



Mortgage Lender

January 2021

[www.hipocredit.lv](http://www.hipocredit.lv)



**PTAC**

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

**48%**

Secured loans – all loans are secured with real estate pledge with average LTV of 48%

**14%**

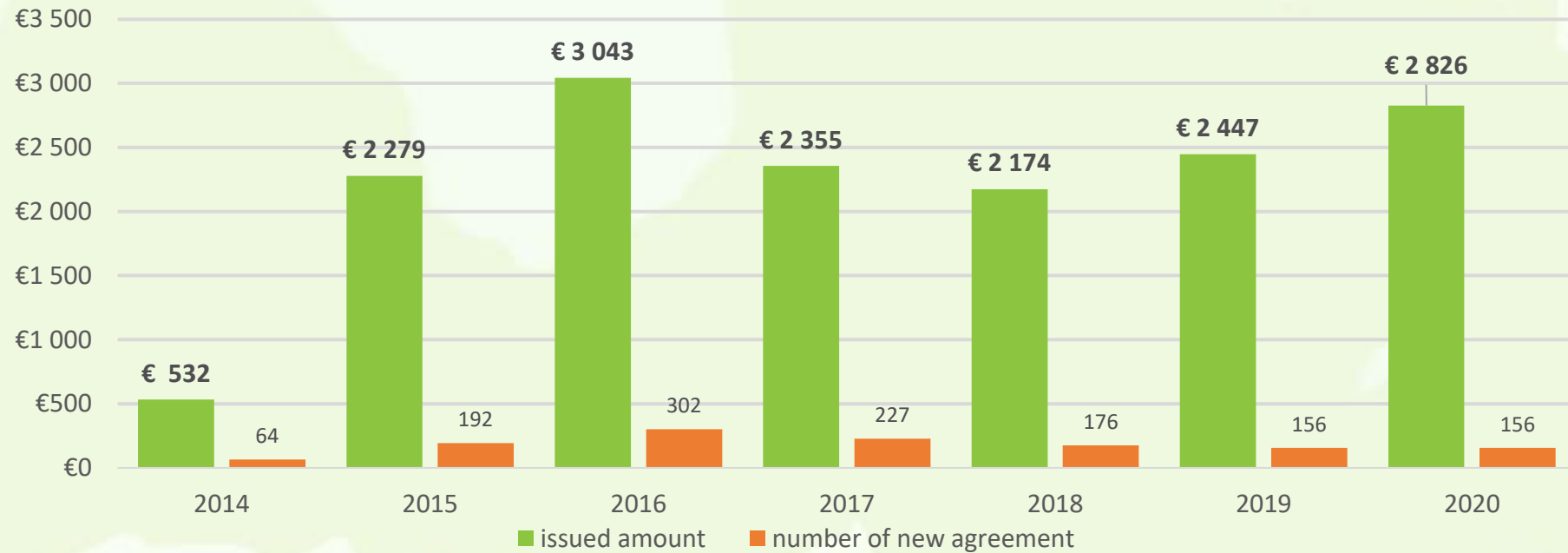
Average interest rate of 14%

**25%**

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



### Originated Loans

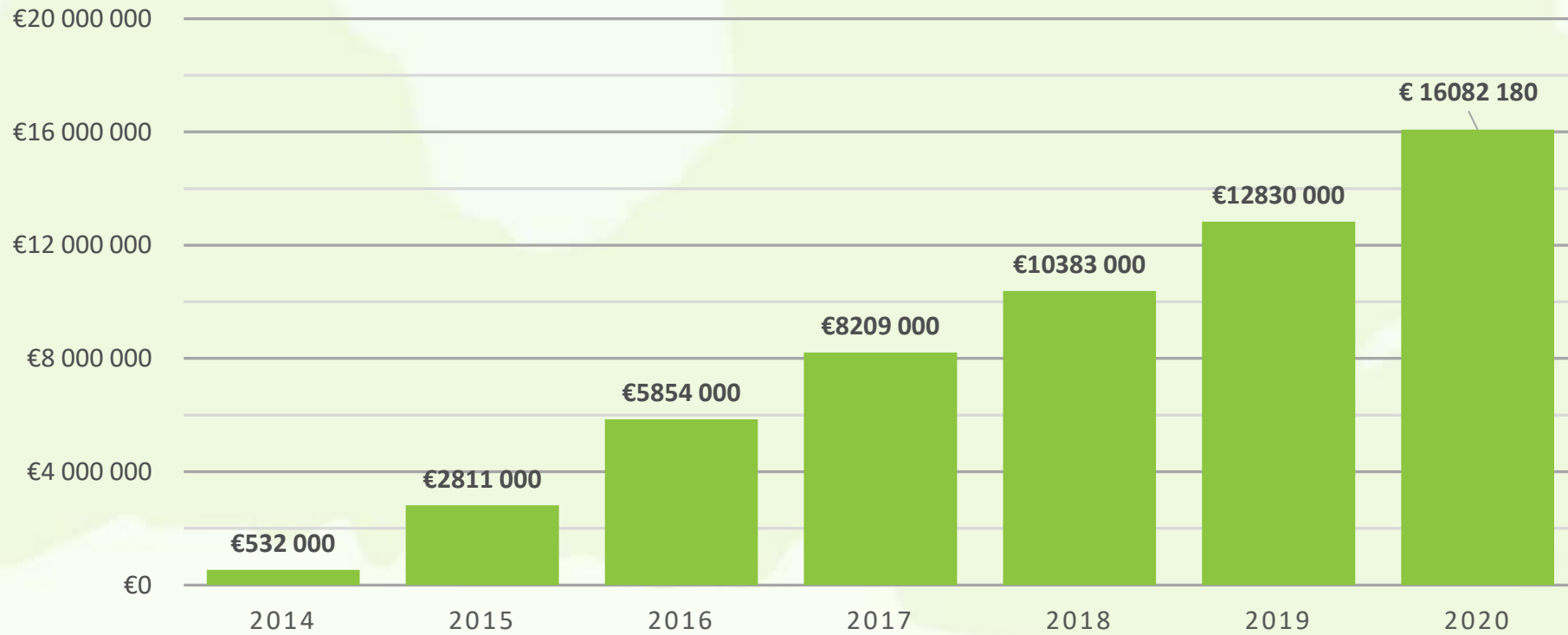


Growing lending volumes – originated 16 mln EUR in loans in 5 years

Very conservative loan approval policy – approved only 12% of received applications

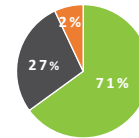
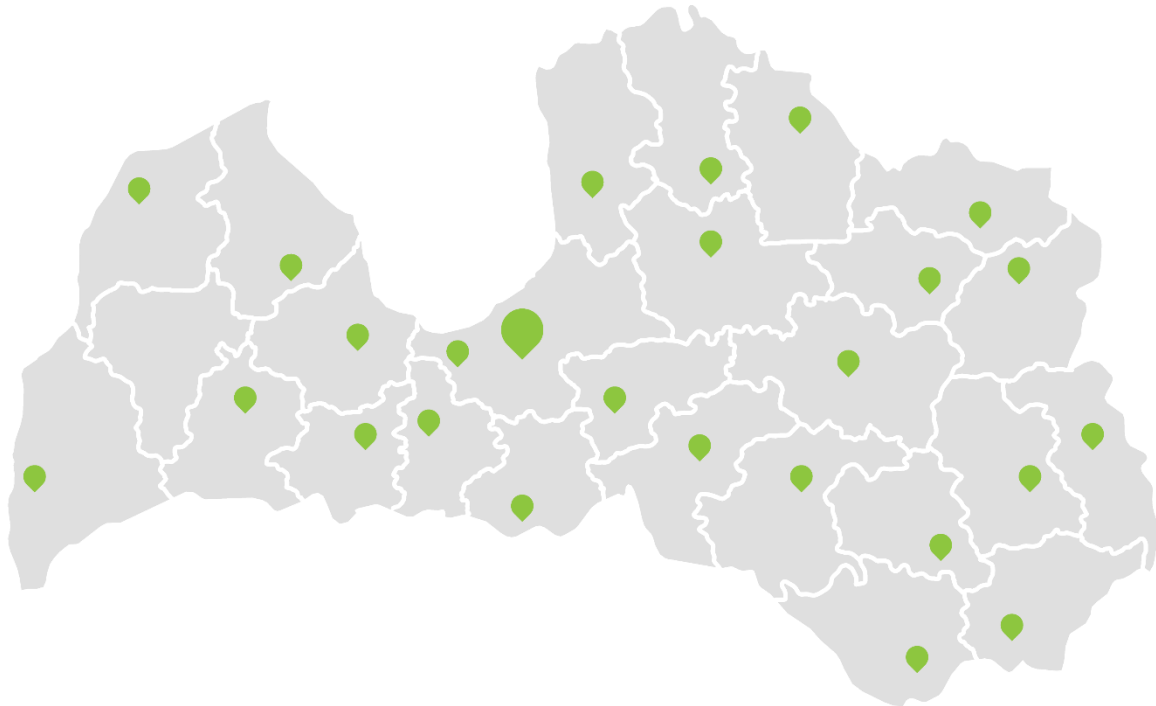


# About

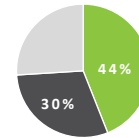


# Strategy

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** (71% 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 (28%) and commercial real estate (1%).



By issuing loans with average LTV of 48%, 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.

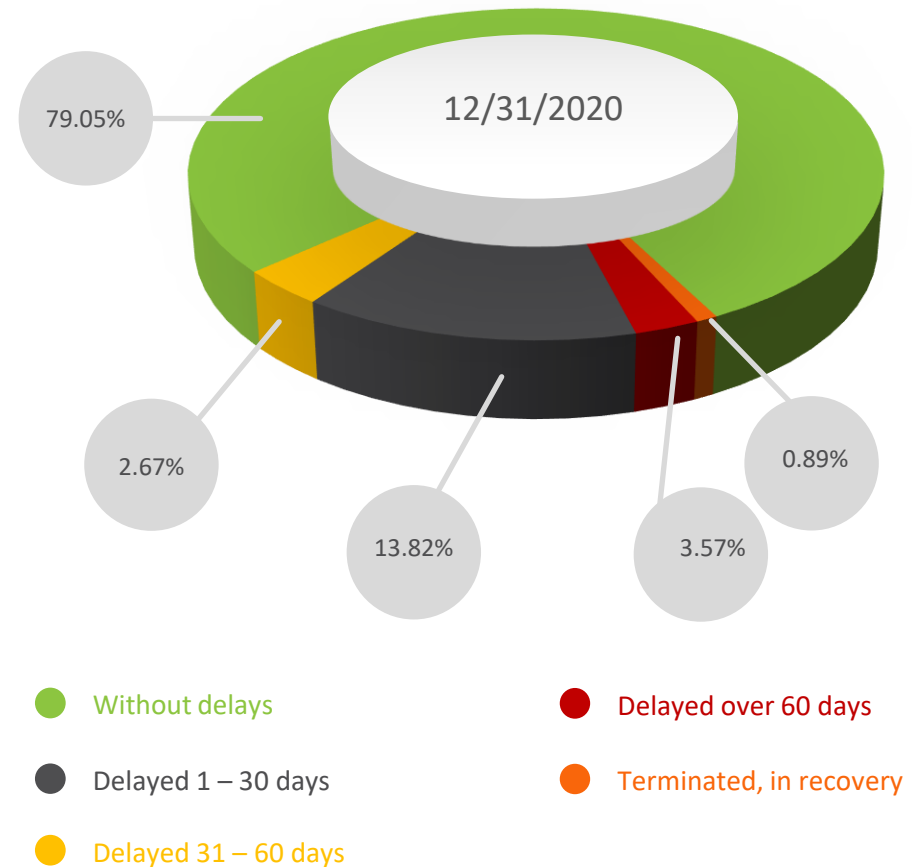


## Quality of issued loans

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 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 50 loans. In 30 cases full loan amount has been recovered, while other 20 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
Income	314,827	543,982	853,077	1,083,084	1,311,570
Commission income	197,221	152,026	136,767	155,563	176,588
Interest income from loans	105,461	391,955	716,310	927,521	1,135,118
Payroll expenses	(72,182)	(83,246)	(61,669)	(78,169)	(112,093)
Depreciation and amortization	(27,064)	(35,391)	(39,749)	(16,019)	(3,253)
Other operating expenses	(143,047)	(126,061)	(104,265)	(50,091)	(158,680)
Marketing and PR expenses	(77,126)	(39,642)	(25,122)	(21,067)	(47,073)
Legal expenses	(13,184)	(19,953)	(13,403)	(8,725)	(2,423)
IT and communication expenses	(5,781)	(7,746)	(11,518)	(17,259)	(48,338)
Loan issuance expenses	(37,800)	(32,154)	(32,954)	(20,570)	(25,414)
Rent expenses and related expenses	(4,396)	(9,174)	(11,330)	(11,373)	(10,045)
Other costs	(4,761)	(17,391)	(9,938)	(4,724)	(25,175)
Expenses for Mintos Marketplace	(33,841)	(51,158)	(41,992)	(42,403)	(42,608)
Interest expenses	(22,624)	(287,357)	(481,013)	(539,037)	(597,449)
Tax	-	-	(10,142)	(19,646)	(4,216)
Net income	16,068	(39,232)	114,247	272,514	393,271
EBITDA	99,598	334,674	687,143	889,619	1,037,544





## Balance Sheet

	31/12/2016	31/12/2017	31/12/2018	31/12/2019	31/12/2020
<b>Assets</b>	<b>1,577,208</b>	<b>3,725,427</b>	<b>5,791,304</b>	<b>7,134,039</b>	<b>8,007,325</b>
Cash	46,201	22,753	172,484	518,139	62,323
Loans to customers	1,423,823	3,605,436	5,278,538	6,584,234	7,842,543
Fixed assets	5,439	3,418	2,106	1,191	467
Intangible assets	40,782	31,431	19,599	5,658	6,409
Other assets	60,963	62,389	59,519	24,817	65,318
<b>Equity</b>	<b>125,869</b>	<b>95,968</b>	<b>180,072</b>	<b>442,551</b>	<b>835,824</b>
Share capital	500,000	500,000	500,000	500,000	500,000
Retained earnings	(390,200)	(364,773)	(434,309)	(329,963)	(57,449)
Current year result	16,069	(39,259)	114,381	272,514	393,271
<b>Liabilities</b>	<b>1,451,339</b>	<b>3,629,461</b>	<b>5,611,233</b>	<b>6,691,488</b>	<b>7, 171,501</b>
Other liabilities	33,265	76,882	849,038	1,887,994	1,250,943
Borrowings - related	790,639	1,175,164	2,860,000	2,109,539	2,845,000
Borrowings - Mintos Finance	620,956	1,635,375	1,888,806	2,663,383	3,061,637
Borrowings - Bank	-	736,744	-	-	-
Salary and taxes payables	6,479	5,296	13,389	30,572	13,921



# Covid-19





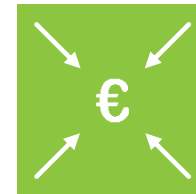
Hipocredit continues new loan application acceptance and examination



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**

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