IuteCredit reports unaudited results for 9M/2019

Continued double trajectory of growth and expansion – remaining profitable

Operational Highlights

- Foundation and start-up of business activities in Bosnia as of June 2019
- Increase of 50,2% to +500.000 customers (Total Database) as of reporting date (31/12/2018: +333.000)
- Loans issued in period under review up 71,2% to 231.019 (9M/2018: 134.479)
- Principal amount of loans issued doubled to 105 million EUR (9M/2018: 52 million EUR)
- Average approval rate of loan applications of 55,0% (9M/2018: 52,1%), following the introduction of a group-wide controlling system
- Increase of 40,4% to 214.053 outstanding loans as of reporting date (31/12/2018: 152.492), of which 171.795 performing loans (31/12/2018: 129.626), up by 32,5%
- Principal amount of loans outstanding up 57,7% to 82 million EUR (31/12/2018: 52 million EUR), of which 65 million EUR performing loans (+ 52,3%; 31/12/2018: 44 million EUR)
- Increased group-weighted average customer performance index of 87,7% in period under review (12M/2018: 86,8%) due to more effective in-house collection
- 341 employees as of reporting date (31/12/2018: 233 employees), representing the expansion of business activities

Financial Highlights

- Interest and similar income in period under review more than doubled to 32,1 million EUR (9M/2018: 14,3 million EUR)
- Net interest and commission fee income up 117,7% to 25,6 million EUR (9M/2018: 11,7 million EUR)
- EBITDA (adjusted) increased by 34,3% to 14,1 million EUR (9M/2018: 10,5 million EUR)
- Cost to income ratio at 38,8% (9M/2018: 27,4%), reflecting among other things the decrease of loan APR rates, increasing regulatory costs and customer acquisition costs, and operating expenses of start-up ventures in Bosnia
- Net profit for the period at 5,7 million EUR (9M/2018: 6,7 million EUR) impacted by investments and smaller profit margin due to operating expenses
- Net loan portfolio at 75,5 million EUR (31/12/2018: 48,1 million EUR), highly up 57,0%
- Increased gross NPL ratio of 20,7% (31/12/2018: 17,4%) due to change of portfolio characteristics – larger share of long-term loans (comparable results will be available as of 31/12/2019 when write-off procedures are fully accounted for 2019)
- Reversal of impairments reduced cost of risk for the period to 9,2% (9M/2018: 14,2%)
- Return on average total assets (ROAA) 7,1% (9M/2018: 19,6%)
- Return on average total equity (ROAE) 39,0% (9M/2018: 77,3%)

Statement of the Management

IuteCredit Group continues on its trajectory of double growth and expansion while remaining profitable at the same time. The 9-months results are satisfactory, in particular, in a market environment that is both extremely competitive and strictly regulated. A proactive engagement with regulatory changes, as well as the costs they pose for our Company, is a natural part of our business. In all our countries, we are a trustworthy partner for standard setters in the areas of financing costs (APR caps), capitalization requirements and consumer protection, as well as the processing of personal data and reporting. In this way, we are well equipped to cope with headwinds.

The headwinds have resulted in the fact that the growth in the portfolio is not followed by the same growth in revenue, as we face lower APRs from increasing competition. In turn, the growth in net profit stays behind the revenue growth due to increasing OPEX ratios versus the revenue. OPEX ratios increase due to higher costs of regulation, higher cost of customer acquisition, and lower APR's.

While competition in IuteCredit's target markets and products from both traditional banks and fintech lenders is increasing, credit costs are trending lower for the benefit of consumers.

Those described negative factors give us some tailwind, too. Customers' drive to make bigger purchases with credit is growing. Accordingly, our total pool of customers grows fast, while IuteCredit customers still repay very well. It is particularly important to note that we have good cashflow results both with performing customers, as well as with customers who fall into delay or even default. Cashflow remains the most important performance indicator in our business and IuteCredit is very strong on cashflow.

For the full year 2019, we expect to exceed our own targets with more than 150 million EUR in loans issued to over 200.000 customers. This corresponds to a net loan portfolio close to EUR 100 million by the end of the year. However, unexpectedly higher regulatory costs and lower APRs required adjustments to our revenue and net profit targets. We expect 2019 to be slightly below our initial expectations and now anticipate total revenue amount to 49,5 million EUR instead of 55 million EUR as originally expected and a net profit margin of 18%, instead of 20%.

Considering that IuteCredit is also shouldering the costs for two start-ups in Bosnia and Herzegovina and Bulgaria, the performance is really satisfying. We are talking here about reaching an accumulated loss of at least EUR 1.5 million per country, during the initial 18 months, until a start-up reaches current break-even in that country and begins to recover from the losses.

Key consolidated financial figures

	9M/2019	9M/2018	Δ in %	12M/2018	Δ in %
Capitalisation					
Gross loan principal portfolio (in thousand EUR)	82.327	40.086	105,4%	52.737	56,1%
Net loan portfolio (in thousand EUR)	75.454	36.329	107,7%	48.051	57,0%
Total gross receivables (in thousand EUR)	91.989	46.816	96,5%	60.516	52,0%
Accrued interest (in thousand EUR)	9.655	6.730	43,5%	7.779	24,1%
Total assets (in thousand EUR)	105.459	44.831	135,2%	55.290	90,7%
Total equity (in thousand EUR)	16.599	12.566	32,1%	12.690	30,8%
Equity to assets ratio	15,7%	28,0%	-12,3%	23,0%	-7,2%
Capitalization ratio	22,0%	34,6%	-12,6%	26,4%	-4,4%
Interest coverage ratio	2,2	4,0	-46,3%	3,3	-35,2%
Profitability					
Interest and similar income	32.075	14.344	123,6%	22.602	41,9%
Net interest margin	37,5%	36,0%	1,5%	49,8%	-12,3%
Cost to income ratio	38,8%	27,4%	11,4%	30,4%	8,4%
Post-allowances operating profit margin	26,7%	36,6%	-9,8%	43,7%	-17,0%
EBITDA (adjusted)	14.131	10.523	34,3%	12.913	9,4%
Profit before tax margin	7.385	8.198	-9,9%	9.500	-22,3%
Net profit	5.716	6.665	-14,2%	7.256	-21,2%
Return on assets	7,1%	19,6%	-12,5%	18,5%	-11,4%
Return on equity	39,0%	77,3%	-38,2%	83,5%	-44,5%
Assets quality					
Cost of risk	9,2%	14,2%	-5,1%	24,0%	-14,8%
Impairment coverage ratio	86,8%	133,9%	-47,0%	118,3%	-31,4%
Gross NPL ratio	20,7%	16,7%	4,0%	17,4%	3,3%

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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, Macedonia, Kosovo and Bosnia.

As of 30/09/2019, the IuteCredit team had grown to 341 employees, including the Management and IT team. The entire IuteCredit team processed almost 470.00 loan applications in 9M/2019. IuteCredit manages more than 500.000 customers with over 80 million EUR of gross loan principal in its database.

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 which issues consumer credits and offers personal finance services via its 100% owned operating subsidiaries in local markets (**Subsidiaries**). As of 30 September 2019, ICE had nine subsidiaries: ICS OMF IuteCredit SRL (**ICM**) in Moldova, IuteCredit Albania SHA (**ICA**), IutePay Albania SH.P.K (**IutePay Albania**) in Albania, IuteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, IuteCredit Kosovo JSC (**ICKO**) in Kosovo, IutePay Bulgaria EOOD (**IutePay Bulgaria**) and IuteCredit Bulgaria EOOD (**ICBG**) in Bulgaria, MKD IuteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and IuteCredit Finance S.a.r.l. (**ICF**) in Luxembourg.

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

The Subsidiaries and ICE together form the IuteCredit Group (**ICG**). Considering the aforementioned sale of FINAL, as of 30 September 2019, ICG consisted of 10 companies.

At the beginning of July 2019, ICG established IuteCredit Finance S.a.r.l. as financing entity for the Group as a whole. In July 2019, IuteCredit Finance S.a.r.l. (Luxembourg), for the first time, issued 40 million EUR of senior secured bonds at Frankfurt Stock Exchange.

ICE is responsible for strategic and operational management, including:

- Strategic targeting, planning, and implementation
- Organizational structure of the Group and manning of the management teams
- Customer experience and human resources process design, organization design, applied technology and performance targeting
- Marketing and sales process design, organization design, applied technology and performance targeting
- Financial management process design, organization design, applied technology and performance targeting
- Risk management process design, organization design, applied technology and performance targeting
- In-house technology development and implementation
- Data harvesting
- Investor relations

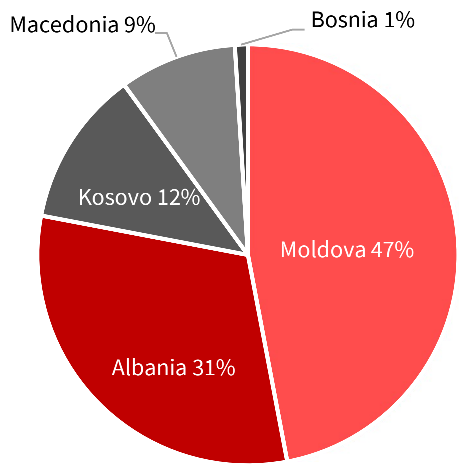
Subsidiaries implement the processes designed by ICE and offer customers the services. Furthermore, the individual subsidiaries develop the business in the local competition field according to strategic guidance and targets, financing, and technology provided by ICE. Finally, subsidiaries consist of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

ICM is in operation since August 2008, ICA since April 2015, ICMK since September 2017, ICKO since October 2017, and ICBH since May 2019. IutePay Bulgaria EOOD performs as technology operations cost center and cards service center. FINAL was acquired as part of the expansion in summer 2018 and was after restructuring sold in May 2019. IuteCredit Bulgaria obtained license in April 2019 and is already officially operational but full-scale business activities will be launched in January 2020.

Business Model

ICG's loan products are unsecured consumer loans with a maturity range between 1 month and 36 months and pledge-secured loans (car) with maturities of up to 60 months. Weighted average issued loan maturity exceeds 15 months. Theoretical loan amounts are between 25 EUR and 10.000 EUR, whereas the vast majority of loans are saturated in the range of 300 to 700 EUR. Annual percentage rates (APR) range between 30% and 100% depending on customer income, repayment history, loan maturity, and other factors.

Breakdown of portfolio diversification as of 30/09/2019

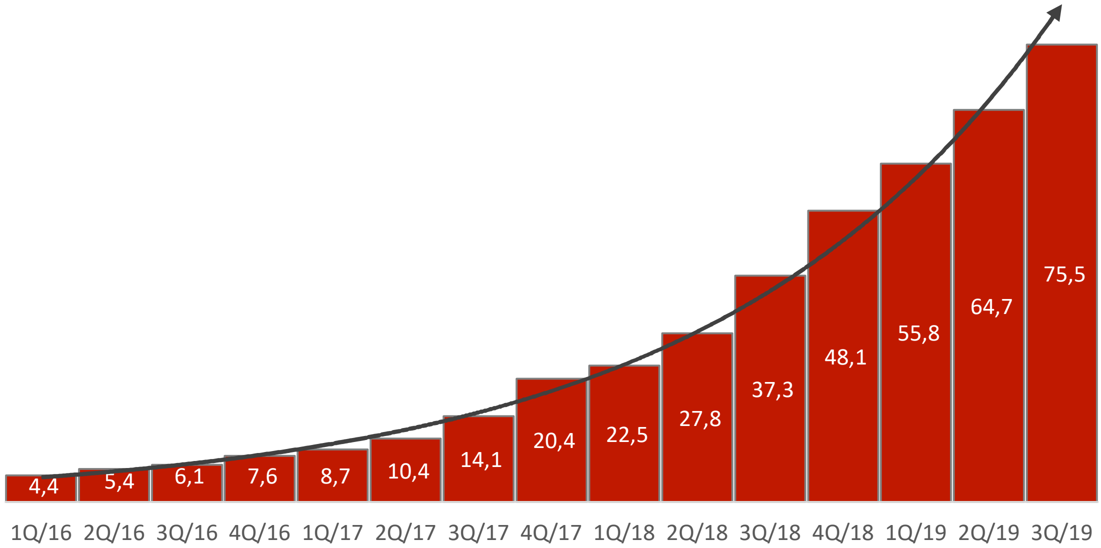


Since Bosnia commenced operations only in June 2019, its share of the Group's loan portfolio is still insignificant as of 30 September 2019.

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 55% 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 September 2019, IuteCredit had 40 of IuteCredit branches and 1.105 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)



Changes in Management

Group COO Vladimir Djidjishev resigned as of 30 September 2019. New Group COO will be Mart Nael (1981), starting in January 2020. Mart Nael has previously executed as Chief Technology Officer at Omniva (logistics company) and BigBank, as Director of Service Management at Telia, and as Baltic Head of IT Infrastructure and Operations at Swedbank.

Earnings, financial and asset position

Condensed statement of profit and loss

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Interest and similar income	32.075	14.344	123,6%
Interest and similar expense	-6.512	-2.605	150,0%
Net interest and commission fee income	**25.562**	**11.739**	**117,7%**
Loan administration fees and penalties	1.484	7.321	-79,7%
Total loan administration fees and penalties	**1.484**	**7.321**	**-79,7%**
Other income	2	19	-88,9%
Allowances for loan impairment	-6.899	-5.349	29,0%
Net operating income	**20.149**	**13.730**	**46,7%**
Personnel expenses	-4.552	-2.386	90,7%
Depreciation/amortization charge	-638	-137	364,8%
Other operating expenses	-7.834	-3.426	128,7%
Total operating expenses	**-13.024**	**-5.949**	**118,9%**
Foreign exchange gains/losses	260	416	-37,5%
Total foreign exchange gains/losses	**260**	**416**	**-37,5%**
Profit before tax	**7.385**	**8.198**	**-9,9%**
Income tax expense	-1.669	-1.533	8,9%
Net profit for the period	**5.716**	**6.665**	**-14,2%**

IuteCredit's business model is focused on performing customers and avoiding poorly performing or defaulting customers. Interest is charged on the outstanding principal loan amounts. 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. Other primary fees are charged for various services. 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 and similar income

Interest income for the period increased by 123,3% to 32.077 thousand EUR (9M/2018: 14.363 thousand EUR), in line with the 107,9% increase in the average net loan portfolio while recording a slightly lower average interest rate.

Breakdown of interest income

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Total value of loan principal issued	104.962	52.228	101,0%
Average net loan portfolio	62.106	29.872	107,9%
Principal	56.163	25.661	118,9%
Accrued interest	5.944	3.879	53,2%
Average annualised interest rate on net portfolio	65,9%	77,3%	-14,7%
Interest income	32.077	14.363	123,3%
Interest on loans to customers and commission	32.075	14.344	123,6%
Other interest	2	19	-88,9%

Breakdown of interest and similar income by countries

(in thousand EUR)	9M/2019	Total share in %	9M/2018	Total share in %	Δ in %
Moldova	14.702	45,8%	8.180	57,0%	79,7%
Albania	10.783	33,6%	4.025	28,1%	167,9%
Macedonia	2.970	9,3%	1.321	9,2%	124,8%
Kosovo	3.555	11,1%	818	5,7%	334,5%
Bosnia	65	0,2%	0	0,0%	100,0%
In total	**32.075**	**100,0%**	**14.344**	**100,0%**	**123,6%**

Interest and similar expense

Interest expense for the period increased by 150,0% to 6.512 thousand EUR (9M/2018: 2.605 thousand EUR), in connection with the borrowing resulting from the expansion of business activities.

Breakdown of interest expense

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Interest on amounts due to creditors	-3.866	-1.436	169,3%
Interest on financial lease liabilities	-301	0	100,0%
Interest on bonds	-2.345	-1.169	100,6%
Total	**-6.512**	**-2.605**	**150,0%**

Loan administration fees and penalties

Income from other fees and penalties decreased by 79,7% to 1.484 thousand EUR (9M/2018: 7.321 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees. The revenue of the current period is 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. Since the beginning of 2019, dealer bonuses are recognized as a revenue component.

Breakdown of administration fees and penalties

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Penalties under loans and delay interests	3.257	6.319	-48,5%
Reappraisal of secondary revenue	-2.084	0	100,0%
Resigns under customer loans	549	1.159	-52,7%
Dealer bonuses	-516	-424	21,6%
Other secondary fees	278	267	3,8%
Total	**1.484**	**7.321**	**-79,7%**

Allowances for loan impairment

Impairment allowances increased by 57,7% to 16.535 thousand EUR (9M/2018: 10.487 thousand EUR) lower than the growth in loans granted, reflecting increased asset quality following the introduction of a group-wide controlling system.

(in thousand EUR)	9M/2019	9M/2018	Δ in %
At the beginning of the period	**-12.465**	**-4.185**	**197,8%**
IFRS 9 adjustment to opening balances	0	-996	-100,0%
Adjusted opening balance at the beginning of the period	**-12.465**	**-5.181**	**140,6%**
Change in allowances for loan impairment	-6.899	-5.349	29,0%
Other changes	177	0	100,0%
Utilized	2.829	185	1427,2%
Exchange differences	-177	-141	25,3%
At the end of the period	**-16.535**	**-10.487**	**57,7%**

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Impairment charges on loans	-9.753	-8.279	17,8%
Recovery from written-off loans	2.855	2.930	-2,6%
Net impairment charges	**-6.899**	**-5.349**	**29,0%**

Overall net impairment losses represented 21,5% of interest income (9M/2018: 37,3%), representing a decrease of 15,8%. The cost of risk, which is net impairment charges to average gross loan portfolio, decreased by 5,1% points to 9,2% (9M/2018: 14,2%).

Operating expense

Operating expense for the period increased by 113,1% to 12.386 thousand EUR (9M/2018: 5.812 thousand EUR) in line with net interest income growth. Marketing expenses accounted for 19,7% (9M/2018: 19,9%) of operating expenses. Personnel expenses increased by 90,8% in line with the expansion of business activities to 4.552 thousand EUR (9M/2018: 2.386 thousand EUR). The cost to revenue ratio for the period increased by 11,4% points to 38,8% (9M/2018: 27,4%).

Breakdown of operating expense

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Personnel	-4.552	-2.386	90,7%
Advertising expenses	-2.434	-1.156	110,6%
Research and development	-1.940	-596	225,4%
IT	-358	-98	263,4%
Debt collection	-342	-164	107,9%
Legal and consulting	-441	-29	1399,3%
Rent and utilities	-181	-218	-17,1%
Taxes	-222	-139	59,7%
Travel	-295	-149	98,5%
Other	-1.622	-876	85,2%
Total	**-12.386**	**-5.812**	**113,1%**

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased in line with the build-up in headcount by 90,8% to 4.552 thousand EUR (9M/2018: 2.386 thousand EUR). The average staff number in full-time equivalents grew by 80,4% to 341 employees (9M/2018: 189).

Breakdown of personnel expenses

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Salaries and bonuses	-3.507	-1.584	121,3%
Social security expenses	-853	-475	79,6%
Medical insurance expenses	-30	-33	-8,1%
Other expenses	-162	-294	-45,0%
Total	**-4.552**	**-2.386**	**90,7%**
Number of employees adjusted to full-time	341	189	80,3%

Other operating expenses

Other operating expenses, mainly for advertising services, outsourced services, and telecommunication and IT, increased by 128,7% to 7.834 thousand EUR (9M/2018: 3.426 thousand EUR).

Breakdown of other operating expenses

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Advertising expenses	-2.434	-1.156	110,6%
Office lease expenses	-44	-218	-79,7%
Outsource services	-1.372	-525	161,5%
Repair, maintenance of property and equipment	-161	-223	-27,7%
Utilities	-136	-27	398,9%
Telecommunication and IT	-2.297	-695	230,8%
Small items of equipment	-165	-93	78,4%
Transportation	-295	-149	98,5%
Withheld taxes	-222	-139	59,7%
Other	-706	-202	249,5%
Total	**-7.834**	**-3.426**	**128,7%**

Foreign exchange gains/losses

Foreign exchange movements resulted in gains of 260 thousand EUR (9M/2018: 416 thousand EUR) reflecting, in particular, EUR/MDL conversion rates.

Profit before tax

Consolidated profit before tax decreased by 9,9% to 7.385 thousand EUR (9M/2018: 8.198 thousand EUR). The profit before tax margin decreased by 34,1% points to 23,0% (9M/2018: 57,2%).

Income tax expense

Income tax expense increased by 8,9% to 1.669 thousand EUR (9M/2018: 1.533 thousand EUR).

Breakdown of income tax

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Consolidated profit before tax	7.385	8.198	-9,9%
Current income tax expense	-1.669	-1.533	8,9%
Net profit for the period	**5.716**	**6.665**	**-14,2%**

Profit for the period

Net profit for the period decreased by 14,2% to 5.716 thousand EUR (9M/2018: 6.665 thousand EUR) due to increased interest expenses, depreciation costs, and reduced penalties as a result of a change in accounting principles (more conservative approach).

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(in thousand EUR)	9M/2019	9M/2018	9M Δ in %	12M/2018	12M/2017	12M Δ in %
Profit for the period	5.716	6.665	-14,2%	7.256	2.928	147,8%
Provision for corporate income tax	1.669	1.533	8,9%	2.244	1.071	109,5%
Interest expense	6.512	2.605	150,0%	3.855	1.547	149,2%
Depreciation and amortization	638	137	364,8%	220	69	220,3%
EBITDA	**14.536**	**10.940**	**32,9%**	**13.574**	**5.615**	**141,8%**
Adjustments	405	416	-2,7%	662	163	306,0%
Adjusted EBITDA	**14.131**	**10.523**	**34,3%**	**12.913**	**5.452**	**136,9%**

Breakdown of adjustments to EBITDA

(in thousand EUR)	9M/2019	9M/2018	9M Δ in %	12M/2018	12M/2017	12M Δ in %
Discontinued operations	145	0	100,0%	0	0	0,0%
Foreign exchange gains/losses	260	416	-37,5%	662	163	306,0%
Adjustments	**405**	**416**	**-2,7%**	**662**	**163**	**306,0%**

Condensed statement of financial position

(in thousand EUR)	30 Sept 2019	31 Dec 2018	Δ in %
ASSETS			
Cash and bank accounts	11.292	2.628	329,7%
Loans to customers	75.448	48.051	57,0%
Prepayments	1.447	251	477,2%
Other assets	7.515	1.669	350,2%
Other financial investments	5.322	1.456	265,6%
Financial lease objects	2.877	0	100,0%
Property, plant and equipment	885	496	78,2%
Intangible assets	674	740	-8,9%
Total assets	**105.459**	**55.290**	**90,7%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	83.944	39.178	114,3%
Other liabilities	4.915	3.421	43,7%
Total liabilities	**88.860**	**42.600**	**108,6%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	398	28	1347,2%
Share premium	0	0	0,0%
Unrealized foreign exchange differences	201	378	-47,0%
Retained earnings	6.000	2.284	162,7%
Total equity	**16.599**	**12.690**	**30,8%**
Total equity and liabilities	**105.459**	**55.290**	**90,7%**

Assets

Total assets increased by 90,7% to 105.459 thousand EUR as of 30 September 2019 (31 December 2018: 55.290 thousand EUR).

Loan portfolio

The net loan portfolio increased by 57,0% to 75.448 thousand EUR as of 30 September 2019 (31 December 2018: 48.051 thousand EUR).

(in thousand EUR)	30 Sept 2019	Total in %	31 Dec 2018	Total in %	Δ in %
Moldova	35.792	47,4%	26.366	54,9%	35,8%
Albania	23.121	30,6%	16.003	33,3%	44,5%
Macedonia	6.659	8,8%	2.557	5,3%	160,4%
Kosovo	9.330	12,4%	3.125	6,5%	198,6%
Bosnia	545	0,7%	0	0,0%	100,0%
Total net loan portfolio	**75.448**	**100,0%**	**48.051**	**100,0%**	**57,0%**

Breakdown of loan applications

	9M 2019					9M 2018			Δ in %		
in pcs	Processed	Approved	Paid out	Approval rate%	Active rate %	Processed	Approved	Approval rate%	Processed	Approved	Approval rate%
Moldova	192.362	110.581	92.158	57,5%	83,3%	153.171	73.530	48,0%	25,6%	50,4%	9,5%
Albania	119.014	77.992	73.496	65,5%	94,2%	57.964	38.963	67,2%	105,3%	100,2%	-1,7%
Macedonia	63.064	33.204	30.990	52,7%	93,3%	27.696	13.195	47,6%	127,7%	151,6%	5,0%
Kosovo	89.554	34.686	33.045	38,7%	95,3%	19.276	8.869	46,0%	364,6%	291,1%	-7,3%
Bosnia	5.216	1.425	1.330	27,3%	93,3%	0	0	0,0%	100,0%	100,0%	27,3%
In total	**469.210**	**257.888**	**231.019**	**55,0%**	**89,6%**	**258.107**	**134.557**	**52,1%**	**81,8%**	**91,7%**	**2,8%**

Breakdown of issued loans APR on country level

(in %)	9M/2019	12M/2018	Δ in %
Moldova	57,5%	67,1%	-9,7%
Albania	68,2%	72,7%	-4,4%
Macedonia	60,1%	79,5%	-19,4%
Kosovo	59,3%	76,3%	-17,0%
Bosnia	73,3%	0,0%	73,3%
ICG average	**63,7%**	**59,1%**	**4,6%**

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 %)	9M/2019	12M/2018	Δ in %
Moldova	87,0%	87,1%	-0,1%
Albania	89,4%	88,4%	1,0%
Macedonia	85,3%	85,2%	0,1%
Kosovo	87,6%	85,6%	2,0%
Bosnia	82,8%	0,0%	82,8%
ICG weighted average	**87,7%**	**86,8%**	**0,9%**

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.

	30 Sept 2019				31 Dec 2018			
(in thousand EUR)	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	72.941	-1.411	71.530	94,8%	49.978	-5.302	44.676	93,0%
Non-performing	19.041	-15.124	3.917	5,2%	10.538	-7.163	3.375	7,0%
Total portfolio	**91.983**	**-16.535**	**75.448**	**100,0%**	**60.516**	**-12.465**	**48.051**	**100,0%**

(in thousand EUR)	30 Sept2019	Total share in %	31 Dec 2018	Total share in %
Stage 1	70.121	92,9%	41.462	86,3%
Stage 2	1.410	1,9%	3.214	6,7%
Stage 3	3.917	5,2%	3.375	7,0%
Total net portfolio	**75.448**	**100,0%**	**48.051**	**100,0%**
Gross NPL ratio	20,7%		17.4%	
Impairment coverage ratio	86,8%		118,3%	

The total share of poorly performing loan portfolio (Stage 2) has decreased due to the change of classification based on DPD distribution, which formerly has been implemented on loans past due more than 5 days, and since 2019 on loans past due more than 30 days. Improvement of Stage 2 and Stage 3 is affected by the better performance of Customer Performance Index (CPI30).

Distribution principles between stages

	30 Sept2019	31 Dec 2018
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)	30 Sept 2019	31 Dec 2018	Δ in %
Receivables of collection companies	294	207	41,9%
Receivables from parent company	6.425	425	1411,8%
Assets held for sale	48	387	-87,5%
Other claims	20	436	-95,3%
Prepayments	1.447	251	477,2%
Deposit receivables from MasterCard International and other partners	728	215	238,6%
TOTAL	**8.962**	**1.920**	**366,8%**

Receivables of collection companies have an immaterial impact on the business model and, consequently, the measurement of loans.

Liabilities

As of 30 September 2019, liabilities increased by 108,6% to 88.860 thousand EUR (31 December 2018: 42.600 thousand EUR).

Breakdown of loans and borrowings

As of 30 September 2019, loans and borrowings amounted to 83.944 thousand EUR (31 December 2018: 39.178 thousand EUR), accounting for 94,5% of all liabilities (31 December 2018: 92,0%).

(in thousand EUR)		30 Sept 2019	31 Dec 2018	Δ in %
Loans from investors		**38.754**	**27.029**	**43,4%**
	Due date during next 12 months	29.129	18.439	58,0%
	Due date after 12 months	9.625	8.590	12,1%
Bond liabilities		**41.202**	**11.789**	**249,5%**
	Due date during next 12 months	3.258	2.572	26,7%
	Due date after 12 months	37.944	9.217	311,7%
Lease liabilties		**2.911**	**0**	**100,0%**
	Due date during next 12 months	532	0	100,0%
	Due date after 12 months	2.380	0	100,0%
Accrued interest		**1.077**	**361**	**198,6%**
TOTAL		**83.944**	**39.178**	**114,3%**
	weighted average interest rate	*11,6%*	*13,7%*	
	currency	*EUR, MDL, USD, ALL, MKD*	*EUR, MDL, USD, ALL, MKD*	

ICG issued and settled in August 2019 through its wholly owned Luxembourg subsidiary IuteCredit Finance S.a.r.l. 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%. The Bonds are listed on Frankfurt Stock Exchange Open Market and will included into Regulated Market during Q1/2020.

Eurobond covenant ratios

	30 Sept 2019	31 Dec 2018	Δ in %
Capitalization			
Capitalization ratio	22,0%	26,4%	-16,7%
(equity/net loan portfolio)			
Financial covenant at least	15,0%		
	9M/2019	**9M/2018**	**Δ in %**
Profitability			
Interest coverage ratio (ICR), times	2,2	4,0	-46,3%
(adjusted EBITDA/interest expenses)			
Financial covenant at least	1,5		

	Mintos Loans			Net loan portfolio			
(in thousand EUR)	30 Sept 2019	31 Dec 2018	Δ in %	30 Sept 2019	Total share in %	31 Dec 2018	Total share in %
Moldova	6.927	5.140	34,8%	35.792	19,4%	26.366	19,5%
Albania	6.561	6.280	4,5%	23.121	28,4%	16.004	39,2%
Macedonia	1.756	197	791,4%	6.659	26,4%	2.557	7,7%
Kosovo	3.722	878	323,9%	9.330	39,9%	3.125	28,1%
Bosnia	0	0	0,0%	545	0,0%	0	0,0%
Total	**18.966**	**12.495**	**51,8%**	**75.448**	**25,1%**	**48.051**	**26,0%**

Other liabilities

Breakdown of other liabilities

(in thousand EUR)	30 Sept 2019	31 Dec 2018	Δ in %
Trade payables	935	618	51,2%
Payables to employees	610	560	9,1%
Corporate income tax payables	1.241	1.359	-8,6%
Other tax payables	229	489	-53,2%
Dealer loan liabilities	1.324	0	100,0%
Over-/wrong payments from customers	281	0	100,0%
Other liabilities	295	396	-25,3%
TOTAL	**4.915**	**3.421**	**43,7%**

Equity

As of 30 September 2019, equity increased by 30,8% to 16.599 thousand EUR (31 December 2018: 12.690 thousand EUR), representing an equity to assets ratio of 15,7% (31 December 2018: 23,0%). The equity to net loan portfolio ratio as of 30 September 2019 was 22,0%, 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.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Interest and similar income	32.075	14.344	123,6%
Interest and similar expense	-6.512	-2.605	150,0%
Net interest and commission fee income	**25.562**	**11.739**	**117,7%**
Loan administration fees and penalties	1.484	7.321	-79,7%
Loan administration fees and penalties in total	**1.484**	**7.321**	**-79,7%**
Other income	2	19	-88,9%
Allowances for loan impairment	-6.899	-5.349	29,0%
Net operating income	**20.149**	**13.730**	**46,7%**
Personnel expenses	-4.552	-2.386	90,7%
Depreciation/amortization charge	-638	-137	364,8%
Other operating expenses	-7.834	-3.426	128,7%
Total operating expenses	**-13.024**	**-5.949**	**118,9%**
Foreign exchange gains/losses	260	416	-37,5%
Total foreign exchange gains/losses	**260**	**416**	**-37,5%**
Profit before tax	**7.385**	**8.198**	**-9,9%**
Income tax expense	-1.669	-1.533	8,9%
Profit for the reporting period	**5.716**	**6.665**	**-14,2%**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	-178	252	-170,6%
Other comprehensive income total	**5.539**	**6.917**	**-19,9%**
Profit attributable to:			
Equity holders	5.539	6.917	-19,9%
Total comprehensive income attributable to:			
Equity holders	5.539	6.917	-19,9%

Consolidated statement of financial position

(in thousand EUR)	30 Sept 2019	31 Dec 2018	Δ in %
ASSETS			
Cash and bank accounts	11.292	2.628	329,7%
Loans to customers	75.448	48.051	57,0%
Prepayments	1.447	251	477,2%
Other assets	7.515	1.669	350,2%
Other financial investments	5.322	1.456	265,6%
Financial lease objects	2.877	0	100,0%
Property, plant and equipment	885	496	78,2%
Intangible assets	674	740	-8,9%
Total assets	**105.459**	**55.290**	**90,7%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	83.944	39.178	114,3%
Other liabilities	4.915	3.421	43,7%
Total liabilities	**88.860**	**42.600**	**108,6%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	398	28	1347,2%
Unrealized foreign exchange differences	201	378	-47,0%
Retained earnings	6.000	2.284	162,7%
Total equity	**16.599**	**12.690**	**30,8%**
Total equity and liabilities	**105.459**	**55.290**	**90,7%**

Consolidated statement of cash flows

(in thousand EUR)	9M/2019	9M/2018	Δ in %
Paid prepayments	-3.082	-4.779	-35,5%
Received pre- and overpayments	2.426	62	3781,5%
Paid prepayments to partners	-5.616	-250	2143,8%
Received prepayments from partners	6.218	3.924	58,4%
Paid trade payables	-8.754	-4.036	116,9%
Received debts from buyers and received other claims	407	42	863,5%
Received from collection companies	9.161	4.968	84,4%
Paid net salaries	-3.292	-1.444	128,0%
Paid tax liabilties, exc. CIT	-2.128	-1.038	105,1%
Paid corporate income tax (CIT)	-2.719	-1.201	126,4%
Paid out to customers	-55.473	-25.301	119,2%
Principal repayments from customers	30.840	14.796	108,4%
Received interest, commission and other fees	13.348	6.285	112,4%
NET CASH FLOWS FROM OPERATING ACTIVITIES	**-18.664**	**-7.971**	**134,2%**
Purchase of fixed assets	-564	-389	45,1%
Net cash flow from aquisition of subsidiaries	-5	-1.057	-99,5%
Received from the sale of subsidiaries	159	0	100,0%
Receipts from other financial investments	0	10	-100,0%
NET CASH FLOWS FROM INVESTING ACTIVITIES	**-410**	**-1.435**	**-71,4%**
Loans received from investors	66.779	19.543	241,7%
Repaid loans to investors	-37.078	-8.545	333,9%
Change in overdraft	4.634	905	411,8%
Change in MasterCard (MC) settlement account	-386	0	100,0%
Paid out loans to customers related to MC	-100	0	100,0%
Loan principal repayments from customers related to MC	41	0	100,0%
Principal payments of financial lease contracts	-494	0	100,0%
Paid interests	-4.017	-2.058	95,2%
Capital increase	0	3.200	-100,0%
Paid dividends	-1.629	-1.490	9,3%
NET CASH FLOWS FROM FINANCING ACTIVITIES	**27.750**	**11.555**	**140,2%**
Change in cash and cash equivalents	**8.676**	**2.148**	**303,8%**
Cash and cash equivalents at the beginning of the period	**2.628**	**1.793**	**46,6%**
Change in cash and cash equivalents	8.676	2.148	303,8%
Net foreign exchange difference	-12	-80	-84,7%
Cash and cash equivalents at the end of the period	**11.292**	**3.862**	**192,4%**

Consolidated statement of changes in equity

(in thousand EUR)	Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Retained earnings	Total
01/01/2018	**275**	**28**	**38**	**-127**	**4.476**	**4.690**
Effect of adoption of IFRS9	0	0	0	0	-996	**-996**
01/01/2018 (restated)	**275**	**28**	**38**	**-127**	**3.480**	**3.694**
Profit for the year	**0**	**0**	**0**	**0**	**6.665**	**6.665**
Other comprehensive income						
Foreign currency translation	0	0	0	252	0	**252**
Total comprehensive income	**0**	**0**	**0**	**252**	**6.665**	**6.917**
Contribution to share capital	31	0	3.169	0	0	3.200
Dividends	0	0	0	0	-1.490	**-1.490**
30/09/2018	**306**	**28**	**3.206**	**125**	**8.655**	**12.321**
01/01/2019	**10.000**	**28**	**0**	**378**	**2.284**	**12.690**
Profit for the period	**0**	**0**	**0**	**0**	**5.716**	**5.716**
Other comprehensive income						
Foreign currency translation	0	0	0	-178	0	**-178**
Total comprehensive income	**0**	**0**	**0**	**-178**	**5.716**	**5.539**
Allocation to reserves	0	371	0	0	-371	0
Dividends	0	0	0	0	-1.629	-1.629
30/09/2019	**10.000**	**398**	**0**	**201**	**6.000**	**16.599**

ADDITIONAL KEY PERFORMANCE INDICATORS

Profitability	9M/2019	9M/2018	Δ in %	12M/2018	Δ in %
Return on average assets	7,1%	19,6%	-12,5%	18,5%	-11,4%
Return on average equity	39,0%	77,3%	-38,2%	83,5%	-44,5%
Interest income/average interest earning assets	39,8%	36,8%	3,0%	50,5%	-10,8%
Interest income/average gross loan portfolio	42,6%	38,2%	4,4%	52,2%	-9,6%
Interest income/average net loan portfolio	51,6%	48,0%	3,6%	65,7%	-14,0%
Interest expense/interest income	20,3%	18,2%	2,1%	17,1%	3,2%
Cost of funds	9,9%	10,3%	-0,4%	12,7%	-2,7%
Cost of interest-bearing liabilities	10,6%	11,0%	-0,5%	13,7%	-3,1%
Net spread	54,3%	62,8%	-8,5%	64,5%	-10,2%
Net interest margin	37,5%	36,0%	1,5%	49,8%	-12,3%
Net effective annualized yield	57,1%	55,9%	1,2%	76,1%	-19,0%
Net impairment / interest income	21,5%	37,3%	-15,8%	45,9%	-24,4%
Net fee and commission income/total operating income	100,0%	99,9%	0,1%	100,0%	0,0%
Earnings before taxes/average total assets	9,2%	24,2%	-15,0%	24,3%	-15,1%
Efficiency	**9M/2019**	**9M/2018**	**Δ in %**	**12M/2018**	**Δ in %**
Total assets/employee, (in thousand EUR)	309	237	30,4%	237	30,4%
Total operating income/employee (in thousand EUR)	98	115	-14,2%	142	-30,8%
Cost/income ratio	38,8%	27,4%	11,4%	30,4%	8,4%
Total recurring operating costs/average total assets	3,7%	4,8%	-1,1%	6,6%	-2,9%
Total operating income/average total assets	41,8%	63,9%	-22,2%	84,7%	-42,9%
Personnel costs/total recurring operating costs	151,6%	146,1%	5,5%	150,3%	1,3%
Personnel costs/total operating income	13,6%	11,0%	2,6%	11,7%	1,8%
Net operating income/total operating income	60,0%	63,3%	-3,3%	57,1%	3,0%
Net income (loss)/total operating income	17,0%	30,7%	-13,7%	21,9%	-4,9%
Profit before tax (loss)/interest income	23,0%	57,2%	-34,1%	42,0%	-19,0%
Liquidity	**9M/2019**	**9M/2018**	**Δ in %**	**12M/2018**	**Δ in %**
Net Loan Receivables/Total Assets	71,5%	81,0%	-9,5%	86,9%	-15,4%
Average Net Loan Receivables/Average Total Assets	77,3%	88,1%	-10,8%	87,9%	-10,6%
Net Loan Receivables/Total Liabilities	84,9%	112,6%	-27,7%	112,8%	-27,9%
Interest Earning Assets/Total Assets	76,5%	87,0%	-10,5%	80,9%	-4,4%
Average Interest Earning Assets/Average Total Assets	78,0%	123,4%	-45,4%	120,4%	-42,3%
Liquid Assets/Total Assets	15,8%	7,6%	8,1%	7,4%	8,4%
Liquid Assets/Total Liabilities	18,7%	10,6%	8,1%	9,6%	9,1%
Total Deposits/Total Assets	5,0%	0,0%	5,0%	2,6%	2,4%
Total Deposits/Total Liabilities	6,0%	0,0%	6,0%	3,4%	2,6%
Total Deposits/Shareholders' Equity	32,1%	0,0%	32,1%	11,5%	20,6%
Tangible Common Equity/Tangible Assets	15,2%	27,0%	-11,8%	21,9%	-6,7%
Tangible Common Equity/Net Receivables	21,1%	32,8%	-11,7%	24,9%	-3,8%
Net Loan Receivables/Equity, Times	4,5	2,9	57,2%	3,8	20,0%
Asset quality	**9M/2019**	**9M/2018**	**Δ in %**	**12M/2018**	**Δ in %**
Loan loss reserve/gross receivables from clients	18,0%	22,4%	-4,4%	20,6%	-2,6%
Average loan loss reserve/average gross receivables from clients	19,2%	20,1%	-0,8%	19,7%	-0,5%
Cost of risk	9,2%	14,2%	-5,1%	24,0%	-14,8%
Gross NPL ratio	20,7%	16,7%	4,0%	17,4%	3,3%
Impairment coverage ratio	86,8%	133,9%	-47,0%	118,3%	-31,4%
Selected operating data	**9M/2019**	**9M/2018**	**Δ in %**	**12M/2018**	**Δ in %**
Number of employees adjusted to full-time	341	189	80,3%	233	46,3%
Average monthly gross salary in group (in EUR)	1.143	931	22,7%	1.360	-16,0%

*Normalized ratios are adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets, and for 2018 ratios only, adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects. All ratios are annualized where appropriate.

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

Normalized – Adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets, and for 2018 ratios only, adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects

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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