



Mortgage Lender

January 2024, Latvia

www.hipocredit.lv



hipocredit

PTAC

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

51%

Secured loans – all loans are secured with real estate pledge with average LTV of 51%

13.5%

Average weighted interest rate of 13.5%

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 **almost EUR 30 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**.

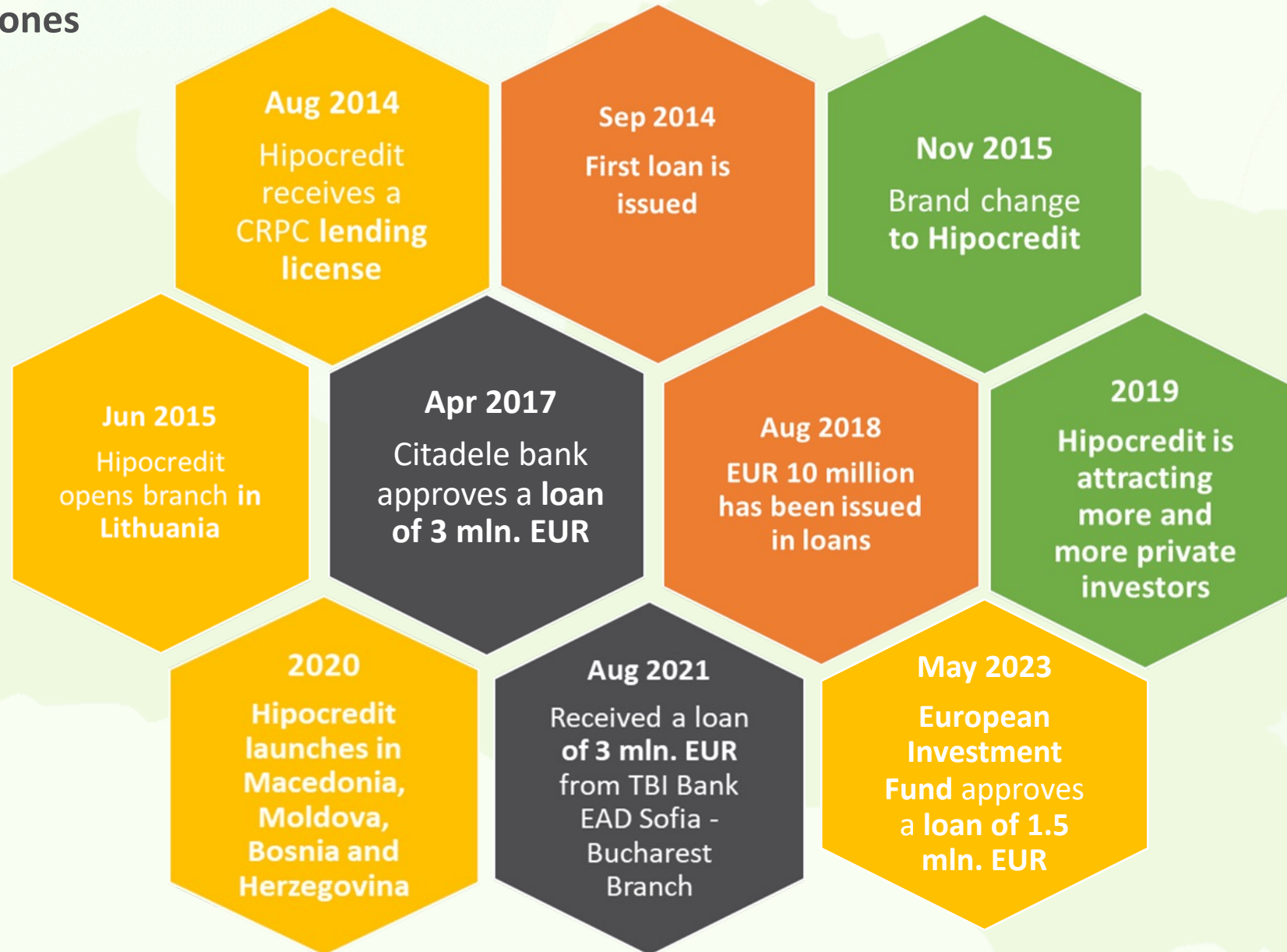
In 2021, **TBI Bank EAD Sofia - Bucharest Branch Office** approved a credit line of **EUR 3 million** to **Hipocredit**.

In 2022, **TBI Bank** issued additional credit line of **EUR 1 million**.

In 2023, **HIPOCREDIT** got approval for credit line of **1.5 million EUR** from **European Investment Fund** to finance small/medium sized business.

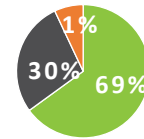
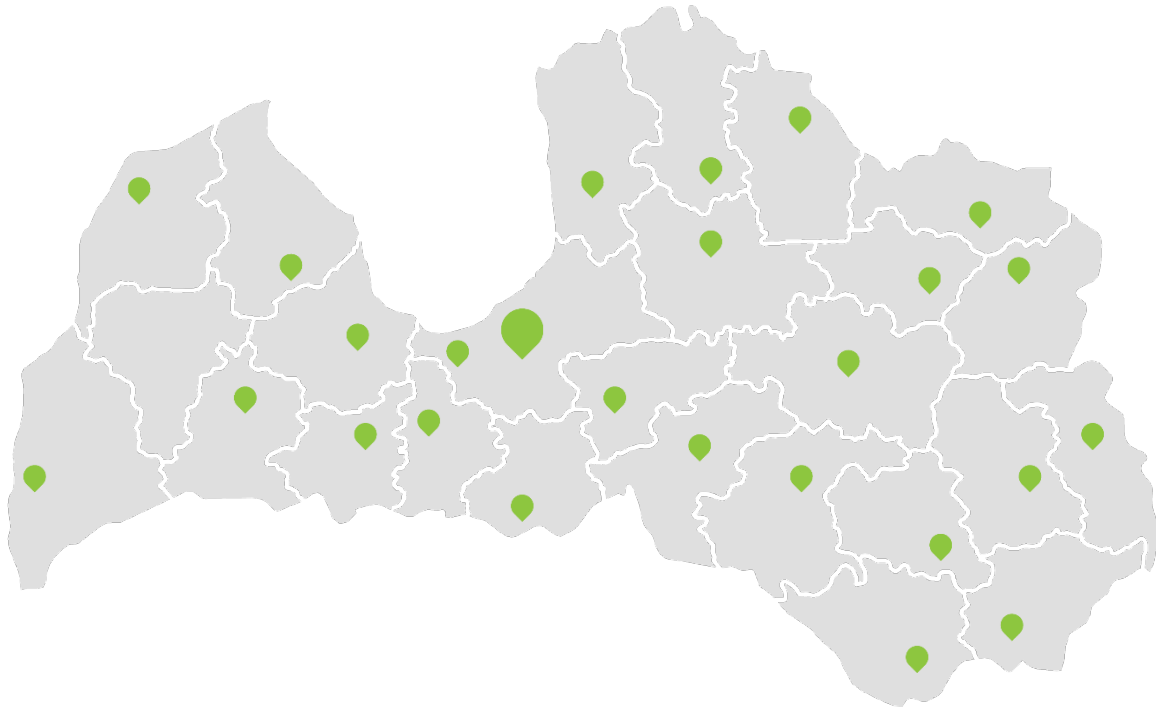


Hipocredit milestones

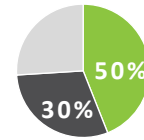


Strategy

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%).



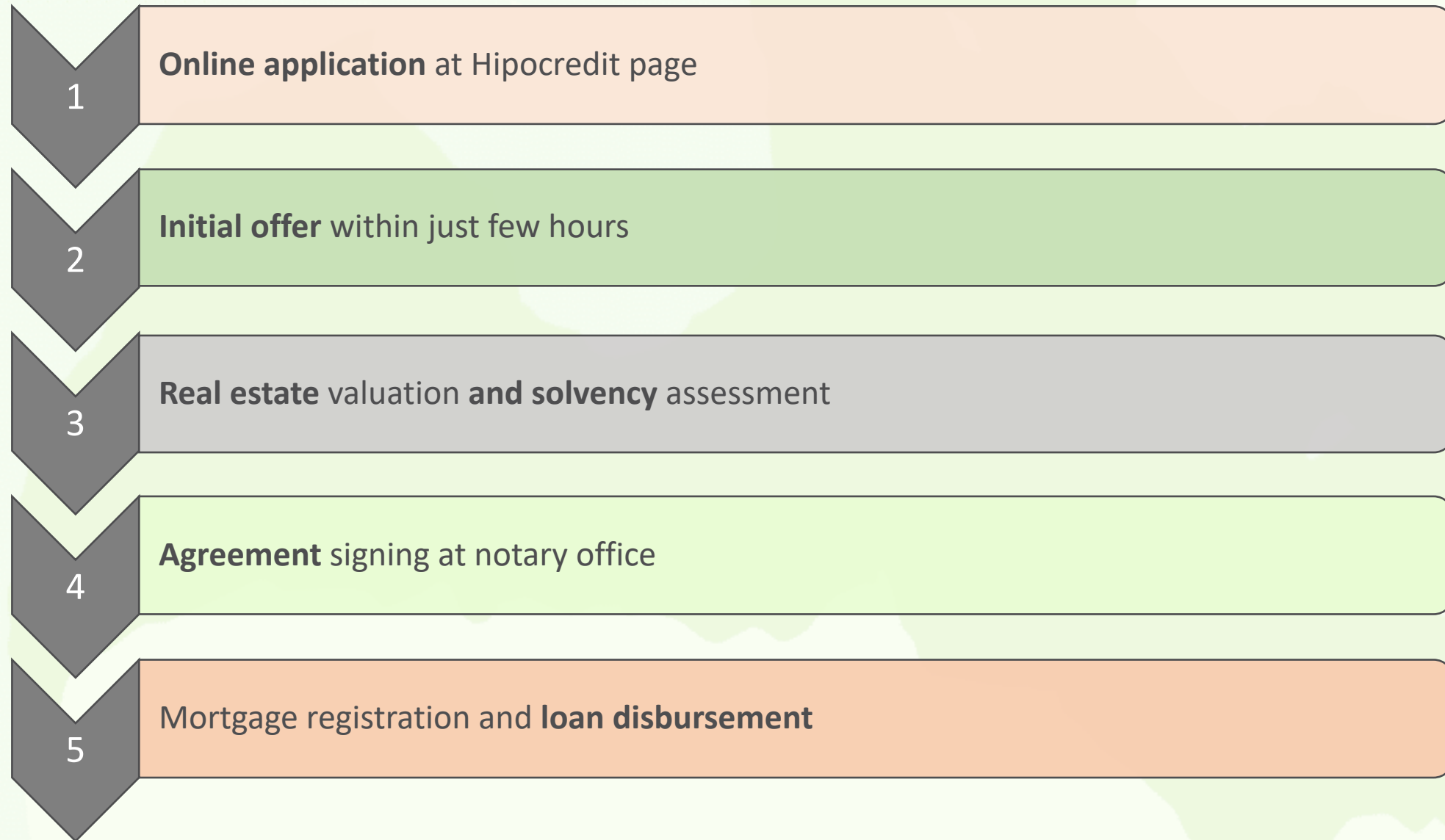
By issuing loans with average LTV of 50%, as well as by verifying customers stable income (**average DTI is <30%**) and doing due diligence, Hipocredit is **significantly protecting itself from possible credit losses**.



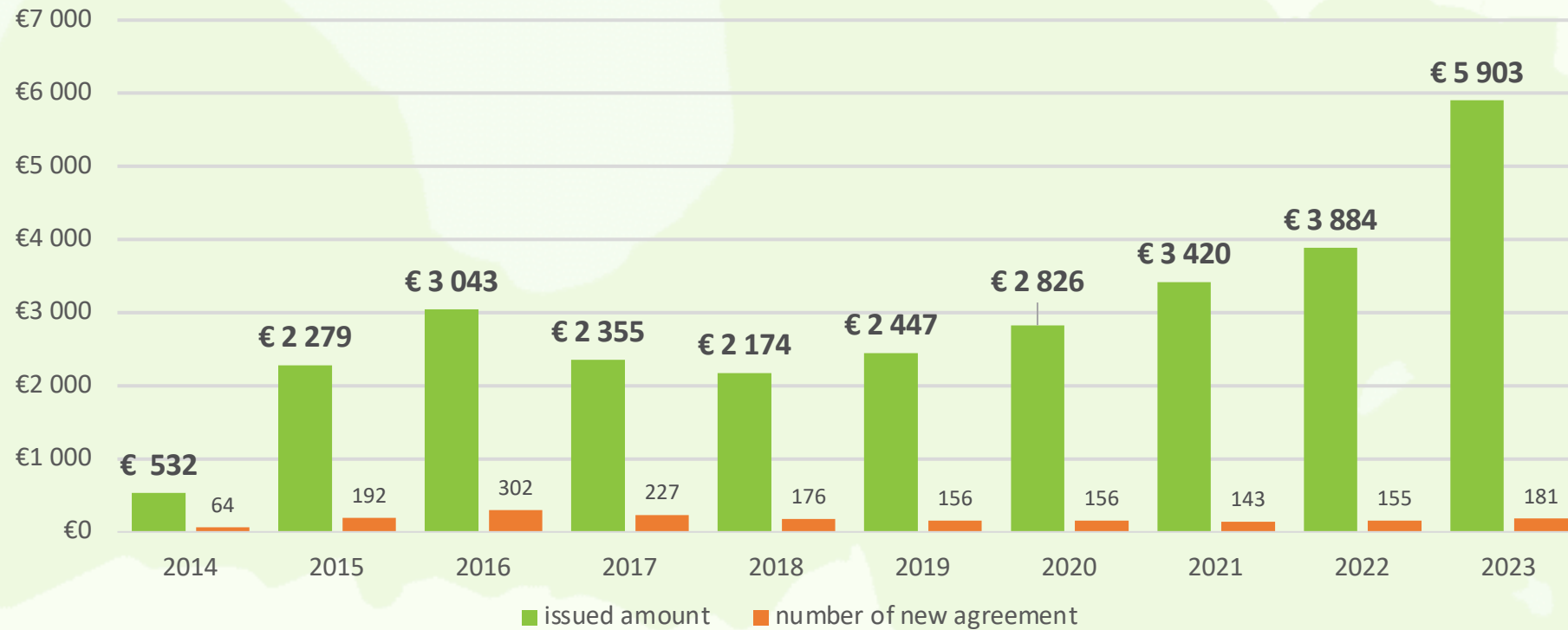
Hipocredit **gives initial offer within couple of hours, examines 100% online and signs all agreements at notary office**. Agreement terms are published on website where client can also have an online chat.



Hipocredit application process



Total originated loans per year

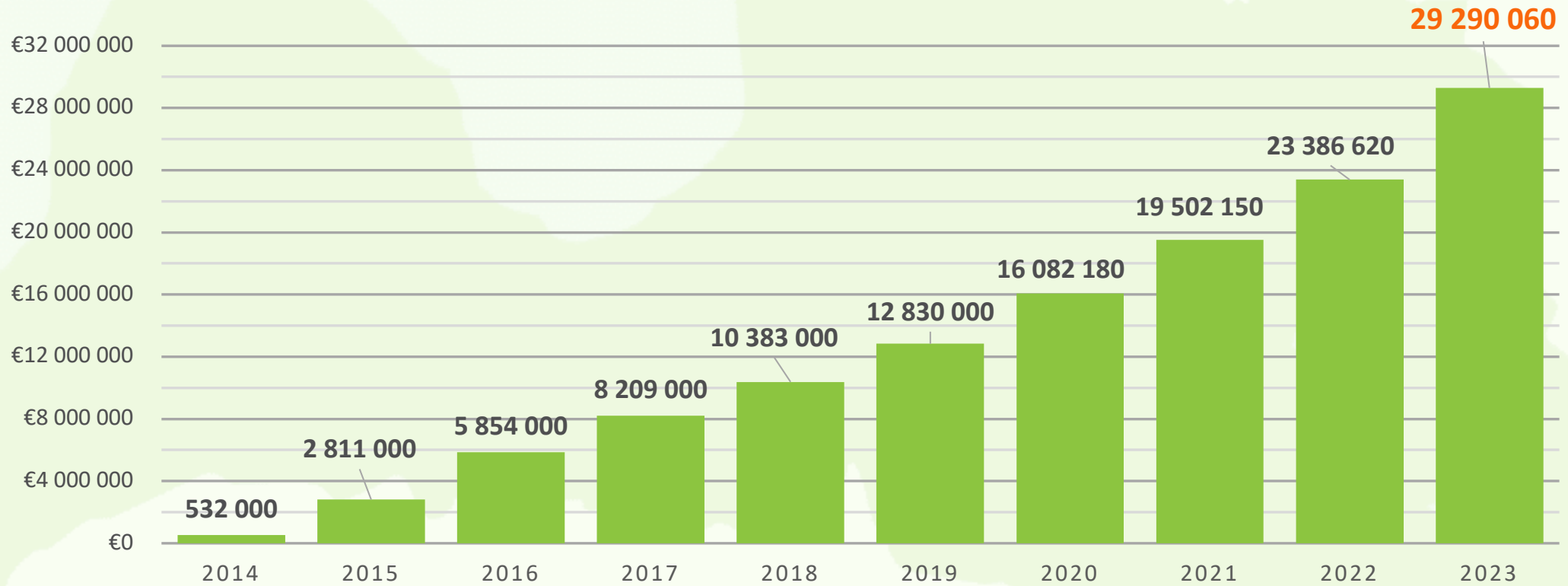


Growing lending volumes – **originated 29.3 mln EUR in loans in 9 years**

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



Total loans issued, EUR

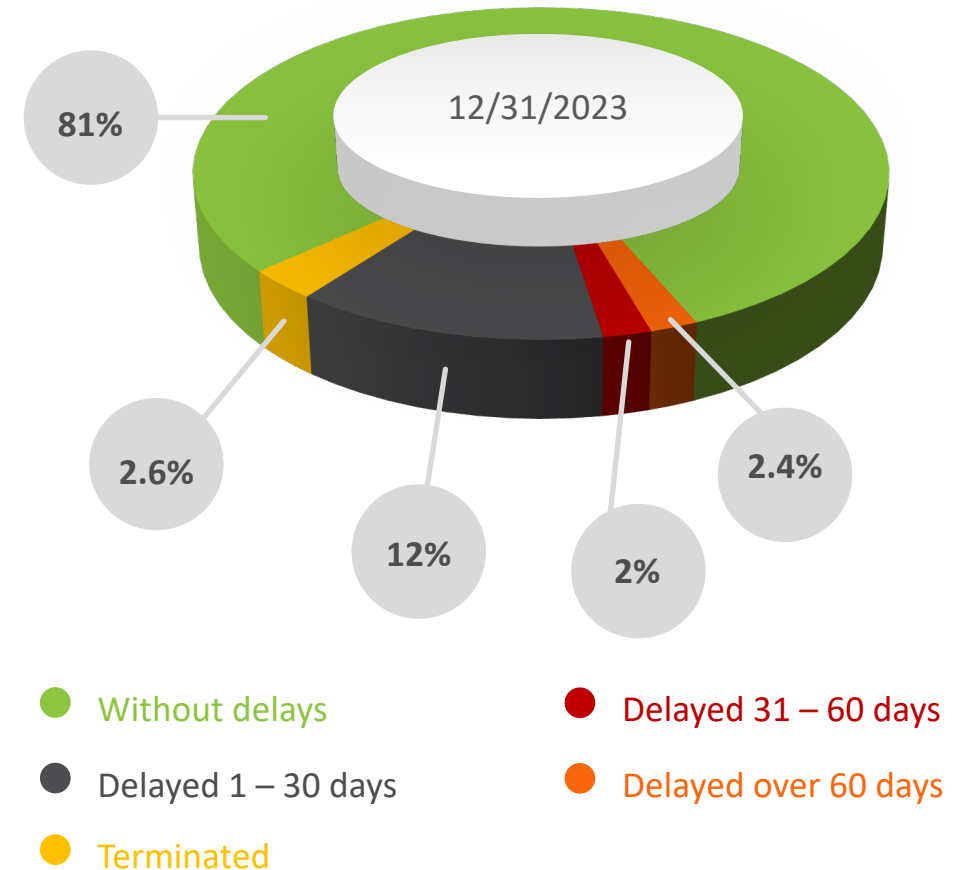


Quality of issued loans

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% 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 65 loans. In 47 cases full loan amount has been recovered, while other 18 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	Total 2022	Total 2023
Income	314,827	543,982	853,077	1,083,084	1,311,570	1,432,058	1,623,551	1,994,406
Commission income	197,221	152,026	136,767	155,563	176,588	199,770	240,358	375,693
Interest income from loans	105,461	391,955	716,310	927,521	1,135,118	1,232,288	1,383,193	1,618,633
Payroll expenses	(72,182)	(83,246)	(61,669)	(78,169)	(116,528)	(129,404)	(133,872)	(152,215)
Depreciation and amortization	(27,064)	(35,391)	(39,749)	(16,019)	(3,253)	(4,269)	(5,549)	(10,690)
Other operating expenses	(143,047)	(126,061)	(104,265)	(50,091)	(158,953)	(230,730)	(231,670)	(287,381)
Marketing and PR expenses	(77,126)	(39,642)	(25,122)	(21,067)	(47,073)	(55,015)	(81,401)	(92,029)
Legal expenses	(13,184)	(19,953)	(13,403)	(8,725)	(2,423)	(28,612)	(5,250)	(4,132)
IT and communication expenses	(5,781)	(7,746)	(11,518)	(17,259)	(48,338)	(78,461)	(77,110)	(84,054)
Loan issuance expenses	(37,800)	(32,154)	(32,954)	(20,570)	(25,414)	(23,982)	(29,214)	(30,110)
Rent expenses and related expenses	(4,396)	(9,174)	(11,330)	(11,373)	(10,045)	(10,646)	(10,891)	(14,018)
Other costs	(4,761)	(17,391)	(9,938)	(4,724)	(25,660)	(34,014)	(39,266)	(63,038)
Expenses for Mintos Marketplace	(33,841)	(51,158)	(41,992)	(42,403)	(42,608)	(81,438)	(45,573)	(68,245)
Interest expenses	(22,624)	(287,357)	(481,013)	(539,037)	(597,449)	(688,422)	(696,029)	(904,766)
Tax	-	-	(10,142)	(19,646)	(4,216)	(193)	(257)	(212)
Net income	16,068	(39,232)	114,247	272,514	388,563	297,602	510,601	571,897
EBITDA	99,598	334,674	687,143	889,619	1,036,089	1,071,924	1,258,009	1,487,565



Balance Sheet

	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Assets	1,577,208	3,725,427	5,791,304	7,134,039	8,007,325	9,685,544	10,739,267	14,184,699
Cash	46,201	22,753	172,484	518,139	62,323	190,038	300,069	56,292
Loans to customers	1,423,823	3,605,436	5,278,538	6,584,234	7,842,543	9,451,997	10,365,119	14,067,052
Fixed assets	5,439	3,418	2,106	1,191	467	74	0	835
Intangible assets	40,782	31,431	19,599	5,658	6,409	7,094	7,064	3872
Other assets	60,963	62,389	59,519	24,817	65,318	65,401	67,015	56,648
Equity	125,869	95,968	180,072	442,551	831,114	1,128,716	1,639,317	2,207,886
Share capital	500,000	500,000	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	628,716	1,135,989
Current year result	16,069	(39,259)	114,381	272,514	388,563	297,602	510,601	571,897
Liabilities	1,451,339	3,629,461	5,611,233	6,691,488	7,176,211	8,556,828	9,099,950	11,976,813
Other liabilities	33,265	76,882	849,038	1,887,994	1,251,218	1,041,442	115,536	665,483
Borrowings - related	790,639	1,175,164	2,860,000	2,109,539	2,845,000	2,215,000	1,875,000	2,374,720
Borrowings - Mintos Finance	620,956	1,635,375	1,888,806	2,663,383	3,061,637	3,537,618	3,340,938	5,263,473
Borrowings - Bank	-	736,744	-	-	-	1,750,694	3,756,592	3,661,244
Salary and taxes payables	6,479	5,296	13,389	30,572	18,356	12,074	11,884	11,893





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