



Mortgage Lender

January 2022

www.hipocredit.lv



hipocredit

PTAC

License from Consumer protection center (PTAC) to carry out consumer lending

50%

Secured loans – all loans are secured with real estate pledge with average LTV of 50%

14%

Average interest rate of 14%

25%

25% market share of new non-bank mortgages in Latvia



About Hipocredit

HIPOCREDIT is a licensed non-bank lender that has been operating in the Latvian market since 2014. Our strategy is to issue secure and reliable loans against real estate collateral to both individuals and companies throughout Latvia, thus ensuring the largest territorial coverage among competitors, as well as a simple, fast and transparent issuance process.

HIPOCREDIT team consists of industry professionals, and the staff has remained stable for several years, providing each client with an individual approach and support throughout the contract. The team's experience in the traditional banking sector, the real estate sector and the consumer lending business provides a solid foundation for **HIPOCREDIT** operations. We are proud of our level of customer service!

The company operates in accordance with the norms specified in the legislation of the Republic of Latvia, observing all the guidelines set by the CRPC and the principles of good governance. During the existence of the company, CRPC has not received any complaints about the services provided by **HIPOCREDIT**.

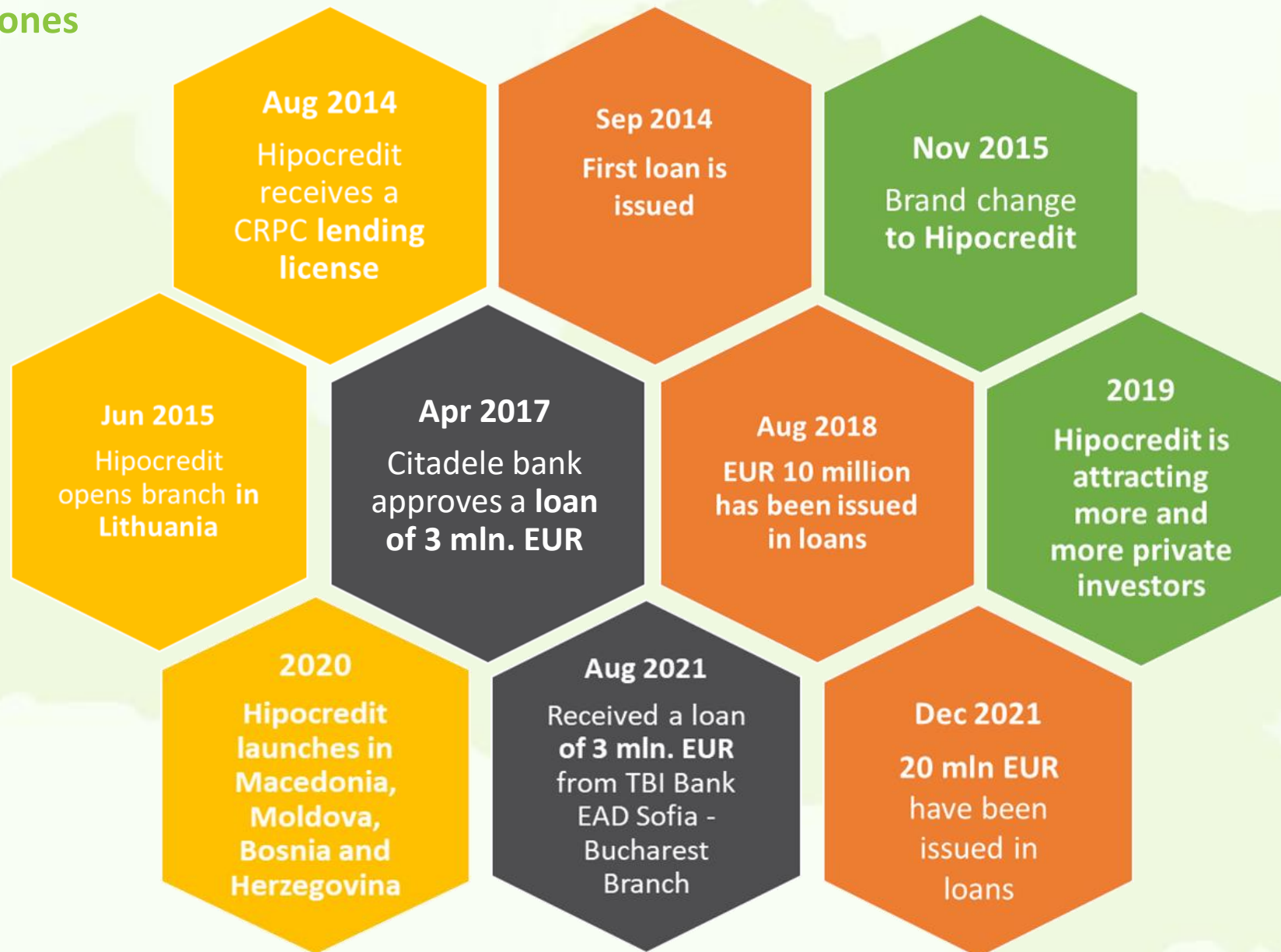
During its seven years of existence, **HIPOCREDIT** has issued **more than EUR 19.5 million in loans**, increasing its issuance each year while maintaining a high portfolio quality and process transparency. We have gained a stable position in the Latvian market and have successfully developed our **business in Lithuania** as well.

In 2020, **HIPOCREDIT** also started operations in **Macedonia, Bosnia and Moldova**.

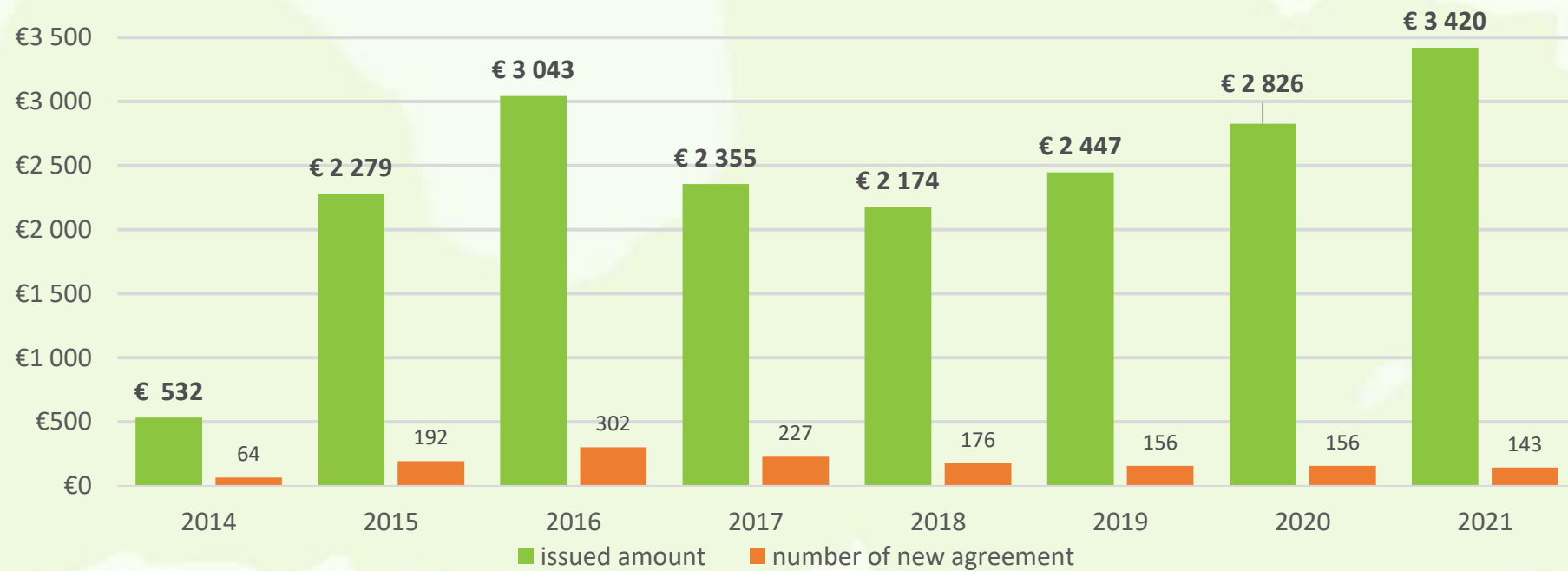
In 2021, **TBI Bank EAD Sofia - Bucharest Branch Office** approved a credit line of **EUR 3 million** to **Hipocredit**.



Hipocredit milestones



Originated Loans

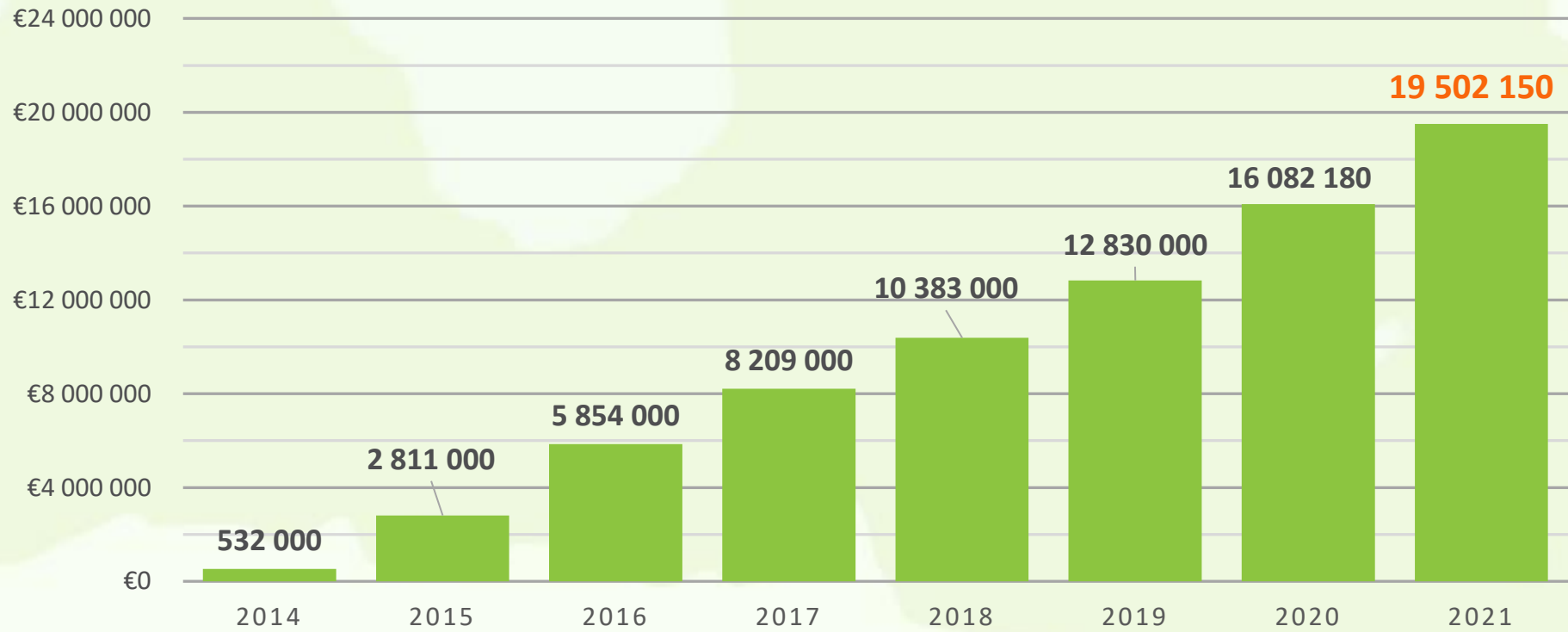


Growing lending volumes – originated 19 mln EUR in loans in 7 years

Very conservative loan approval policy – approved only 8% of received applications

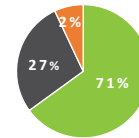
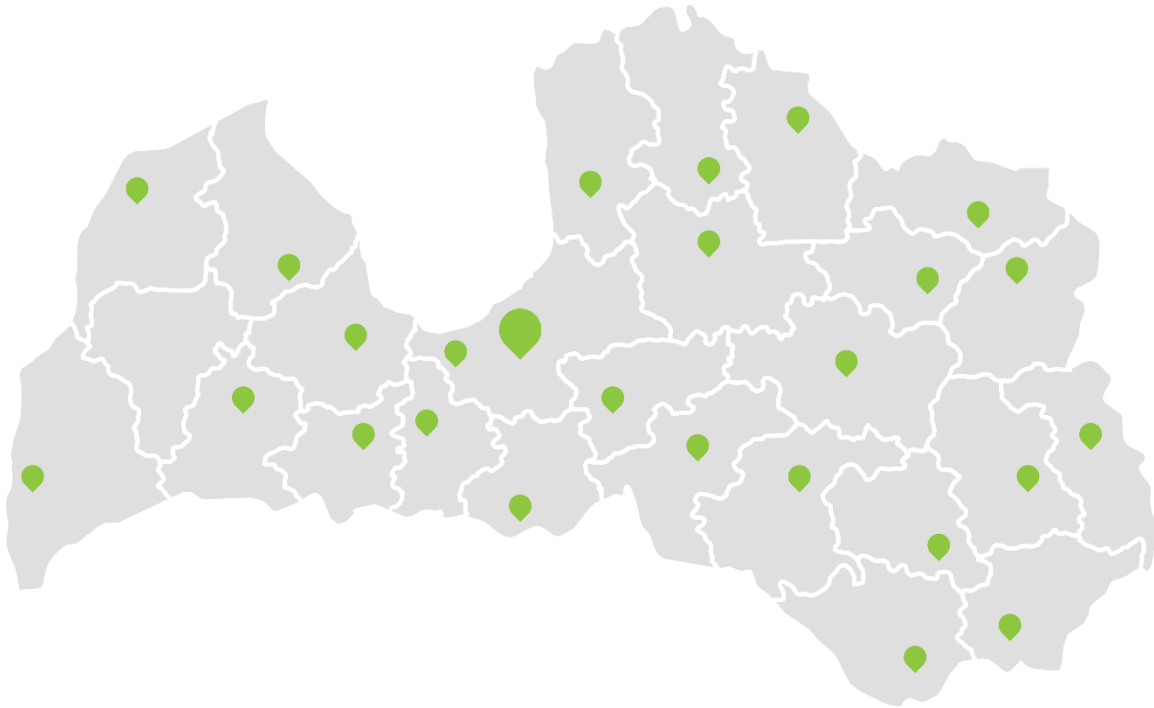


About

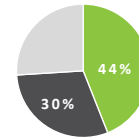


Strategy

Hipocredit's strategy is to originate secure and reliable loans against real estate pledge **across all Latvia**, thereby offering **wider territorial coverage than its competitors** as well as faster and more convenient client service during loan issuance and servicing.



Hipocredit is **mainly** originating **loans against pledge of apartment** (69% of all loans), which at the same time is also the primary place of residence for the borrower, hence significantly reducing the default risk. In addition, Hipocredit issues loans against pledge of houses (30%) and commercial real estate (1%).



By issuing loans with average LTV of 50%, as well as by verifying customers stable income (**average DTI is <30%**) and doing due diligence, Hipocredit is **significantly protecting itself from possible credit losses**.



Hipocredit **gives initial offer within couple of hours, examines 100% online and signs all agreements at notary office**. Agreement terms are published on website where client can also have an online chat.

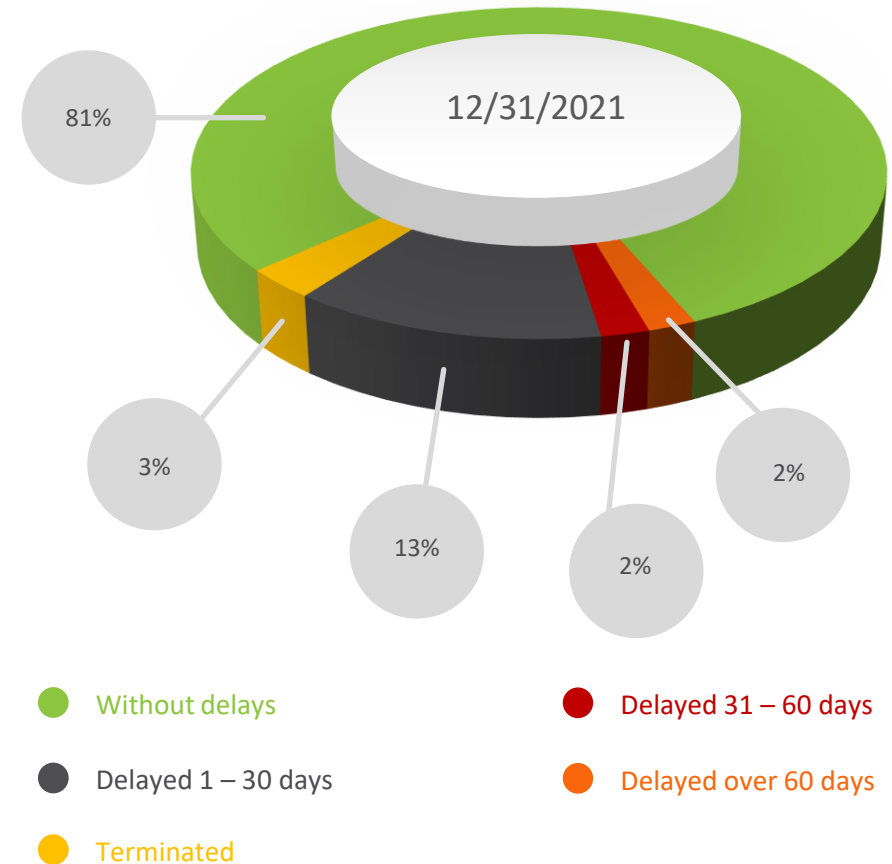


Quality of issued loans

By comparing data gathered by Consumer protection center about non-bank mortgage lenders, Hipocredit has significantly lower amount of loans with larger delays. Hipocredit expects that just around 2-3% from originated loans will become default and therefore will require debt recovery procedures. By taking into consideration the low LTV levels, the net loss from credit losses as a result of recoveries are expected to be very small or negligible.

Till now Hipocredit has started recovery of 56 loans. In 37 cases full loan amount has been recovered, while other 19 cases are still in process. Hipocredit does not have any losses so far.

Portfolio Analysis



Financial Data



Profit and Loss Statement

	Total 2016	Total 2017	Total 2018	Total 2019	Total 2020	Total 2021
Income	314,827	543,982	853,077	1,083,084	1,311,570	1,432,126
Commission income	197,221	152,026	136,767	155,563	176,588	199,770
Interest income from loans	105,461	391,955	716,310	927,521	1,135,118	1,232,356
Payroll expenses	(72,182)	(83,246)	(61,669)	(78,169)	(116,528)	(129,404)
Depreciation and amortization	(27,064)	(35,391)	(39,749)	(16,019)	(3,253)	(4,269)
Other operating expenses	(143,047)	(126,061)	(104,265)	(50,091)	(158,953)	(212,978)
Marketing and PR expenses	(77,126)	(39,642)	(25,122)	(21,067)	(47,073)	(55,244)
Legal expenses	(13,184)	(19,953)	(13,403)	(8,725)	(2,423)	(11,075)
IT and communication expenses	(5,781)	(7,746)	(11,518)	(17,259)	(48,338)	(78,461)
Loan issuance expenses	(37,800)	(32,154)	(32,954)	(20,570)	(25,414)	(23,982)
Rent expenses and related expenses	(4,396)	(9,174)	(11,330)	(11,373)	(10,045)	(10,646)
Other costs	(4,761)	(17,391)	(9,938)	(4,724)	(25,660)	(33,570)
Expenses for Mintos Marketplace	(33,841)	(51,158)	(41,992)	(42,403)	(42,608)	(52,366)
Interest expenses	(22,624)	(287,357)	(481,013)	(539,037)	(597,449)	(641,655)
Tax	-	-	(10,142)	(19,646)	(4,216)	(193)
Net income	16,068	(39,232)	114,247	272,514	388,563	391,261
EBITDA	99,598	334,674	687,143	889,619	1,036,089	1,089,744



Balance Sheet

	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021
Assets	1,577,208	3,725,427	5,791,304	7,134,039	8,007,325	9,779,445
Cash	46,201	22,753	172,484	518,139	62,323	190,038
Loans to customers	1,423,823	3,605,436	5,278,538	6,584,234	7,842,543	9,452,065
Fixed assets	5,439	3,418	2,106	1,191	467	74
Intangible assets	40,782	31,431	19,599	5,658	6,409	7,094
Other assets	60,963	62,389	59,519	24,817	65,318	130,174
Equity	125,869	95,968	180,072	442,551	831,114	1,222,375
Share capital	500,000	500,000	500,000	500,000	500,000	500,000
Retained earnings	(390,200)	(364,773)	(434,309)	(329,963)	(57,449)	331,114
Current year result	16,069	(39,259)	114,381	272,514	388,563	391,261
Liabilities	1,451,339	3,629,461	5,611,233	6,691,488	7,176,211	8,557,070
Other liabilities	33,265	76,882	849,038	1,887,994	1,251,218	1,041,420
Borrowings - related	790,639	1,175,164	2,860,000	2,109,539	2,845,000	2,215,000
Borrowings - Mintos Finance	620,956	1,635,375	1,888,806	2,663,383	3,061,637	3,538,490
Borrowings - Bank	-	736,744	-	-	-	1,750,694
Salary and taxes payables	6,479	5,296	13,389	30,572	18,356	11,466



Covid-19





Hipocredit continues new loan application acceptance and examination



All employees are working from home having all the necessary equipment



Company evaluates borrower's insolvency more strictly, paying special attention to client's workplace industry and its potential



During the crisis Hipocredit offers reduced monthly payments and loan agreement extensions, carefully examining every request and its validity



Loan agreements are signed with e-signature and meetings with notary are organized as video conferences. Notary examines all the documents and sends them electronically to the Land register



Portfolio quality and debt collection is a priority at Hipocredit



THANK YOU
FOR YOUR TIME



hipocredit

www.hipocredit.lv

info@hipocredit.lv

+371 67 333 773