FitchRatings

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

Key Rating Drivers

Improving Leverage, Longer Record: The upgrade of Eleving Group's Long-Term Issuer Default Rating (IDR) reflects improvements in Eleving's performance in the past 24 months, including lower leverage and a longer record of business model stability and access to debt capital markets. Progress in corporate governance, including planned initiatives associated with a possible IPO, support the upgrade and mitigate the inherent high risks of high-cost lending in emerging and frontier markets.

Slower Growth Supports Leverage: Eleving's gross debt/tangible equity plus subordinated bonds ratio improved to 5.6x at end-1Q24 from 7.7x at end-2021, due largely to profit retention and slower loan growth. Fitch Ratings believes that a successful execution of the strategy to strengthen capital and the quality of its capital would be credit-positive.

Eleving's subordinated bonds qualify for equity credit under Fitch's criteria, and Eleving's loans to related parties were fully repaid, but capital quality remains weak. Fitch views Eleving's leverage as commensurate with its business model and credit risk, but its open foreign-exchange (FX) position remains large compared to capital and constrains the rating.

Improving Corporate Governance: In Fitch's view, Eleving's initiatives in preparation for an IPO, announced in April 2024, are credit-positive, because they could strengthen creditor rights. Fitch has previously indicated that governance, especially over capital distributions and leverage appetite, constrained the rating. Eleving established a supervisory board in 2024, with a majority of independent members, and will publish a formal dividend policy within the coming months. This builds on previous progress following the bond listing in Frankfurt and Riga.

High Appetite for Credit Risk: Eleving's high risk appetite and willingness to grow in frontier markets constrain its rating. Eleving's asset quality reflects its higher-risk client base (impaired loans ratio: 22% at end-2023), but is mitigated by high loan yields (interest income/ average net portfolio of 62% in 2023) and adequate provisioning policies. Fitch expects the generation of new impaired loans to remain below 15% of total loans in 2024, compared to 14% in 2023.

Eleving ceased operations in Ukraine and Belarus in 2022, and is repatriating the remaining cash and receivables in Ukraine (less than EUR2 million at end-April 2024).

Strong Profitability: Eleving's profitability reflects its high-risk, high-yield business model, and should remain stable in 2024 due to lower funding costs and unchanged impairment charges. Funding is mostly at fixed rates (end-2023: 78%) and is long-dated (61% non-current debt at end-2023). 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 cheaper in recent months (9% yield in May 2024), but accounted for only 20% of Eleving's non-equity funding at end-2023. A significant 18% of net income was attributable to minority interests in 2023, weighing on Fitch's assessment of earnings and profitability.

Bonds Underpin Funding Profile: Eleving has limited short-term funding needs, and proven access to debt capital markets. Refinancing risk of a EUR150 million bullet repayment in late 2026 is remote and we expect this to be addressed well in advance. Access to Mintos (end-1Q24: EUR72 million) provides a flexible, but, in our view, volatile alternative to bond funding. Eleving's funding and liquidity profile also reflects its high asset encumbrance (end-1Q24 unsecured/total debt: below 10%), limiting its funding flexibility.

Applicable Criteria

Non-Bank Financial Institutions Rating Criteria (January 2024)

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

Corporate Hybrids Treatment and Notching Criteria (November 2020)

Related Research

Fitch Upgrades Eleving to 'B'; Outlook Stable (June 2024)

Global Economic Outlook (June 2024)

Risk Headquarters - 2Q24 (April 2024)

Emerging Europe Finance and Leasing Companies Outlook 2024 (December 2024)

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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 6.5x, reducing its buffers to absorb credit and foreign-exchange (FX) losses, would likely result in a downgrade of its Long-Term IDR.

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

We would upgrade Eleving's Long-Term IDR on a combination of more formal corporate governance, a leaner corporate structure (including lower minority interests), leverage falling to below 5x and improved capital quality. This could stem from a realisation of Eleving's IPO, provided profitability, funding profile and asset quality are maintained broadly in line with current levels.

A strong execution record on its strategy, a lower open FX position ratio and an enlarged scale would also be positive for the ratings, together with the above.

Recent Developments

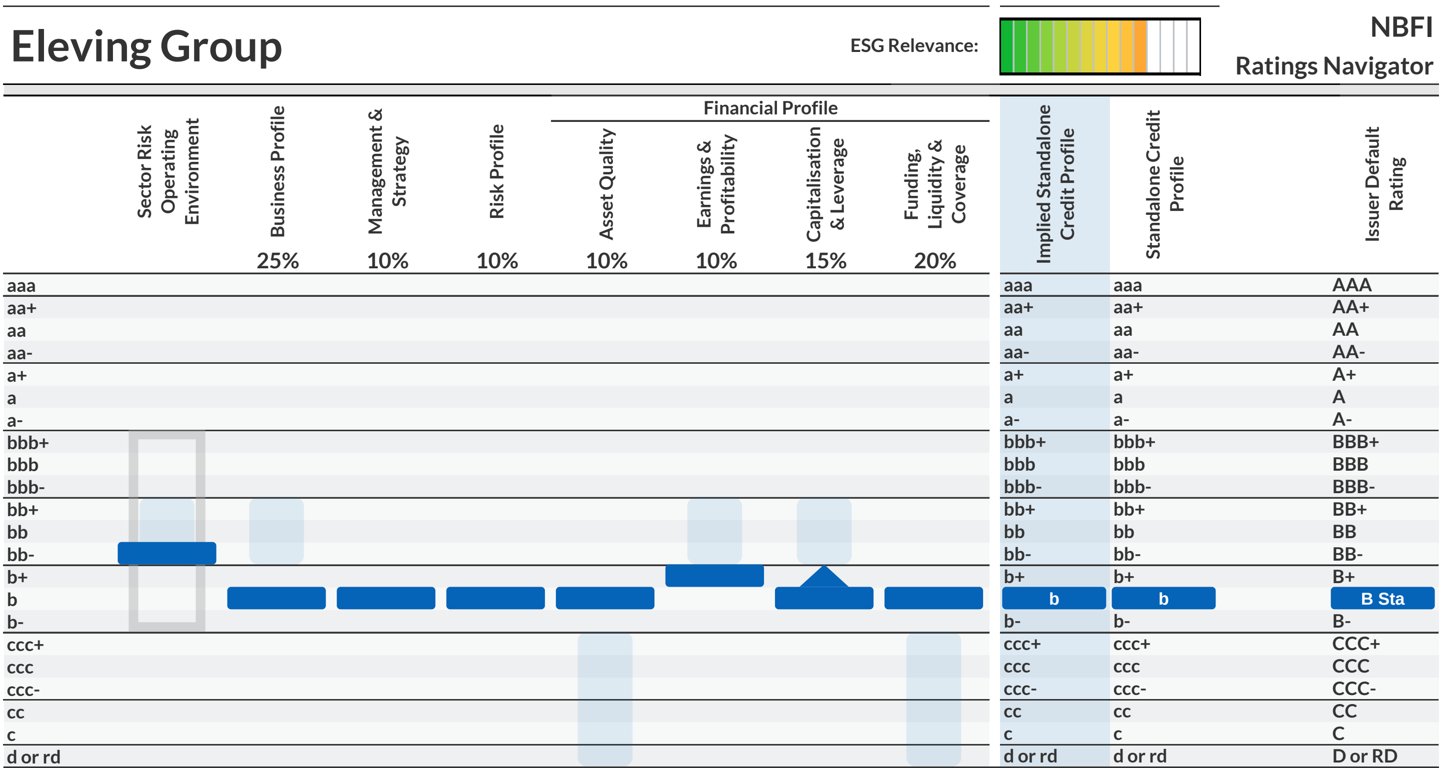
IPO, External Capital-Raising

In Fitch's view, Eleving's planned IPO is credit-positive, because it is driving the formalisation of Eleving's corporate governance and because its proceeds could strengthen Eleving's leverage and capital quality. Eleving has mandated a leading Estonian bank to act as the lead arranger for the potential IPO, which we expect in 2H24. Fitch expects Eleving's shareholders to retain a joint stake of over 50% in the long term.

Combination with ExpressCredit

Eleving took over smaller consumer lender ExpressCredit in July 2023, with no monetary outlay. ExpressCredit specialised in salary-backed and unsecured consumer loans in four southern African markets (Botswana, Namibia, Zambia and Lesotho), representing 8% of Eleving's net loans at end-2023. Fitch views the combination as rating-neutral, given its size and its lower-yielding, but also less risky, loan portfolio. The impact on Eleving's leverage was modest (gross debt/tangible equity plus subordinated bonds increased to 5.7x at end-2023, from 5.1x at end-1H23), and Eleving reported a net profit of EUR1 million from the combined assets in 2H23.

Ratings Navigator



The Key Rating Driver (KRD) weightings used to determine the implied Standalone Credit Profile (SCP) are shown as percentages at the top. In cases where the implied SCP is adjusted upwards or downwards to arrive at the SCP, the KRD associated with the adjustment reason is highlighted in red. The shaded areas indicate the benchmark-implied scores for each KRD. The sector risk assessment acts as a sector-specific constraint on the typical implied operating environment range and is shown as an overlay on the operating environment.

Adjustments

The ‘b’ business profile score is below the ‘bb’ category implied score due to the following adjustment reason: business model (negative).

The ‘b’ asset quality score is above the ‘ccc’ category implied score due to the following adjustment reason: collateral and reserves (positive).

The ‘b+’ earnings & profitability score is below the ‘bb’ category implied score due to the following adjustment reason: earnings stability (negative).

The ‘b’ capitalisation & leverage score is below the ‘bb’ category implied score due to the following adjustment reason: risk profile and business model (negative).

The ‘b’ funding, liquidity & coverage score is above the ‘ccc’ category implied score due to the following adjustment reason: funding flexibility (positive).

Key Qualitative Factors

Small Volatile Markets

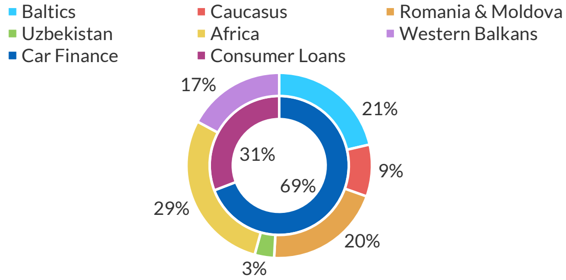
Legally domiciled in Luxembourg (where it has no credit exposure), Eleving is based in Latvia, and actively operates in 17 countries in eastern Europe, central Asia and sub-Saharan Africa. Fitch views Eleving’s geographic breadth as credit-positive, because it gives the group scale and provides diversification against regulatory risk. However, Eleving’s countries of operations are small, open economies 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-2024, down from 69% at end-1Q19), but the operating environment score of ‘bb’ reflects Eleving’s appetite for expansion in riskier markets (such as in sub-Saharan Africa). Eleving ceased new issuance in Ukraine and Belarus in early 2022, and fully exited Belarus in 1H24, while some assets (cash and receivables) are still in Ukraine.

Limited Prudential Regulation; Stringent Customer Protection

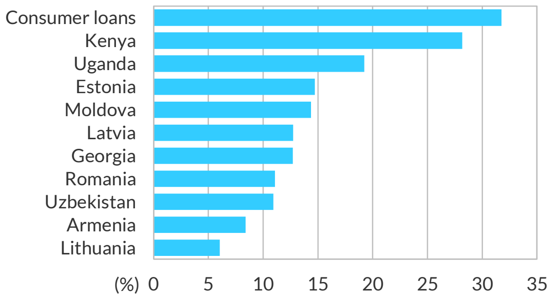
Eleving's operating entities are less prudentially regulated than banks in most countries, but minimum capital amounts and capital adequacy ratios are enforced in some jurisdictions, limiting capital fungibility. Consumer protection affects Eleving more than prudential regulation, due to interest rate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

Eleving's Loans by Country



Outer ring: Shares by net loans in each location at end-1Q24, including Primero. Inner ring: Shares by product across all locations.
Source: Fitch Ratings, Eleving

Stage 3 Loans Ratio by Segment



Data: Stage 3 loans to total gross loans in each location at end-2023.
Source: Fitch Ratings, Eleving

Niche Lender in Used Vehicle Financing

Eleving's core business is financing mobility solutions for subprime borrowers through finance and operating leases (respectively, accounting for 46% and 21% of the net portfolio at end-2023, including Primero). Cars financed by Eleving are, on average, 13 years old at the transaction date and have a low residual value. Within Eleving's core business, operating leasing of motorcycles in Africa represents 12% of the net portfolio, and riskier sale-and-lease-back products (to release equity from the clients' cars) make up about 10%. 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 (7% of net portfolio).

High-Cost Consumer Lending

Eleving's consumer lending business (33% of its net portfolio at end-1Q24) operates in Eastern Europe (Moldova, Albania, North Macedonia) and sub-Saharan Africa (Botswana, Namibia, Zambia, Lesotho). A loan yield of about 80% a year (compared to about 40% for Eleving's core car loans) makes the consumer lending business a material profit contributor, especially for the subsidiaries in Eastern Europe, while the African ones offer mostly lower-yielding, but less risky, salary-backed loans (mainly to public-sector employees).

Regional Scale in a Competitive Niche

Eleving has a nominal franchise in a niche of subprime and near-prime borrowers that banks do not serve. In Fitch's view, the high-cost credit sector is very competitive, with low client loyalty, and lenders have modest pricing power. However, Eleving benefits from diversification across several countries and a large enough scale to sustain investments in its operations (mainly IT and central functions). Eleving's expertise in valuation, collection and monetisation of cars is adequate, owing to its scale and centralised back-office.

Some Organisational Complexity

Eleving is a Luxembourg-registered holding company that owns local operating entities through 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-holding 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 stabilising (end-2023: 20% of total equity), as the company has revised its stock options plan and has begun to buy back shares from departing employees.

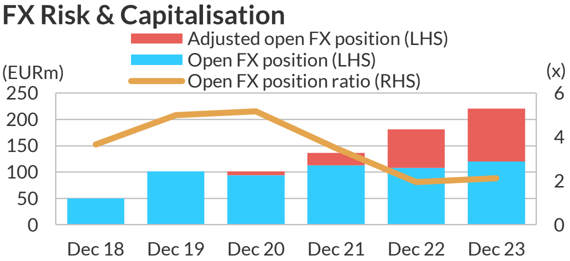
Improving Record, Changing Strategy

Frequent and opportunistic revisions of strategy constrain Eleving's rating, although this is a feature of the high-cost lending sector and Eleving's management has a growing record of leading the company through the cycle. Eleving has entered and exited several countries and products in 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

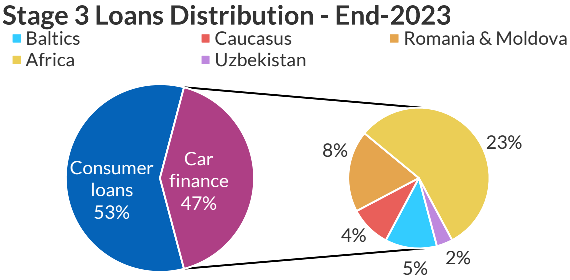
Eleving's corporate governance framework is developing after its bonds were listed in 2018, but recent initiatives, including the planned IPO, should bring corporate governance in line with other listed peers if well executed. The board of directors comprises the chief executive officer, the chief financial officer and two independent directors seconded by a Luxembourgish company for corporate and trust services, but Eleving plans to establish an independent supervisory board, separate from the management. Eleving's largest shareholder (Aigars Kesenfelds) is a key shareholder in Mintos, the peer-to-peer lending platform on which Eleving raises a material portion of its debt funding (EUR72 million at end-1Q24; 21% 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 Loans Distribution - End-2023



Consumer loans are in southeastern Europe (Moldova, Albania, North Macedonia) and sub-Saharan Africa (Zambia, Namibia, Lesotho, Botswana). Source: Fitch Ratings, Eleving

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 material (2.1x tangible equity plus subordinated debt at end-2023). Eleving reduced its open FX position by partly lending in hard currencies outside the Baltics, and by 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 1.0x tangible equity.

Acceptable 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 its more conservative approach for sale-and-lease-back and its operations in countries with lower payment discipline.

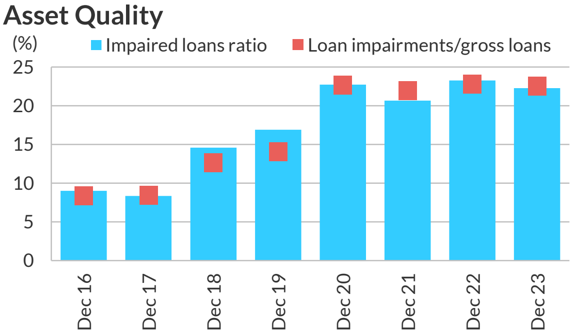
Financial Profile

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 mitigate still-large credit losses (2023: 11% of average gross loans), which stem mainly from unsecured consumer loans.

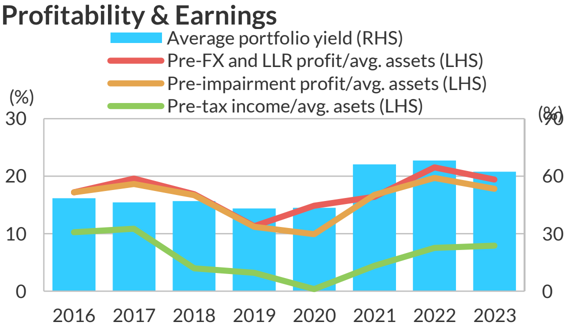
Fitch expects Eleving's impaired loans ratio and cost of risk to remain high over the next 12–24 months, in line with Eleving's risk appetite. Recent initiatives, such as the launch of near-prime financing products, could help to lower problem origination in the longer term, but account for only a minor portion of the portfolio.

Asset Quality



Source: Fitch Ratings, Eleving

Profitability & Earnings



LLR: loan loss reserves. Source: Fitch Ratings, Eleving

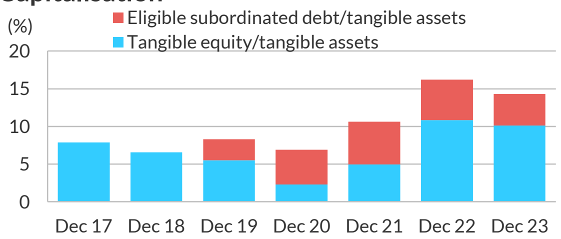
Strong Profitability Reflects Risk Appetite

Eleving's high-yielding portfolio generates a sound pre-impairment profit/average assets ratio (16% a year in 2020-2023), but this is largely consumed by volatile impairment charges (63% of pre-impairment profit on average in the same period). Operating expenses are high in relation to the gross loan portfolio (20% of average gross loans over 2020–2023), limiting price flexibility.

Improved Leverage; Weaknesses Remain

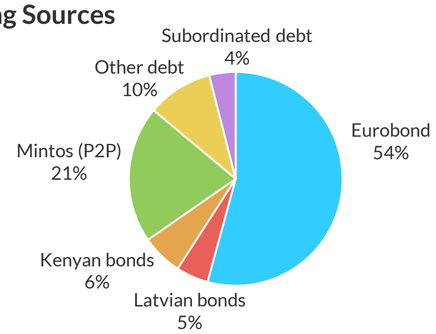
Eleving has managed down its historically high leverage to a level commensurate with its high credit risk (coverage of impaired loans by loan loss allowances: 101% at end-2023). However, FX risks remain high. Capital quality has improved owing to profit retention and the issue of long-dated subordinated bonds (end-2023: 29% of tangible equity, when included), but remains a relative weakness. Receivables from related parties were fully repaid by end-2023, and Eleving's progresses in corporate governance should reduce risks to capitalisation from transactions with shareholders.

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



Data at end-1Q24. The Latvian bonds were repaid in April 2024.
Source: Fitch Ratings, Eleving

Concentrated, but Long-Dated Funding Profile

Eleving's bonds (EUR150 million due in October 2026, EUR50 million due in October 2028) underpin 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 profile is supported by the average tenor of liabilities exceeding assets with net current assets of EUR101 million at end-2023, and it is further supported by a strong earnings generation, thanks to the high portfolio yield. This is in line with other rated consumer lenders and mitigates a low coverage of short-term debt by liquid assets (end-2023: 29%).

Debt Ratings

Debt Ratings: Eleving Group

Rating level	Rating
Senior secured: long term	B

Source: Fitch Ratings

Structural Subordination

Eleving's senior secured debt rating of 'B' reflects the bonds' effective structural subordination to outstanding debt at operating entities. This leads to an expectation of only-average recoveries, despite the bonds' secured nature. This is reflected in the 'RR4' Recovery Rating and in the equalisation of the debt rating with Eleving's Long-Term IDR.

Frankfurt-Listed Bonds Due 2026 and 2028

Fitch has assigned a senior secured debt rating of 'B'/'RR4' to Eleving's EUR150 million bond due in October 2026 and to its EUR50 million bond due in October 2028. The bonds are rated in line with Eleving's Long-Term IDR, and they are both listed on the Frankfurt Stock Exchange. Fitch considers Eleving's bonds as structurally subordinated to debt at operating entities (39% of total debt at end-2023) 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 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 its 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 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 a record of 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.

Eleving has an ESG Relevance Score for Customer Welfare of '4'. In our view, Eleving's exposure to the high-cost credit sector means that its business model is sensitive to regulatory changes (like lending caps) and conduct-related risks.

These issues have a moderately negative impact on the credit profile and are relevant to the rating in conjunction with other factors. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financials

Income Statement

(EURm)	1Q24	2023	2022	2021	2020	2019	2018
Revenues							
Interest income	48.4	176.3	170.5	139.9	83.5	72.4	54.4
Operating lease and rental income	0.9	4.1	5.4	6.5	6.2	4.0	0.2
Commission income	2.5	11.4	10.5	8.9	6.1	4.4	2.8
Net car sales	n.a.	0.1	0.0	0.0	0.0	0.0	0.0
Total revenues	**51.8**	**191.9**	**186.4**	**155.3**	**95.8**	**80.9**	**57.4**
Expenses							
Interest expense	-10.4	-38.5	-32.9	-35.8	-27.1	-22.7	-14.9
Depreciation expenses	-2.4	-9.4	-8.2	-7.4	-5.7	-3.8	-1.7
SG&A expenses	-17.5	-60.2	-58.9	-51.4	-32.1	-30.4	-17.3
Impairment charges	-9.5	-41.1	-43.9	-38.8	-26.4	-17.7	-17.6
Total expenses	**-39.8**	**-149.3**	**-144.1**	**-133.5**	**-91.3**	**-74.5**	**-51.6**
Operating margin	**12.0**	**42.6**	**42.4**	**21.9**	**4.5**	**6.4**	**5.8**
Net FX gains/losses	-2.4	-6.4	-6.4	1.1	-13.2	-0.2	-0.3
Net non-operating revenues/expenses	-0.9	-5.2	-10.2	-9.7	9.6	0.8	0.2
Pre-tax income	**8.7**	**31.0**	**25.8**	**13.2**	**0.9**	**6.9**	**5.7**
Income tax	-2.9	-6.6	-6.9	-6.1	0.7	-0.3	-1.1
Net income	**5.8**	**24.5**	**18.9**	**7.1**	**1.6**	**6.6**	**4.6**
Non-controlling interests	1.2	4.4	5.0	5.0	-0.4	0.2	0.2
Net profit for equity holders of parent company	**4.6**	**20.1**	**13.9**	**2.1**	**2.0**	**6.3**	**4.5**

Source: Fitch Ratings, Eleving Group

Balance Sheet

(EURm)	1Q24	2023	2022	2021	2020	2019	2018
Assets							
Cash & equivalents	48.4	27.5	13.8	10.1	9.3	8.7	6.5
Operating lease & rental fleet	6.9	7.1	10.0	10.7	14.5	13.5	1.4
Net investment in lease (nil)	n.a.	112.0	134.0	114.0	94.5	102.5	93.6
Net loans	323.6	201.2	149.0	122.7	92.4	77.6	46.2
Loans to related parties	0.0	0.0	3.2	6.3	15.8	22.1	5.4
Gross leases and loans	**n.a.**	**413.9**	**383.8**	**325.6**	**276.0**	**248.1**	**171.0**
Memo: impaired loans included above	n.a.	90.5	86.2	63.8	55.9	35.9	23.9
Less: loan loss allowances	n.a.	91.6	84.6	67.9	55.6	29.9	20.7
Net loans	**330.5**	**320.3**	**296.1**	**253.6**	**217.3**	**215.7**	**146.7**
Other financial assets	0.5	1.0	1.4	3.1	3.0	2.5	5.6
Goodwill and intangible assets	22.8	22.5	15.7	14.5	14.8	7.8	3.6
Deferred tax assets	10.1	8.9	5.6	2.8	2.9	1.6	0.6
Fixed assets	14.0	13.4	12.7	12.2	10.1	9.9	3.8
Other assets	25.3	27.8	16.0	25.8	22.5	7.5	7.3
Total assets	**451.6**	**421.3**	**361.4**	**322.1**	**279.8**	**253.6**	**174.3**
Liabilities							
Secured bonds	209.2	189.9	149.7	142.2	66.2	67.7	41.4
Latvian bonds	16.9	17.5	29.2	29.9	30.0	26.8	26.6
MINTOS p2p funding	71.7	64.2	68.1	62.3	86.7	70.2	48.9
Other secured debt	34.3	49.2	13.0	7.5	18.1	16.5	6.9
Unsecured debt	0.1	1.4	12.8	8.8	30.0	34.4	29.1
Eligible subordinated debt	13.8	16.5	18.5	17.3	12.1	6.8	0.0
Total borrowings	**346.0**	**338.6**	**291.3**	**268.0**	**243.2**	**222.2**	**152.9**
Other liabilities	32.5	17.3	15.7	22.7	14.3	9.1	6.1
Total liabilities	**378.5**	**355.9**	**307.0**	**290.7**	**257.5**	**231.3**	**159.0**
Shareholders' equity	60.0	53.6	45.5	24.3	21.9	21.8	14.8
Minority interests	13.1	11.8	8.9	7.1	0.3	0.5	0.5
Total equity	**73.1**	**65.4**	**54.4**	**31.4**	**22.2**	**22.3**	**15.3**
Total liabilities and equity	**451.6**	**421.3**	**361.4**	**322.1**	**279.8**	**253.6**	**174.3**

Source: Fitch Ratings, Eleving Group

Summary Analytics

	1Q24	2023	2022	2021	2020	2019	2018
Business profile (USDm; annualised)							
Total net operating income	179.5	169.3	163.8	135.3	84.4	65.2	48.6
Asset quality (%)							
Impaired loans/gross portfolio	–	22.3	23.3	20.7	22.7	16.9	14.6
Loan loss allowances/impaired loans	–	101.1	98.1	106.4	99.6	83.1	86.7
Origination of new Stage 3 loans	–	14.1	14.7	10.6	15.4	7.9	–
Loan impairment charges/average gross loans	–	10.6	12.9	14.0	11.5	9.4	13.0
Growth of gross loans	–	9.8	20.1	25.7	15.6	29.4	51.8
Sales/costs of repossessed cars	–	108.2	101.4	98.9	85.2	100.1	100.7
Earnings and profitability (%; annualised)							
Pre-tax income/average assets	8.0	7.9	7.6	4.4	0.3	3.2	4.0
Net income/average equity	26.6	33.5	32.5	7.9	9.2	33.7	33.3
Operating expenses/operating revenues	51.1	52.6	50.7	52.4	62.6	62.2	46.1
Operating expenses/average assets	–	20.4	22.5	21.7	16.2	16.9	14.1
Interest income/average gross loans	–	62.4	68.2	66.3	43.5	43.2	47.0
Interest expense/average debt	11.9	12.2	11.8	11.8	11.6	12.1	11.9
Pre-impairment op. Profit/average assets	–	17.8	19.7	16.8	9.9	11.2	16.7
Earnings before FX and credit costs/average assets	18.9	19.4	21.5	16.4	14.9	11.3	16.9
Impairment charges/pre-impairment op. Profit	47.9	52.4	57.7	76.2	65.2	71.2	74.7
Capitalisation and leverage (%)							
Debt/tangible equity (x)	7.5	8.4	7.8	17.7	40.1	16.5	13.7
Debt/tangible equity plus shareholders' loans (x)	5.6	5.7	4.9	7.7	12.7	10.6	–
Tangible equity/tangible assets	11.1	10.1	10.8	4.9	2.3	5.5	6.6
Tangible equity (incl. shareholders' loans)/tangible assets	14.4	14.3	16.2	10.6	6.9	8.3	–
Impaired loans less reserves/tangible equity (incl. Shareholders' loans)	–	-1.8	2.9	-12.6	1.2	29.9	28.6
Open FX position/tangible equity (incl. shareholders' loans) (x)	–	2.1	1.9	3.5	5.2	5.0	4.5
Funding and liquidity (%)							
Unsecured debt/total debt	8.6	10.4	20.7	20.9	29.7	30.6	36.4
Short-term debt/total debt	–	28.4	20.6	15.0	33.9	15.6	19.8
Liquid assets/total debt	13.5	8.1	4.7	3.8	3.8	3.9	4.3
Liquid investments + undrawn committed facilities/short-term funding	–	28.6	23.0	25.2	11.3	24.9	21.5
Covenants							
Capitalisation ratio > 15%	–	26.1	25.8	20.6	18.4	16.2	12.7
Interest coverage ratio > 1.25x	–	2.3	2.32	1.81	1.74	1.44	1.60
Consolidated net leverage < 6x	–	3.7	3.5	4.6	5.2	6.8	6.5

Source: Fitch Ratings, Eleving Group

SOLICITATION & PARTICIPATION STATUS

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