

## IuteCredit reports unaudited results for 9M/2022

The Fintech Formula: Capital, technology, data, and human skills in, profit out

### Strategic Highlights

- Total number of customers increased by 47,2% to 1,0 million (31 December 2021: 687 thousand).
- Group consolidated balance sheet up 92,4% to 320,9 million EUR and equity more than doubled to 59,2 million EUR as of 30 September 2022.
- Group cons. total income before expenses up 48,1% to 64,6 million EUR (9M/2021: 43,6 million EUR).
- Group cons. EBITDA more than doubled to 36,5 million EUR (9M/2021: 16,5 million EUR).
- Group cons. net profit with 17.9 million EUR more than quadrupled (9M/2021: 4,4 million EUR).
- Progress in achieving operational control in Moldovan Energbank with Iute manager appointed board member – know-how and technology transfer to start.
- Expansion in Bosnia and Herzegovina halted and OPEX reduced as scalability of digitalized services currently not adequately applicable in view of recent regulatory requirements.
- Increasing use of MyIute app drives wallet revenues, also with e-commerce solutions – 391 thousand downloads (31 December 2021: 181 thousand).
- Continued investments into New Core IT platform for customer management of integrated loans and wallet service value streams incl. insurtech industry – step-by-step rollout in operating countries.

### Operational Highlights without effects of bank acquisition

- Loan payouts at prior-year level at 160,0 million EUR (9M/2021: 162,1 million EUR) in particular related to restrained lending after regulatory tightening APR caps in Moldova and Albania.
- Number of loans signed up y-o-y 19,9% to 259.055 (9M/2021: 216.046).
- Balance sheet up 19,6% to 199,4 million EUR (31 December 2021: 166,8 million EUR).
- Gross loan portfolio up 28,9% to 155,2 million EUR (31 December 2021: 120,4 million EUR) of which principal amount of loans increased 31,5% to 139,4 million EUR (31 December 2021: 106,0 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) significantly improved to 90,5% (9M/2021: 86,7%).
- Net loan portfolio up 31,2% to 138,3 million EUR (31 December 2021: 105,4 million EUR).
- 67 cardless ATMs operational (31 December 2021: 30 ATMs).

### Financial Highlights without effects of bank acquisition

- Interest and commission fee income up 25,9% to 44,2 million EUR (9M/2021: 35,1 million EUR) driven by loan portfolio growth.
- Net interest and commission fee income up 22,4% to 30,9 million EUR (9M/2021: 25,3 million EUR) with increasing efficiency in the allocation of productive assets.
- Total revenue up 21,3% to 52,9 million EUR (9M/2021: 43,6 million EUR).
- Launch of Energbank earnings contribution expected to be visible from Q1 2023 with gradually increasing compensation for 20 million EUR investment.
- Cost to revenue ratio at 43,8% (9M/2021: 38,0%) mainly as result of expenses related to the acquisition of Energbank, increasing business activity, and expenses for buildup of future revenue streams.
- Adjusted cost to revenue ratio at 40.7%, in particular for one-time expenses related to Kosovo arbitration and integration expenses.
- EBITDA adjusted for FX, revaluation, and one-time effects, in particular, income from Energbank and for Kosovo arbitration up 16,5% to 18,4 million EUR (9M/2021: 15,8 million EUR).
- Net profit adjusted in particular for income from Energbank and for Kosovo arbitration expenses at 5,6 million EUR (9M/2021: 4,4 million EUR).
- Net profit margin adversely impacted by acquisition of Energbank – without operational control, a non-productive asset vs. potential use of investment for lending purposes.
- Strong capitalization and profitability – Eurobond covenants exceeded.

## Statement of the Management

luteGroup continues its journey to serve more and more customers profitably. We create an extraordinary experience with digitalized loan and payment solutions and with the human interaction we provide with our team of customer advisors. The Group's consolidated balance sheet grew by 22 million EUR (7%) to 321 million EUR in Q3 alone. The number of performing loan customers superseded 173,000 and the total of wallet customers crossed 83,000 thousand by the end of September 2022. In the first nine months of 2022, all our customers not only paid us more than 64 million EUR for our loan and payment services on a consolidated basis, but our business is also more than sufficiently profitable. We achieved profitable growth in both of our two businesses, luteCredit and Energbank.

Our long-term sums up to 34 terabytes of data from a total of 1 million customers, which we are not yet fully exploiting, not yet issuing every loan digitally in an instant, and most of our customers' payments are processed in a slow banking clearance system. At the same time, the demand for faster and more comfortable financial services is growing and people are willing to pay for these services. Our focus is on creating the extraordinary experience within the existing regulatory framework and banking ecosystem, without the risks and escalating costs of cryptocurrencies and blockchain technologies. For most people, the slight push towards digital onboarding, digital signatures, strong data processing capability and analytics, virtual accounts within the lute ecosystem, and cardless ATMs is all it takes. The Mylute App alone has been cumulatively downloaded more than 390,000 times in the short time since its release.

In pursuit of our strategic objectives, most of the effort at the Group's HQ in Q3 was devoted to the implementation of our New Core technology at luteCredit Albania and the establishment of operational control in Energbank, subject to regulatory approval. Consequently, the New Core technology was successfully implemented in Albania after the end of the reporting period, just as Energbank's management body was replaced with a new management board fully seconded by luteGroup. In doing so, the Group has paved the way for the next strategic milestones in Moldova. New Core is already being rolled out at luteCredit Moldova, followed over the course of 2023 by the introduction of the customer-centric, digitalized, instant services functions as well at Energbank.

The strategic initiatives launched will in turn generate competitive growth advantages in our markets and improve significantly our OPEX to revenue ratio which currently is just above 40%. We aim to be well below 40%, in order to sustain a long-term return on equity above 20%. Moreover, we remain committed to our CPI target of above 90 with an average yield of 49% on luteCredit's loan portfolio. Considering the market risks, we face, we consider the targeted yield of the unsecured consumer loan portfolio to be reasonable. I must clearly point out that currently, luteCredit's business is bluntly bearing the cost of investing in technology and improving business capabilities, and Energbank is at the moment only benefitting from the use of new technologies, capabilities, know-how, and data transfer. With the full integration of Energbank after gaining operational control, the entire group will benefit from a single digital platform with a wide range of services, fully digitalized lending and payment streams, and integration with merchants and agents. The bank's integration will enable us to create additional value streams, access more favorable deposit funding for the Moldovan loan portfolio, and hedge some of the FX risk currently in EUR-denominated bonds and MDL-denominated loan portfolio.

Preparations for the refinancing of the Group's outstanding Eurobond in the volume of 50 million EUR expected to be implemented before May 2023 are already in full swing. We aim for successful refinancing despite global headwinds on capital markets for three simple reasons: First, demand for attractive investment opportunities remains high. Particularly in times of elevated inflation and interest rates that are only rising subsequently, a high cash ratio is not an alternative. Here, we are convinced that we offer investors an attractive choice with our refinancing. Second, we make money on the money. That means our products are carefully embedded in our customers' daily cashflows. In doing so, our products are not overstretching our customers' income even in an inflationary environment and with higher energy prices. Third, options are also opening up for the lute Group in the current environment. For example, 1 percentage point of coupon on Frankfurt-listed bonds currently costs us 1,25 million EUR per annum while annualized profit of the unsecured consumer loans business (excluding FX and profits related to the bank) is around 6 million EUR. Accordingly, there is a threshold above which it makes sense to use the investor's money for the business or, alternatively, to redeem the bonds and reduce the Group's balance sheet by 50 million EUR.

Looking at our operating countries, in Bosnia and Herzegovina, the scalability of digitalized services as one of the main features of lute's business model is according to the Group's management currently not adequately applicable in view of recent regulatory requirements. Accordingly, our growth efforts are not sufficiently rewarded, considering the country's overall risk level. Therefore, the expansion of operations in Bosnia and Herzegovina will be halted and current exposure and OPEX will be scaled back until conditions improve again or another viable solution inside Bosnia is found. In the overall economic landscape, we expect headwinds in our markets to persist over the next six months. While current customer repayment discipline is still high, rising inflation, increasing household energy costs, and the weakening European economy will also affect customer demand.

As of the date of this report, we expect to exceed the Group's 2022 annual targets of consolidated revenues of at least 75 million EUR and net profit of at least 16 million EUR.

Tarmo Sild  
CEO of luteCredit Group

## Consolidated key financial figures

	30 Sep 2022	31 Dec 2021	Δ in %
<b>Capitalization</b>			
Gross loan portfolio (in thousand EUR)	212.299	120.365	76,4%
<i>luteCredit Europe</i>	155.180	120.365	28,9%
<i>Energbank</i>	57.119	0	n/a
Net loan portfolio (in thousand EUR)	191.360	105.372	81,6%
<i>luteCredit Europe</i>	138.293	105.372	31,2%
<i>Energbank</i>	53.068	0	n/a
Assets (in thousand EUR)	320.936	166.786	92,4%
Equity (in thousand EUR)	59.186	25.585	131,3%
Equity to assets ratio	18,4%	15,3%	3,1%
Capitalization ratio	30,9%	24,3%	6,6%
	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
<b>Profitability</b>			
Interest income	56.671	35.102	61,4%
<i>luteCredit Europe</i>	44.200	35.102	25,9%
<i>Energbank</i>	12.471	0	n/a
Net interest margin	28,6%	28,3%	0,3%
<i>luteCredit Europe</i>	22,4%	28,3%	-5,9%
Cost to income ratio	44,5%	38,0%	6,6%
<i>luteCredit Europe</i>	43,8%	38,0%	5,8%
<i>Energbank</i>	47,5%	0,0%	n/a
Post-allowances operating profit margin	20,9%	19,6%	1,3%
<i>luteCredit Europe</i>	18,5%	19,6%	-1,1%
Adjusted EBITDA	25.271	15.783	50,0%
<i>luteCredit Europe</i>	18.351	15.783	16,3%
<i>Energbank</i>	5.319	0	n/a
Interest coverage ratio	1,7	1,6	3,4%
Profit margin before tax	33,3%	13,4%	19,9%
Net profit	17.942	4.395	308,3%
Return on assets	7,4%	3,6%	3,8%
Return on equity	42,3%	19,5%	22,9%
	<b>30 Sep 2022</b>	<b>31 Dec 2021</b>	<b>Δ in %</b>
<b>Asset quality</b>			
Cost of risk	11,1%	15,2%	-4,1%
<i>luteCredit Europe</i>	12,5%	15,2%	-2,7%
<i>Energbank</i>	2,3%	0	n/a
Impairment coverage ratio	71,5%	69,0%	2,5%
<i>luteCredit Europe</i>	70,5%	69,0%	1,5%
<i>Energbank</i>	75,8%	0	n/a
Gross NPL ratio	13,8%	18,1%	-4,3%
<i>luteCredit Europe</i>	15,4%	18,1%	-2,7%
<i>Energbank</i>	9,4%	0	n/a
Net NPL ratio	7,4%	11,3%	-3,9%
<i>luteCredit Europe</i>	8,7%	11,3%	-2,6%
<i>Energbank</i>	3,8%	0	n/a

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**About IuteCredit Group:**

IuteCredit Group – established in 2008 – is a leading European fintech company. The Group is specialized in consumer finance and payment services via its 100% subsidiaries. Iute serves customers currently in Moldova, Albania, North Macedonia, Bulgaria as well as Bosnia and Herzegovina under “Mylute” and “IuteCredit” brands, while it is expanding its services, geographies and brands ecosystem.

The Group’s core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and collateralized loans with maturities up to 72 months. Loans are provided over the webshops, Iute’s website, Mylute app, network of branches, merchants and partners.

Iute’s payment services vary from country to country between full-range solutions provided as a bank, and partial solutions subject to the license issued in any given country. The Group operates its own ATM network that is accessible with the Mylute app.

The Group finances its loan portfolios with equity, with secured bonds that are traded on the regulated market of Frankfurt Stock Exchange and the main list of Nasdaq Baltic and with deposits (as a bank inside a given country).

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

[www.iutecredit.com](http://www.iutecredit.com)

## MANAGEMENT REPORT

### Group Corporate and Organizational Overview

AS luteCredit Europe (**ICE**) is a holding company that provides services via its subsidiaries in local markets (**Subsidiaries**). As of 30 September 2022, ICE had nine operating subsidiaries: ICS OMF luteCredit SRL (**ICM**) and Energbank OSC (**EB**) in Moldova, luteCredit Albania SHA (**ICA**), luteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, lutePay Bulgaria EOOD (**lutePay Bulgaria**) and luteCredit Bulgaria EOOD (**ICBG**), MKD luteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as luteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and VeloxPay SH.P.K (**Velox**) in Albania. All subsidiaries are 100% owned by AS luteCredit Europe, except Energbank where ICE holds a 95% stake.

As part of strategic acquisition plans, luteCredit Europe acquired 95% of Moldovan Energbank of shares in 6M 2022 and submitted a mandatory takeover offer to minority shareholders at the end of the reporting period. luteCredit plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by luteCredit are elected and approved by the National Bank of Moldova, luteCredit will be able to exercise full operational control over the Bank.

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

The Group's Headquarters (**HQ**) is located in Tallin, Estonia. HQ's responsibilities include:

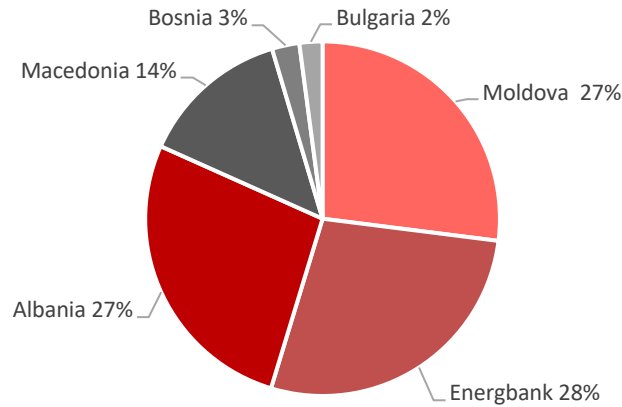
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan products approval and general compliance framework
- Data harvesting
- The Group's financing and investor relations

Each subsidiary is autonomously managed by the respective country's local management within the boundaries and targets set by the HQ and by the country's regulatory framework.

## Business Model

ICG’s loan products are unsecured consumer loans with a maturity range between 3 months 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 about 50% and the effective interest rate (EIR) 60% depending on the loan amount, maturity, and status of the customer (new or recurring client with good payment history).

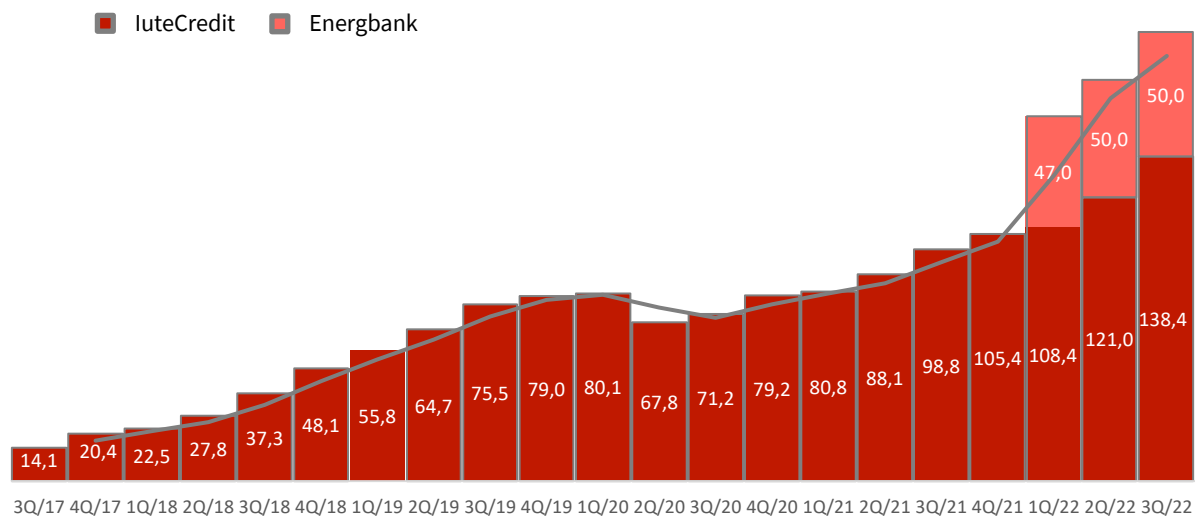
Breakdown of portfolio diversification as of 30/09/2022



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, and postal agencies), web portals, and other online channels, as well as luteCredit branches (retail offices). By the end of September 2022, luteCredit had 72 luteCredit branches and 1.855 shops. Traditionally, ICG handles money only via bank accounts or over the counter through its agents. With the introduction of luteCredit ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



## Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest and similar income	56.671	35.102	61,4%
Interest and similar expense	-14.504	-9.841	47,4%
<b>Net interest and commission fee income</b>	<b>42.167</b>	<b>25.261</b>	<b>66,9%</b>
Loan administration fees and penalties	5.754	6.158	-6,6%
<b>Total loan administration fees and penalties</b>	<b>5.754</b>	<b>6.158</b>	<b>-6,6%</b>
Other income	2.165	2.352	-8,0%
Allowances for loan impairment	-15.328	-13.257	15,6%
<b>Net operating income</b>	<b>34.757</b>	<b>20.515</b>	<b>69,4%</b>
Personnel expenses	-12.369	-6.375	94,0%
Depreciation/amortization charge	-3.150	-1.981	59,0%
Other operating expenses	-13.228	-8.197	61,4%
<b>Total operating expenses</b>	<b>-28.748</b>	<b>-16.553</b>	<b>73,7%</b>
Net gains/losses from financial assets measured at fair value	6	0	n/a
Net income from financial investments	10.561	0	n/a
Foreign exchange gains/losses	2.306	754	205,8%
<b>Net financial result</b>	<b>12.873</b>	<b>754</b>	<b>&gt;1.000%</b>
<b>Profit before tax</b>	<b>18.883</b>	<b>4.716</b>	<b>300,4%</b>
Income tax expense	-941	-321	193,0%
<b>Net profit for the period</b>	<b>17.942</b>	<b>4.395</b>	<b>308,2%</b>

luteCredit's lending 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 increased by 48,1% to 64.590 thousand EUR (9M/2021: 43.612 thousand EUR) reflecting the consolidation of Energbank as of 01 February 2022.

## Breakdown of consolidated total income

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest and similar income	56.671	35.102	61,4%
<i>luteCredit Europe</i>	44.200	35.102	25,9%
<i>Energbank</i>	12.471	0	n/a
Penalties and similar income	5.754	6.158	-6,6%
<i>luteCredit Europe</i>	5.715	6.158	-7,2%
<i>Energbank</i>	39	0	n/a
Other income	2.165	2.352	-8,0%
<i>luteCredit Europe</i>	3.031	2.352	28,9%
<i>Energbank</i>	-866	0	n/a
<b>Total income</b>	<b>64.590</b>	<b>43.612</b>	<b>48,1%</b>

## Other income

Other income in 9M/2022 of 2.165 thousand EUR included, primarily, income of 606 thousand EUR from sales of defaulted loan portfolio and extraordinary income from debt collectors of 2.060 thousand EUR. Defaulted loan portfolio sale depends on the offered price and *luteCredit*'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 61,4% to 56.671 thousand EUR (9M/2021:35.102 thousand EUR), affected by steadily increasing payouts and related to the acquisition of *Energbank* compared to the 93,1% increase in the average net loan portfolio.

## Breakdown of interest income

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Total value of loan principal issued	192.702	122.872	56,8%
<i>luteCredit Europe</i>	159.978	122.872	30,2%
<i>Energbank</i>	32.724	0	n/a
Average net loan portfolio	171.820	88.988	93,1%
<i>luteCredit Europe</i>	121.832	88.988	36,9%
<i>Energbank</i>	49.988	0	n/a
Principal	195.472	99.713	96,0%
<i>luteCredit Europe</i>	139.371	99.713	39,8%
<i>Energbank</i>	56.101	0	n/a
Accrued interest	16.827	14.307	17,6%
<i>luteCredit Europe</i>	15.809	14.307	10,5%
<i>Energbank</i>	1.018	0	n/a
Average annualized interest rate on net portfolio	46,8%	54,6%	-14,3%
<i>luteCredit Europe</i>	46,8%	54,6%	-14,3%
<i>Energbank</i>	14,4%	0	n/a
Interest income	56.671	35.102	61,4%
<i>luteCredit Europe</i>	44.200	35.102	25,9%
<i>Energbank</i>	12.471	0	n/a

As of the beginning of the current fiscal year 2022, accrued interests will no longer be recognized once a loan is defaulted.



## Breakdown of interest income by countries

	9M/2022	Total share in %	9M/2021	Total share in %	Δ in %
Moldova	14.719	26,0%	14.276	40,7%	3,1%
Energbank*	12.471	22,0%	0	0,0%	n/a
Albania	17.880	31,5%	13.633	38,8%	31,1%
Macedonia	9.093	16,0%	5.658	16,1%	60,7%
Bosnia	1.609	2,8%	1.452	4,1%	10,8%
Bulgaria	899	1,6%	83	0,2%	983,3%
<b>Total</b>	<b>56.671</b>	<b>100,0%</b>	<b>35.102</b>	<b>100,0%</b>	<b>61,4%</b>

\* with consolidation as of February 2022

## Interest expense

Interest expense increased by 47,4% to 14.504 thousand EUR (9M/2021: 9.841 thousand EUR), in connection with the borrowing related to the expected growth of business. Most notable was the issue of the 75 million EUR five-year corporate bond 2021/26 in October 2021.

## Breakdown of interest expense

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest on amounts due to creditors	-1.462	-4.506	-67,5%
Interest on financial lease liabilities	-122	-114	7,4%
Interest on bonds	-11.858	-5.221	127,1%
Interest on deposits	-1.061	0	n/a
<b>Total</b>	<b>-14.504</b>	<b>-9.841</b>	<b>47,4%</b>

## Loan administration fees and penalties

Income from other fees and penalties decreased by 6,6% to 5.754 thousand EUR (9M/2021: 6.158 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)	9M/2022	9M/2021	Δ in %
Penalties under loans and delay interests	6.271	6.917	-9,3%
<i>IuteCredit Europe</i>	6.232	6.917	-9,9%
<i>Energbank</i>	39	0	n/a
Resigns under customer loans	579	274	111,3%
Dealer bonuses	-1.254	-1.089	15,2%
Other fees from additional services	159	56	183,2%
<b>Total</b>	<b>5.754</b>	<b>6.158</b>	<b>-6,6%</b>

## Allowances for loan impairment

Change in allowances for loan impairment increased by 15,6% to 15.328 thousand EUR (9M/2021: 13.257 thousand EUR). Allowances at Energbank are determined at the end of June and December only, accordingly, allowances of 967 thousand EUR are recognized for Energbank for 9M/2022. Adjusted for Energbank, the change in allowances for loan impairment decreased by 6,7% to 14.141 thousand EUR.

## Breakdown of allowances for loan impairment

(In thousand EUR)	9M/2022	9M/2021	Δ in %
<b>At the beginning of the period</b>	<b>-14.993</b>	<b>-15.668</b>	<b>-4,3%</b>
Addition from business combination	-2.871	0	n/a
Allowances for loan impairment	-15.328	-13.257	15,6%
Utilized	12.147	13.722	-11,5%
Exchange differences	107	-27	n/a%
<b>At the end of the period</b>	<b>-20.938</b>	<b>-15.230</b>	<b>37,5%</b>
<b>(In thousand EUR)</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Impairment charges on loans	-15.328	-14.139	8,4%
Recovery from written-off loans	0	882	n/a
<b>Net impairment charges</b>	<b>-15.328</b>	<b>-13.257</b>	<b>15,6%</b>

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

Overall net impairment losses represented 27,0% of interest income (9M/2021: 37,8%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, equaled 11,1% (31 December 2021: 15,2%).

### Operating expenses

Operating expenses for the period increased by 75,7% to 25.598 thousand EUR (9M/2021: 14.572 thousand EUR) related to the expansion of business activity at luteCredit Europe as well as the consolidated Energbank operations as of February 2022. Advertising expenses accounted for 10,8% (9M/2021: 9,8%) of operating expenses while expenses on IT accounted for 9,2% (9M/2021: 11,6%). The cost to income ratio for the period increased to 44,5% (9M/2021: 38,0%).

## Breakdown of operating expenses

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Personnel	-12.369	-6.375	94,0%
Advertising expenses	-2.772	-1.424	94,7%
IT	-2.362	-1.691	39,7%
Debt collection	-625	-915	-31,7%
Legal and consulting	-1.727	-608	184,1%
Rent and utilities	-516	-171	201,5%
Taxes	-330	-688	-52,0%
Travel	-404	-359	12,6%
Other	-4.492	-2.341	91,9%
<b>Total</b>	<b>-25.598</b>	<b>-14.572</b>	<b>75,7%</b>
<i>luteCredit Europe</i>	<i>-20.429</i>	<i>-14.572</i>	<i>40,2%</i>
<i>Energbank</i>	<i>-5.169</i>	<i>0</i>	<i>n/a</i>

The increase in IT costs reflects the development of technological solutions at full speed to build up future revenue streams. In legal and consulting expenses, the rise is attributable in particular to the Kosovo arbitration and the acquisition of Energbank. Advertising expenses showed a substantial gain, mainly reflecting ambitious marketing efforts to strategically exploit opportunities for market expansion in Bulgaria. Other operating expenses are not comparable to 9M/2021 expenses in view of cost reductions during COVID-19. Excluding personnel expenses, operating expenses increased by 61,4% to 13.229 thousand EUR (9M/2021: 8.197 thousand EUR).

## Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased less than the build-up in headcount by 94,0% to 12.369 thousand EUR (9M/2021: 6.375 thousand EUR), mostly related to the acquisition of Energbank. The average staff number in full-time equivalents increased by 138,6% to 1.021 employees (9M/2021: 428 employees).

### Breakdown of personnel expenses

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Salaries and bonuses	-10.136	-5.517	83,7%
Social security expenses	-1.719	-710	142,1%
Medical insurance expenses	-147	-118	24,7%
Other expenses	-368	-30	>1.000%
<b>Total</b>	<b>-12.369</b>	<b>-6.375</b>	<b>94,0%</b>
<i>luteCredit Europe</i>	-8.371	-6.375	31,3%
<i>Energbank</i>	-3.999	0	n/a
Number of employees adjusted to full-time	1.021	428	138,6%
<i>luteCredit Europe</i>	491	428	14,7%
<i>Energbank</i>	530	0	n/a

## Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 2.306 thousand EUR (9M/2021: gain 754 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

## Profit before tax

Consolidated profit before tax increased to 18.883 thousand EUR (9M/2021: 4.716 thousand EUR). The profit margin before tax equaled 33,3% (9M/2021: 13,4%).

## Income tax expense

Income tax expense increased to 941 thousand EUR (9M/2021: 321 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)	9M/2022	9M/2021	Δ in %
Consolidated profit before tax	18.883	4.716	300,4%
Current income tax expense	-941	-321	193,0%
<b>Net profit for the period</b>	<b>17.942</b>	<b>4.395</b>	<b>308,2%</b>

## Profit for the period

Net profit for the period increased to 17.942 thousand EUR (9M/2021: 4.395 thousand EUR).

## Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Profit for the period	17.942	4.395	308,2%
Provision for corporate income tax	941	321	193,0%
Interest expense	14.504	9.841	47,4%
Depreciation and amortization	3.150	1.981	59,0%
<b>EBITDA</b>	<b>36.537</b>	<b>16.537</b>	<b>120,9%</b>
Adjustments	11.267	754	>1.000%
<b>Adjusted EBITDA</b>	<b>25.271</b>	<b>15.783</b>	<b>60,1%</b>

Breakdown of adjustments to EBITDA

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Net gains/losses from financial assets measured at fair value	10.561	0	n/a
Foreign exchange gains/losses	2.306	754	205,8%
One-time expenses	-1.601	0	n/a
<b>Adjustments</b>	<b>11.267</b>	<b>754</b>	<b>&gt;1.000%</b>

## Condensed statement of financial position

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	72.079	46.324	55,6%
<i>luteCredit Europe</i>	11.842	46.324	-74,4%
<i>Energbank</i>	60.237	0	n/a
Loans to customers	191.360	105.372	81,6%
<i>luteCredit Europe</i>	138.293	105.372	31,2%
<i>Energbank</i>	53.068	0	n/a
Prepayments	1.942	620	213,3%
Other assets	4.339	3.112	39,4%
Other financial investments	34.200	2.755	>1.000%
Property, plant, and equipment	7.498	1.076	596,9%
Right-of-use assets	1.307	1.587	-17,7%
Intangible assets	8.209	5.939	38,2%
<b>Total assets</b>	<b>320.936</b>	<b>166.786</b>	<b>92,4%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	250.443	133.945	87,0%
Lease liabilities	1.422	1.765	-19,4%
Trade and other payables	1.635	1.387	17,9%
Current income tax liabilities	455	638	-28,6%
Deferred tax liabilities	600	882	-31,9%
Other liabilities	7.193	2.586	178,2%
<b>Total liabilities</b>	<b>261.749</b>	<b>141.202</b>	<b>85,4%</b>
<b>Equity</b>			
Minority share	4.387	0	n/a
Share capital	10.000	10.000	0,0%
Legal reserve	1.000	799	25,2%
Revaluation reserve	838	0	n/a
Unrealized foreign exchange differences	4.999	-510	n/a
Retained earnings	37.963	15.295	148,2%
<b>Total equity</b>	<b>59.186</b>	<b>25.584</b>	<b>131,3%</b>
<b>Total equity and liabilities</b>	<b>320.936</b>	<b>166.786</b>	<b>92,4%</b>

## Assets

Total assets increased by 92,4% to 320.936 thousand EUR as of 30 September 2022 (31 December 2021: 166.786 thousand EUR) mainly as a result of the Energbank acquisition.

## Loan portfolio

The net loan portfolio increased by 81,6% to 191.360 thousand EUR as of 30 September 2022 (31 December 2021: 105.372 thousand EUR).

### Breakdown of net portfolio

(In thousand EUR)	30 Sep 2022	Total in %	31 Dec 2021	Total in %	Δ in %
Moldova	51.629	27,0%	40.353	38,3%	27,9%
Energbank	53.068	27,7%	0	0,0%	n/a
Albania	51.725	27,0%	41.090	39,0%	25,9%
Macedonia	26.129	13,7%	19.967	18,9%	30,9%
Bosnia	4.806	2,5%	2.844	2,7%	69,0%
Bulgaria	4.005	2,1%	1.118	1,1%	258,2%
<b>Total net loan portfolio</b>	<b>191.360</b>	<b>100,0%</b>	<b>105.372</b>	<b>100,0%</b>	<b>81,6%</b>

### Breakdown of loan applications

in pcs	9M/2022					9M/2021					Δ in %		
	Processed	Approved	Paid out	Approval rate %	Active rate %	Processed	Approved	Paid out	Approval rate %	Active rate %	Processed	Approved	Approval rate %
Moldova	164.392	106.277	101.826	64,6%	93,6%	151.930	95.234	90.412	62,1%	93,1%	8,2%	11,6%	4,1%
Energbank	7.832	4.995	4.907	63,8%	96,7%	0	0	0	0,0%	0,0%	n/a	n/a	n/a
Albania	127.930	94.592	100.592	73,9%	96,4%	116.450	84.753	84.429	72,7%	95,4%	9,9%	11,6%	1,7%
Macedonia	60.004	38.828	38.666	64,7%	95,2%	57.115	34.425	34.662	60,3%	99,0%	5,1%	12,8%	7,3%
Bosnia	13.356	7.138	7.141	53,4%	97,9%	11.456	4.785	4.698	41,9%	97,6%	16,6%	49,2%	27,6%
Bulgaria	67.118	11.779	10.830	17,5%	92,3%	21.626	2.072	1.845	12,0%	90,3%	210,4%	468,5%	46,2%
<b>In total</b>	<b>440.632</b>	<b>263.609</b>	<b>263.962</b>	<b>59,8%</b>	<b>95,4%</b>	<b>358.577</b>	<b>221.269</b>	<b>216.046</b>	<b>57,6%</b>	<b>95,1%</b>	<b>22,9%</b>	<b>19,1%</b>	<b>3,9%</b>

The recognition of loan applications according to IuteCredit Europe principles has not yet been implemented in Energbank's processes.

### Breakdown of issued loans APR on country level

(In %)	9M/2022	9M/2021	Δ in %	6M/2022	6M/2021	Δ in %	3M/2022	3M/2021	Δ in %
Moldova	43,9%	56,2%	-21,9%	45,4%	58,7%	-22,7%	46,2%	59,8%	-22,7%
Albania	53,8%	59,8%	-10,0%	55,1%	60,8%	-9,4%	56,5%	61,2%	-9,0%
Macedonia	41,3%	42,3%	-2,4%	39,2%	43,5%	-9,8%	39,3%	44,6%	-11,9%
Bosnia	42,0%	56,7%	-25,9%	43,0%	59,7%	-28,0%	46,1%	63,4%	-27,3%
Bulgaria	39,2%	41,0%	-4,4%	39,4%	40,9%	-3,7%	39,6%	n/a	n/a
<b>ICG weighted average</b>	<b>46,8%</b>	<b>54,6%</b>	<b>-14,3%</b>	<b>47,7%</b>	<b>56,3%</b>	<b>-15,3%</b>	<b>49,0%</b>	<b>57,5%</b>	<b>14,8%</b>
Energbank	14,4%	0,0%	n/a	17,2%	0,0%	n/a	11,1%	0,0%	n/a

## IFRS UNAUDITED CONSOLIDATED 9M/2022 REPORT

The decrease in average annual percentage rates (APR) at group level in 9M/2022 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter APR caps became effective.

### 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/2022	9M/2021	Δ in %	6M/2022	6M/2021	Δ in %	3M/2022	3M/2021	Δ in %
Moldova	90,8%	86,1%	5,5%	90,4%	85,9%	5,2%	90,3%	87,6%	3,1%
Albania	92,3%	89,1%	3,6%	92,5%	89,8%	3,0%	92,7%	89,0%	4,2%
Macedonia	89,2%	86,4%	3,2%	93,1%	86,5%	7,6%	92,3%	88,7%	4,1%
Bosnia	79,5%	70,5%	12,8%	78,4%	70,2%	11,7%	78,0%	73,6%	6,0%
Bulgaria	73,3%	0,0%	n/a	72,0%	0,0%	n/a	70,2%	0,0%	n/a
<b>ICG weighted average</b>	<b>90,5%</b>	<b>86,7%</b>	<b>4,4%</b>	<b>91,1%</b>	<b>86,9%</b>	<b>4,8%</b>	<b>91,0%</b>	<b>87,9%</b>	<b>3,5%</b>

CPI30 is a proprietary luteCredit Europe metric that has not yet been implemented in Energbank processes.

### Breakdown of portfolio classification

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

(In thousand EUR)	30 Sep 2022				31 Dec 2021			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	183.011	-5.754	177.258	92,6%	98.630	-5.157	93.473	88,7%
<i>luteCredit Europe</i>	131.235	-5.024	126.211	91,3%	98.630	-5.157	93.473	88,7%
<i>Energbank</i>	51.777	-730	51.047	96,2%	0	0	0	n/a
Non-Performing	29.287	-15.185	14.102	7,4%	21.734	-9.835	11.899	11,3%
<i>luteCredit Europe</i>	23.946	-11.864	12.082	8,7%	21.734	-9.835	11.899	11,3%
<i>Energbank</i>	5.342	-3.321	2.021	3,8%	0	0	0	n/a
<b>Total portfolio</b>	<b>212.299</b>	<b>-20.939</b>	<b>191.360</b>	<b>100,0%</b>	<b>120.365</b>	<b>-14.993</b>	<b>105.372</b>	<b>100,0%</b>
<i>luteCredit Europe</i>	155.180	-16.888	138.293	72,3%	120.365	-14.993	105.372	100,0%
<i>Energbank</i>	57.119	-4.051	53.068	27,7%	0	0	0	n/a

IFRS UNAUDITED CONSOLIDATED 9M/2022 REPORT

(In thousand EUR)	30Sep 2022	Total share in %	31 Dec 2021	Total share in %
Stage 1	174.575	91,2%	91.353	86,7%
<i>IuteCredit Europe</i>	123.556	64,6%	91.353	86,7%
<i>Energbank</i>	51.019	26,7%	0	n/a
Stage 2	2.683	1,4%	2.120	2,0%
<i>IuteCredit Europe</i>	2.655	1,4%	2.120	2,0%
<i>Energbank</i>	28	0,0%	0	n/a
Stage 3	14.102	7,4%	11.899	11,3%
<i>IuteCredit Europe</i>	12.082	6,3%	11.899	11,3%
<i>Energbank</i>	2.021	1,1%	0	n/a
<b>Total net portfolio</b>	<b>191.360</b>	<b>100,0%</b>	<b>105.372</b>	<b>100,0%</b>
<i>IuteCredit Europe</i>	138.293	72,3%	105.372	100,0%
<i>Energbank</i>	53.068	27,7%	0	n/a
Gross NPL ratio	<b>13,8%</b>		<b>18,1%</b>	
<i>IuteCredit Europe</i>	<b>15,4%</b>		18,1%	
<i>Energbank</i>	<b>9,4%</b>		0	
Impairment coverage ratio	<b>71,5%</b>		<b>69,0%</b>	
<i>IuteCredit Europe</i>	70,5%		69,0%	
<i>Energbank</i>	75,8%		0	

Distribution principles between stages

	30 Sep 2022	31 Dec 2021
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)	30 Sep 2022	31 Dec 2021	Δ in %
Deferred tax assets	398	179	122,4%
Prepayments of rent	94	84	11,6%
Prepayment of taxes	596	251	137,1%
Prepayments to suppliers and deferred expenses	854	105	710,1%
<b>Prepayments in total</b>	<b>1.942</b>	<b>620</b>	<b>213,3%</b>
Receivables from collection companies	858	771	11,3%
Other receivables	1.425	70	>1.000%
Deposit receivables from partners	2.056	2.271	-9,5%
<b>Trade and other receivables in total</b>	<b>4.339</b>	<b>3.112</b>	<b>39,4%</b>
<b>TOTAL</b>	<b>6.282</b>	<b>3.732</b>	<b>68,3%</b>



## Liabilities

As of 30 September 2022, total liabilities increased by 85,4% to 261.749 thousand EUR (31 December 2021: 141.102 thousand EUR). The change mainly relates to the acquisition of Energbank.

### Breakdown of loans and borrowings

Loans and borrowings increased by 85,6% to 251.866 thousand EUR (31 December 2021: 135.710 thousand EUR), accounting for 96,2% of all liabilities (31 December 2021: 96,1%).

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
Loans from investors	<b>123.975</b>	<b>10.287</b>	<b>&gt;1.000%</b>
Due date during next 12 months	82.979	3.351	>1.000%
<i>luteCredit Europe</i>	9.954	3.351	197,0%
<i>Energbank customer deposits</i>	73.025	0	n/a
Due date after 12 months	40.996	6.936	491,1%
<i>luteCredit Europe</i>	18.144	6.936	161,6%
<i>Energbank customer deposits</i>	22.852	0	n/a
 Bond liabilities	 <b>120.701</b>	 <b>119.408</b>	 <b>1,1%</b>
Due date during next 12 months	48.437	0	n/a
Due date after 12 months	72.265	119.408	-39,5%
Lease liabilities	<b>1.422</b>	<b>1.765</b>	<b>-19,4%</b>
Due date during next 12 months	774	831	-6,9%
Due date after 12 months	648	934	-30,6%
Accrued interest	<b>5.767</b>	<b>4.249</b>	<b>35,7%</b>
<b>TOTAL</b>	<b>251.866</b>	<b>135.710</b>	<b>85,6%</b>
<i>weighted average interest rate</i>	8,2%	11,8%	
<i>currency</i>	<i>EUR, MDL, USD; ALL, MKD, RUB, GBP</i>	<i>EUR, MDL, USD; ALL; MKD</i>	

Loans from investors in connection with the acquisition of Energbank increased to 123.975 thousand EUR (31 December 2021: 10.287 thousand EUR), of which 5.194 thousand EUR (31 December 2021: 908 thousand EUR) are accounted for by P2P loans from the Mintos platform. As of the acquisition of Energbank in February 2022 loans from investors include customer deposits and current customer bank accounts.

luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued in August 2019 40 million EUR senior secured bonds (Eurobond), with a maturity of 4 years and a coupon of 13%, guaranteed by ICG and its subsidiaries. In November 2020, a 10 million EUR tap at a price of 97% followed. After the tap issue, the total amount outstanding of luteCredit's 13% corporate bonds 2019/2023 amounts to 50 million EUR. The bonds are listed on the Regulated Market Frankfurt of Stock Exchange. Maturing on 7 August 2023, the Company has started preparing for liability management.

At the end of September 2021, luteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, issued 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

	30 Sep 2022	31 Dec 2021	Δ in %
<b>Capitalization</b>			
Capitalization ratio (Equity/net loan portfolio)	30,9%	24,3%	27,4%
Financial covenant at least	15%		
	9M/2022	9M/2021	Δ in %
<b>Profitability</b>			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,7	1,6	2,1%
Financial covenant at least	1,5		

## Distribution of investor loan (Mintos)

(In thousand EUR)	Mintos loans			Net loan portfolio			
	30 Sep 2022	31 Dec 2021	Δ in %	30 Sep 2022	Total share in %	31 Dec 2021	Total share in %
Moldova	1.717	291	>1.000%	43.802	3,9%	40.353	0,7%
Energbank	0	0	n/a	49.132	n/a	0	n/a
Albania	3.258	305	968,2%	48.666	6,7%	41.090	0,7%
Macedonia	219	312	-29,8%	22.928	1,0%	19.967	1,6%
Bosnia	0	0	n/a	3.903	0,0%	2.844	n/a
Bulgaria	0	0	n/a	2.578	0,0%	1.118	n/a
<b>Total</b>	<b>5.194</b>	<b>908</b>	<b>472,0%</b>	<b>171.010</b>	<b>4,5%</b>	<b>105.372</b>	<b>0,9%</b>

## Other liabilities

## Breakdown of other liabilities

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
Trade payables	1.635	1.387	17,9%
Payables to employees	519	466	11,3%
Corporate income tax payables	455	638	-28,6%
Other tax payables	600	882	-32,0%
Dealer loan liabilities	1.588	890	78,4%
Over-/wrong payments from customers	974	487	100,0%
Other liabilities	4.113	743	453,5%
<b>TOTAL</b>	<b>9.884</b>	<b>5.493</b>	<b>79,9%</b>

## Equity

As of 30 September 2022, equity increased by 131,3% to 59.186 thousand EUR (31 December 2021: 25.584 thousand EUR), representing an equity to assets ratio of 18,4% (31 December 2021: 15,3%). The equity to net loan portfolio ratio increased to 30,9% (31 December 2021: 24,3%), reflecting the Group's strong capitalization, and exceeds luteCredit 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.

## Recent developments

After the end of the reporting period, luteCredit Europe AS concluded a credit facility of up to USD 10 million with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of USD 3 million was utilized in October 2022.

As of 18 November 2022, the claim against the Republic of Kosovo on the revocation of the microcredit financing license has been concluded with the final award of the International Court of Arbitration. According to the arbitration award, the withdrawal of the microfinance license shall be lawful. According to the court, the Republic of Kosovo has exercised its margin of discretion. As a result of the court's decision, no damages are entitled to be compensated. The court dismissed all jurisdictional objections of the Republic of Kosovo that luteCredit would have acted illegally or fraudulently. Consequently, the court awarded The Republic of Kosovo less than 10 % of the costs claimed for reimbursement.

## FINANCIAL STATEMENTS

## Consolidated statement of comprehensive income

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest and similar income	56.671	35.102	61,4%
Interest and similar expense	-14.504	-9.841	47,4%
<b>Net interest and commission fee income</b>	<b>42.167</b>	<b>25.261</b>	<b>66,9%</b>
Loan administration fees and penalties	5.754	6.158	-6,6%
<b>Loan administration fees and penalties in total</b>	<b>5.754</b>	<b>6.158</b>	<b>-6,6%</b>
Other income	2.165	2.352	-8,0%
Allowances for loan impairment	-15.328	-13.257	15,6%
<b>Net operating income</b>	<b>34.757</b>	<b>20.515</b>	<b>69,4%</b>
Personnel expenses	-12.369	-6.375	94,0%
Depreciation/amortization charge	-3.150	-1.981	59,0%
Other operating expenses	-13.228	-8.197	61,4%
<b>Total operating expenses</b>	<b>-28.748</b>	<b>-16.553</b>	<b>73,7%</b>
Net gains/losses from financial assets measured at fair value	6	0	n/a
Net income from subsidiaries using equity method	10.561	0	n/a
Foreign exchange gains/losses	2.306	754	205,8%
<b>Net financial result</b>	<b>12.873</b>	<b>754</b>	<b>&gt;1.000%</b>
<b>Profit before tax</b>	<b>18.883</b>	<b>4.716</b>	<b>300,4%</b>
Income tax expense	-941	-321	193,0%
<b>Profit for the reporting period</b>	<b>17.942</b>	<b>4.395</b>	<b>308,3%</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	5.509	509	>1.000%
<b>Other comprehensive income total</b>	<b>23.451</b>	<b>4.904</b>	<b>378,2%</b>
<b>Profit attributable to:</b>			
Equity holders of the parent	17.533	4.904	257,5%
Equity holders of minority	409	0	n/a
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	23.042	4.904	369,9%
Equity holders of minority	409	0	n/a

## IuteCredit Europe statement of comprehensive income

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest and similar income	44.175	35.102	25,8%
Interest and similar expense	-13.263	-9.841	34,8%
<b>Net interest and commission fee income</b>	<b>30.911</b>	<b>25.261</b>	<b>22,4%</b>
Loan administration fees and penalties	5.715	6.158	-7,2%
<b>Loan administration fees and penalties in total</b>	<b>5.715</b>	<b>6.158</b>	<b>-7,2%</b>
Other income	3.031	2.352	28,9%
Allowances for loan impairment	-14.141	-13.257	6,7%
<b>Net operating income</b>	<b>25.516</b>	<b>20.514</b>	<b>24,4%</b>
Personnel expenses	-8.371	-6.375	31,3%
Depreciation/amortization charge	-2.777	-1.981	40,2%
Other operating expenses	-12.058	-8.197	47,1%
<b>Total operating expenses</b>	<b>-23.205</b>	<b>-16.553</b>	<b>40,2%</b>
Net income from subsidiaries using equity method	10.561	0	n/a
Foreign exchange gains/losses	2.317	754	207,2%
<b>Net financial result</b>	<b>12.878</b>	<b>754</b>	<b>&gt;1.000%</b>
<b>Profit before tax</b>	<b>15.189</b>	<b>4.716</b>	<b>222,1%</b>
Income tax expense	-601	-321	87,3%
<b>Profit for the reporting period</b>	<b>14.588</b>	<b>4.395</b>	<b>231,9%</b>
<b>Other comprehensive income</b>			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	2.023	509	297,4%
<b>Other comprehensive income total</b>	<b>16.611</b>	<b>4.904</b>	<b>238,7%</b>
<b>Profit attributable to:</b>			
Equity holders	16.611	4.904	238,7%
<b>Total comprehensive income attributable to:</b>			
Equity holders	16.611	4.904	238,7%

## Energbank statement of comprehensive income

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Interest and similar income	11.791	8.079	45,9%
Interest and similar expense	-1.339	-918	45,9%
<b>Net interest and commission fee income</b>	<b>10.452</b>	<b>7.161</b>	<b>46,0%</b>
Loan administration fees and penalties	39	45	-13,9%
<b>Loan administration fees and penalties in total</b>	<b>39</b>	<b>45</b>	<b>-13,9%</b>
Other income	6	19	-68,7%
Allowances for loan impairment	-831	434	-291,6%
<b>Net operating income</b>	<b>9.666</b>	<b>7.659</b>	<b>26,2%</b>
Personnel expenses	-4.165	-3.481	19,6%
Depreciation/amortization charge	-492	-444	10,8%
Other operating expenses	-812	-1.496	-45,7%
<b>Total operating expenses</b>	<b>-5.469</b>	<b>-5.421</b>	<b>0,9%</b>
Foreign exchange gains/losses	-46	-37	22,5%
<b>Net financial result</b>	<b>-46</b>	<b>-37</b>	<b>22,5</b>
<b>Profit before tax</b>	<b>4.151</b>	<b>2.201</b>	<b>88,6%</b>
Income tax expense	-365	-227	61,1%
<b>Profit for the reporting period</b>	<b>3.786</b>	<b>1.974</b>	<b>91,8%</b>

## Consolidated statement of financial position

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	72.079	46.324	55,6%
Loans to customers	191.360	105.372	81,6%
Prepayments	1.942	620	213,3%
Other assets	4.339	3.112	39,4%
Other financial investments	34.200	2.755	>1.000%
Property, plant, and equipment	7.498	1.076	596,9%
Right-of-use assets	1.307	1.587	-17,7%
Intangible assets	8.209	5.939	38,2%
<b>Total assets</b>	<b>320.936</b>	<b>166.786</b>	<b>92,4%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	250.443	133.945	87,0%
Lease liabilities	1.422	1.765	-19,4%
Trade and other payables	1.635	1.387	17,9%
Current income tax liabilities	455	638	-28,6%
Deferred tax liabilities	600	882	-31,9%
Other liabilities	7.193	2.586	178,2%
<b>Total liabilities</b>	<b>261.749</b>	<b>141.202</b>	<b>85,4%</b>
<b>Equity</b>			
Minority share	4.387	0	n/a
Share capital	10.000	10.000	0,0%
Legal reserve	1.000	799	25,2%
Revaluation reserve	838	0	n/a
Unrealized foreign exchange differences	4.999	-510	n/a
Retained earnings	37.963	15.295	148,2%
<b>Total equity</b>	<b>59.186</b>	<b>25.584</b>	<b>131,3%</b>
<b>Total equity and liabilities</b>	<b>320.936</b>	<b>166.786</b>	<b>92,4%</b>

## IuteCredit statement of financial position

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	11.842	46.324	-74,4%
Loans to customers	138.293	105.372	31,2%
Prepayments	1.264	620	103,9%
Other assets	3.008	3.112	-3,4%
Other financial investments	35.133	2.755	>1.000%
Property, plant, and equipment	1.240	1.076	15,3%
Right-of-use assets	1.080	1.587	-32,0%
Intangible assets	7.570	5.939	27,5%
<b>Total assets</b>	<b>199.429</b>	<b>166.786</b>	<b>19,6%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	150.036	133.944	12,0%
Lease liabilities	1.194	1.765	-32,4%
Trade and other payables	1.557	1.387	12,3%
Current income tax liabilities	0	638	n/a
Deferred tax liabilities	595	882	-32,5%
Other liabilities	3.851	2.586	48,9%
<b>Total liabilities</b>	<b>157.234</b>	<b>141.202</b>	<b>11,4%</b>
<b>Equity</b>			
Share capital	10.000	10.000	n/a
Legal reserve	1.000	799	25,2%
Unrealized foreign exchange differences	1.513	-510	n/a
Retained earnings	29.682	15.295	94,1%
<b>Total equity</b>	<b>42.195</b>	<b>25.585</b>	<b>64,9%</b>
<b>Total equity and liabilities</b>	<b>199.429</b>	<b>166.786</b>	<b>19,6%</b>



## Energbank statement of financial position

(In thousand EUR)	30 Sep 2022	31 Dec 2021	Δ in %
<b>ASSETS</b>			
Cash and cash equivalents	60.237	48.775	23,5%
Loans to customers	53.068	46.907	13,1%
Prepayments	678	90	653,3%
Other assets	1.332	1.052	26,6%
Other financial investments	30.925	43.961	-29,7%
Property, plant, and equipment	6.258	5.970	4,8%
Right-of-use assets	227	399	-43,1%
Intangible assets	639	533	19,9%
<b>Total assets</b>	<b>153.364</b>	<b>147.687</b>	<b>3,8%</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Loans and bonds from investors	100.407	112.349	-10,6%
Lease liabilities	228	267	-14,6%
Trade and other payables	78	6	>1.000%
Current income tax liabilities	455	79	475,9%
Deferred tax liabilities	188	193	-2,6%
Other liabilities	3.159	742	325,7%
<b>Total liabilities</b>	<b>104.515</b>	<b>113.636</b>	<b>-8,0%</b>
<b>Equity</b>			
Share capital	5.010	5.010	n/a
Own shares	0	-2.460	n/a
Share premium	6.254	0	n/a
Legal reserve	527	490	n/a
Revaluation reserve	837	794	5,4%
Foreign currency exchange reserve	181	-325	n/a
Other reserves	4.334	5.126	-15,5%
Retained earnings	31.706	25.416	24,7%
<b>Total equity</b>	<b>48.849</b>	<b>34.051</b>	<b>43,5%</b>
<b>Total equity and liabilities</b>	<b>153.364</b>	<b>147.687</b>	<b>3,8%</b>

## Consolidated statement of cash flows

(In thousand EUR)	9M/2022	9M/2021	Δ in %
Paid prepayments (-)	-23.229	-18.807	23,5%
Received pre- and overpayments (+)	37.057	23.586	57,1%
Paid trade payables outside the Group (-)	-15.744	-11.814	33,3%
Received debts from buyers and received other claims (+)	1.971	2.019	-2,4%
Received from collection companies (+)	24.212	19.315	25,4%
Paid net salaries (-)	-8.384	-4.801	74,6%
Paid tax liabilities, excl. CIT (-)	-4.440	-3.672	20,9%
Corporate income tax paid (-)	-2.134	-1.071	99,3%
Paid out to customers outside the Group (-)	-154.836	-48.359	220,2%
Change in MasterCard settlement account (+/-)	-10.216	-13.746	-25,7%
Principal repayments from customers outside the Group (+)	101.021	30.438	231,9%
Loan principal repayments from customers related to MasterCard (+)	15.335	8.255	85,8%
Interest, commission and other fees received outside the Group (+)	29.897	14.439	107,1%
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-9.488</b>	<b>-4.219</b>	<b>&gt;1.000%</b>
Purchase of fixed assets outside the Group, incl. prepayments (-)	-4.939	-1.281	285,6%
Net cash flow from acquisition of subsidiaries (+)	44.771	0	n/a
Payments for other financial investments (-)	-22.303	-170	>1.000%
Receipts from other financial investments (+)	17.246	6.750	155,5%
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>34.775</b>	<b>5.299</b>	<b>556,3%</b>
Loans received from investors outside the Group (+)	21.854	33.886	-35,5%
Repaid loans to investors outside the Group (-)	-7.343	-30.385	-75,8%
Principal payments of financial lease contracts (-)	-876	-729	20,1%
Interests paid outside the Group (-)	-12.843	-8.433	52,3%
Dividends paid outside the Group (-)	0	-2.697	n/a
Receipts from other financing activities	3	0	n/a
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>796</b>	<b>-8.358</b>	<b>n/a</b>
<b>Change in cash and cash equivalents</b>	<b>26.083</b>	<b>-7.277</b>	<b>n/a</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>46.324</b>	<b>19.453</b>	<b>138,1%</b>
Change in cash and cash equivalents	26.083	-7.277	n/a
Net foreign exchange difference	-328	179	n/a
<b>Cash and cash equivalents at the end of the period</b>	<b>72.079</b>	<b>12.355</b>	<b>483,4%</b>
<b>Cash and cash equivalents comprise</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>Δ in %</b>
Cash on hand	9.924	429	>1.000%
Non-restricted current account	62.155	11.926	421,2%

The table has been amended compared to the previously published version due to errors in the labeling, i.e., "net cash flow from acquisition of subsidiaries" instead of "received from the sale of fixed assets outside the Group".

## Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
<b>01/01/21</b>	<b>10.000</b>	<b>537</b>	<b>0</b>	<b>-1.689</b>	<b>0</b>	<b>12.639</b>	<b>0</b>	<b>21.487</b>
<b>Profit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.395</b>	<b>0</b>	<b>4.395</b>
<b>Other comprehensive income</b>								
Foreign currency translation	0	0	0	509	0	0	0	<b>509</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>509</b>	<b>0</b>	<b>4.395</b>	<b>0</b>	<b>4.904</b>
Contribution to share capital	0	262	0	0	0	-262	0	0
Dividends	0	0	0	0	0	-2.700	0	<b>-2.700</b>
<b>30/09/21</b>	<b>10.000</b>	<b>799</b>	<b>0</b>	<b>-1.180</b>	<b>0</b>	<b>14.072</b>	<b>0</b>	<b>23.691</b>
<b>01/01/22</b>	<b>10.000</b>	<b>799</b>	<b>0</b>	<b>-510</b>	<b>0</b>	<b>15.296</b>	<b>0</b>	<b>25.585</b>
<b>Profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>17.533</b>	<b>409</b>	<b>17.942</b>
<b>Other comprehensive income</b>								
Foreign currency translation	0	0	0	5.509	0	0	0	<b>5.509</b>
Revaluation reserve of financial assets	0	0	0	0	838	0	0	<b>838</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5.509</b>	<b>838</b>	<b>17.533</b>	<b>409</b>	<b>24.288</b>
Acquisition of subsidiary	0	0	0	0	0	7.103	13.948	21.051
Acquisition of non-controlling interest	0	0	0	0	0	-1.768	-9.970	-11.738
Allocation to reserves	0	201	0	0	0	-201	0	0
Dividends	0	0	0	0	0	0	0	<b>0</b>
<b>30/09/22</b>	<b>10.000</b>	<b>1.000</b>	<b>0</b>	<b>4.999</b>	<b>838</b>	<b>37.963</b>	<b>4.387</b>	<b>59.186</b>

## Additional consolidated key performance indicators

<b>Profitability</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Return on average assets	7,4%	3,6%	3,8%
Return on average equity	42,3%	19,5%	22,9%
Interest income/Average interest-earning assets	28,3%	31,8%	-3,5%
Interest income/Average gross loan portfolio	34,1%	33,6%	0,5%
Interest income/Average net loan portfolio	33,0%	35,2%	-2,2%
Interest expense/Interest income	25,6%	28,0%	-2,4%
Cost of funds	7,2%	9,8%	-2,6%
Cost of interest-bearing liabilities	7,5%	10,2%	-2,7%
Net interest margin	28,6%	28,3%	0,3%
Net effective annualized yield	38,2%	39,4%	-1,2%
Net impairment/interest income	27,0%	37,8%	-10,7%
Net fee and commission income/Total operating income	96,6%	94,6%	2,0%
Earnings before taxes/Average total assets	7,7%	3,8%	3,9%
<b>Efficiency</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Total assets/Employee (in thousand EUR)	314	295	6,6%
Total operating income/Employee (in thousand EUR)	63	102	-37,9%
Cost/Income ratio	44,5%	38,0%	6,6%
Total recurring operating costs/Average total assets	1,6%	2,0%	-0,4%
Total operating income/ Average total assets	26,5%	35,4%	-8,9%
Personnel costs/Total recurring operating costs	325,3%	261,3%	64,1%
Personnel costs/Total operating income	19,2%	14,6%	4,5%
Net operating income/Total operating income	53,8%	47,0%	6,8%
Net income (Loss)/Total operating income	27,8%	10,1%	17,7%
Profit before tax (Loss)/Interest income	33,3%	13,4%	19,9%
<b>Liquidity</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Net loan receivables/Total assets	59,6%	63,2%	-3,6%
Average net loan receivables/Average total assets	70,5%	80,9%	-10,4%
Net loan receivables/Total liabilities	73,1%	74,6%	-1,5%
Interest-earning assets/Total assets	62,5%	66,2%	-3,7%
Average interest-earning assets/Average total assets	63,8%	85,7%	-21,9%
Liquid assets/Total assets	33,1%	29,4%	3,7%
Liquid assets/Total liabilities	40,6%	34,8%	5,8%
Total deposits/Total assets	9,7%	0,1%	9,6%
Total deposits/Total liabilities	12,0%	0,1%	11,8%
Total deposits/Shareholders' equity	52,9%	0,8%	52,0%
Tangible common equity/Tangible assets	16,3%	12,2%	4,1%
Tangible common equity/Net receivables	26,6%	18,6%	8,0%
Net Loan Receivables/Equity (times)	3,2	4,1	-21,5%
<b>Asset quality</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Loan loss reserve/Gross receivables from client	9,9%	12,5%	-2,6%
Average loan loss reserve/Average gross receivables from clients	10,8%	14,3%	-3,5%
Cost of risk	11,1%	15,2%	-4,1%
Gross NPL ratio	13,8%	18,1%	-4,3%
Impairment coverage ratio	71,5%	75,4%	-3,9%
<b>Selected operating data</b>	<b>9M/2022</b>	<b>9M/2021</b>	<b>Δ in %</b>
Number of employees (adjusted to full-time)	1.021	428	138,6%
Average monthly gross salary in group (in EUR)	1.103	1.432	-23,0%

## 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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