Eleving Group

Ratings

Foreign Currency

Long-Term IDR	B-
Short-Term IDR	B

Sovereign Risk (Luxembourg)

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA
Country Ceiling	AAA

Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

Applicable Criteria

Country-Specific Treatment of Recovery Ratings Criteria (March 2023)

Non-Bank Financial Institutions Rating Criteria (May 2023)

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

Fitch Affirms Eleving Group at 'B-'; Outlook Stable (June 2023)

Global Non-Bank Financial Institutions Mid-Year Outlook 2023 (June 2023)

Global Economic Outlook (June 2023)

Risk Headquarters (May 2023)

EMEA Consumer Finance Ratings Often Affected by ESG Factors (April 2023)

Refi Risks Increasing for Baltic Digital Lenders (March 2023)

Emerging Europe Finance and Leasing Companies Outlook 2023 (November 2023)

Analysts

Yavuz Levent Topcu
+49 69 768076 157
yavuzlevent.topcu@fitchratings.com

Luca Vanzini
+49 69 768076 143
luca.vanzini@fitchratings.com

Key Rating Drivers

Opportunistic Strategy Constrains Ratings: Frequent strategy changes and willingness to grow in volatile countries are rating weaknesses for Eleving Group's Long-Term Issuer Default Rating (IDR). The IDR also reflects a nominal franchise (EUR376 million total assets in 13 countries at end-1Q23) and high risk appetite as a high-cost lender for second-hand cars and consumer loans in eastern Europe, central Asia and Africa. The IDR also considers Eleving's strong profitability, improved leverage, adequate funding and liquidity profile, and experienced management team.

Improved Leverage: Eleving's gross debt/tangible equity ratio has improved (end-1Q23: 5.1x; end-2021: 7.7x) due to profit retention. Its long-dated subordinated bonds qualify for equity credit under Fitch Ratings' criteria. Fitch views the current leverage level as commensurate with Eleving's business model and credit risk. However, the open foreign-exchange (FX) position remains wide and capital quality a weakness, but receivables from related parties decreased significantly (end-1Q23: EUR3.4 million) and should further reduce over the next six months.

High Credit Risk Appetite: Eleving's asset quality reflects its higher-risk client base (end-1Q23 impaired loans ratio: 23%), but is mitigated by high loan yields (with an annualised interest income/average gross portfolio ratio of 68% in 2022). Fitch expects the generation of new impaired loans to remain below 10% in 2023 (2022: 15%; 2021: 11%). Its portfolio in Ukraine has been fully impaired, and that in Belarus (4% of net loans at end-1Q23) is being run down (end-1Q23 impaired loans ratio: 14%).

Strong Profitability: Eleving's profitability reflects its high-risk, high-yield business model, and should remain stable in 2023. Eleving's funding is mostly at fixed rates (end-1Q23: 65%), so rising interest rates should only affect the group modestly. Regulatory caps, market competition and adverse selection restrict its flexibility in increasing already high loan yields. Funding from AS Mintos Marketplace, a Latvian-licensed platform for retail investing in loans, has become more expensive (12% yield in June 2023), but was only 24% of Eleving's funding at end-1Q23.

A significant 26% of net income was attributable to minority interests in 2022, weighing on Fitch's assessment of Eleving's earnings and profitability.

Bonds Underpin Funding Profile: Eleving has limited short-term funding needs owing to three outstanding bonds (the largest, EUR150 million, due in October 2026), and the group has demonstrated access to local funding (EUR11 million bonds issued in Kenya in 2022). The refinancing risk from a bullet repayment in October 2026 is still remote. Access to Mintos (EUR70 million at end-1Q23) provides a flexible, but, in Fitch's view, volatile and comparably expensive alternative to bond funding.

Structural Subordination: Eleving's senior secured debt rating of 'B-' reflects the bonds' effective structural subordination to outstanding debt at operating entities. Despite the bonds' secured nature, this leads to only average recoveries expectations, as reflected in the assigned 'RR4' recovery rating and in Fitch's decision to equalise the debt rating with Eleving's Long-Term IDR.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A marked and sustained increase in Eleving's gross debt/tangible equity plus subordinated bonds ratio to above 8x, reducing the buffers available to absorb credit and FX losses, would likely result in a downgrade of its Long-Term IDR, especially if arising from corporate acquisitions.A marked deterioration in asset quality or further FX losses, ultimately threatening its solvency, would also lead to a downgrade.

Unexpected difficulties in accessing market-based funding ahead of its large 2026 bond maturity could also lead to a downgrade.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

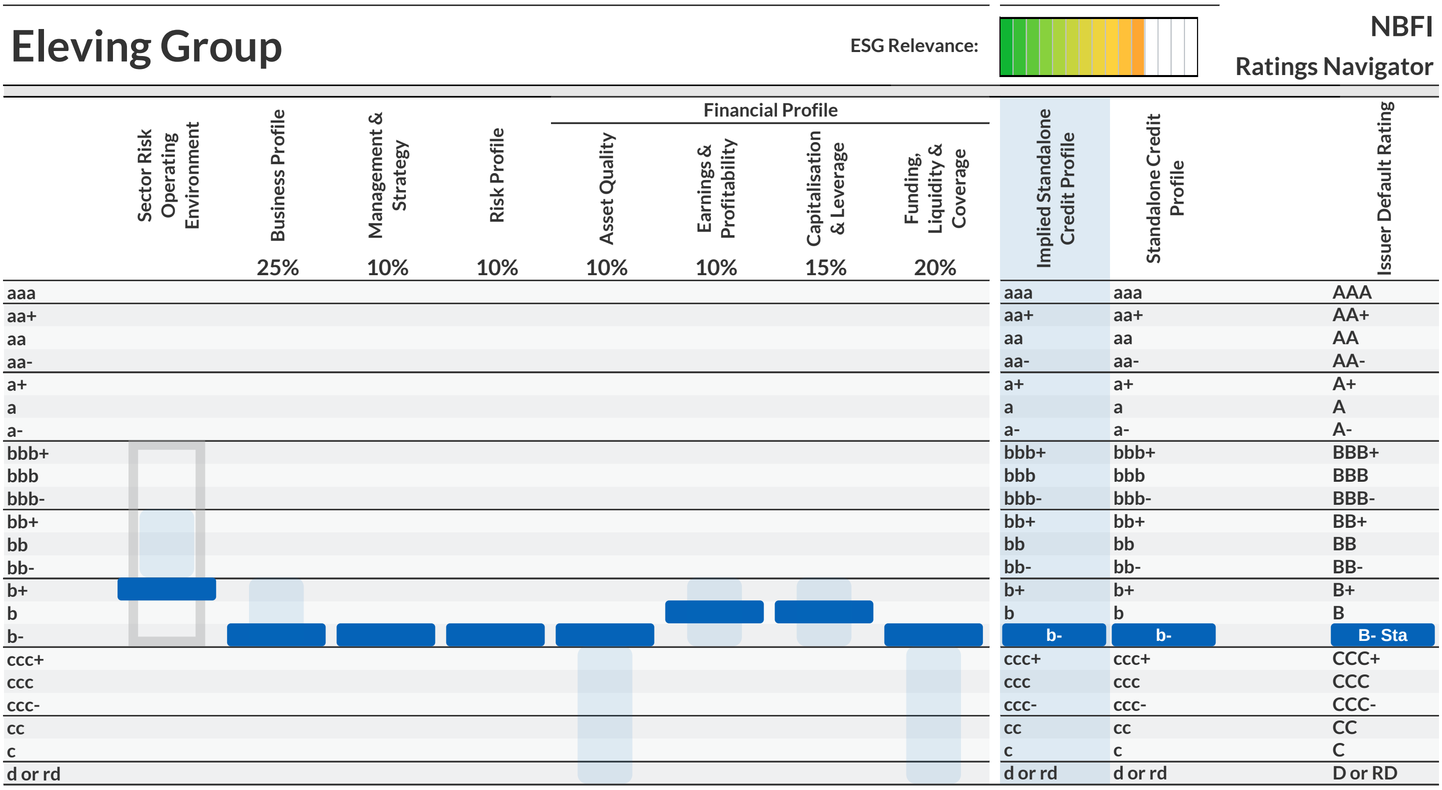
There is limited potential for positive rating action over the short term.

In the medium term, further increase in scale and demonstrated stability in Eleving's business model and strategy could support positive rating action, in particular if its gross debt/tangible equity plus subordinated bonds ratio is maintained at close to or below 5x, and if its pre-tax income/average assets ratio is close to or above 7%.

Maintaining access to diversified funding sources and an improved quality of capital would be credit positive.

Improved corporate governance and a leaner corporate structure (including lower minority interests) would also be positive for the ratings.

Ratings Navigator



Adjustments

The operating environment score of 'b+' has been assigned below the 'bb' category implied score due to the following adjustment reason: international operations (negative).

The asset quality score of 'b-' has been assigned above the 'ccc' category implied score due to the following adjustment reason: risk profile and business model (positive).

The funding, liquidity and coverage score of 'b-' has been assigned above the 'ccc' category implied score due to the following adjustment reason: funding flexibility (positive).

Key Qualitative Factors

Operating Environment

Small Volatile Markets

Legally domiciled in Luxembourg (where it has no credit exposure), Eleving is based in Latvia, and actively operates in 13 countries in eastern Europe, central Asia and sub-Saharan Africa. Fitch views Eleving's geographic breadth as credit positive, because this gives the group scale and provides diversification against regulatory risk. Eleving's countries of operations are small, open economies relying on capital inflows and are exposed to external shocks, resilience to which is limited due to low average incomes and wealth levels.

EU membership supports macroeconomic stability and convergence in some countries (32% of the net loans at end-1Q23, down from 69% at end-1Q19), but the operating environment score of 'b+' reflects Eleving's appetite for past and future expansion in riskier markets (such as in sub-Saharan Africa). Eleving ceased new issuance in Ukraine and Belarus in early 2022, and is now collecting outstanding loans in these countries.

Moderate Prudential Regulation, but Stringent Customer Protection

Eleving's operating entities are less prudentially regulated than banks in most countries, but minimum capital amounts and capital adequacy ratios are enforced in some jurisdictions, limiting capital fungibility. Consumer protection affects Eleving more than prudential regulation, due to interest rate caps and operational requirements (for instance data protection, information collection for anti-money laundering), which are usually aligned with local banks.

Business Profile

Niche Lender in Used Vehicle Financing

Eleving is a niche lender, financing used cars for high-risk borrowers for up to EUR15,000 equivalent (about 50% of its net loans at end-1Q23). Cars financed by Eleving are, on average, 13 years old at the transaction date and have a low residual value, while Eleving's clients have below median creditworthiness. Riskier sale-and-lease-back products (to release equity from the clients' vehicles) make up about 10% of net loans. Premium car financing solutions are developed in partnership with local banks (e.g. Signet Bank AS in Latvia) and are, along with car-sharing, a growing, but still minor, segment, accounting for about 10% of net loans. Non-core vehicle finance products make up about 20% of net loans (including motorcycle-taxis in Africa) and include rental and subscription-based products, which Fitch views as operational leasing.

Unsecured High-Cost Consumer Lending

Eleving owns three high-cost unsecured lenders in Moldova, Albania and North Macedonia. A loan yield of over 100% a year (compared to about 40% on Eleving's core car loans) makes these material profit contributors. Eleving's self-imposed cap of 25% of net loans on its unsecured loan portfolio helps to manage the risk.

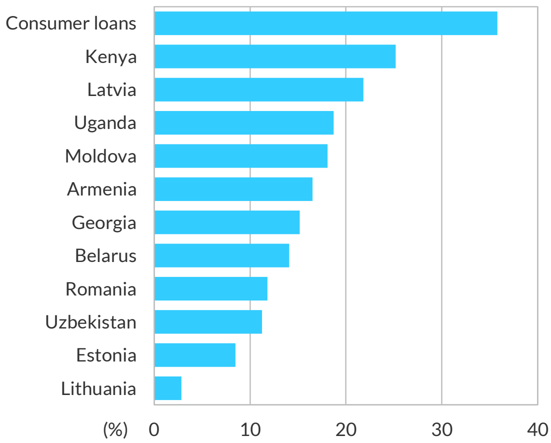
Regional Scale in a Competitive Niche

Eleving has a nominal franchise in a niche of low-income customers that banks generally do not serve. Several non-bank lenders compete in this segment, but Eleving benefits from diversification across several countries and a larger scale. In Fitch's view, Eleving is sufficiently large to sustain investments in its operations (mainly IT and central functions), but lacks the critical mass to be a price-setter in any single market. Eleving's expertise in valuation, collection and monetisation of cars is adequate, owing to its scale and centralised back-office, but we expect continued competition given the low barriers to entry and low client loyalty.

Multi-Layered Holding Structure

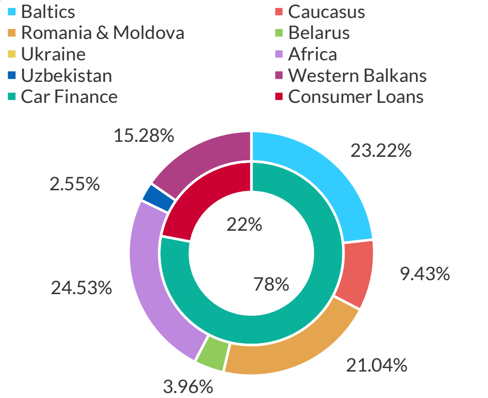
Eleving is a Luxembourg-registered holding company that owns local operating entities through three regional sub-holdings. Fitch views the organisational structure with sub-holdings as bearing additional risks due to the possibility for structural subordination of a debt raised at holding level relative to that raised at operating entities and sub-holdings level. Eleving is owned by four Latvian citizens who invested the proceeds of the sale of a previous venture. The four partners control the Luxembourg-registered holding company, but the volume of minority interests in Eleving's operating entities is increasing (end-1Q23: 19% of total equity), largely due to stock options granted to executives and employees in past years.

Stage 3 by Segment



Data: Stage 3 loans to total gross loans in each location at end-1Q23.
Source: Fitch Ratings, Eleving

Title



Data: Percentages by net loans in each location at end-1Q23. Inner ring: Car finance (78%) and consumer loans (22%). The exposure to Ukraine is fully provisioned.
Source: Fitch Ratings, Eleving

Management & Strategy

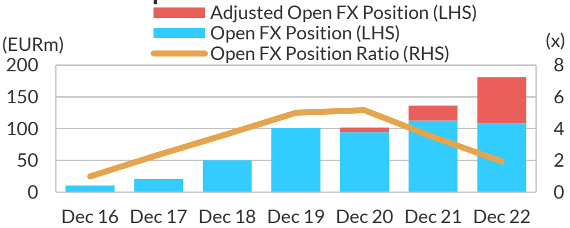
Improving Record, Changing Strategy

Fitch's assessment of this factor is constrained by frequent and opportunistic revisions of Eleving's strategy, although the management has a credible execution record and a good degree of depth and experience. Eleving entered and exited several countries and products over the past four years, and Fitch expects this to continue. However, execution of this evolving strategy was adequate, focusing on cost controls, funding and disposals of assets.

Developing Corporate Governance

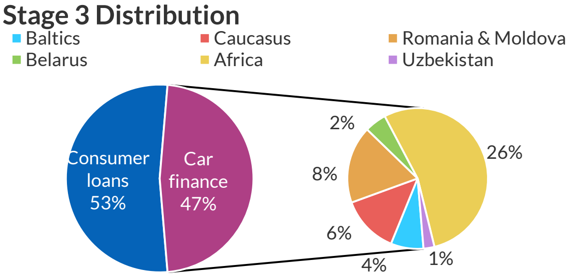
Eleving's corporate governance framework is still developing after its bonds were listed in 2018, and is in line with similarly-rated peers. The board of directors comprises the chief executive officer, the chief financial officer and two independent directors seconded by a Luxembourg company for corporate and trust services. Eleving's largest shareholder (Aigars Kesenfelds) is also a key shareholder in Mintos, the peer-to-peer lending platform on which Eleving raises a material portion of its non-equity funding (end-1Q23: EUR70 million; 24% of non-equity funding).

FX Risk & Capitalisation



Note: Adjusted open FX position is defined as the sum of the absolute value of the position in each individual currency (i.e. not netting long and short positions against each other). The Open FX position ratio is divided by equity plus eligible subordinated debt.
Source: Fitch Ratings, Eleving

Stage 3 Distribution



Data: Percentages of total gross Stage 3 loans by segment at end-1Q23. Consumer loans are in Moldova, Albania, North Macedonia and Ukraine.
Source: Fitch Ratings, Eleving

Risk Profile

High Business Model Risk

Eleving is willing to operate with high FX risk, which, together with other factors, constrains the rating. Eleving has reduced its FX risk appetite following sizeable credit and FX losses in 2020. However, its open FX position remains wide (1.9x tangible equity plus subordinated debt with 100% equity credit at end-2022). Eleving reduced its open FX position by partly lending in hard currencies outside the Baltics and hedging its exposure to US dollars. Eleving has also raised some funding in local currency in several countries, such as Armenia, Albania, and Kenya. Part of the open FX position stems from the exposure to local currencies with a low exchange-rate volatility, such as the Albanian lek, or the Romanian leu. Excluding these, the position is still a high 1.2x tangible equity.

Underwriting Standards

Eleving uses country-specific credit scorecards and price-based underwriting, but targets a risky segment to maximise profitability. Eleving's maximum payment-to-income and loan-to-value ratios are adequate for the rating level given the more conservative approach for sale-and-lease-back products, and its operations in countries where payment discipline is generally lower.

Financial Profile

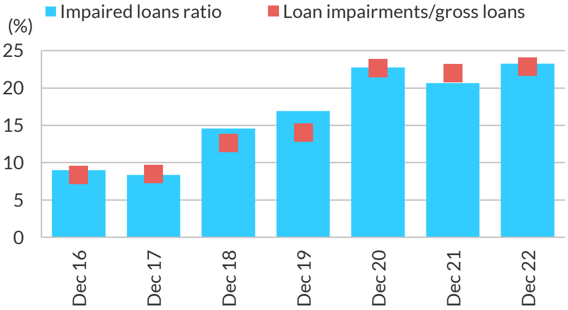
Asset Quality

Intrinsically High Impairment Charges

Eleving's asset quality metrics are in line with those of similar high-cost lenders in the same markets. Pledges on cars and predictable residual values underpin payment discipline. Adequate repossession and workout functions mitigate still-large credit losses (2022 loan impairment charges/average gross loans: 12%), which stem mainly from unsecured consumer loans.

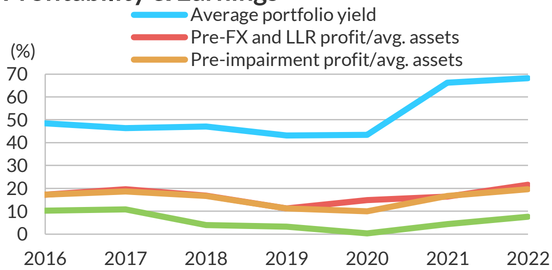
Fitch expects Eleving's impaired loans ratio and cost of risk to stay elevated over the next 12–24 months due to expansion in unsecured consumer loans and more volatile countries. Recent management initiatives, such as the launch of near-prime financing products, could help to lower problem origination in the longer term, but still account for only a minor portion of the portfolio.

Asset Quality



Source: Fitch Ratings, Eleving

Profitability & Earnings



Abbreviations: LLR are loan loss reserves, EBT is earnings before taxes.
Source: Fitch Ratings, Eleving

Earnings & Profitability

Strong Profitability Reflects Risk Appetite

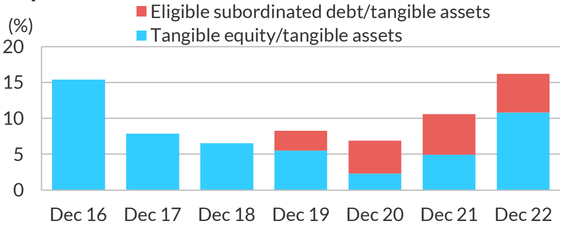
Eleving's high-yielding portfolio generates a sound pre-impairment profit/average assets ratio (16% a year in 2016-2022), but this is largely consumed by volatile impairment charges (about 60% of pre-impairment profit on average in the same period). Operating expenses are high in relation to the gross loan portfolio (22% of average gross loans in 2022, up from 17% in 2019), limiting price flexibility.

Capitalisation & Leverage

Leverage Improved, but Weaknesses Remain

Eleving has managed down its historically high leverage ratio (end-3Q20 gross debt/tangible equity plus shareholders' loans: 21x) to a level commensurate with its high credit risk (coverage of impaired loans by loan loss allowances: 98% at end-2022). However, FX risks remain high and Fitch believes that Eleving's shareholders retain an appetite for higher leverage. Capital quality improved owing to gradual profit retention and the issue of long-dated subordinated bonds, but remains a relative weakness. Receivables from related parties materially decreased (to about 5% of tangible equity plus subordinated bonds at end-1Q23), but Eleving's willingness to enter further transactions with its shareholders weigh on Fitch's assessment of Eleving's capitalisation.

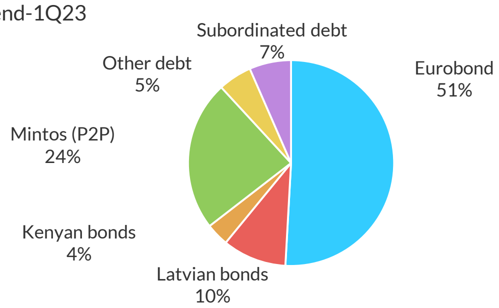
Capitalisation



Note: Tangible equity is defined as equity minus intangible assets and the part of deferred tax assets for the tax loss carried forward. Eligible subordinated debt is defined as shareholders' loans and subordinated bond with 100% equity credit under Fitch's methodology.
Source: Fitch Ratings, Eleving

Funding Sources

At end-1Q23



Source: Fitch Ratings, Eleving

Funding, Liquidity & Coverage

Concentrated, but Long-Dated Funding Profile

The EUR150 million bonds issued in 2021 improved Eleving's funding profile, which is still concentrated by instrument and maturity posing material – albeit distant – refinancing risk. Funding from Mintos is confidence-sensitive, in Fitch's view, as its investor base consists mostly of retail investors seeking yield and short maturities. Liquidity risk is limited because funding from Mintos is matched with the maturity of Eleving's underlying loans. Eleving sources additional bank funding at operating entity level in several countries and has issued local bonds in Kenya. Part of this funding is secured with hard-currency deposits and is used as a hedging tool. Additional leverage at operating entity level is limited by Eurobond covenants.

Eleving's liquidity position benefits from its maturity surplus, derived from short-term assets and long-term liabilities (net current assets of EUR98 million at end-2022), and is further supported by a strong earnings generation, thanks to the high portfolio yield. This is in line with other rated consumer lenders and offset a low coverage of short-term debt by liquid assets (end-1Q23: 23%).

Debt Ratings

Debt Ratings: Eleving Group

Rating level	Rating
Senior secured: long term	B-

Source: Fitch Ratings

Outstanding EUR150 Million Bond Due October 2026

Fitch has assigned a senior secured debt rating of 'B-'/'RR4' to Eleving's EUR150 million bond, issued on the Frankfurt Stock Exchange in late 2021, in line with the company's Long-Term IDR. Fitch considers Eleving's bonds as structurally subordinated to debt at operating entities because Eleving can only service the former once it has serviced the latter, part of which is secured by ring-fenced assets (Mintos and certain bank loans). Fitch expects average recoveries on the secured bonds, reflected in a Recovery Rating of 'RR4'.

Fitch does not rate the EUR30 million bond due on 31 March 2024 issued by Eleving's Latvian subsidiary in early March 2021, nor does it rate the EUR25 million subordinated bonds issued on 29 December 2021, and due in December 2031.

Debt Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Eleving's Long-Term IDR would likely be mirrored on the senior secured bond rating.

Higher recovery assumptions due to, for instance, operating entity debt falling in importance compared with rated debt instruments, could lead to above-average recoveries and could lead Fitch to notch up the rated debt from Eleving's Long-Term IDR.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of Eleving's Long-Term IDR would likely be mirrored on its senior secured bond rating.

Lower recovery assumptions due to, for instance, operating entity debt increasing in importance relative to rated debt or worse-than-expected asset-quality trends (which could lead to larger asset haircuts), could lead to below-average recoveries and Fitch to notch down the rated debt from Eleving's Long-Term IDR.

Environmental, Social and Governance Considerations

FitchRatings **Eleving Group** — NBFI Ratings Navigator

Credit-Relevant ESG Derivation

Eleving Group has 3 ESG rating drivers and 3 ESG potential rating drivers

- Eleving Group has exposure to fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above which, in combination with other factors, impacts the rating.
- Eleving Group has exposure to board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions which, in combination with other factors, impacts the rating.
- Eleving Group has exposure to organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership which, in combination with other factors, impacts the rating.
- Eleving Group has exposure to regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc. but this has very low impact on the rating.
- Eleving Group has exposure to operational implementation of strategy but this has very low impact on the rating.
- Eleving Group has exposure to quality and timing of financial reporting and auditing processes but this has very low impact on the rating.

key driver	0	issues
driver	3	issues
potential driver	3	issues
not a rating driver	4	issues
	4	issues

Overall ESG Scale: 5, 4, 3, 2, 1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	4	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalisation & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Business Profile; Earnings & Profitability	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	4	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	4	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page

ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular industry group. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the issuing entity's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the entity's credit rating. The three columns to the left of the overall ESG score summarize the issuing entity's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the issuing entity's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI) and the Sustainability Accounting Standards Board (SASB).

Sector references in the scale definitions below refer to Sector as displayed in the Sector Details box on page 1 of the navigator.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

Eleving has an ESG Relevance Score of '4' for both governance structure and group structure. Governance structure reflects appetite for related-party transactions and concentration of decision-making. Group structure reflects our view about the appropriateness of Eleving's organisational structure relative to the company's business model, intra-group dynamics and risks to its creditors. This has a moderately negative impact on the rating.

Eleving has an ESG Relevance Score for Customer Welfare of '4'. In Fitch's view, Eleving's exposure to the high-cost credit sector means that its business model is sensitive to potential regulatory changes (like lending caps) and conduct-related risks. These issues have a moderately negative impact on the rating, in conjunction with other factors.

Eleving has an ESG Relevance Score of '3' for GHG Emissions & Air Quality, to reflect possible, but minimal regulatory risk for the value of Eleving's collateral.

For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Financials

Income Statement

(EURm)	1Q23	2022	2021	2020	2019	2018	2017
Revenues							
Interest income	41.8	170.5	139.9	83.5	72.4	54.4	35.6
Operating lease and rental income	1.1	5.4	6.5	6.2	4.0	0.2	0.0
Commission income	1.8	10.5	8.9	6.1	4.4	2.8	2.0
Net car sales	n.a.	0.0	0.0	0.0	0.0	0.0	0.0
Total revenues	**44.7**	**186.4**	**155.3**	**95.8**	**80.9**	**57.4**	**37.6**
Expenses							
Interest expense	-8.9	-32.9	-35.8	-27.1	-22.7	-14.9	-9.4
Depreciation expenses	-2.1	-8.2	-7.4	-5.7	-3.8	-1.7	-0.6
SG&A expenses	-14.4	-58.9	-51.4	-32.1	-30.4	-17.3	-10.1
Impairment charges	-9.7	-43.9	-38.8	-26.4	-17.7	-17.6	-6.2
Total expenses	**-35.1**	**-146.1**	**-137.2**	**-91.9**	**-74.2**	**-50.9**	**-26.1**
Operating margin	**9.6**	**40.4**	**18.1**	**3.9**	**6.7**	**6.5**	**11.5**
Net FX gains/losses	-1.6	-6.4	1.1	-13.2	-0.2	-0.3	-0.9
Net non-operating revenues/expenses	-0.9	-10.2	-9.7	9.6	0.8	0.2	-0.4
Pre-tax income	**7.1**	**25.8**	**13.2**	**0.9**	**6.9**	**5.7**	**10.0**
Income tax	-1.5	-6.9	-6.1	0.7	-0.3	-1.1	-1.0
Net income	**5.6**	**18.9**	**7.1**	**1.6**	**6.6**	**4.6**	**9.0**
Non-controlling interests	0.7	5.0	5.0	-0.4	0.2	0.2	0.2
Net profit for equity holders of parent company	**4.9**	**13.9**	**2.1**	**2.0**	**6.3**	**4.5**	**8.8**

Fitch used Eleving's unaudited investor report for 1Q23, and Eleving's annual audited financial statements for the other periods. Ratios are calculated on a trailing-12-month (TTM) or year-to-date (YTD) basis, as indicated. The financials for 2021 were restated in Eleving's 2022 annual report, because it reclassified certain subsidiaries previously held for disposal.

Fitch reclassified Eleving's costs to raise funds on Mintos to interest expense from SG&A expenses for all periods. Bond refinancing expenses (EUR5.7 million) are included in the interest expenses for 2021. Selling expenses (like marketing expenses) are included under SG&A expenses. Fitch includes net debt collection income in impairment charges (excluding for 1Q23, which is based on Eleving's unaudited investor report).

Source: Fitch Ratings, Eleving Group

Balance Sheet

(EURm)	1Q23	2022	2021	2020	2019	2018	2017
Assets							
Cash & equivalents	22.9	13.8	10.1	9.3	8.7	6.5	5.2
Operating lease & rental fleet	9.8	10.0	10.7	14.5	13.5	1.4	0.0
Net investment in lease	n.a.	134.0	114.0	94.5	102.5	93.6	95.9
Net loans	280.5	149.0	122.7	92.4	77.6	46.2	1.2
Loans to related parties	3.4	3.2	6.3	15.8	22.1	5.4	0.7
Gross leases and loans	**368.0**	**383.8**	**325.6**	**276.0**	**248.1**	**171.0**	**108.9**
Memo: impaired loans included above	83.0	86.2	63.8	55.9	35.9	23.9	9.0
Less: loan loss allowances	87.5	84.6	67.9	55.6	29.9	20.7	9.2
Total net loans	**293.7**	**296.1**	**253.6**	**217.3**	**215.7**	**146.7**	**97.9**
Other financial assets	2.6	1.4	3.1	3.0	2.5	5.6	0.0
Goodwill and intangible assets	16.1	15.7	14.5	14.8	7.8	3.6	2.7
Deferred tax assets	6.5	5.6	2.8	2.9	1.6	0.6	0.2
Fixed assets	12.6	12.7	12.2	10.1	9.9	3.8	0.4
Other assets	21.6	16.0	25.8	22.5	7.5	7.3	6.0
Total assets	**376.0**	**361.4**	**322.1**	**279.8**	**253.6**	**174.3**	**112.5**
Liabilities							
Secured bonds	160.6	149.7	142.2	66.2	67.7	41.4	0.0
Latvian bonds	29.6	29.2	29.9	30.0	26.8	26.6	0.0
Mintos P2P funding	69.7	68.1	62.3	86.7	70.2	48.9	52.0
Other secured debt	11.9	13.0	7.5	18.1	16.5	6.9	18.9
Unsecured debt	3.7	12.8	8.9	30.0	34.4	29.1	25.7
Eligible subordinated debt	19.3	18.5	17.3	12.1	6.8	0.0	0.0
Total borrowings	**294.8**	**291.3**	**268.0**	**243.2**	**222.2**	**152.9**	**96.6**
Other liabilities	28.6	15.7	22.7	14.3	9.1	6.1	4.3
Total liabilities	**323.4**	**307.0**	**290.7**	**257.5**	**231.3**	**159.0**	**101.0**
Shareholders' equity	42.8	45.5	24.3	21.9	21.8	14.8	11.1
Minority interests	9.8	8.9	7.1	0.3	0.5	0.5	0.4
Total equity	**52.6**	**54.4**	**31.4**	**22.2**	**22.3**	**15.3**	**11.5**
Total liabilities and equity	**376.0**	**361.4**	**322.1**	**279.8**	**253.6**	**174.3**	**112.5**

Source: Fitch Ratings, Eleving Group

Summary Analytics

	1Q23	2022	2021	2020	2019	2018	2017
Business profile							
Total net operating income (USDm)	158.2	163.8	135.3	84.4	65.2	48.6	33.8
Asset quality metrics (%)							
Impaired loans/gross portfolio	22.6	23.3	20.7	22.7	16.9	14.6	8.3
Loan loss allowances/impaired loans	105.4	98.1	106.4	99.6	83.1	86.7	101.7
Origination of new Stage 3 loans	n.a.	14.7	10.6	15.4	7.9	n.a.	n.a.
Loan impairment charges/average gross loans (TTM)	11.2	12.9	14.0	11.5	9.4	13.0	6.9
Growth of gross loans (YTD)	-4.1	20.1	25.7	15.6	29.4	51.8	51.6
Sales/costs of repossessed cars	n.a.	101.4	98.9	85.2	100.1	100.7	n.a.
Earnings and profitability metrics (%; TTM)							
Pre-tax income/average assets	7.3	7.6	4.4	0.3	3.2	4.0	10.9
Net income/average equity	42.7	32.5	7.9	9.2	33.7	33.3	71.1
Operating expenses/operating revenues	45.4	50.4	52.6	43.1	60.8	42.9	40.0
Operating expenses/average assets	n.a.	22.4	21.8	11.1	16.6	13.1	13.1
Interest income/average gross loans	50.8	68.2	66.3	43.5	43.2	47.0	46.4
Interest expense/average debt	12.3	11.8	11.8	11.6	12.1	11.9	12.4
Pre-impairment op. profit/average assets	n.a.	19.7	16.8	9.9	11.2	16.7	18.6
Earnings before FX and credit costs/average assets	19.8	21.5	16.4	14.9	11.3	16.9	19.6
Impairment charges/pre-impairment op. profit	54.4	57.7	76.2	65.2	71.2	74.7	36.5
Capitalisation and leverage metrics (%)							
Debt/tangible equity (x)	8.4x	7.8x	17.7x	40.1x	16.5x	13.7x	11.2x
Debt/tangible equity plus shareholders' loans (x)	5.1x	4.9x	7.7x	12.7x	10.6x	n.a.	n.a.
Tangible equity/tangible assets	9.8	10.8	4.9	2.3	5.5	6.6	7.9
Tangible equity (incl. subordinated bonds)/tangible assets	15.2	16.2	10.6	6.9	8.3	n.a.	n.a.
Impaired loans less reserves/tangible equity (incl. subordinated bonds)	-8.3	2.9	-17.2	1.2	29.9	28.6	-1.8
Open FX position/tangible equity (incl. shareholders' loans) (x)	n.a.	1.9x	3.5x	5.2x	5.0x	4.5x	2.3x
Funding and liquidity metrics (%)							
Unsecured debt/total debt	17.8	20.9	20.9	29.7	30.6	36.4	26.6
Short-term debt/total debt	n.a.	20.6	15.0	33.9	15.6	19.8	26.7
Liquid assets/total debt	7.8	4.7	3.8	3.8	3.9	4.3	5.4
Liquid assets + undrawn committed facilities/short-term funding	n.a.	23.0	25.2	11.3	24.9	21.5	20.2
Covenants							
Capitalisation ratio > 15%	25.6	25.8	20.6	18.4	16.2	12.7	11.8
Interest coverage ratio > 1.25x	2.40	2.32	1.81	1.74	1.44	1.60	2.34
Consolidated net leverage < 6x	3.5	3.5	4.6	5.2	6.8	6.5	4.6

Source: Fitch Ratings, Eleving Group

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

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