



Mortgage lender

Dec 31st, 2018

About Hipocredit

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

Fastly growing lending volumes – originated >10 mln EUR in loans in less than 4 years

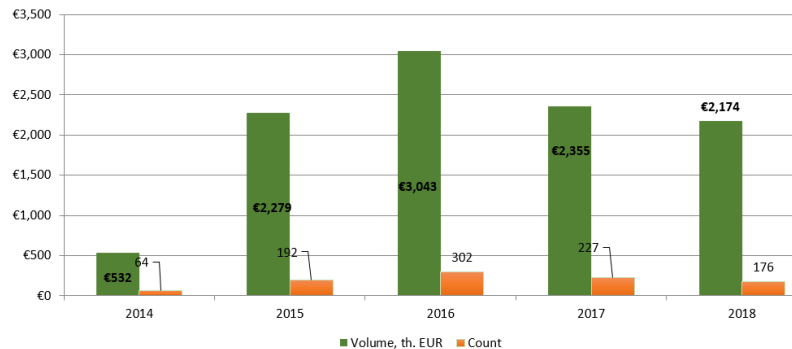
Secured loans – all loans are secured with real estate pledge with average LTV of 39%

Average interest rate of 13.5%

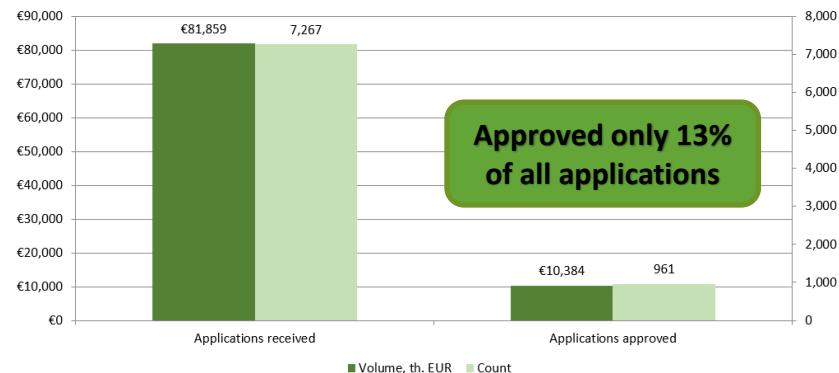
Very conservative loan approval policy – approved only 13% of received applications

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

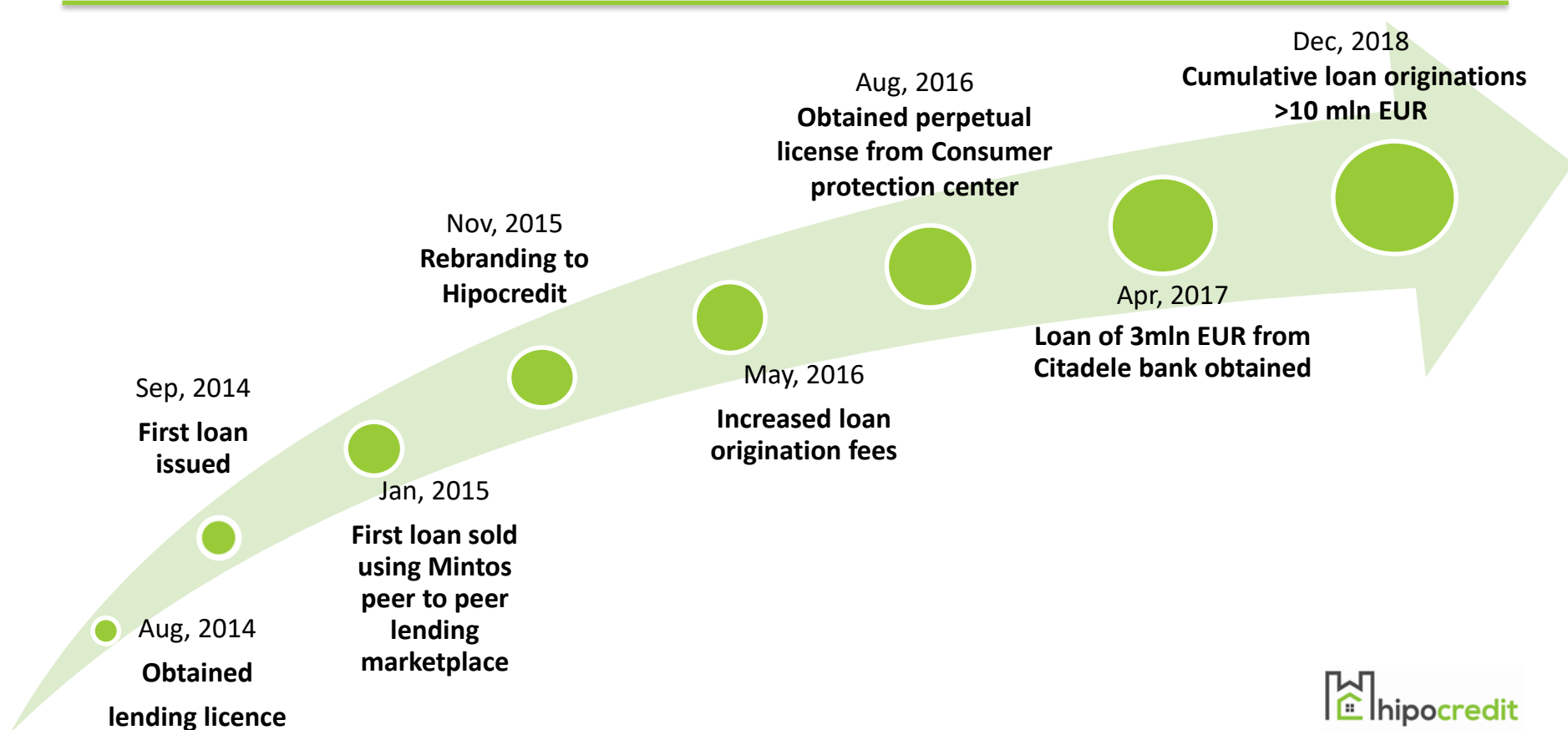
Originated loans



Loan applications



Hipocredit milestones



Hipocredit 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** (74% 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 (24%) and commercial real estate (2%).

By issuing loans with average LTV of 39%, 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**.

All **loan agreement** are signed in **form of notarial act**, which foresee more prompt recovery procedures, therefore Hipocredit **can recover non-performing loans in much faster time period**.



Hipocredit approach

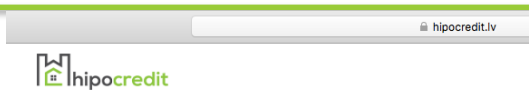
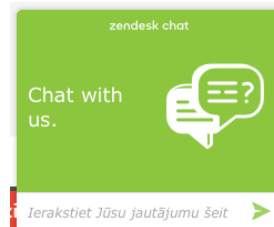
Loan origination has developed significantly over the last years, while, mortgage lending has remained a lengthy and inconvenient procedure.

Comparing to other non-bank mortgage lenders, Hipocredit has made number of innovations resulting in more convenient and better offering to the customer:

- **100% online process** prior to signing of loan agreement
- Initial **offer within couple of hours**
- **Transparent terms** – agreement publicly available on the website
- Easy communication – **online chat**

Mūsdienīga iespēja aizņemties

Aizņemties un izmanto naudu pēc saviem ieskatiem



Aizņēmēja pieteikuma anketa

Aizdevums pret nekustamā īpašuma ķīlu

Aizdevuma mērķis*

Nekustamā īpašuma tips*

Nekustamā īpašuma adrese*

Piemērs: Brīvības iela 123-1, Rīga

Aizņēmēja dati

Privātpersona Uzņēmums

Vārds*

Uzvārds*

E-pasts*

Loan origination process

Loan application

(day 1)

- Customer applies for a loan by filling application form on Hipocredit website. Hipocredit loan officer prepares **initial offer within couple of hours**.

Solvency and real estate review

(day 3)

- **Latio (largest valuation company in the market) prepares real estate valuation**, the customer can also provide valuation report prepared by other certified company. Loan officer reviews customer's solvency by reviewing received bank statements and income proof documents. Based on solvency assessment and real estate valuation the loan officer gives the final offer to the customer.

Signing of the agreement

(day 5)

- All loan agreements and mortgage agreements have been signed till now in **form of notarial act** at a certified notary bureaus.

Loan paid to a bank account

(day 7)

- At the moment when **pledge is register in State Land registry** and customer has insured the property, Hipocredit.lv is making money transfer to the customer's bank account.

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 around **3-4% 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 34 loans. In 19 cases **full loan amount has been recovered**, while other cases are still in process.

Aging analyses				
Current loans and loans with delay up to 30 days*	Delayed 30-60 days	Delayed over 60 days	Defaulted	Out of all restructured
90.4%	4.0%	0.9%	4.7%	<1%

*Delays till 30 days includes technical delays

Financial data – profit and loss statement

Hipocredit.lv operates with positive EBITDA for last 11 quarters and positive Net income for last 3 quarters

*Results for year 2015 do not include results related to Mintos Marketplace

** EBITDA are earnings before expenses for using Mintos marketplace, which are funding expenses

	Total 2015	Total 2016	Total 2017	Total 2018
Income	162,074	314,827	543,982	853,077
Commission income	110,717	197,221	152,026	136,767
Interest income from loans	40,603	105,461	391,955	716,310
Interest income from loans to related companies	10,754	12,145	-	-
Payroll expenses	(88,906)	(72,182)	(83,246)	(61,669)
Depreciation and amortisation	(27,566)	(27,064)	(35,391)	(39,749)
Other operating expenses	(216,728)	(143,047)	(126,061)	(104,265)
Marketing and PR expenses	(153,042)	(77,126)	(39,642)	(25,122)
Legal expenses	(15,661)	(13,184)	(19,953)	(13,403)
IT and communication expenses	(4,884)	(5,781)	(7,746)	(11,518)
Loan issuance expenses	(16,524)	(37,800)	(32,154)	(32,954)
Rent expenses and related expenses	(10,068)	(4,396)	(9,174)	(11,330)
Other costs	(16,549)	(4,761)	(17,391)	(9,938)
Expenses for Mintos marketplace	-	(33,841)	(51,158)	(41,992)
Interest expenses	(525)	(22,624)	(287,357)	(481,013)
Tax	-	-	-	(10,142)
Net income	(171,651)	16,068	(39,232)	114,247
EBITDA	(143,560)	99,598	334,674	687,143

Financial data – balance sheet

	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Assets	924,583	1,577,208	3,725,427	5,791,304
Cash	68,540	46,201	22,753	172,484
Loans to customers	259,369	1,423,823	3,605,436	5,278,538
Loans to related companies	524,502	-	-	-
Fixed assets	8,244	5,439	3,418	2,106
Intangible assets	52,169	40,782	31,431	19,599
Other assets	11,758	60,963	62,389	318,577
Equity	609,800	125,869	95,968	180,072
Share capital	1,000,000	500,000	500,000	500,000
Retained earnings	(218,399)	(390,200)	(364,773)	(434,309)
Current year result	(171,801)	16,069	(39,259)	114,381
Liabilities	314,783	1,451,339	3,629,461	5,611,233
Other liabilities	10,238	33,265	76,882	849,038
Borrowings - related	300,525	790,639	1,175,164	2,860,000
Borrowings - Mintos Finance	-	620,956	1,635,375	1,888,806
Borrowings - Bank	-	-	736,744	-
Salary and taxes payables	4,020	6,479	5,296	13,389