IuteCredit reports unaudited results for 9M/2021

Growing digitally and financially

Operational Highlights

- Loan payouts increasing y-o-y with record-high months in July and August with balance sheet up 11,5% to 130,0 million EUR.
- Number of loans signed up y-o-y 33,3% to 216.046 (9M/2020: 162.125).
- Principal amount of loans increased 52,7% to 122,9 million EUR (9M/2020: 80,5 million EUR).
- Gross loan portfolio up 20,0% to 114,0 million EUR (31 December 2020: 95,0 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) improving to 86,7% (9M 2020: 84,2%).
- Net loan portfolio up 24.8% to 98,8 million EUR (31 December 2020: 79,2 million EUR).
- Total number of customers increased by 12,4% to 772 thousand (31 December 2020: 687 thousand)

Strategic Highlights

- Increasing use of the digital customer journey with around 130 thousand loan applications via the MyIute app.
- Continued diversification of income opportunities with revenue streams from wallet services.

Financial Highlights

- Interest and commission fee income up 8,1% to 35,1 million EUR (9M/2020: 32,5 million EUR) affected by steadily increasing payouts compared to the 18,5% increase in the average net loan portfolio.
- Net interest and commission fee income up 3,5% to 25,3 million EUR (9M/2020: 24,4 million EUR) in connection with bond tap in November 2020 issue related to expected business growth.
- Total income up 3,2% to 43,6 million EUR (9M/2020: 42,3 million EUR).
- Cost to income ratio at 38,0% (9M/2020: 26,6%) as result of recovering business activity and the related normalization of costs.
- EBITDA adjusted for FX gains at 15,8 million EUR (9M/2020: 15,7 million EUR).
- Net profit up 14,5% to 4,4 million EUR (9M/2020: 3,8 million EUR).
- Strong capitalization and profitability exceeding Eurobond covenants.

Statement of the Management

IuteCredit made good money while growing and investing in future technologies and expansion in 9M 2021. In doing so, we ploughed a significant part of our extra cash (EUR 15 million by end of Q2) into a productive loan portfolio. At the same time, our equity buffers are beefing up and providing protection for bondholders' capital against risk incurred by lending to individual customers. As of 30 September 2021, IuteCredit accounted for nearly 150 thousand performing individual customers, who continued to repay their loans regularly per schedule. From defaulted customers, IuteGroup is recovering an average of 40% of the principal amount in cash within the first 180 days after the default. The vast majority of our customers are economically strong, prudent and behave responsibly in good times and bad. Last but not least, we experienced overwhelming investor trust in us when our initially planned EUR 50 million bond offer was oversubscribed by EUR 35 million, while the bond coupon was reduced to 11%. The positive operating cashflow, rising customer demand and the supply from capital markets make us content.

Looking ahead to IuteGroup's future performance, management has identified cross-currents that may give us a boost or a bump. As has recently been shown.

In particular, the coronavirus and its impact on consumer demand and our customers' income still cannot be fully qualified and quantified after nearly two years of the pandemic. It continues to have the potential for a restraining effect on loan demand and the ability to repay loans. The view of the future and economic recovery is certainly blurred by the disruptions in global supply chains, which cause bottlenecks and price fluctuations, preventing both the completion and sale of products, while numerous employers of our customers experience a sudden surge in demand due to shifting supply chains as part of localization. The Balkans are simply closer than China for the EU and US markets. Moreover, the money print and correlated inflation may reduce the relative value of IuteGroup's debt and investors' expected returns, but inflation also changes household spending patterns by reducing the share of income available to buy new goods with or without credit. When food and energy and other basics become too expensive for our customers, there is nothing to gain from it for IuteCredit. We do not give credit for survival. The green energy revolution is causing additional expenses for our customers while generating earnings potential for innovative companies like Iute. While digitization reduces the carbon footprint and time spent at all levels of society and the economy , energy shortages disrupt business operations and higher energy bills erode our customers' disposable income. Lastly, the cultural and generational change towards “living online” changes the patterns of how and where customers spend their money and where they need a loan. Developing the presence in life online becomes crucial and will separate winners from losers. As proof, IuteGroup has more than 150,000 MyIute app downloads which have been achieved within 10 months in 2021.

If you are now reminded of the old allegedly Chinese saying "May you live in interesting times", you will understand why it is also called the "Chinese Curse". Like it or not, we live in interesting times. With that said, it's also clear why it's important to continue efforts to offer customers the extraordinary experience in personal finance. And not just in lending but also in payments services and investment opportunities. We are relentless in our drive to expand through acquisitions and increase various revenue streams. Occasional setbacks and headwinds only help us get better.

Based on the achieved revenues and balance sheet structure, we are confident to lift IuteGroup’s consolidated revenue in full-year 2021 to EUR 60 million (initially exceeding EUR 55 million) and to surpass the net profit in line with the original forecast of over EUR 6 million. The additional funds from the bond issued in October will be used productively and prudently during the next five years. In the event of a balance sheet extension by multiples, IuteGroup is prepared to undertake a capital increase in 2022 through a private placement to ensure an appropriate capitalization.

Tarmo Sild
CEO of IuteCredit Group

Key consolidated financial figures

	30 Sep 2021	31 Dec 2020	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	114.020	95.046	20,0%
Net loan portfolio (in thousand EUR)	98.790	79.186	24,8%
Assets (in thousand EUR)	130.035	116.619	11,5%
Equity (in thousand EUR	23.691	21.488	10,3%
Equity to assets ratio	18,2%	18,4%	-0,2%
Capitalization ratio	24,0%	27,1%	-3,2%
Interest coverage ratio	1,6	1,9	-13,6%
	9M/2021	9M/2020	Δ in %
Profitability			
Interest income	35.102	32.477	8,1%
Net interest margin	28,3%	30,2%	-1,9%
Cost to income ratio	38,0%	26,6%	11,4%
Post-allowances operating profit margin	19,6%	18,8%	0,8%
EBITDA	15.783	15.685	0,6%
Profit margin before tax	13,4%	16,2%	-17,2%
Net profit	4.395	3.838	14,5%
Return on assets	3,6%	3,8%	-0,2%
Return on equity	19,5%	19,5%	0,0%
	30 Sep 2021	31 Dec 2020	Δ in %
Asset quality			
Cost of risk	14,9%	20,0%	-5,1%
Impairment coverage ratio	75,2%	71,1%	4,1%
Gross NPL ratio	17,8%	23,5%	-5,7%
Net NPL ratio	10,9%	16,6%	-5,7%

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About IuteCredit:

IuteCredit – established in 2008 – is a leading European personal finance company. The Group is specialized in consumer credits via its 100% subsidiaries using equity and loan capital. IuteCredit serves customers currently in Moldova, Albania, North Macedonia, Bulgaria as well as Bosnia and Herzegovina.

IuteCredit's loan products are unsecured consumer loans with maturities between 1 month and 48 months and car-secured loans with maturities up to 72 months.

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

www.iutecredit.com

MANAGEMENT REPORT

Company Overview

AS IuteCredit Europe (**ICE**) is a holding company that issues consumer credits and offers personal finance services via its 100% owned operating subsidiaries in local markets (**Subsidiaries**). As of 30 September 2021, ICE had eight operating subsidiaries: ICS OMF IuteCredit SRL (**ICM**) in Moldova, IuteCredit Albania SHA (**ICA**), IuteCredit Macedonia DOOEL–Skopje (**ICMK**) in North Macedonia, IutePay Bulgaria EOOD (**IutePay Bulgaria**) and IuteCredit Bulgaria EOOD (**ICBG**), MKD IuteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina as well as IuteCredit Finance S.a.r.l. (**ICF**) in Luxembourg and VeloxPay SH.P.K (**Velox**) in Albania.

IutePay Albania SH.P.K. (**IutePay Albania**), incorporated on 2 July 2018, remained in inactive status until the liquidation date of 15 September 2020.

At the beginning of July 2019, ICG acquired IuteCredit Finance S.a.r.l. to act as a financing intermediary for the entire Group. In July 2019, IuteCredit Finance S.a.r.l. (Luxembourg), for the first time, issued 40 million EUR of senior secured bonds (hereafter referred to as Eurobond) listed on the Frankfurt Stock Exchange, followed in November 2020 by a EUR 10 million tap.

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

ICE is responsible for strategic management, including:

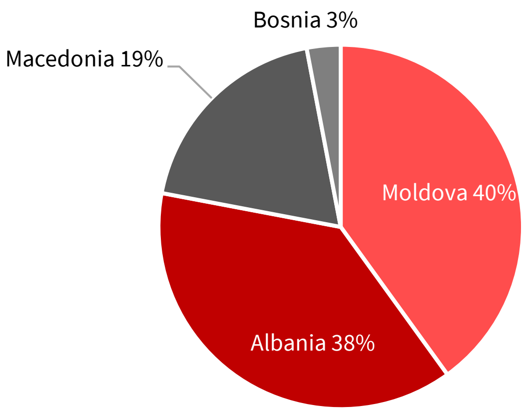
- Strategic targeting
- Organizational structure and manning of the management teams
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Sales and marketing framework rules and targeting guidance
- Service process design and technological development
- Risk management, including loan products approval and general compliance framework
- Data harvesting
- Technology development and outsourcing
- The Group's financing and investor relations

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

Business Model

ICG's loan products are unsecured consumer loans with a maturity range between 1 month and 48 months and pledge (usually pledge on the car) secured loans with maturities of up to 72 months. The median loan amount is above 500 EUR, whereas loan amounts range between 25 EUR and 10 thousand EUR. The weighted average annual percentage rate (APR) is 56% and effective interest rate (EIR) 75% depending on the loan amount, maturity, and status of the customer (new or recurring client with good payment history).

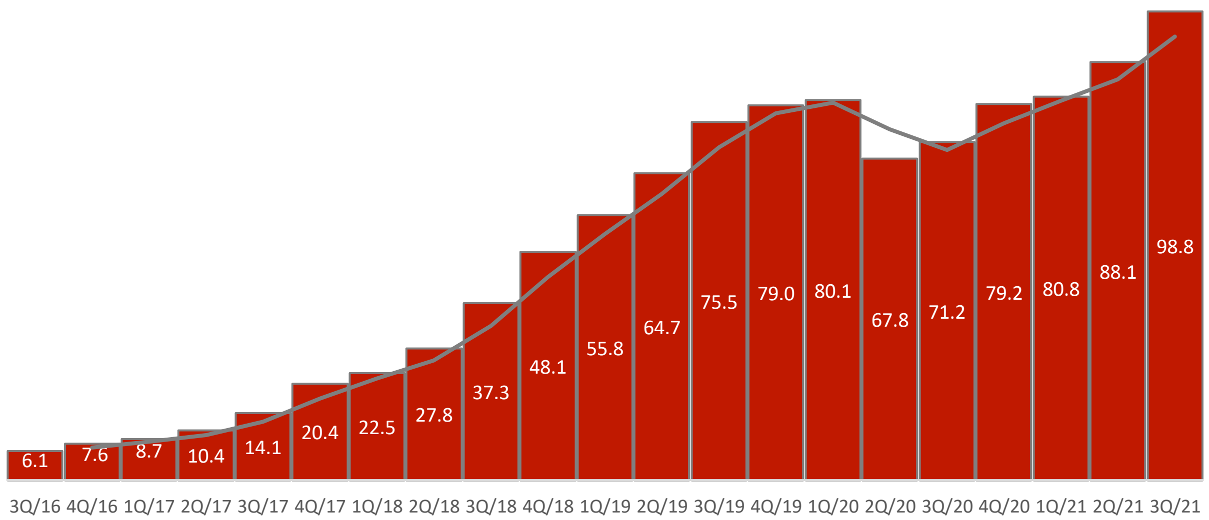
Breakdown of portfolio diversification as of 30/09/2021



ICG aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 62% 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 2021, IuteCredit had 44 IuteCredit branches and 1.225 shops. Traditionally, ICG handles money only via bank accounts or over the counter through its agents. With the introduction of IuteCredit ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Earnings, financial and asset position

Condensed statement of profit and loss

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Interest and similar income	35.102	32.477	8,1%
Interest and similar expense	-9.841	-8.061	22,1%
Net interest and commission fee income	**25.261**	**24.416**	**3,5%**
Loan administration fees and penalties	6.158	5.760	6,9%
Total loan administration fees and penalties	**6.158**	**5.760**	**6,9%**
Other income	2.352	4.028	-41,6%
Allowances for loan impairment	-13.257	-16.464	-19,5%
Net operating income	**20.515**	**17.740**	**15,6%**
Personnel expenses	-6.375	-5.624	13,4%
Depreciation/amortization charge	-1.981	-1.117	77,3%
Other operating expenses	-8.197	-4.492	82,5%
Total operating expenses	**-16.553**	**-11.233**	**47,4%**
Foreign exchange gains/losses	754	-1.239	-160,9%
Total foreign exchange gains/losses	**754**	**-1.239**	**-160,9%**
Profit before tax	**4.716**	**5.268**	**-10,5%**
Income tax expense	-321	-1.430	-77,6%
Net profit for the period	**4.395**	**3.838**	**14,5%**

IuteCredit's business model is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Total income

Total income before expenses consisting of interest income and similar income, penalties and similar income, and other income increased by 3,2% to 43.612 thousand EUR (9M/2020: 42.265 thousand EUR).

Breakdown of total income

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Interest and similar income	35.102	32.477	8,1%
Penalties and similar income	6.158	5.760	6,9%
Other income	2.352	4.028	-41,6%
Total income	**43.612**	**42.265**	**3,2%**

Other income

Other income in 9M/2021 of 2.352 thousand EUR included, in particular, income of 777 thousand EUR from sales of defaulted loan portfolio and extraordinary income from debt collectors of 637 thousand EUR. Defaulted loan portfolio sale depends on the offered price and IuteCredit's own expectations of the collection. In case the collection results promise better cashflow than portfolio sales, the defaulted loans are not sold.

Interest income

Interest income for the period increased by 8,1% to 35.102 thousand EUR (9M/2020: 32.477 thousand EUR), affected by steadily growing payouts compared to the 18,5% rise in the average net loan portfolio.

Breakdown of interest income

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Total value of loan principal issued	122.872	80.474	52,7%
Average net loan portfolio	88.988	75.118	18,5%
Principal	99.713	79.620	25,2%
Accrued interest	14.307	16.740	-14,5%
Average annualized interest rate on net portfolio	54,6%	56,2%	-2,8%
Interest income	35.102	32.477	8,1%

Breakdown of interest income by countries

	9M/2021	Total share in %	9M/2020	Total share in %	Δ in %
Moldova	14.276	40,7%	16.838	51,8%	-15,2%
Albania	13.633	38,8%	11.706	36,0%	16,5%
Macedonia	5.658	16,1%	2.904	8,9%	94,8%
Bosnia	1.452	4,1%	1.029	3,2%	41,1%
Bulgaria	83	0,2%	0	0,0%	n/a
Total	**35.102**	**100,0%**	**32.477**	**100,0%**	**8,1%**

The change in interest income in Moldova resulted from the implementation of legally impermissible charging of interest after the termination of a loan agreement.

Interest expense

Interest expense increased by 22.1% to 9.841 thousand EUR (9M/2020: 8.061 thousand EUR), in connection with the borrowing related to the expected growth of business. Most notably, was the tap issue of 10 million EUR to the four-year corporate bond 2019/23 in November 2020.

Breakdown of interest expense

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Interest on amounts due to creditors	-4.506	-4.026	11,9%
Interest on financial lease liabilities	-114	-72	58,1%
Interest on bonds	-5.221	-3.963	31,7%
Total	**-9.841**	**-8.061**	**22,1%**

Loan administration fees and penalties

Income from other fees and penalties increased by 6,9% to 6.158 thousand EUR (9M/2020: 5.760 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/2021	9M/2020	Δ in %
Penalties under loans and delay interests	6.917	5.380	28,6%
Resigns under customer loans	274	408	-32,8%
Dealer bonuses	-1.089	-405	168,9%
Other fees from additional services	56	377	-85,2%
Total	**6.158**	**5.760**	**6,9%**

Allowances for loan impairment

Change in allowances for loan impairment decreased to 13.257 thousand EUR (9M/2020: 16.464 thousand EUR) in line with an intentionally more conservative provisioning approach as a response to the COVID-19 pandemic creating an additional risk buffer.

Breakdown of allowances for loan impairment

(In thousand EUR)	9M/2021	9M/2020	Δ in %
At the beginning of the period	**-15.668**	**-13.100**	**19,6%**
Allowances for loan impairment	-13.257	-16.464	-19,5%
Utilized	13.722	4.433	209,6%
Exchange differences	-27	0	n/a
At the end of the period	**-15.230**	**-25.131**	**-39,4%**

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Impairment charges on loans	-14.139	-17.653	-19,9%
Recovery from written-off loans	882	1.189	-25,8%
Net impairment charges	**-13.257**	**-16.464**	**-19,5%**

With the start of monthly amortization from October 2020, the figures are not comparable between the periods. In 9M/2021, the amount utilized is split between the sale of defaulted ICA loan portfolio with 2,7 million EUR and monthly write-offs. The prior-year period solely included the sale of defaulted ICA loan portfolio.

Overall net impairment losses represented 37,8% of interest income (9M/2020: 50,7%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, equaled 14,9% (31 December 2020: 20,0%).

Operating expenses

Operating expenses for the period increased by 44,1% to 14.572 thousand EUR (9M/2020: 10.116 thousand EUR) related to the recovery of business activity. Advertising expenses accounted for 9,8% (9M/2020: 7,3%) of operating expenses while expenses on IT accounted 11,6% (9M/2020: 6,0%). The cost to income ratio for the period increased to 38,0% (9M/2020: 26,6%).

Breakdown of operating expenses

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Personnel	-6.375	-5.624	13,4%
Advertising expenses	-1.424	-739	92,6%
IT	-1.691	-602	180,9%
Debt collection	-915	-243	276,5%
Legal and consulting	-608	-417	45,9%
Rent and utilities	-171	-56	205,4%
Taxes	-688	-284	142,4%
Travel	-359	-186	92,9%
Other	-2.341	-1.965	19,1%
Total	**-14.572**	**-10.116**	**44,1%**

The increase in IT costs reflects the development of technological solutions at full speed. Other operating expenses are not comparable to 9M/2020 expenses in view of cost reductions during COVID-19. Excluding personnel expenses, operating expenses increased by 82,5% to 8.197 thousand EUR (9M/2020: 4.492 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased less than the build-up in headcount by 13,3% to 6.375 thousand EUR (9M/2020: 5.624 thousand EUR), mostly related to the employment of highly qualified specialists (in-house IT department). The average staff number in full-time equivalents increased by 17,9% to 428 employees (9M/2020: 363 employees).

Breakdown of personnel expenses

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Salaries and bonuses	-5.517	-4.779	15,4%
Social security expenses	-710	-771	-7,9%
Medical insurance expenses	-118	-69	70,5%
Other expenses	-30	-5	500,0%
Total	**-6.375**	**-5.624**	**13,3%**
Number of employees adjusted to full-time	428	363	17,9%

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 754 thousand EUR (9M/2020: loss 1.239 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax increased by 10,5% to 3.319 thousand EUR (9M/2020: 2.744 thousand EUR). The profit margin before tax equaled 13,4% (9M/2020: 16,2%).

Income tax expense

Income tax expense decreased by 77,6% to 321 thousand EUR (9M/2020: 1.439 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/2021	9M/2020	Δ in %
Consolidated profit before tax	4.716	5.268	-10,5%
Current income tax expense	-321	-1.430	-77,6%
Net profit for the period	**4.395**	**3.838**	**14,5%**

Profit for the period

Net profit for the period increased by 14,5% to 4.395 thousand EUR (9M/2020: 1.305 thousand EUR).

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Profit for the period	4.395	3.838	14,5%
Provision for corporate income tax	321	1.430	-77,6%
Interest expense	9.841	8.061	22,1%
Depreciation and amortization	1.981	1.117	77,3%
EBITDA	**16.537**	**14.446**	**14,5%**
Adjustments	754	-1.239	-160,9%
Adjusted EBITDA	**15.783**	**15.685**	**0,6%**

Breakdown of adjustments to EBITDA

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Foreign exchange gains/losses	754	-1.239	-160,9%
Adjustments	**754**	**-1.239**	**-160,9%**

Condensed statement of financial position

(In thousand EUR)	30 Sep 2021	31 Dec 2020	Δ in %
ASSETS			
Cash and bank accounts	12.355	19.453	-36,5%
Loans to customers	98.790	79.187	24,8%
Prepayments	1.563	1.297	20,5%
Other assets	3.103	2.702	14,8%
Other financial investments	5.969	7.196	-17,0%
Property, plant and equipment	1.078	978	10,2%
Right-of-use assets	1.694	2.113	-19,8%
Intangible assets	5.481	3.693	48,4%
Total assets	**130.035**	**116.619**	**11,5%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	101.275	91.434	10,8%
Trade and other payables	933	1.051	-11,2%
Current income tax liabilities	5	238	-98,0%
Deferred tax liabilities	585	655	-10,7%
Other liabilities	3.546	1.753	102,3%
Total liabilities	**106.344**	**95.131**	**11,8%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	799	537	48,8%
Unrealized foreign exchange differences	-1.181	-1.689	-30,1%
Retained earnings	14.073	12.640	11,3%
Total equity	**23.691**	**21.488**	**10,3%**
Total equity and liabilities	**130.035**	**116.619**	**11,5%**

Assets

Total assets increased by 11,5% to 130.035 thousand EUR as of 30 September 2021 (31 December 2020: 116.619 thousand EUR), as a result of the loan portfolio growth.

Loan portfolio

The net loan portfolio increased by 24.8% to 98.790 thousand EUR as of 30 September 2021 (31 December 2020: 79.186 thousand EUR).

Breakdown of net portfolio

(In thousand EUR)	30 Sep 2021	Total in %	31 Dec 2020	Total in %	Δ in %
Moldova	39.171	39,7%	35.139	44,4%	11,5%
Albania	37.255	37,7%	30.037	37,9%	24,0%
Macedonia	18.557	18,8%	11.315	14,3%	64,0%
Bosnia	3.193	3,2%	2.695	3,4%	18,5%
Bulgaria	615	0,6%	0	0,0%	n/a
Total net loan portfolio	**98.790**	**100,0%**	**79.186**	**100,0%**	**24,8%**

Breakdown of loan applications

	9M/2021					9M/2020					Δ in %		
in pcs	Processed	Approved	Paid out	Approval rate %	Active rate %	Processed	Approved	Paid out	Approval rate%	Active rate %	Processed	Approved	Approval rate%
Moldova	151.930	95.234	90.412	62,1%	93,1%	121.865	73.547	68.399	58,6%	40,2%	24,7%	29,5%	6,0%
Albania	116.450	84.753	84.429	72,7%	95,4%	95.508	61.877	59.086	62,7%	41,0%	21,9%	37,0%	15,9%
Macedonia	57.115	34.425	34.662	60,3%	99,0%	41.630	23.751	23.502	58,5%	38,7%	37,2%	44,9%	3,0%
Bosnia	11.456	4.785	4.698	41,9%	97,6%	10.437	4.125	4.037	40,9%	69,8%	9,8%	16,0%	2,6%
Bulgaria	21.626	2.072	1.845	12,0%	90,3%	0	0	0	0,0%	0,0%	n/a	n/a	n/a
In total	358.577	221.269	216.046	61,7%	95,1%	269.440	163.300	155.024	60,6%	94,9%	33,1%	35,5%	1,8%

Breakdown of issued loans APR on country level

(In %)	9M/2021	9M/2020	Δ in %
Moldova	56,2%	55,2%	1,7%
Albania	59,8%	56,1%	6,6%
Macedonia	42,3%	41,7%	1,3%
Bosnia	56,7%	56,4%	0,6%
Bulgaria	41,0%	0,0%	n/a
ICG weighted average	**54,6%**	**56,2%**	**-2,8%**

The decrease in average annual percentage rates (APR) at group level in 9M/2021 relates to the shift to longer loan maturities and the increasing share of repeating customers. Moreover, Moldova accounted a lower proportion of dealers compared with the previous year due to lockdowns, while cash loans had higher APRs with lower payouts.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days tolerance, i.e., Customer Performance Index (CPI30).

(In %)	9M/2021	9M/2020	Δ in %
Moldova	86,1%	84,4%	2,0%
Albania	89,1%	83,1%	7,2%
Macedonia	86,4%	89,0%	-2,9%
Bosnia	70,5%	73,9%	-4,6%
ICG weighted average	**86,7%**	**84,2%**	**3,0%**

Customer repayment discipline (Customer Performance Index, CPI30) was driven by the shift to longer loan maturities and a growing share of repeating customers.

Breakdown of portfolio classification

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

	30 Sep 2021				31 Dec 2020			
(In thousand EUR)	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	93.775	-5.705	88.070	89,1%	72.751	-6.746	66.005	83,4%
Non-Performing	20.244	-9.525	10.720	10,9%	22.295	-9.113	13.182	16,6%
Total portfolio	**114.020**	**-15.230**	**98.790**	**100,0%**	**95.046**	**-15.859**	**79.187**	**100,0%**

(In thousand EUR)	30 Sep 2021	Total share in %	31 Dec 2020	Total share in %
Stage 1	85.870	86,9%	64.796	81,8%
Stage 2	2.200	2,2%	1.209	1,5%
Stage 3	10.720	10,9%	13.182	16,6%
Total net portfolio	**98.790**	**100,0%**	**79.187**	**100,0%**
Gross NPL ratio	**17,8%**		**23,5%**	
Impairment coverage ratio	**75,2%**		**71,1%**	

The total share of poorly performing loan portfolio (Stage 3) decreased starting monthly depreciation of fully impaired loans DPD 365 in October 2020.

Distribution principles between stages

	30 Sep 2021	31 Dec 2020
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	30 Sep 2021	31 Dec 2020	Δ in %
Deferred tax assets	246	104	136%
Prepayments of rent	77	77	0%
Prepayment of taxes	1.101	1.011	8,9%
Prepayments to suppliers and deferred expenses	139	105	32,6%
Prepayments in total	**1.563**	**1.297**	**20,5%**
Receivables from collection companies	638	292	118,6%
Other receivables	359	73	391,2%
Deposit receivables from partners	2.129	2.337	-8,9%
Trade and other receivables in total	**3.126**	**2.702**	**15,7%**
TOTAL	**4.689**	**3.999**	**17,3%**

Liabilities

As of 30 September 2021, total liabilities increased by 11,8% to 106.344 thousand EUR (31 December 2020: 95.131 thousand EUR). The changes mainly relate to the tap issue of 10 million EUR to the four-year corporate bond 2019/23 in November 2020.

Breakdown of loans and borrowings

Loans and borrowings increased by 10,8% to 101.275 thousand EUR (31 December 2020: 91.434 thousand EUR), accounting for 95,2% of all liabilities (31 December 2020: 96,1%).

(In thousand EUR)		30 Sep 2021	31 Dec 2020	Δ in %
Loans from investors		**50.292**	**41.852**	**20,2%**
	Due date during next 12 months	24.727	23.803	3,9%
	Due date after 12 months	25.565	18.049	41,6%
Bond liabilities		**48.306**	**44.596**	**8,3%**
	Due date during next 12 months	0	0	n/a
	Due date after 12 months	48.306	44.596	8,3%
Lease liabilities		**1.845**	**2.121**	**-13,0%**
	Due date during next 12 months	862	860	0,3%
	Due date after 12 months	983	1.261	-22,0%
Accrued interest		**832**	**2.866**	**-71,0%**
TOTAL		**101.275**	**91.434**	**10,8%**
	weighted average interest rate	*12,5%*	*13,1%*	
	currency	*EUR, MDL, USD; ALL; MKD*	*EUR, MDL, USD; ALL; MKD*	

Loans from investors increased to 50.292 thousand EUR (31 December 2020: 41.852 thousand EUR), of which 39.899 thousand EUR (31 December 2020: 32.232 thousand EUR) is accounted for by P2P loans from the Mintos platform.

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

Eurobond covenant ratios

	30 Sep 2021	31 Dec 2020	Δ in %
Capitalization			
Capitalization ratio *(Equity/net loan portfolio)*	24,0%	27,1%	-11,6%
Financial covenant at least	15%		
	9M/2021	**9M/2020**	**Δ in %**
Profitability			
Interest coverage ratio (ICR), times	1,6	1,9	-13,6%
(Adjusted EBITDA/interest expenses)			
Financial covenant at least	1,5		

Distribution of investor loan (Mintos)

	Mintos loans			Net loan portfolio			
(In thousand EUR)	**30 Sep 2021**	**31 Dec 2020**	**Δ in %**	**30 Sep 2021**	**Total share in %**	**31 Dec 2020**	**Total share in %**
Moldova	11.977	12.770	-6,2%	39.171	30,6%	35.139	36,3%
Albania	19.913	15.274	30,4%	37.255	53,5%	30.037	50,9%
Macedonia	8.009	4.188	91,2%	18.557	43,2%	11.315	37,0%
Bosnia	0	0	0,0%	3.193	0,0%	2.695	0,0%
Bulgaria	0	0	0,0%	615	0,0%	0	0,0%
Total	**39.899**	**32.232**	**23,8%**	**98.790**	**41,7%**	**79.186**	**42,1%**

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	30 Sep 2021	31 Dec 20	Δ in %
Trade payables	933	1.051	-11,2%
Payables to employees	368	529	-30,4%
Corporate Income Tax payables	5	238	-98,0%
Other Tax payables	585	655	-10,7%
Dealer loan liabilities	354	115	208,2%
Over-/wrong payments from customers	471	411	14,6%
Other liabilities	2.352	689	241,3%
TOTAL	**5.069**	**3.688**	**37,4%**

Equity

As of 30 September 2021, equity increased by 10,3% to 23.691 thousand EUR (31 December 2020: 21.488 thousand EUR), representing an equity to assets ratio of 18,2% (31 December 2020: 18,4%). The equity to net loan portfolio ratio in line with the portfolio growth decreased to 24,0% (31 December 2020: 27,1%), reflecting the Group's strong capitalization, and exceeds IuteCredit Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Outstanding debts of ICKO in front of Mintos, which was recognized as off-balance sheet for the Group as of 30 November 2019, was repaid by ICE in mid-June 2020.

Recent developments

IuteCredit Finance S.a.r.l., wholly owned Luxembourg subsidiary of ICG, at the end of September 2021 issued and at the beginning of October 2021 settled EUR 75 million senior secured corporate bonds with a maturity of 5 years and a coupon of 11% ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Interest and similar income	35.102	32.477	8,1%
Interest and similar expense	-9.841	-8.061	22,1%
Net interest and commission fee income	**25.261**	**24.416**	**3,5%**
Loan administration fees and penalties	6.158	5.760	6,9%
Loan administration fees and penalties in total	**6.158**	**5.760**	**6,9%**
Other income	2.352	4.028	-41,6%
Allowances for loan impairment	-13.257	-16.464	-19,5%
Net operating income	**20.515**	**17.740**	**15,6%**
Personnel expenses	-6.375	-5.624	13,4%
Depreciation/amortization charge	-1.981	-1.117	77,3%
Other operating expenses	-8.197	-4.492	82,5%
Total operating expenses	**-16.553**	**-11.233**	**47,4%**
Foreign exchange gains/losses	754	-1.239	-160,9%
Total foreign exchange gains/losses	**754**	**-1.239**	**-160,9%**
Profit before tax	**4.716**	**5.268**	**-10,5%**
Income tax expense	-321	-1.430	-77,6%
Profit for the reporting period	**4.395**	**3.838**	**14,5%**
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	509	-769	-166,2%
Other comprehensive income total	**4.904**	**3.069**	**59,8%**
Profit attributable to:			
Equity holders	4.904	3.069	59,8%
Total comprehensive income attributable to:			
Equity holders	4.904	3.069	59,8%

Consolidated statement of financial position

(In thousand EUR)	30 Sep 2021	31 Dec 2020	Δ in %
ASSETS			
Cash and bank accounts	12.355	19.453	-36,5%
Loans to customers	98.790	79.187	24,8%
Prepayments	1.563	1.297	20,5%
Other assets	3.103	2.702	14,8%
Other financial investments	5.969	7.196	-17,0%
Property, plant and equipment	1.078	978	10,2%
Right-of-use assets	1.694	2.113	-19,8%
Intangible assets	5.481	3.693	48,4%
Total assets	**130.035**	**116.619**	**11,5%**
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	101.275	91.434	10,8%
Trade and other payables	933	1.051	-11,2%
Current income tax liabilities	5	238	-98,0%
Deferred tax liabilities	585	655	-10,7%
Other liabilities	3.546	1.753	102,3%
Total liabilities	**106.344**	**95.131**	**11,8%**
Equity			
Share capital	10.000	10.000	0,0%
Legal reserve	799	537	48,8%
Unrealized foreign exchange differences	-1.181	-1.689	-30,1%
Retained earnings	14.073	12.640	11,3%
Total equity	**23.691**	**21.488**	**10,3%**
Total equity and liabilities	**130.035**	**116.619**	**11,5%**

Consolidated statement of cash flows

(In thousand EUR)	9M/2021	9M/2020	Δ in %
Paid prepayments (-)	-18.807	-7.760	142,4%
Received pre- and overpayments (+)	23.586	27.873	-15,4%
Paid trade payables outside the Group (-)	-11.814	-7.960	48,4%
Received debts from buyers and received other claims (+)	2.019	816	147,4%
Received from collection companies (+)	19.315	17.390	11,1%
Paid net salaries (-)	-4.801	-3.986	20,4%
Paid tax liabilities, exc. CIT (-)	-3.672	-2.148	71,0%
Corporate income tax paid (-)	-1.071	-1.437	-25,5%
Paid out to customers outside the Group (-)	-48.359	-31.240	54,8%
Change in MasterCard settlement account (+/-)	-13.746	-5.318	158,5%
Principal repayments from customers outside the Group (+)	30.438	22.297	36,5%
Loan principal repayments from customers related to MasterCard (+)	8.255	2.449	237,1%
Interest, commission and other fees received outside the Group (+)	14.439	10.593	36,3%
NET CASH FLOWS FROM OPERATING ACTIVITIES	**-4.219**	**21.569**	**-119,6%**
Purchase of fixed assets outside the Group, incl. prepayments (-)	-1.285	-172	649,0%
Receipts from the sale of fixed assets outside the Group (+)	4	0	n/a
Payments for other financial investments (-)	-170	-2.513	-93,2%
Receipts from other financial investments (+)	6.750	505	>1.000%
NET CASH FLOWS FROM INVESTING ACTIVITIES	**5.299**	**-2.180**	**n/a**
Loans received from investors outside the Group (+)	33.886	25.593	32,4%
Repaid loans to investors outside the Group (-)	-30.385	-31.277	-2,9%
Change in overdraft (+/-)	0	-5.162	n/a
Principal payments of financial lease contracts (-)	-729	-642	13,6%
Interests paid outside the Group (-)	-8.433	-7.148	18,0%
Dividends paid outside the Group (-)	-2.697	-499	440,6%
Payments for other financing activities (-)	0	-38	n/a
Receipts from other financing activities (+)	0	3	n/a
NET CASH FLOWS FROM FINANCING ACTIVITIES	**-8.358**	**-19.171**	**-56,4%**
Change in cash and cash equivalents	**-7.277**	**219**	**>1.000%**
Cash and cash equivalents at the beginning of the period	**19.453**	**6.734**	**188,9%**
Change in cash and cash equivalents	-7.277	218	>1.000%
Net foreign exchange difference	179	-293	-161,1%
Cash and cash equivalents at the end of the period	**12.355**	**6.659**	**85,5%**

Cash and cash equivalents comprise	9M/2021	9M/2020	Δ in %
Cash on hand	429	4	>1.000%
Non-restricted current account	11.926	6.655	79,2%

Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Legal reserve	Share premium	Unrealized foreign exchange differences	Retained earnings	Total
01/01/20	**10.000**	**398**	**0**	**72**	**8.035**	**18.505**
Profit for the year	**0**	**0**	**0**	**0**	**3.838**	**3.838**
Other comprehensive income						
Foreign currency translation	0	0	0	-769	0	**-769**
Total comprehensive income	**0**	**0**	**0**	**-769**	**3.838**	**3.069**
Contribution to share capital	0	139	0	0	-139	0
Dividends	0	0	0	0	-638	**-638**
30/09/20	**10.000**	**537**	**0**	**-697**	**11.096**	**20.936**
01/01/21	**10.000**	**537**	**0**	**-1.689**	**12.639**	**21.487**
Profit for the period	**0**	**0**	**0**	**0**	**4.395**	**4.395**
Other comprehensive income						
Foreign currency translation	0	0	0	509	0	**509**
Total comprehensive income	**0**	**0**	**0**	**509**	**4.395**	**4.904**
Allocation to reserves	0	262	0	0	-262	0
Dividends	0	0	0	0	-2.700	**-2.700**
30/09/21	**10.000**	**799**	**0**	**-1.180**	**14.072**	**23.691**

Additional key performance indicators

Profitability	9M/2021	9M/2020	Δ in %
Return on average assets	3,6%	3,8%	-0,2%
Return on average equity	19,5%	19,5%	0,0%
Interest income/Average interest earning assets	31,8%	32,2%	-0,5%
Interest income/Average gross loan portfolio	33,6%	34,5%	-0,9%
Interest income/Average net loan portfolio	35,2%	40,8%	-5,6%
Interest expense/Interest income	28,0%	24,8%	3,2%
Cost of funds	9,8%	9,8%	0,0%
Cost of interest-bearing liabilities	10,2%	10,2%	0,0%
Net interest margin	28,3%	30,2%	-1,9%
Net effective annualized yield	39,4%	51,5%	-12,0%
Net impairment/interest income	37,8%	50,7%	-12,9%
Net fee and commission income/Total operating income	94,6%	90,5%	4,1%
Earnings before taxes/Average total assets	3,8%	5,2%	-1,3%
Efficiency	**9M/2021**	**9M/2020**	**Δ in %**
Total assets/Employee (in thousand EUR)	304	316	-3,9%
Total operating income/Employee (in thousand EUR)	102	117	-12,9%
Cost/Income ratio	38,0%	26,6%	11,4%
Total recurring operating costs/Average total assets	2,0%	1,3%	0,7%
Total operating income/ Average total assets	35,4%	41,5%	-6,1%
Personnel costs/Total recurring operating costs	261,3%	426,7%	-165,4%
Personnel costs/Total operating income	14,6%	13,3%	1,3%
Net operating income/Total operating income	47,0%	42,0%	5,1%
Net income (Loss)/Total operating income	10,1%	9,1%	1,0%
Profit before tax (Loss)/Interest income	13,4%	16,2%	-2,8%
Liquidity	**9M/2021**	**9M/2020**	**Δ in %**
Net loan receivables/Total assets	76,0%	67,9%	8,1%
Average net loan receivables/Average total assets	80,9%	78,2%	2,7%
Net loan receivables/Total liabilities	92,9%	83,2%	9,7%
Interest earning assets/Total assets	85,0%	86,4%	-1,4%
Average interest earning assets/Average total assets	85,7%	89,9%	-4,3%
Liquid assets/Total assets	14,1%	22,9%	-8,8%
Liquid assets/Total liabilities	17,2%	28,0%	-10,8%
Total deposits/Total assets	0,5%	0,1%	0,4%
Total deposits/Total liabilities	0,7%	0,1%	0,5%
Total deposits/Shareholders' equity	3,0%	0,6%	2,4%
Tangible common equity/Tangible assets	14,6%	15,8%	-1,1%
Tangible common equity/Net receivables	18,4%	22,5%	-4,0%
Net Loan Receivables/Equity (times)	4,2	3,7	13,2%
Asset quality	**9M/2021**	**9M/2020**	**Δ in %**
Loan loss reserve/Gross receivables from client	13,4%	16,7%	-3,3%
Average loan loss reserve/Average gross receivables from clients	14,9%	15,5%	-0,6%
Cost of risk	14,9%	20,0%	-5,1%
Gross NPL ratio	17,8%	23,5%	-5,7%
Impairment coverage ratio	75,2%	71,1%	4,1%
Selected operating data	**9M/2021**	**9M/2020**	**Δ in %**
Number of employees (adjusted to full-time)	428	363	17,9%
Average monthly gross salary in group (in EUR)	1.432	1.463	-2,1%

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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