37,5%
Current income tax liabilities	447	455	-1,7%
Deferred tax liabilities	323	289	11,8%
Other liabilities	1.382	1.901	-27,3%
Total liabilities	**86.973**	**87.749**	**-0,9%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	537	398	34,8%
Unrealized foreign exchange differences	-394	72	-647,5%
Retained earnings	8.872	8.035	10,4%
Total equity	**19.014**	**18.506**	2,7%
Total equity and liabilities	**105.987**	**106.254**	**-0,3%**

Other financial investments relate mainly to the recognition of ICKO as a financial investment and the deposits in Albania and Bosnia and Herzegovina.

Assets

Total assets slightly decreased by 0,3% to 105.987 thousand EUR as of 31 March 2020 (31 December 2019: 106.254 thousand EUR).

Loan portfolio

The net loan portfolio increased by 1.4% to 80.142 thousand EUR as of 31 March 2020 (31 December 2019: 79.005 thousand EUR).

Breakdown of net portfolio

(in thousand EUR)	31 Mar 2020	Total in %	31 Dec 2019	Total in %	Δ in %
Moldova	41.748	52,1%	41.268	52,2%	1,2%
Albania	27.489	34,3%	28.465	36,0%	-3,4%
Macedonia	9.059	11,3%	8.031	10,2%	12,8%
Bosnia	1.846	2,3%	1.241	1,6%	48,7%
Total net loan portfolio	**80.142**	**100,0%**	**79.005**	**100,0%**	**1,4%**

Breakdown of loan applications

	3M 2020					3M 2019					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	65.275	34.133	13.732	52,3%	40,2%	65.578	34.862	12.878	53,2%	36,9%	-0,5%	-2,1%	15,4%
Albania	49.153	29.713	12.183	60,5%	41,0%	36.783	23.852	9.816	64,8%	41,2%	33,6%	24,6%	19,3%
Macedonia	25.535	13.108	5.075	51,3%	38,7%	17.780	8.105	2.541	45,6%	31,4%	43,6%	61,7%	20,0%
Kosovo	0	0	0	0,0%	0,0%	27.104	8.868	3.988	32,7%	45,0%	-100,0%	-100,0%	-45,0%
Bosnia	4.737	1.664	1.162	35,1%	69,8%	0	0	0	0,0%	0,0%	100,0%	100,0%	35,1%
In total	**144.700**	**78.618**	**32.152**	**54,3%**	**40,9%**	**147.245**	**75.687**	**29.223**	**51,4%**	**38,6%**	**-1,7%**	**3,9%**	**15,7%**

Breakdown of issued loans APR on country level

(in %)	3M/2020	3M/2019	Δ in %
Moldova	53,2%	59,6%	-10,9%
Albania	61,9%	69,1%	-10,4%
Macedonia	50,2%	79,0%	-36,5%
Kosovo	0,0%	79,8%	-100,0%
Bosnia	73,3%	0,0%	100,0%
ICG average	**59,6%**	**71,9%**	**-39,4%**

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 %)	3M/2020	3M/2019	Δ in %
Moldova	85,0%	87,1%	-2,4%
Albania	83,3%	88,4%	-5,8%
Macedonia	88,8%	85,2%	4,2%
Kosovo	0,0%	85,6%	-100,0%
Bosnia	75,8%	0,0%	100,0%
ICG weighted average	**84,7%**	**86,8%**	**-2,4%**

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 Mar 2020				31 Dec 2019			
(in thousand EUR)	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	77.860	-2.898	74.963	93,5%	77.307	-2.147	75.160	95,1%
Non-Performing	17.711	-12.532	5.179	6,5%	14.798	-10.953	3.845	4,9%
Total portfolio	**95.571**	**-15.430**	**80.142**	**100,0%**	**92.105**	**-13.100**	**79.005**	**100,0%**

(in thousand EUR)	31 Mar 2020	Total share in %	31 Dec 2019	Total share in %
Stage 1	71.889	89,7%	73.681	93,3%
Stage 2	3.073	3,8%	1.526	1,9%
Stage 3	5.180	6,5%	3.798	4,8%
Total net portfolio	**80.142**	**100,0%**	**79.005**	**100,0%**
Gross NPL ratio	18,5%		**16,1%**	
Impairment coverage ratio	87,1%		**88,5%**	

The total share of poorly performing loan portfolio (Stage 2 and Stage 3) has increased due to the COVID-19 pandemic which has had a negative impact on customer payments.

Distribution principles between stages

	31 Mar 2020	31 March 2019
Stage 1	DPD <=30	DPD <=5
Stage 2	30 < DPD <=50	5 < DPD <=50
Stage 3	DPD > 50	DPD > 50

Other assets and prepayments

Breakdown of other assets and prepayments

(in thousand EUR)	31 Mar 2020	31 Dec 2019	Δ in %
Deferred tax assets	38	22	73,3%
Prepayments of rent	69	18	291,3%
Prepayment of taxes	353	700	-49,7%
Prepayments to suppliers and deferred expenses	150	174	-13,6%
Prepayments in total	**610**	**913**	**-33,3%**
Receivables from collection companies	1.651	452	265,2%
Other receivables	11	23	-53,2%
Deposit receivables from partners	605	2.013	-70,0%
Trade and other receivables in total	**2.267**	**2.489**	**-8,9%**
TOTAL	**2.876**	**3.402**	**-15,5%**

Liabilities

As of 31 March 2020, total liabilities decreased by 0,9% to 86.973 thousand EUR (31 December 2019: 87.749 thousand EUR).

Breakdown of loans and borrowings

As of 31 March 2020, loans and borrowings amounted to 84.176 thousand EUR (31 December 2019: 84.073 thousand EUR), accounting for 96,8% of all liabilities (31 December 2019: 95,8%).

(in thousand EUR)		31 Mar 2020	31 Dec 2019	Δ in %
Loans from investors		**43.779**	**41.954**	**4,3%**
	Due date during next 12 months	23.335	25.397	-8,1%
	Due date after 12 months	20.444	16.557	23,5%
Bond liabilities		**36.597**	**36.967**	**-1,0%**
	Due date after 12 months	36.597	36.967	-1,0%
Lease liabilities		**2.625**	**2.794**	**-6,0%**
	Due date during next 12 months	831	863	-3,8%
	Due date after 12 months	1.794	1.931	-7,1%
Accrued interest		**1.174**	**2.357**	**-50,2%**
TOTAL		**84.176**	**84.073**	**0,1%**
	weighted average interest rate	*13,1%*	*11,8%*	
	currency	*EUR, MDL, USD; ALL; MKD*	*EUR, MDL, USD; ALL; MKD*	

In line with the expansion of the loan book, loans from investors rose by 4,3% to 43.779 thousand EUR (31 December 2019: 41.954 thousand EUR), of which 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. The Bonds are listed on Frankfurt Stock Exchange Open Market and will be included into Regulated Market during Q2/2020.

Eurobond covenant ratios

	31 Mar 2020	31 Dec 2019	Δ in %
Capitalization			
Capitalization ratio *(equity/net loan portfolio)*	23,7%	23,4%	1,3%
Financial covenant at least	15,0%		

	3M/2020	3M/2019	Δ in %
Profitability			
Interest coverage ratio (ICR), times	2,8	2,6	5,0%
(adjusted EBITDA/interest expenses)			
Financial covenant at least	1,5		

Distribution of investor loan (Mintos)

	Mintos loans			Net loan portfolio			
(in thousand EUR)	**31 Mar 2020**	**31 Dec 2019**	**Δ in %**	**31 Mar 2020**	**Total share in %**	**31 Dec 2019**	**Total share in %**
Moldova	16.298	11.806	38,1%	41.748	39,5%	41.268	40,8%
Albania	14.640	10.123	44,6%	27.489	51,4%	28.465	57,7%
Macedonia	1.294	1.487	-13,0%	9.059	16,1%	8.031	38,6%
Bosnia	0	0	0,0%	1.846	0,0%	1.241	0,0%
Total	**32.232**	**23.415**	**37,7%**	**80.142**	**40,2%**	**79.005**	**29,6%**

Other liabilities

Breakdown of other liabilities

(in thousand EUR)	31 Mar 2020	31 Dec 2019	Δ in %
Trade payables	645	1.031	-37,4%
Payables to employees	260	601	-56,8%
Corporate Income Tax payables	447	455	-1,8%
Other Tax payables	323	289	11,9%
Dealer loan liabilities	273	1	18491,8%
Over-/wrong payments from customers	333	205	62,2%
Other liabilities	516	1.093	-52,8%
TOTAL	**2.797**	**3.676**	**-23,9%**

Equity

As of 31 March 2020, equity increased by 2,7% to 19.014 thousand EUR (31 December 2019: 18.506 thousand EUR), representing an equity to assets ratio of 17,9% (31 December 2019: 17,4%). The equity to net loan portfolio ratio as of 31 March 2020 was 23,7% (31 December 2019: 23,4%), reflecting the Group's strong capitalization, still giving sufficient headroom to meet the IuteCredit Eurobond covenants.

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 legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

The debt of ICKO in front of Mintos is recognized as off-balance sheet for the Group as of 30 November 2019. The parent company (ICE) is carrying the liability itself and as of 31 March 2020, the outstanding principal liability was 1.082 thousand EUR.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Interest and similar income	12.937	7.990	61,9%
Interest and similar expense	-2.768	-1.609	72,1%
Net interest and commission fee income	**10.169**	**6.381**	**59,4%**
Loan administration fees and penalties	2.174	-1.008	-315,7%
Loan administration fees and penalties in total	**2.174**	**-1.008**	**-315,7%**
Other income	597	33	1708,7%
Allowances for loan impairment	-3.992	1.031	-487,2%
Net operating income	**8.947**	**6.437**	**39,0%**
Personnel expenses	-2.185	-1.350	61,9%
Depreciation/amortization charge	-406	-229	77,2%
Other operating expenses	-1.888	-2.465	-23,4%
Total operating expenses	**-4.479**	**-4.044**	**10,8%**
Foreign exchange gains/losses	-2.204	-96	2195,9%
Total foreign exchange gains/losses	**-2.204**	**-96**	**2195,9%**
Profit before tax	**2.264**	**2.297**	**-1,4%**
Income tax expense	-789	-533	48,0%
Profit for the reporting period	**1.475**	**1.764**	**-16,4%**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	-466	-121	285,1%
Other comprehensive income total	**1.009**	**1.643**	**-38,6%**
Profit attributable to:			
Equity holders	1.009	1.643	-38,6%
Total comprehensive income attributable to:			
Equity holders	1.009	1.643	-38,6%

Consolidated statement of financial position

(in thousand EUR)	31 Mar 2020	31 Dec 2019	Δ in %
ASSETS			
Cash and bank accounts	8.815	6.734	30,9%
Loans to customers	80.142	79.005	1,4%
Prepayments	610	913	-33,2%
Other assets	2.278	2.489	-8,9%
Assets held for sale	11	5	120,0%
Other financial investments	6.801	9.908	-31,4%
Property, plant and equipment	1.081	1.025	5,6%
Right-of-use assets	2.821	2.850	-1,0%
Intangible assets	3.440	3.326	3,4%
Total assets	**105.987**	**106.254**	**-0,3%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	84.176	84.073	0,1%
Trade and other payables	645	1.031	-37,5%
Current income tax liabilities	447	455	-1,7%
Deferred tax liabilities	323	289	11,8%
Other liabilities	1.382	1.901	-27,3%
Total liabilities	**86.973**	**87.749**	**-0,9%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	537	398	34,8%
Unrealized foreign exchange differences	-394	72	-647,5%
Retained earnings	8.872	8.035	10,4%
Total equity	**19.014**	**18.506**	**2,7%**
Total equity and liabilities	**105.987**	**106.254**	**-0,3%**

Consolidated statement of cash flows

(in thousand EUR)	3M/2020	3M/2019	Δ in %
Paid prepayments (-)	-2.202	-1.074	105,0%
Received pre- and overpayments (+)	138	87	58,6%
Paid deposits, i.e., MasterCard, collection, Mintos and other partners (-)	-761	-1.912	-60,2%
Received deposits, i.e., MasterCard, collection, Mintos and other partners (+)	11.612	56	20635,7%
Paid trade payables outside the Group (-)	-2.763	-2.693	2,6%
Received debts from buyers and received other claims (+)	58	38	52,6%
Received from collection companies (+)	5.315	2.883	84,4%
Paid net salaries (-)	-1.860	-1.098	69,4%
Paid tax liabilities, exc. CIT (-)	-707	-750	-5,7%
Corporate income tax paid (-)	-310	-1.775	-82,5%
Change in MasterCard settlement account (+/-)	-759	0	100,0%
Paid out loans to customers related to MasterCard (-)	-15	0	100,0%
Loan principal repayments from customers related to MasterCard (+)	676	0	100,0%
Paid out to customers outside the Group (-)	-14.562	-18.704	-22,1%
Principal repayments from customers outside the Group (+)	8.178	12.617	-35,2%
Interest, commission and other fees received outside the Group (+)	3.551	5.578	-36,3%
NET CASH FLOWS FROM OPERATING ACTIVITIES	**5.589**	**-6.747**	**-182,8%**
Purchase of fixed assets outside the Group, incl. prepayments (-)	-121	-236	-48,7%
Payments for other financial investments (-)	-2	0	100,0%
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-123**	**-236**	**-47,9%**
Loans received from investors outside the Group (+)	17.882	14.877	20,2%
Repaid loans to investors outside the Group (-)	-11.890	-5.071	134,5%
Change in overdraft (+/-)	-5.162	710	-827,0%
Principal payments of financial lease contracts (-)	-390	-102	100,0%
Interests paid outside the Group (-)	-3.234	-1.121	188,5%
Dividends paid outside the Group (-)	-499	-629	-20,7%
Payments for other financing activities (-)	-38	0	100,0%
Receipts from other financing activities (+)	27	0	100,0%
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-3.304**	**8.664**	**-138,1%**
Change in cash and cash equivalents	**2.162**	**1.681**	**28,6%**
Cash and cash equivalents at the beginning of the period	**6.734**	**2.628**	**156,2%**
Change in cash and cash equivalents	2.162	1.681	28,6%
Net foreign exchange difference	-81	-22	266,3%
Cash and cash equivalents at the end of the period	**8.815**	**4.287**	**105,6%**
Paid prepayments (-)	-2.202	-1.074	105,0%
Received pre- and overpayments (+)	138	87	58,6%
Paid deposits, i.e., MasterCard, collection, Mintos and other partners (-)	-761	-1.912	-60,2%
Received deposits, i.e., MasterCard, collection, Mintos and other partners (+)	11.612	56	20635,7%
Paid trade payables outside the Group (-)	-2.763	-2.693	2,6%

Cash and cash equivalents comprise	3M/2020	3M/2019	Δ in %
Cash on hand	6	0	100,0%
Non-restricted current account	8.809	2.627	70,2%

Consolidated statement of changes in equity

(in thousand EUR)		Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Retained earnings	Total
	01/01/19	**10.000**	**28**	**0**	**378**	**2.284**	**12.690**
Profit for the year		**0**	**0**	**0**	**0**	**1.764**	**1.764**
Other comprehensive income							
Foreign currency translation		0	0	0	-121	0	**-121**
Total comprehensive income		**0**	**0**	**0**	**-121**	**1.764**	**1.643**
Contribution to share capital		0	371	0	0	-371	**0**
Dividends		0	0	0	0	-629	**-629**
	31/03/19	**10.000**	**398**	**0**	**257**	**3.049**	**13.704**
	01/01/20	**10.000**	**398**	**0**	**72**	**8.174**	**18.644**
Profit for the period		**0**	**0**	**0**	**0**	**1.475**	**1.475**
Other comprehensive income							
Foreign currency translation		0	0	0	-466	0	**-466**
Total comprehensive income		**0**	**0**	**0**	**-466**	**1.475**	**1.009**
Allocation to reserves		0	139	0	0	-139	**0**
Dividends		0	0	0	0	-638	**-638**
	31/03/20	**10.000**	**537**	**0**	**-394**	**8.872**	**19.015**

Additional key performance indicators

Profitability	3M/2020	3M/2019	Δ in %
Return on average assets	1,7%	3,7%	-2,0%
Return on average equity	9,0%	19,5%	-10,5%
Interest income/Average interest earning assets	15,9%	15,9%	0,0%
Interest income/Average gross loan portfolio	15,9%	16,6%	-0,7%
Interest income/Average net loan portfolio	15,4%	20,4%	-5,0%
Interest expense/Interest income	21,4%	20,1%	1,3%
Cost of funds	3,9%	4,2%	-0,3%
Cost of interest-bearing liabilities	4,1%	4,4%	-0,4%
Net interest margin	14,0%	14,7%	-0,7%
Net effective annualized yield	21,6%	22,5%	-0,9%
Net impairment/interest income	30,9%	12,9%	18,0%
Net fee and commission income/Total operating income	96,2%	99,5%	-3,3%
Earnings before taxes/Average total assets	2,6%	4,8%	-2,2%
Efficiency	**3M/2020**	**3M/2019**	**Δ in %**
Total assets/Employee (in thousand EUR)	294	247	19,2%
Total operating income/Employee (in thousand EUR)	44	25	72,3%
Cost/Income ratio	28,5%	57,6%	-29,1%
Total recurring operating costs/Average total assets	0,8%	2,0%	-1,2%
Total operating income/ Average total assets	18,0%	14,8%	3,3%
Personnel costs/Total recurring operating costs	305,7%	144,1%	161,6%
Personnel costs/Total operating income	13,9%	19,2%	-5,3%
Net operating income/Total operating income	57,0%	91,8%	-34,8%
Net income (Loss)/Total operating income	9,4%	25,1%	-15,8%
Profit before tax (Loss)/Interest income	17,5%	28,7%	-11,2%
Liquidity	**3M/2020**	**3M/2019**	**Δ in %**
Net loan receivables/Total assets	76,6%	81,6%	-6,0%
Average net loan receivables/Average total assets	96,3%	82,4%	13,9%
Net loan receivables/Total liabilities	92,1%	102,1%	-9,9%
Interest earning assets/Total assets	83,2%	111,9%	-28,7%
Average interest earning assets/Average total assets	75,5%	76,4%	-1,0%
Liquid assets/Total assets	14,7%	7,6%	7,1%
Liquid assets/Total liabilities	18,0%	11,7%	6,2%
Total deposits/Total assets	0,2%	3,1%	-2,9%
Total deposits/Total liabilities	0,2%	3,9%	-3,7%
Total deposits/Shareholders' equity	0,9%	15,5%	-14,6%
Tangible common equity/Tangible assets	15,2%	19,2%	-4,0%
Tangible common equity/Net receivables	19,4%	23,2%	-3,8%
Net Loan Receivables/Equity (times)	4,2	4,1	3,4%
Asset quality	**3M/2020**	**3M/2019**	**Δ in %**
Loan loss reserve/Gross receivables from client	16,1%	16,9%	-0,7%
Average loan loss reserve/Average gross receivables from clients	16,4%	18,5%	-2,0%
Cost of risk	4,9%	2,1%	2,8%
Gross NPL ratio	18,5%	7,7%	10,8%
Impairment coverage ratio	87,1%	90,9%	-4,2%
Selected operating data	**3M/2020**	**3M/2019**	**Δ in %**
Number of employees (adjusted to full-time)	360	277	30,0%
Average monthly gross salary in group (in EUR)	566	412	37,6%

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 – consists of deferred tax assets, intangible IT assets and goodwill Interest income

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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PROFESSIONAL INVESTORS ONLY – Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the bonds do not constitute packaged products and will be offered to eligible counterparties and professional clients only.

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