



Management Report

Full Year 2022

SUMMARY

2022 was another exceptional year for Ibanicar. The business grew more than 2x despite our careful cash flow management and this well paced growth helped us stay in control of credit quality and our servicing capacity. The excellent results are summarized in the below KPIs:

	2021	2022	
December ARR	€2.4m	€5.8m	↑ 141%
Gross Impairments / Revenue	2%	4%	↑ 100%
Full Year PBT	€94k	€367k	↑ 290%
Employees	23	36	↑ 57%
Origination	€4.4m	€10.3m	↑ 134%
Loan Book	€4.0m	€8.9m	↑ 123%
Performing Book	93.0%	91.6%	↓ 1.5%
Average Monthly Leads	2,484	6,481	↑ 161%
Conversion Rate (pre UW)	10.8%	10.1%	↓ 6.5%
Cost of Acquisition	€192	€202	↑ 5.2%

BUSINESS PERFORMANCE

- The business grew 141% in 2022 even though we slowed down to preserve cash in Q4
- December was another strong month with revenue of €480k and operating P&L of €73k
- Full year P&L was €367k after provisioning €90k for salary increases and bonus payments
- Our balance sheet keeps getting stronger with over €2.75m equity and in excess of €1m cash
- Cash has been well managed and the business continues to be profitable and cash flow positive
- P2P crowdlending financing continued successfully raising over €3m
- We maintain our market leading 100% NPL buy back and payment record on all debt funding
- Ibanicar remains one of the best credit ratings of all lenders on P2P platforms

SERVICING AND CREDIT PERFORMANCE

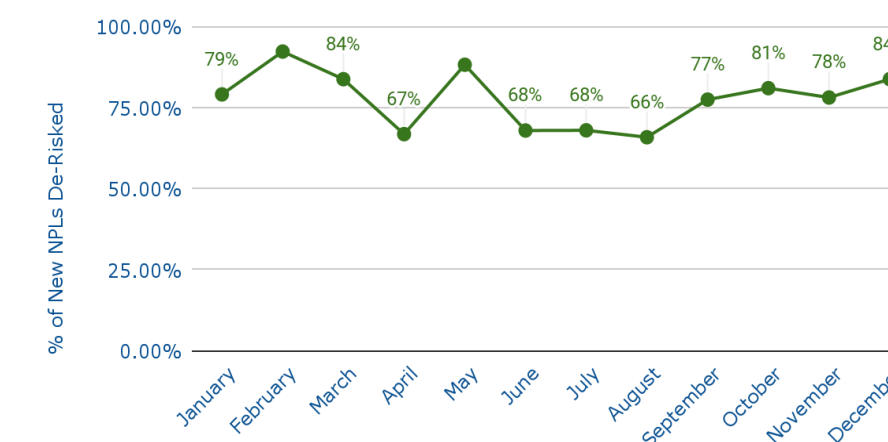
It has now been 12 months since we reduced late payment penalties and this resulted in a predictable increase in late payments. Also, it has been 18 months since we stopped registering official liens against cars and this resulted in an also expected increase in impairments. Both changes were essential to strengthen our business model and the impact has been less than expected. As NPLs occur predominantly in the first 9 months these changes have now settled into mature cohorts with very manageable outcomes. Credit performance has continued to be excellent, and our book significantly outperforms the market. Our ability to restructure or recover capital in case of delinquency has remained stable throughout the year and net impairments (net = after adding back car sale revenue) remain negative, generating a small profit. The main consequence of more NPLs has been an increase in workload as we had more cases to restructure and cars to recover.

In December we started to adjust our underwriting slightly to lend more to the upper tier and less to the lower tier so that we can maintain our lending volume and improve our segment mix. With a contribution margin close to 50% we have a lot of room to absorb impairments and we expect to continue to grow when other lenders are adjusting their algorithms resulting in up to a 50% reduction in lending. We are extremely confident that our asset-based lending model can continue to grow profitably in this market and pick up market share from other lenders.

- We started 2022 with a book of 1,710 loans and originated 3,851 new loans during the year
- A total of 826 loans became non performing at some point during 2022
- We successfully de-risked 77% of all NPL cases
- 16% were successfully restructured prior to executing collateral
- 61% were resolved by executing the collateral, converting NPLs into cars owned by Ibanicar
- We restructured 70% of the above 61% after we had executed the collateral
- We recovered and auctioned 152 cars

De-Risked NPLs in 2022

NPLs -> restructured or collateral executed



STRATEGY

The capital markets have changed very quickly and non bank lenders in particular are feeling the pain of increased rates and spreads that reduce or even eliminate their margin. As we expect this situation to last several years, we have to think carefully about how fast we want to grow and what the capital cost of that growth will be. There are good arguments on both sides of this growth vs cost equation but only a crystal ball would tell us which is the correct strategy. The good news for Ibanicar is that we have a performing business generating excellent cash flow meaning that we can choose to maintain the high pace if the right funding is available or, alternatively, we can grow organically at a pace that would still be significant.

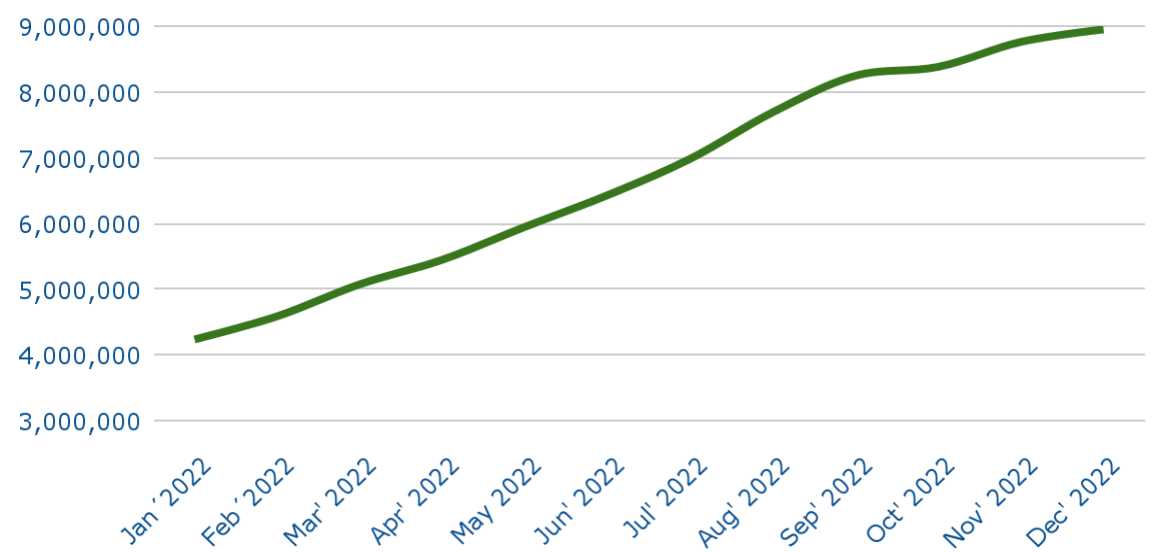
We have ambitious plans to launch new products and in new countries as well as many short term projects to fine tune our current business and all of these will proceed at a pace that matches the available human and capital resources:

- Continue to improve servicing efficiency (leverage technology to do everything faster and more cheaply)
- Achieve full automation of our underwriting with OCR and AI modules to further improve loan outcomes
- Work on organic and new channels to grow car title lending and reduce the percentage of loans generated by affiliates (such as developing POS partnerships)
- Start acquiring payday leads to upsell and offer better, more ethical loans to users in this huge market
- Develop and test a C2C marketplace car finance product (finance for car buyers)
- Develop a revolving car equity credit product for upper tier borrowers (probably a credit card)
- Develop a digital car title loan product to launch in Mexico
- Develop a plan for a launch in the UK

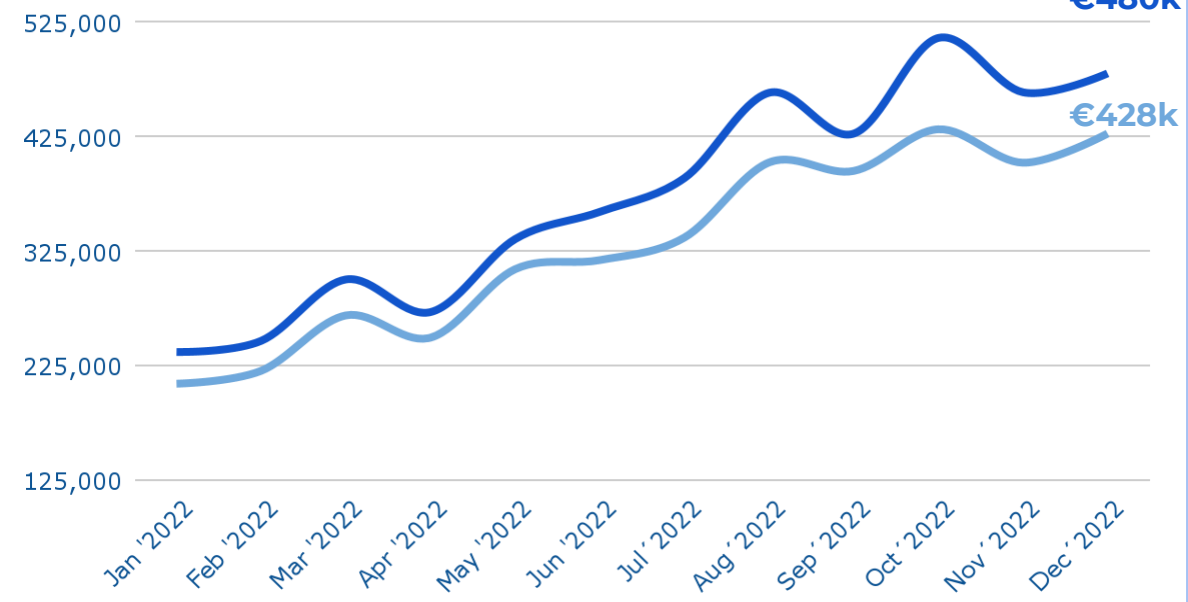
Business Performance

Asset Book

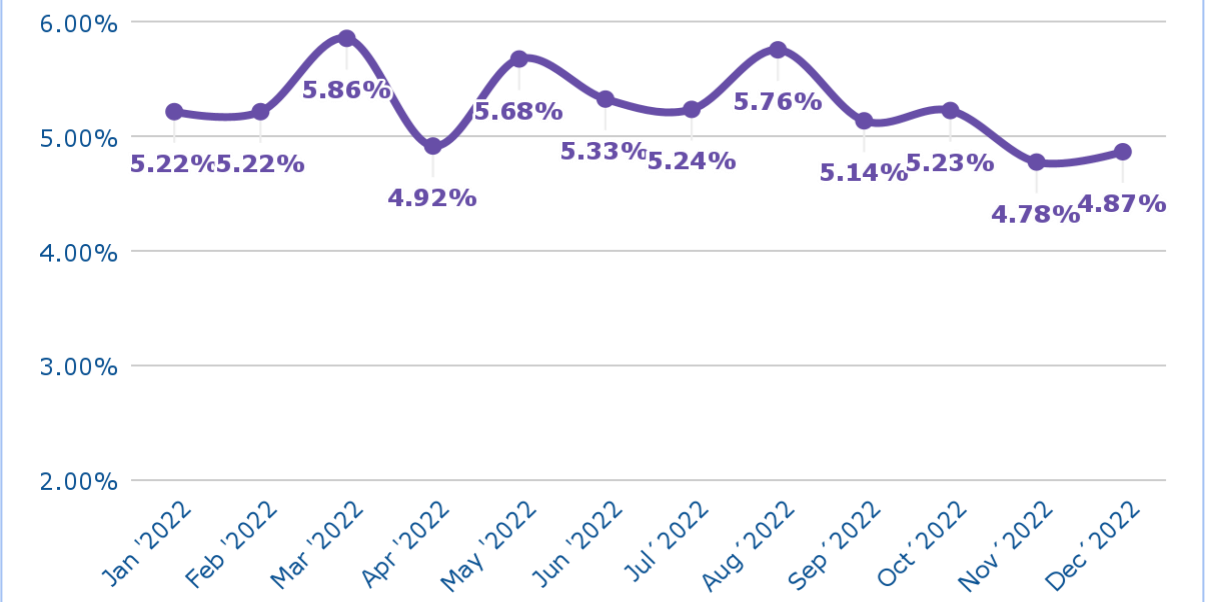
Loans + Cars



Lending Revenue & Total Revenue



YTD Gross Loan Book Yield



Loan Book

	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022
Performing Loans	93.30%	93.50%	93.30%	93.30%	93.90%	93.20%	93.20%	92.50%	92.40%	92.20%	91.70%	91.50%
Non Performing Loans	2.80%	2.50%	2.50%	2.60%	2.40%	3.00%	3.10%	3.60%	3.60%	3.80%	4.00%	4.00%
Cars Pending Recovery	3.50%	3.60%	3.60%	3.70%	3.40%	3.60%	3.10%	3.40%	3.20%	3.50%	3.70%	4.00%
Cars Pending Sale	0.40%	0.40%	0.60%	0.40%	0.30%	0.20%	0.60%	0.50%	0.80%	0.50%	0.60%	0.50%

Note:

It has been 12 months (November 2021) since reduction of late payment penalties to 1%
 It has been 18 months (July 2021) since we stopped using liens on the cars

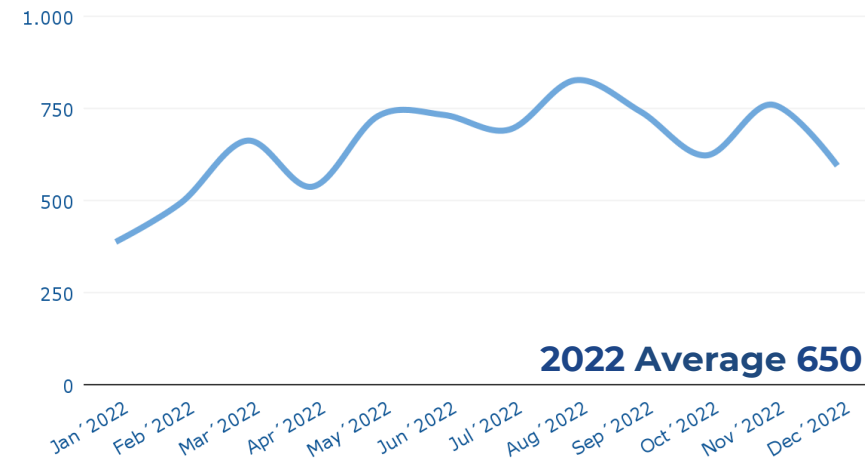




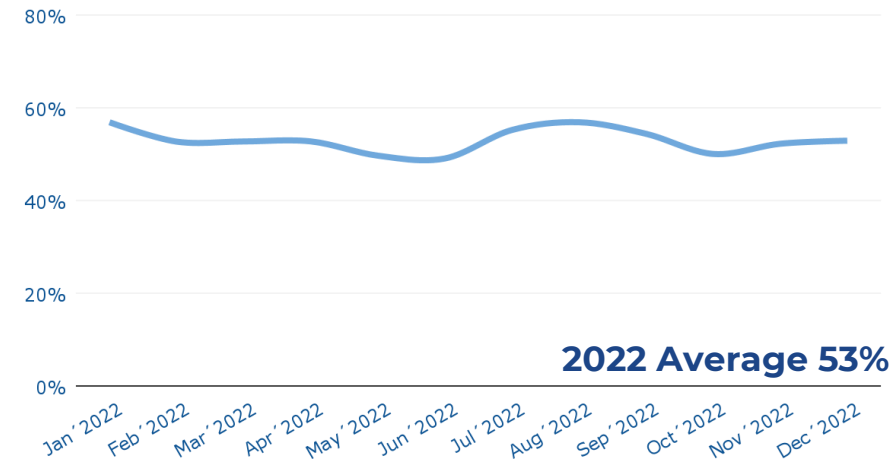
Ana Gomez
Operations Manager

Underwriting

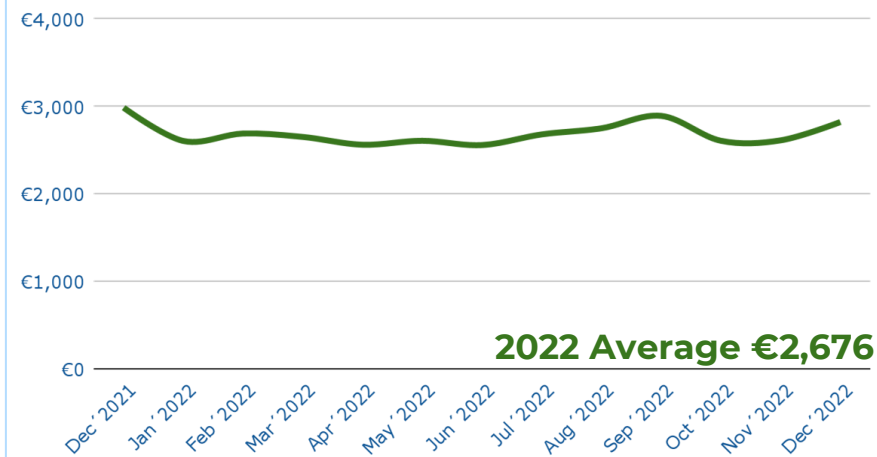
Lead Underwriting



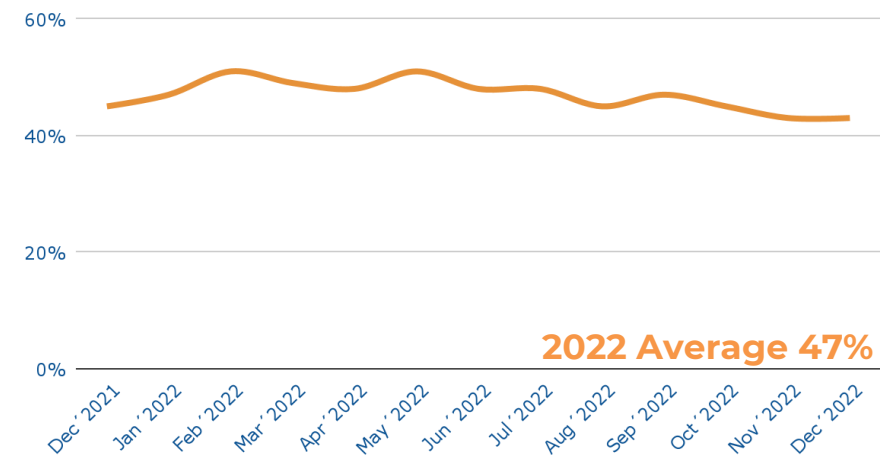
Underwriting Approval Rate



Average Loan Size



Average LTV



Full Year Highlights

- 7,800 leads received in underwriting
- 53% underwriting approval rate
- 47% average approved LTV
- €2.67k average loan size
- 97% of underwriting cases approved within 3 hours
- Borrowers continue to be prudent, taking up 91% of the offered loan amount although many come back after several months to increase
- 51% of rejected applications are a result of the status of the car:
 - Applicant is not the owner
 - Road tax or insurance not up to date
 - Car has outstanding finance
 - Valuation is insufficient to support the minimum loan



Total Collections (excl VAT) as a % of origination on a month on book basis - EUR '000

Origination	Period	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
393	2020Q1	1%	8%	14%	21%	31%	38%	44%	51%	59%	66%	72%	79%	86%	91%	97%	105%	111%	116%	120%	123%	126%	131%	135%	141%	146%	148%	151%	153%	155%	157%	159%	162%
128	2020Q2	1%	8%	23%	30%	41%	46%	54%	65%	77%	86%	90%	101%	104%	110%	113%	116%	118%	122%	124%	127%	132%	138%	140%	142%	144%	146%	147%	151%	153%	155%	156%	
405	2020Q3	1%	9%	19%	25%	31%	39%	45%	54%	59%	69%	78%	85%	92%	96%	105%	110%	117%	121%	124%	128%	131%	134%	137%	140%	145%	147%	149%	151%				
452	2020Q4	1%	7%	18%	29%	38%	45%	52%	61%	67%	73%	80%	86%	92%	96%	102%	107%	112%	116%	120%	126%	130%	133%	138%	141%	146%							
605	2021Q1	2%	9%	20%	28%	35%	42%	48%	59%	68%	79%	84%	89%	95%	100%	105%	108%	115%	118%	123%	127%	130%	134%										
866	2021Q2	2%	9%	18%	26%	35%	43%	52%	58%	64%	73%	82%	89%	94%	100%	105%	111%	117%	122%	126%													
1,354	2021Q3	2%	9%	19%	26%	37%	45%	53%	61%	68%	76%	82%	89%	96%	102%	107%	112%																
1,546	2021Q4	2%	9%	18%	27%	35%	41%	49%	56%	65%	72%	78%	84%	90%																			
1,923	2022Q1	1%	8%	17%	26%	36%	44%	51%	58%	64%	71%																						
2,452	2022Q2	1%	8%	17%	26%	36%	44%	52%																									
3,338	2022Q3	2%	11%	20%	28%																												
2,593	2022Q4	2%																															



Full Year Observations

- Excellent cash return on origination is being maintained despite significant growth
- We are recovering up to 162% of the originated loan amount maintaining our high margin and generating strong cash flow
- It takes just 13 months to recover the original loan amount

Total Collections excl VAT includes: cash interests + service fee + principal + car sales - returned to customer

Time-stamped historical loan performance
Jan20-Dec22 cohorts
Data exported: 31Dec2022



Thank you for your interest in Ibancar

