

Iute Group reports unaudited results for 9M/2024

Steady and profitable transition to the modern banking in Southeastern Europe

Strategic Highlights

- Longer maturities and stronger customers are having an increasing effect in offsetting falling effective annual interest rates and rising interest costs as a result of growth.
- Number of active customers at 266 thousand (31 Dec. 2023: 271 thousand) with revenue per customer (LTM) up to 410 EUR (9M/2023: 384 EUR).
- Total number of customers up to 1,17 million (31 Dec. 2023: 1,05 million).
- Group consolidated balance sheet up 8,7% to 408,5 million EUR and equity up 13,0% to 72,1 million EUR as of 30 September 2024.
- Increasing use of Mylute app – 1.088 thousand downloads as of 30 September 2024 (31 Dec. 2023: 813 thousand).
- Wallet services and digital insurance brokerage continue to grow significantly faster than lending business – further acceleration expected.
- In July 2024, Fitch Ratings (Fitch) assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for EUR Bond 2021/2026.

Operational Highlights

- Loan payouts at already high levels showing further increased by 30,7% to 278,6 million EUR (9M/2023: 213,1 million EUR).
- Number of loans signed with 261 thousand well above prior-year level (9M/2023: 250 thousand).
- Cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,1% (9M 2023: 12,0%), underlying trajectory to improvement of customer quality.
- Gross loan portfolio up 18,8% to 299,3 million EUR (31 Dec. 2023: 252,0 million EUR) of which principal amount of loans increased 20,2% to 279,1 million EUR (31 Dec. 2023: 232,2 million EUR).
- Repayment discipline (Customer Performance Index, CPI30) at 86,6% (9M/2023: 87,3%), as a result of still below-expectations performance in Bulgaria.
- Net loan portfolio up 21,0% to 280,9 million EUR (31 Dec. 2023: 232,2 million EUR).
- 77 cardless ATMs operational (31 Dec. 2023: 75 ATMs).

Financial Highlights

- Interest and commission fee income down 0,5% to 68,5 million EUR (9M/2023: 68,8 million EUR) which is attributable to the lower income from government bonds at Energbank.
- Interest and commission fee income adjusted for Energbank's income from government bonds increased by 3,1 % to 66,9 million EUR (9M/2023: 64,9 million EUR).
- Net interest and commission fee income broadly stable (-0,9%) at 47,7 million EUR (9M/2023: 48,1 million EUR).
- Net interest and commission fee income adjusted for Energbank's income from government bonds up 4.0% to 46,1 million EUR (9M/2023: 44,2 million EUR).
- Total revenue up 6,1% to 83,7 million EUR (9M/2023: 78,9 million EUR) – adjusted for Energbank's income from government bonds up 9,5% to 82,1 million EUR (9M/2023: 74,9 million EUR).
- Cost-to-revenue ratio up to 43,3% (9M/2023: 41,7%) as a result of lower income from government bonds and central bank deposits at Energbank while turnaround of operations slower than expected.
- EBITDA adjusted for FX down 5,6% to 31,9 million EUR (9M/2023: 33,8 million EUR adjusted for FX and one-off expenses related to the acquisition of Energbank in the amount of 3,1 million EUR).
- Net profit at 7,5 million EUR compared to 9,3 million EUR, attributable to higher marketing, legal and consulting costs, while the prior-year period was influenced by stronger FX gains.
- Strong capitalization and profitability affected by discretionary strong growth efforts still in line with Eurobond covenants.

Statement of the Management

Iute Group's ongoing transition of from a fintech microcredit provider to the Modern Banking Group in the Balkans has been steady and profitable for 9 months 2024. The shift in services and revenue streams from pure lending to an integrated offering of Wallet Services, Insurance Intermediation, and Instant Lending is visible in both customer numbers and revenues.

In addition, a further evolution in the use of deep data in the Group's operations is underway, with the scope of data analytics not being limited to loan decisions alone. While the results are promising, challenges remain. The biggest challenge is to increase profitability, because at Iute Group every new product, solution, or business initiative should generate a reasonable return. Success is measured by the amount of money we generate from paying customers. We need more success.

It is therefore encouraging, that Iute Group grew again compared to the previous quarter and increased its performing customer pool by 3% to 236 thousand customers. The new customers were acquired mainly by Iute Non-Bank in Moldova, Albania, and Bulgaria. Energbank is expected to complete its first digitalization projects by the end of 2024, which will unlock new smartphone app possibilities for its customers both in wallet and in loan services.

Iute Group's balance sheet also grew compared to the previous quarter, increasing by 3% to 408 million EUR. The share of yielding assets grew even faster, with the net loan portfolio up 6% quarter-on-quarter to 281 million EUR. Thus, the portfolio growth is on track for the target of 300 million EUR by end of 2024. There is less idle capital on the balance sheet while the decline in the pricing of newly issued loans has stabilized. The Non-Bank loan portfolio yields an APR of 38% while Energbank loans yield an average APR of almost 11%.

Customer transaction activity with their wallets was stable. Growth in Albania was offset by a decline in Moldova caused by the suspension of certain remittance services from Russia, prescribed by authorities towards all banks. Overall, the growth of wallet revenues accelerated alongside that of insurance intermediation revenues. The latter two revenue streams contributed more than 17% of Iute Group's total revenue in 9M 2024, and their share continues to grow.

Although, revenue momentum is starting to improve, with marginal gains in operational efficiency and better credit risk management, the pressure on profitability remains high. An example of the increase in operational efficiency is the 22% share of fully automated loans issued by Non-Bank subsidiaries in Q3 2024. Full automation means that there is not a single human intervention or manual operation involved in the entire loan origination cycle, starting from the loan application by the customer through to the signing of the loan agreement and disbursement of the loan to the customer. The Non-Bank's OPEX to revenue ratio remains below 40%. Improved credit risk management is reflected in the rise of Iute Group's Non-Bank CPI30 up 0.3 percentage points quarter-on-quarter to 87.0%. One full point is approximately equivalent to 1.8 million EUR.

The overall economic situation in the Balkans is fragmented. However, the decline in inflation and interest rates throughout the region gives rise to justified optimism for falling interest costs for Iute Group, even though competition with banks is likely to lead to a continuous decline in loan yields. In other words, savings in the cost of capital for the Group will be passed on to end customers. The economies and national currencies of our countries show no signs of weakening, while some are becoming increasingly integrated into European markets. While Albania aims to join the Single Euro Payments Area (SEPA), Bulgaria is expected to adopt the euro in 2025. Moldova has just narrowly passed a referendum on its constitutional goal of joining the EU.

Energbank's operational turnaround continues to be a work in progress with marginal gains achieved. We believe that Energbank's cost-to-income ratio is the key metric to measure the success of the turnaround. Anything over 60% is a failure in the short term and anything over 40% is a failure in the long term.

On the bottom line, Iute Group's annual net profit target of 10 million EUR is in sights, while the initially set 15 million EUR is beyond reasonable expectations. Other key performance indicators are well on track, including growth in customer pool, balance sheet, and revenue.

Tarmo Sild
CEO of Iute Group

Consolidated key financial figures

	30 Sep. 2024	31 Dec. 2023	Δ in %
Capitalization			
Gross loan portfolio (in thousand EUR)	299.291	251.950	18,8%
<i>Iute Non-Bank</i>	212.302	185.842	14,2%
<i>Energbank</i>	86.988	66.108	31,6%
Net loan portfolio (in thousand EUR)	280.862	232.171	21,0%
<i>Iute Non-Bank</i>	197.367	169.414	16,5%
<i>Energbank</i>	83.495	62.757	33,0%
Assets (in thousand EUR)	408.463	375.799	8,7%
Equity (in thousand EUR)	72.099	63.818	13,0%
Equity to assets ratio	17,7%	17,0%	0,7%
Capitalization ratio	25,7%	27,5%	-1,8%
	9M/2024	9M/2023	Δ in %
Profitability			
Interest income	68.491	68.803	-0,5%
<i>Iute Non-Bank</i>	57.093	55.193	3,4%
<i>Energbank</i>	11.398	13.610	-16,3%
Net interest margin	33,3%	40,3%	-7,0%
<i>Iute Non-Bank</i>	38,7%	44,3%	-5,6%
Adjusted cost to income ratio	43,3%	41,7%	1,6%
<i>Iute Non-Bank</i>	39,2%	38,4%	0,8%
<i>Energbank</i>	67,6%	57,7%	9,9%
Post-allowances operating profit margin	16,2%	19,0%	-2,8%
<i>Iute Non-Bank</i>	16,4%	16,5%	-0,1%
Adjusted EBITDA	31.879	33.758	-5,6%
<i>Iute Non-Bank</i>	27.256	26.834	1,6%
<i>Energbank</i>	4.623	6.924	-33,2%
Interest coverage ratio	1,6	1,7	-11,6%
Profit margin before tax	13,0%	15,7%	-2,79%
Net profit	7.510	9.330	-19,5%
Return on assets	2,2%	4,0%	-1,8%
Return on equity	11,9%	21,0%	-9,1%
	30 Sep. 2024	31 Dec. 2023	Δ in %
Asset quality			
Cost of risk	9,1%	9,5%	-0,4%
<i>Iute Non-Bank</i>	12,3%	13,0%	-0,7%
<i>Energbank</i>	0,2%	0,8%	-0,6%
Impairment coverage ratio	69,0%	65,7%	3,3%
<i>Iute Non-Bank</i>	63,3%	60,6%	2,7%
<i>Energbank</i>	112,8%	113,0%	-0,2%
Gross NPL ratio	8,9%	11,9%	-3,0%
<i>Iute Non-Bank</i>	11,1%	14,6%	-3,5%
<i>Energbank</i>	3,6%	4,5%	-0,9%
Net NPL ratio	5,0%	7,0%	-2,0%
<i>Iute Non-Bank</i>	6,9%	9,3%	-2,4%
<i>Energbank</i>	0,5%	0,6%	-0,2%

MANAGEMENT REPORT

Group Corporate and Organizational Overview

Iute Group AS (formerly IuteCredit Europe) is a holding company which issues consumer and corporate credits and offers personal finance services via its owned operating subsidiaries in local markets (**Subsidiaries**). As of 30 Sep. 2024, ICE had nine operating subsidiaries: OCN Iute Credit SRL (**ICM**) and BC Energbank S.A. (**EB**) in Moldova, IuteCredit Albania SHA (**ICA**) and IutePay Sh.p.k. (**IPA**) (formerly VeloxPay Sh.P.K ,Velox) in Albania, IuteCredit Macedonia DOOEL-Skopje (**ICMK**) in North Macedonia, IutePay Bulgaria EOOD (**IutePay Bulgaria**) and IuteCredit Bulgaria EOOD (**ICBG**) in Bulgaria, IuteCredit BH d.o.o. Sarajevo (**ICBH**) in Bosnia and Herzegovina, IuteCredit Finance S.á r.l. (**ICF**) in Luxembourg. IutePay Bulgaria EOOD was inactive during financial year 2024. Iute Group AS and its subsidiaries form the **Iute Group** or **Iute** on a consolidated level.

Operationally active companies of the lending business are collectively shown as **Iute Non-Bank (INB)**, while the banking business of the Iute Group consists of **Energbank (EB)**. All subsidiaries are 100% owned by Iute Group AS, except Energbank where Iute Group AS holds a 95% stake. Iute Group AS plans to acquire the largest possible stake in the bank by purchasing shares at market conditions. Once the new members of the Bank's governing bodies seconded by Iute Group AS are elected and approved by the National Bank of Moldova, Iute Group AS will be able to exercise full operational control over the Bank.

The Group's Headquarters (**HQ**) is located in Tallinn, Estonia. HQ's responsibilities include:

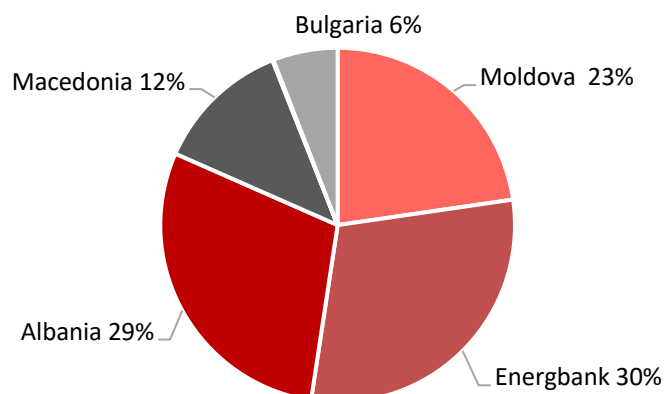
- Strategic targeting
- Scalability of business
- Business capabilities design, including organizations design, process design, and technology design
- Technology development and integration
- Composition of management teams at subsidiaries
- Human resource and customer experience framework rules and targeting guidance
- Financial management framework rules and targeting guidance
- Marketing and sales framework rules and targeting guidance
- Enterprise risk management, including loan risk parameters and general compliance framework
- Data harvesting
- The Group's financing and investor relations

Each subsidiary is autonomously managed by the respective country's local management within the boundaries and targets set by the HQ and by the country's regulatory framework.

Business Model

The Group's core loan products are unsecured installment loans and buy-now-pay-later loans with maturities between 3 months and 48 months and pledge-secured loans with maturities of up to 72 months. The median loan amount is 500 EUR, while loan amounts range from 50 EUR to 10 thousand EUR. The weighted average annual percentage rate (APR) is 38% and the effective interest rate (EIR) is 47% depending on the loan amount, maturity, and customer status (new or recurring customer with good payment history).

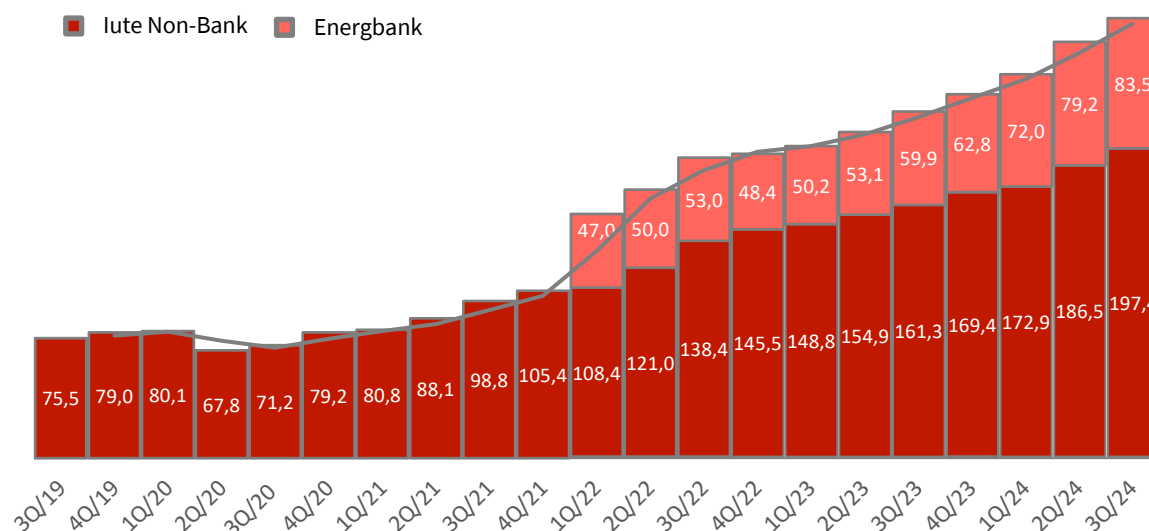
Breakdown of portfolio diversification as of 30/09/2024



lute Group aims to serve only clients with a permanent workplace and stable income. The loan underwriting process is based on personal identification, personal income assessment, and personal loan performance data. Approximately 58% of loan applications by individual customers across the Group are approved on average.

Loans are handled via established partners network (such as shops, money transfer companies, and postal agencies), web portals, and other online channels, as well as lute branches (retail offices). By the end of Sep. 2024, lute Group had 43 lute branches and 2.699 active points of sale, and 25 Energbank branches. Traditionally, lute Non-Bank handles money only via bank accounts or over the counter through its agents. With the introduction of lute ATMs, the operating country subsidiaries are increasingly carrying out cash transactions.

Breakdown of net portfolio development in EUR (million)



Consolidated earnings, financial and asset position

Consolidated statement of profit and loss (condensed)

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest and similar income	68.491	68.803	-0,5%
Interest and similar expense	-20.840	-20.724	0,6%
Net interest and commission fee income	47.651	48.080	-0,9%
Loan administration fees and penalties	5.434	4.821	12,7%
Total loan administration fees and penalties	5.434	4.821	12,7%
Other income	9.768	5.259	85,7%
Allowances for loan impairment	-20.006	-18.096	10,6%
Net operating income	42.847	40.064	6,9%
Personnel expenses	-16.931	-15.928	6,3%
Depreciation/amortization charge	-3.443	-2.759	24,8%
Other operating expenses	-15.862	-14.224	11,5%
Total operating expenses	-36.236	-32.911	10,1%
Foreign exchange gains/losses	2.261	3.678	-38,5%
Net financial result	2.261	3.678	-38,5%
Profit before tax	8.872	10.830	-18,1%
Income tax expense	-1.362	-1.500	-9,2%
Net profit for the period	7.510	9.330	-19,5%

Total income

Total income before expenses increased by 6,1% to 83.693 thousand EUR (9M/2023: 78.883 thousand EUR) – adjusted for Energbank's income from government bonds up 9,5% to 82,1 million EUR (9M/2023: 74,9 million EUR).

Breakdown of consolidated total income

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest and similar income	68.491	68.803	-0,5%
<i>lute Non-Bank</i>	57.094	55.193	3,4%
<i>Energbank</i>	11.398	13.610	-16,3%
Penalties and similar income	5.434	4.821	12,7%
<i>lute Non-Bank</i>	5.365	4.773	12,4%
<i>Energbank</i>	69	48	44,5%
Other income	9.768	5.259	85,7%
<i>lute Non-Bank</i>	9.549	5.356	78,3%
<i>Energbank</i>	219	-97	n/a
Total income	83.693	78.883	6,1%

Other income

Other income in 9M/2024 of 9.768 thousand EUR included, primarily, extraordinary income from debt collectors of 3.007 thousand EUR (9M/2023: 2.260 thousand EUR), income of 3.279 thousand EUR (9M/2023: 1.541 thousand EUR) from sales of defaulted loan portfolio, and income from other operations not related to core business activity of 403 thousand EUR (9M/2023: 153 thousand EUR). Defaulted loan portfolio sale depends on the offered price and lute Group's own expectations of the collection. In case the collection results promise better cash flow than portfolio sales, the defaulted loans are not sold. Particularly noteworthy is the increase in revenues from insurance brokerage to 2.270 thousand EUR (9M/2023: 1.306 thousand EUR).

Interest income

Interest income decreased by 0,5% to 68.491 thousand EUR (9M/2023: 68.803 thousand EUR), attributable in particular to the lower income from government bonds at Energbank – adjusted for Energbank's income from government bonds up 4.0% to 46,1 million EUR (9M/2023: 44,2 million EUR).

Breakdown of interest income

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Total value of loan principal issued	278.591	213.111	30,7%
<i>lute Non-Bank</i>	221.975	173.067	28,3%
<i>Energbank</i>	56.616	40.044	41,4%
Average net loan portfolio	256.989	207.553	23,8%
<i>lute Non-Bank</i>	183.390	153.332	19,6%
<i>Energbank</i>	73.598	54.221	35,7%
Principal	279.050	223.027	25,1%
<i>lute Non-Bank</i>	192.833	160.628	20,0%
<i>Energbank</i>	86.217	62.399	38,2%
Accrued interest	20.240	19.699	2,7%
<i>lute Non-Bank</i>	19.469	18.912	2,9%
<i>Energbank</i>	771	786	-1,9%
Average annualized interest rate on performing principal portfolio	38,1%	45,6%	-16,5%
<i>lute Non-Bank</i>	38,1%	43,3%	-12,1%
<i>Energbank</i>	11,9%	14,3%	-16,9%
Interest income	68.491	68.803	-0,5%
<i>lute Non-Bank</i>	57.093	55.193	3,4%
<i>Energbank</i>	11.398	13.610	-16,3%

Breakdown of interest income by countries

	9M/2024	Total share in %	9M/2023	Total share in %	Δ in %
Moldova	14.504	21,2%	16.335	23,7%	-11,2%
Energbank*	11.442	16,7%	13.610	19,8%	-15,9%
Albania	25.234	36,8%	23.135	33,6%	9,1%
Macedonia	11.878	17,3%	11.835	17,2%	0,4%
Bulgaria	5.355	7,8%	3.258	4,7%	64,4%
Discontinued operations					
Bosnia	80	0,1%	629	0,9%	-87,4%
Total	68.491	100,0%	68.803	100,0%	-0,5%

* Energbank interest income adjusted for government bonds increased by 1,8% to 9.869 thousand EUR (9M/2023: 9.695 thousand EUR).

Interest expense

Interest expense increased by 0,6% to 20.840 thousand EUR (9M/2023: 20.724 thousand EUR).

Breakdown of interest expense

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest on amounts due to creditors	-7.087	-5.771	22,8%
Interest on financial lease liabilities	-186	-167	11,6%
Interest on bonds	-11.983	-12.680	-5,5%
Interests on deposits	-1.584	-2.106	-24,8%
Total	-20.840	-20.724	0,6%

Loan administration fees and penalties

Income from other fees and penalties increased by 12,7% to 5.434 thousand EUR (9M/2023: 4.821 thousand EUR) reflecting penalties and delay interests, resigns, deduction by dealer bonuses, and other secondary fees.

Breakdown of administration fees and penalties

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Penalties under loans and delay interests	5.515	5.317	3,7%
<i>Iute Non-Bank</i>	5.445	5.269	3,3%
<i>Energbank</i>	69	48	44,5%
Resigns under customer loans	297	341	-13,0%
Dealer bonuses	-576	-926	-37,8%
Other fees from additional services	199	90	120,8%
Total	5.434	4.821	12,7%

Allowances for loan impairment

Change in allowances for consolidated loan impairment increased by 10,6% to 20.006 thousand EUR (9M/2023: 18.096 thousand EUR), less disproportionately than the increase in the loan book. Allowances at Energbank are determined at the end of June and Dec. only, accordingly, allowances at Energbank increased to 161 thousand EUR (9M/2023: 153 thousand EUR). Changes in allowances for loan impairment at Iute Non-Bank increased by 6,5% to 19.864 thousand EUR (9M/2023: 18.649 thousand EUR).

Breakdown of allowances for loan impairment

(In thousand EUR)	9M/2024	9M/2023	Δ in %
At the beginning of period	-19.778	-21.593	-8,4%
Allowances for loan impairment	-20.006	-18.096	10,6%
Utilized	21.134	18.073	16,9%
Exchange differences	222	98	126,5%
At the end of the period	-18.428	-21.518	-14,4%
(In thousand EUR)	9M/2024	9M/2023	Δ in %
Impairment charges on loans	-20.006	-18.096	10,6%
Net impairment charges	-20.006	-18.096	10,6%

Starting from Sep'. 2024, Iute Group changed the logic of LGD calculation. Historical data on defaulted loans will be replaced by 5-year historical data for LGD calculation in IFRS9 provision calculation. The impact of the logic change was recognized in September in the amount of 1.6 million EUR.

Overall net impairment losses represented 29,2% of interest income (9M/2023: 26,3%). The cost of risk, expressed as net impairment charges to average gross loan portfolio, decreased to 9,1% (9M 2023: 12,0%).

Operating expenses

Operating expenses for the period increased by 8,8% to 32.793 thousand EUR (9M/2023: 30.152 thousand EUR). In the prior-year period, legal and consulting costs were incurred in connection with the integration of Energbank. Advertising expenses accounted for 11,7% (9M/2023: 8,7%) of operating expenses while expenses on IT accounted for 8,0% (9M/2023: 7,9%).

Breakdown of operating expenses

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Personnel	-16.931	-15.928	6,3%
Advertising expenses	-3.827	-2.626	45,7%
IT	-2.638	-2.385	10,6%
Debt collection	-1.003	-815	23,1%
Legal and consulting	-2.958	-2.426	21,9%
Rent and utilities	-486	-435	11,8%
Taxes	-710	-647	9,8%
Travel	-482	-488	-1,1%
Other	-3.756	-4.402	-14,7%
Total	-32.793	-30.152	8,8%
<i>Iute Non-Bank</i>	<i>-25.486</i>	<i>-22.961</i>	<i>11,0%</i>
<i>Energbank</i>	<i>-7.307</i>	<i>-7.191</i>	<i>1,6%</i>

Excluding personnel expenses, operating expenses increased by 11,5% to 15.862 thousand EUR (9M/2023: 14.224 thousand EUR).

Personnel expenses

Personnel expenses, mainly salaries and bonuses, and social security expenses increased by 6,3% to 16.931 thousand EUR (9M/2023: 15.928 thousand EUR). The recruitment of top-class talents related to insurance brokerage and wallet services was particularly noticeable here. The average staff number in full-time with 935 employees decreased as a result of the wind-down of operations in Bosnia and Herzegovina and efficiency measures at Energbank (9M/2023: 990 employees).

Breakdown of personnel expenses

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Salaries and bonuses	-13.911	-13.112	6,1%
Social security expenses	-2.478	-2.283	8,5%
Medical insurance expenses	-138	-114	21,4%
Other expenses	-404	-418	-3,4%
Total	-16.931	-15.928	6,3%
<i>Iute Non-Bank</i>	-11.191	-10.162	10,1%
<i>Energbank</i>	-5.740	-5.766	-0,5%
Number of employees adjusted to full-time	935	990	-5,6%
<i>Iute Non-Bank</i>	493	503	-2,0%
<i>Energbank</i>	442	487	-9,2%

Foreign exchange gains/losses

Foreign exchange movements resulted in a gain of 2.261 thousand EUR (9M/2023: gain of 3.678 thousand EUR) reflecting, in particular, EUR/MDL and EUR/ALL conversion rates.

Profit before tax

Consolidated profit before tax decreased to 8.872 thousand EUR (9M/2023: 10.830 thousand EUR). The profit margin before tax decreased to 13,0% (9M/2023: 15,7%).

Income tax expense

Income tax expense decreased to 1.362 thousand EUR (9M/2023: 1.500 thousand EUR), in particular, as a result of different taxation regulations in home markets, i.e., differences between provisions accounting in national GAAP and IFRS.

Breakdown of income tax

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Consolidated profit before tax	8.872	10.830	-18,1%
Current income tax expense	-1.362	-1.500	-9,2%
Net profit for the period	7.510	9.330	-19,5%

Profit for the period

Net profit for the period decreased to 7.510 thousand EUR (9M/2023: 9.330 thousand EUR), attributable to increased personal expenses related to recruiting of highly talented personnel, while the prior-year period was influenced by stronger FX gains.

Transition statement of non-IFRS measures EBITDA and Adjusted EBITDA

Breakdown of transition to adjusted EBITDA

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Profit for the period	7.510	9.330	-19,5%
Provision for corporate income tax	1.362	1.500	-9,2%
Interest expense	20.840	20.724	0,6%
Depreciation and amortization	3.443	2.759	24,8%
EBITDA	33.156	34.313	-3,4%
Adjustments	-1.276	-555	130,0%
Adjusted EBITDA	31.879	33.758	-5,6%

Breakdown of adjustments to EBITDA

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Foreign exchange gains/losses	2.261	3.678	-38,5%
One-time expenses not attributable to operations	-985	-3.123	-68,5%
Adjustments	1.276	555	130,0%

Note: In the prior-year period, one-off expenses not attributable to the operating business comprised the acquisition of Energbank as well as related IT, risk and customer experience environment analyses for the integration of Energbank.

Condensed statement of financial position

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	68.304	71.660	-4,7%
<i>lute Non-Bank</i>	18.301	17.231	6,2%
<i>Energbank</i>	50.004	54.429	-8,1%
Loans to customers	280.862	232.171	21,0%
<i>lute Non-Bank</i>	197.367	169.414	16,5%
<i>Energbank</i>	83.495	62.757	33,0%
Prepayments	2.442	1.835	33,1%
Other assets	7.462	8.570	-12,9%
Other financial investments	27.591	41.730	-33,9%
Property, plant, and equipment	6.350	8.374	-24,2%
Right-of-use assets	2.556	1.582	61,6%
Intangible assets	12.894	9.878	30,5%
Total assets	408.463	375.799	8,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	321.698	291.275	10,4%
Lease liabilities	2.606	1.687	54,5%
Trade and other payables	1.572	2.796	-43,8%
Current income tax liabilities	400	679	-41,1%
Other tax liabilities	211	219	-3,5%
Other liabilities	9.877	15.325	-35,6%
Total liabilities	336.364	311.981	7,8%
Equity			
Minority share	4.826	4.661	3,5%
Share capital	10.346	10.346	n/a
Share premium	741	741	n/a
Legal reserve	1.035	1.000	3,5%
Revaluation reserve	799	799	n/a
Unrealized foreign exchange differences	6.323	5.650	11,9%
Retained earnings	48.029	40.621	18,2%
Total equity	72.099	63.818	13,0%
Total equity and liabilities	408.463	375.799	8,7%

Assets

Total assets increased by 8,7% to 408.463396.500 thousand EUR as of 30 September 2024 (31 Dec. 2023: 375.799 thousand EUR).

Loan portfolio

The net loan portfolio increased by 21,0% to 280.862 thousand EUR as of 30 September 2024 (31 Dec. 2023: 232.171 thousand EUR). The weighted average loan maturity stood at 26.5months (9M/2023: 22.7 months).

Breakdown of net portfolio

(In thousand EUR)	30 Sep 2024	Total in %	31 Dec. 2023	Total in %	Δ in %
Moldova	63.803	22,7%	56.979	24,5%	12,0%
Energbank	83.495	29,7%	62.757	27,0%	33,0%
Please delete %Albania	82.108	29,2%	72.418	31,2%	13,4%
Macedonia	34.842	12,4%	30.187	13,0%	15,4%
Bulgaria	16.613	5,9%	9.006	3,9%	84,5%
Discontinued operations					
Bosnia	0	0,0%	824	0,4%	-100,0%
Total net loan portfolio	280.862	100,0%	232.171	100,0%	21,0%

Breakdown of loan applications

in pcs	9M/2024			9M/2023			Δ in %		
	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %	Processed	Paid out	Approval rate in %
Moldova	160.409	94.857	61,2%	153.467	93.823	66,5%	4,5%	1,1%	-8,0%
Energbank	9.041	5.692	80,2%	8.377	6.465	73,9%	7,9%	-12,0%	8,6%
Albania	121.302	98.105	68,8%	118.298	94.629	70,2%	2,5%	3,7%	-2,1%
Macedonia	61.531	40.190	59,0%	54.003	36.085	63,9%	13,9%	11,4%	-7,7%
Bosnia	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bulgaria	98.259	21.900	22,7%	97.932	18.588	19,7%	0,3%	17,8%	15,5%
In total	450.542	260.744	58,4%	432.077	249.590	58,9%	4,3%	4,5%	-0,9%

The recognition of loan applications according to Iute Non-Bank principles has not yet been implemented in Energbank's processes.

Breakdown of issued loans Nominal APR on country level

(In %)	9M/2024	9M/2023	Δ in %	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %
Moldova	34,8%	40,4%	-13,8%	32,1%	42,5%	-24,5%	32,5%	42,1%	-22,8%	41,3%	42,7%	-3,3%
Albania	38,4%	45,8%	-16,2%	38,5%	51,5%	-25,2%	38,0%	54,8%	-30,7%	45,8%	54,3%	-15,7%
Macedonia	41,9%	44,2%	-5,3%	41,3%	50,3%	-17,9%	42,2%	52,9%	-22,2%	45,2%	42,6%	6,2%
Bosnia	n/a	n/a	n/a	n/a	n/a	n/a	0,0%	0,0%	n/a	0,0%	42,0%	n/a
Bulgaria	41,6%	42,7%	-2,4%	41,5%	42,1%	-1,4%	42,5%	42,4%	0,2%	42,5%	39,6%	7,4%
Iute Group WAVG	38,1%	43,3%	-12,1%	37,4%	47,0%	-20,4%	37,7%	48,1%	-21,6%	43,9%	46,9%	-6,3%
Energbank	11,9%	14,3%	-16,9%	12,4%	18,1%	-31,5%	12,6%	19,9%	-36,7%	13,8%	14,5%	-4,7%

Breakdown of issued loans Active APR on country level

Active APR is the WA APR for all currently active loans. It is measured in addition to the Nominal APR (which is calculated upon signing of the loan agreement), in order to understand how the APR of a portfolio has evolved in reality (reflecting various changes in the initially agreed repayment schedule). Moreover, since the durations (and APRs) of loans are very different, some loans are amortized much faster than others and their share in the payout can be significantly higher than in the portfolio.

(In %)	9M/2024	9M/2023	Δ in %	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %
Moldova	34,8%	42,8%	-18,7%	35,2%	43,0%	-18,1%	32,1%	42,5%	-24,5%	32,1%	42,5%	35,2%
Albania	38,4%	48,4%	-20,7%	39,2%	49,0%	-20,0%	38,5%	51,5%	-25,2%	38,5%	51,5%	39,2%
Macedonia	41,9%	47,1%	-11,0%	41,4%	46,4%	-10,8%	41,3%	50,3%	-17,9%	41,3%	50,3%	41,4%
Bulgaria	41,6%	42,1%	-1,2%	42,3%	42,2%	0,2%	41,5%	42,1%	-1,4%	41,5%	42,1%	42,3%
Iute Group WAVG	38,1%	45,6%	-16,4%	38,6%	45,9%	-15,9%	37,4%	47,0%	-20,4%	37,4%	47,0%	38,6%
Energbank	11,9%	14,3%	-16,8%	12,4%	43,0%	-31,5%	12,4%	18,1%	-31,5%	12,4%	18,1%	12,4%

The decrease in average annual percentage rates (APR) at group level in 9M/2024 relates to intensified competition across operating countries as well as to the shift to longer loan maturities and the increasing share of repeating customers. In Moldova and Albania, tighter regulatory caps on APR became effective.

Breakdown of customer performance index (CPI30)

The following table sets out the ratio of actual loan repayments compared to expected repayments according to loan repayment schedules, plus 30 days delay tolerance, i.e., Customer Performance Index (CPI30). Performance of newly paid out loans improved with promising trends most significantly in Moldova and Macedonia. The CPI of the overall portfolio is improving as the proportion of newly paid out loans in the overall portfolio increases. While the improvements in Bulgaria are better than in other countries but still below expectations, a sustainable quality is expected by the end of 2024 with changes in credit risk models and parameters as well as in marketing activities.

(In %)	9M/2024	9M/2023	Δ in %	6M/2024	6M/2023	Δ in %	3M/2024	3M/2023	Δ in %	12M/2023	12M/2022	Δ in %
Moldova	90,3%	90,0%	0,3%	90,1%	90,4%	-0,3%	89,8%	91,0%	-1,3%	90,0%	91,0%	-1,1%
Albania	87,0%	86,2%	0,8%	87,0%	87,4%	-0,4%	87,0%	87,1%	-0,1%	87,2%	91,9%	-5,1%
Macedonia	85,6%	86,2%	-0,6%	85,5%	86,8%	-1,5%	85,2%	87,1%	-2,2%	86,0%	89,1%	-3,5%
Bulgaria	80,7%	80,80%	-0,1%	81,8%	80,5%	1,6%	80,8%	80,2%	0,7%	80,9%	75,5%	7,2%
Iute Group WAVG	86,6%	87,3%	-0,7%	86,4%	88,2%	-2,0%	86,4%	88,1%	-1,9%	87,3%	90,4%	-3,4%

CPI30 is a proprietary Iute Non-Bank metric that has not yet been implemented in Energbank processes.

Breakdown of portfolio classification

The following tables set out the classification of the Group's net loan portfolio in terms of overdue buckets as well as the total impairment coverage ratio. Non-performing loans are recorded according to DPD+50.

(In thousand EUR)	30 Sep. 2024				31 Dec. 2023			
	Gross amount	Provisions	Net amount	% of net portfolio	Gross amount	Provisions	Net amount	% of net portfolio
Performing	272.581	-5.678	266.903	95,0%	221.858	-5.839	216.019	93,0%
Iute Non-Bank	188.689	-4.870	183.819	93,1%	158.715	-5.050	153.666	90,7%
Energbank	83.892	-808	83.084	99,5%	63.143	-789	62.353	99,4%
Non-Performing	26.710	-12.751	13.959	5,0%	30.092	-13.940	16.152	7,0%
Iute Non-Bank	23.614	-10.066	13.548	6,9%	27.127	-11.378	15.749	9,3%
Energbank	3.096	-2.685	411	0,5%	2.965	-2.562	404	0,6%
Total portfolio	299.291	-18.429	280.862	100,0%	251.950	-19.779	232.171	100,0%
Iute Non-Bank	212.302	-14.936	197.367	70,3%	185.842	-16.428	169.414	73,0%
Energbank	86.988	-3.493	83.495	29,7%	66.108	-3.351	62.757	27,0%

(In thousand EUR)	30 Sep. 2024	Total share in %	31 Dec. 2023	Total share in %
Stage 1	263.390	93,8%	213.369	91,9%
Iute Non-Bank	180.585	64,3%	151.127	65,1%
Energbank	82.805	29,5%	62.243	26,8%
Stage 2	3.513	1,3%	2.650	1,1%
Iute Non-Bank	3.234	1,2%	2.539	1,1%
Energbank	279	0,1%	111	0,0%
Stage 3	13.959	5,0%	16.152	7,0%
Iute Non-Bank	13.548	4,8%	15.749	6,8%
Energbank	411	0,1%	404	0,2%
Total net portfolio	280.862	100,0%	232.171	100,0%
Iute Non-Bank	197.367	70,3%	169.414	73,0%
Energbank	83.495	29,7%	62.757	27,0%
Gross NPL ratio	8,9%		11,9%	
Iute Non-Bank	11,1%		14,6%	
Energbank	3,6%		4,5%	
Impairment coverage ratio	69,0%		65,7%	
Iute Non-Bank	63,3%		60,6%	
Energbank	112,8%		113,0%	

Distribution principles between stages

	30 Sep. 2024	31 Dec. 2023
Stage 1	DPD <=30	DPD <=30
Stage 2	30 < DPD <=50	30 < DPD <=50
Stage 3	DPD > 50	DPD > 50

Other assets and prepayments

Breakdown of other assets and prepayments

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
Deferred tax assets	786	739	6%
Prepayments of rent	79	88	-9%
Prepayment of taxes	288	518	-44,4%
Prepayments to suppliers and deferred expenses	1.289	490	163,0%
Prepayments in total	2.442	1.835	33,1%
Receivables from collection companies	1.169	775	50,9%
Other receivables	4.494	4.906	-8,4%
Deposit receivables from partners	1.799	2.458	-26,8%
Trade and other receivables in total	7.462	8.138	-8,3%
TOTAL	9.905	9.973	-0,7%

Liabilities

As of 30 September 2023, total liabilities at 336.364 thousand EUR increased by 7,8% (31 Dec. 2023: 311.981 thousand EUR).

Breakdown of loans and borrowings

Loans and borrowings at 324.304 thousand EUR increased by 10,7% (31 Dec. 2023: 292.961 thousand EUR), accounting for 96,4% of all liabilities (31 Dec. 2023: 93,9%).

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
Loans from investors	199.937	177.520	12,6%
Due date during next 12 months	91.986	98.747	-6,8%
<i>lute Non-Bank</i>	18.233	19.614	-7,0%
<i>Energbank customer deposits</i>	72.547	79.133	-8,3%
Due date after 12 months	107.951	78.773	37,0%
<i>lute Non-Bank</i>	70.987	50.646	40,2%
<i>Energbank customer deposits</i>	38.173	28.127	35,7%
Bond liabilities	114.829	109.831	4,6%
Due date during next 12 months	0	0	n/a
Due date after 12 months	114.829	109.831	4,6%
Lease liabilities	2.606	1.687	54,5%
Due date during next 12 months	814	776	4,9%
Due date after 12 months	1.792	911	96,8%
Accrued interest	6.932	3.924	76,7%
TOTAL	324.304	292.961	10,7%
weighted average interest rate	9,4%	8,2%	
currency	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON;CAD;BAM	EUR, MDL, USD; ALL; MKD; RUB; GBP;RON;CAD, BAM	

Loans from investors increased to 199.937 thousand EUR (31 Dec. 2023: 177.520 thousand EUR), of which 46.488 thousand EUR (31 Dec. 2023: 45.391 thousand EUR) are accounted for by P2P loans from the Mintos platform and/or others and 110.720 thousand EUR (31 Dec. 2023: 107.260 thousand EUR) for customer deposits and current customer bank accounts.

At the end of Sep. 2021, luteCredit Finance S.á r.l., wholly owned Luxembourg subsidiary of lute Group AS (formerly: luteCredit Europe AS), issued 75 million EUR senior secured corporate bonds with a maturity of 5 years and a coupon of 11% (ISIN: XS2378483494). The bonds were subscribed by professional as well as retail investors and are listed on the Regulated Market of the Frankfurt Stock Exchange as well as on the Regulated Market of the Nasdaq Tallinn Stock Exchange. In Mar. 2023, a 40 million EUR tap at a price of 96.5% followed, of which 23.3 million EUR related to the conversion of EUR 2019/2023 bonds and 16.7 million EUR to new subscriptions. After the tap issue, the total amount outstanding of lute Group's 11% corporate bonds 2021/2026 amounts to 115 million EUR. In July 2023, a 10 million EUR tap followed, increasing the total volume of the bond to 125 million EUR. In July 2023, the total volume of the bond increased by 10 million EUR to 125 million EUR as a result of another exchange offer for the expiring EUR 2019/2023 bonds (repaid in Aug. 2023) and a tap issue. In Aug. 2023, lute Group held a bondholders meeting to amend the terms and conditions of its EUR 2021/2026 bonds. The proposals included lowering the interest coverage ratio in relation to the incurrence test, increasing the flexibility of the permitted debt baskets, and facilitating the implementation of employee participation programs. Bondholders resolved all proposed amendments with great consent.

In Oct. 2022, lute Group AS (formerly: luteCredit Europe AS) concluded a credit facility of up to 10 million USD with a term of 3 years and an interest rate of 13% with a Singaporean financial services institution. A first tranche of 3 million USD was utilized in Oct. 2022. Two tranches of 1 million USD each were utilized in July and Aug. 2023, and one further tranche of 3,5 million USD in Dec. 2023. In addition, in Jan. 2024, two further credit facilities of approx. 3.5 million USD each were concluded and utilized in Feb. and Mar. 2024. In Aug. 2024, one more tranche in the amount of 4.0 million USD was concluded.

In July 2024, lute Group was assigned a B- (Stable Outlook) Long-Term Issuer Default Rating (IDR) and a B- Senior Secured Debt Rating for its Corporate Bond 2021/2026 from Fitch Ratings (Fitch).

Eurobond covenant ratios

	30 Sep. 2024	31 Dec. 2023	Δ in %
Capitalization			
Capitalization ratio (Equity/net loan portfolio)	25,7%	27,5%	-6,6%
Financial covenant at least	15%	15%	
	9M/2024	9M/2023	Δ in %
Profitability			
Interest coverage ratio (ICR), times (Adjusted EBITDA/interest expenses)	1,6	1,7	-6,8%
Financial covenant at least	1,5	1,5	

Distribution of investor loan (Mintos)

	Mintos loans			Net loan portfolio			
(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %	30 Sep. 2024	Total share in %	31 Dec. 2023	Total share in %
Moldova	16.337	16.031	1,9%	59.369	27,5%	56.979	28,1%
Energbank	0	0	n/a	79.195	n/a	62.757	n/a
Albania	20.759	18.685	11,1%	80.578	25,8%	72.418	25,8%
Macedonia	9.392	10.676	-12,0%	32.584	28,8%	30.187	35,4%
Bosnia	0	0	n/a	192	0,0%	824	n/a
Bulgaria	0	0	n/a	13.795	0,0%	9.006	n/a
Total	46.488	45.391	2,4%	265.713	26,9%	232.171	28,4%

Other liabilities

Breakdown of other liabilities

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
Trade payables	1.572	1.855	-15,2%
Payables to employees	786	942	-16,5%
Corporate income tax payables	400	679	-41,1%
Other tax payables	1.056	1.022	3,4%
Allocations and other provisions	360	1.452	-75,2%
Wallet balance	4.682	3.005	55,8%
Deferred revenue	238	0	n/a
Unpaid dividends	0	4.001	-100,0%
Over-/wrong payments from customers	532	465	14,4%
Other liabilities	2.434	5.599	-56,5%
TOTAL	12.060	19.020	-36,6%

Equity

As of 30 September 2024, equity increased by 13,0% to 72.099 thousand EUR (31 Dec. 2023: 63.818 thousand EUR), representing an equity to assets ratio of 17,7% (31 Dec. 2023: 17,0%). The equity to net loan portfolio ratio stood at 25,7% (31 Dec. 2023: 27,5%), reflecting the Group's strong capitalization, and exceeds Iute Group Eurobond covenants of at least 15% significantly.

Off-balance sheet arrangements

Future receivable commission fees, guarantee fees, administration fees, collaterals of car loan credit, and penalties (penalties are also called: secondary receivables) are not accounted in the Group's balance sheet, although the customers have a legally binding, irreversible obligation to pay those receivables in full according to the terms of signed loan agreements.

Recent developments

There were no significant events affecting earnings, assets and financial position after the end of the reporting period.

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest and similar income	68.491	68.803	-0,5%
Interest and similar expense	-20.840	-20.724	0,6%
Net interest and commission fee income	47.651	48.080	-0,9%
Loan administration fees and penalties	5.434	4.821	12,7%
Loan administration fees and penalties in total	5.434	4.821	12,7%
Other income	9.768	5.259	85,7%
Allowances for loan impairment	-20.006	-18.096	10,6%
Net operating income	42.847	40.064	6,9%
Personnel expenses	-16.931	-15.928	6,3%
Depreciation/amortization charge	-3.443	-2.759	24,8%
Other operating expenses	-15.862	-14.224	11,5%
Total operating expenses	-36.236	-32.911	10,1%
Foreign exchange gains/losses	2.261	3.678	-38,5%
Net financial result	2.261	3.678	-38,5%
Profit before tax	8.872	10.830	-18,1%
Income tax expense	-1.362	-1.500	-9,2%
Profit for the reporting period	7.510	9.330	-19,5%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	771	6.148	-87,5%
Revaluation reserve change	0	-86	-100,0%
Other comprehensive income total	771	6.062	-87,3%
Comprehensive income total	8.280	15.392	-46,2%
Profit attributable to:			
Equity holders of the parent	7.443	9.211	-19,2%
Equity holders of minority	67	119	-43,7%
Total comprehensive income attributable to:			
Equity holders of the parent	8.182	15.273	-46,4%
Equity holders of minority	98	119	-17,6%

Iute Non-Bank statement of comprehensive income

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest and similar income	57.060	55.193	3,4%
Interest and similar expense	-19.076	-18.429	3,5%
Net interest and commission fee income	37.984	36.764	3,3%
Loan administration fees and penalties	5.365	4.773	12,4%
Loan administration fees and penalties in total	5.365	4.773	12,4%
Other income	9.195	5.355	71,7%
Allowances for loan impairment	-19.864	-18.649	6,5%
Net operating income	32.680	28.243	15,7%
Personnel expenses	-11.191	-10.162	10,1%
Depreciation/amortization charge	-2.591	-2.121	22,1%
Other operating expenses	-14.294	-12.800	11,7%
Total operating expenses	-28.076	-25.082	11,9%
Foreign exchange gains/losses	2.284	3.777	-39,5%
Net financial result	2.284	3.777	-39,5%
Profit before tax	6.888	6.938	-0,7%
Income tax expense	-1.041	-1.175	-11,4%
Profit for the reporting period	5.846	5.764	1,4%
Other comprehensive income			
Other comprehensive income to be classified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	4.045	3.595	12,5%
Other comprehensive income total	4.045	3.595	12,5%
Comprehensive income total	9.891	9.359	5,7%
Profit attributable to:			
Equity holders	5.846	5.764	1,4%
Total comprehensive income attributable to:			
Equity holders	9.891	9.359	5,7%

Energbank statement of comprehensive income

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Interest and similar income	11.442	13.601	-15,9%
Interest and similar expense	-1.764	-2.294	-23,1%
Net interest and commission fee income	9.678	11.307	-14,4%
Loan administration fees and penalties	69	48	44,5%
Loan administration fees and penalties in total	69	48	44,5%
Other income	573	-88	n/a
Allowances for loan impairment	-161	-153	5,3%
Net operating income	10.159	11.114	-8,6%
Personnel expenses	-5.740	-5.766	-0,5%
Depreciation/amortization charge	-853	-639	33,4%
Other operating expenses	-1.568	-1.425	10,0%
Total operating expenses	-8.160	-7.830	4,2%
Foreign exchange gains/losses	-22	-99	-77,6%
Net financial result	-22	-99	-77,6%
Profit before tax	1.977	3.185	-37,9%
Income tax expense	-321	-325	-1,2%
Profit for the reporting period	1.656	2.860	-42,1%

Consolidated statement of financial position

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	68.304	71.660	-4,7%
Loans to customers	280.862	232.171	21,0%
Prepayments	2.442	1.835	33,1%
Other assets	7.462	8.570	-12,9%
Other financial investments	27.591	41.730	-33,9%
Property, plant, and equipment	6.350	8.374	-24,2%
Right-of-use assets	2.556	1.582	61,6%
Intangible assets	12.894	9.878	30,5%
Total assets	408.463	375.799	8,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	321.698	291.275	10,4%
Lease liabilities	2.606	1.687	54,5%
Trade and other payables	1.572	2.796	-43,8%
Current income tax liabilities	400	679	-41,1%
Other tax liabilities	211	219	-3,5%
Other liabilities	9.877	15.325	-35,6%
Total liabilities	336.364	311.981	7,8%
Equity			
Minority share	4.826	4.661	3,5%
Share capital	10.346	10.346	0,0%
Share premium	741	741	n/a
Legal reserve	1.035	1.000	3,5%
Revaluation reserve	799	799	0,1%
Unrealized foreign exchange differences	6.323	5.650	11,9%
Retained earnings	48.029	40.621	18,2%
Total equity	72.099	63.818	13,0%
Total equity and liabilities	408.462	375.799	8,7%

Iute Non-Bank statement of financial position

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	18.301	17.231	6,2%
Loans to customers	197.367	169.414	16,5%
Prepayments	1.501	1.459	2,9%
Other assets	5.124	3.121	64,2%
Other financial investments	37.251	39.606	-5,9%
Property, plant, and equipment	852	939	-9,2%
Right-of-use assets	2.072	1.426	45,3%
Intangible assets	12.019	10.332	16,3%
Total assets	274.485	243.527	12,7%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	206.440	180.157	14,6%
Lease liabilities	2.114	1.530	38,1%
Trade and other payables	1.521	1.739	-12,5%
Current income tax liabilities	25	628	-96,1%
Deferred tax liabilities	842	797	5,7%
Other liabilities	7.212	13.778	-47,7%
Total liabilities	218.154	198.629	9,8%
Equity			
Share capital	10.346	10.346	n/a
Share premium	741	741	n/a
Legal reserve	1.035	1.000	3,5%
Foreign currency exchange reserve	8.447	4.402	91,9%
Retained earnings	35.764	28.409	25,9%
Total equity	56.331	44.898	25,5%
Total equity and liabilities	274.485	243.527	12,7%

Energbank statement of financial position

(In thousand EUR)	30 Sep. 2024	31 Dec. 2023	Δ in %
ASSETS			
Cash and cash equivalents	50.004	54.429	-8,1%
Loans to customers	84.439	62.757	34,5%
Prepayments	941	377	149,8%
Other assets	2.339	1.208	93,5%
Other financial investments	23.379	40.999	-43,0%
Property, plant, and equipment	5.498	6.392	-14,0%
Right-of-use assets	485	156	209,7%
Intangible assets	876	589	48,7%
Total assets	167.960	166.908	0,6%
LIABILITIES AND EQUITY			
Liabilities			
Loans and bonds from investors	115.257	111.118	3,7%
Lease liabilities	492	157	214,5%
Trade and other payables	114	156	-26,9%
Current income tax liabilities	376	51	632,3%
Deferred tax liabilities	211	219	-3,5%
Other liabilities	1.759	1.651	6,5%
Total liabilities	118.210	113.352	4,3%
Equity			
Share capital	5.010	5.010	n/a
Share premium	6.107	6.136	-0,5%
Legal reserve	514	517	-0,5%
Revaluation reserve	1.391	1.448	-3,9%
Foreign currency exchange reserve	-287	235	-222,3%
Other reserves	2.463	2.273	8,4%
Retained earnings	34.552	37.938	-8,9%
Total equity	49.750	53.556	-7,1%
Total equity and liabilities	167.960	166.908	0,6%

Consolidated statement of cash flows

(In thousand EUR)	9M/2024	9M/2023	Δ in %
Paid prepayments (-)	-10.632	-5.798	83,4%
Received pre- and overpayments (+)	10.614	10.045	5,7%
Paid trade payables outside the Group (-)	-19.803	-20.886	-5,2%
Received debts from buyers and received other claims (+)	4.128	500	725,5%
Paid net salaries (-)	-12.714	-11.517	10,4%
Paid tax liabilities, excl. CIT (-)	-6.513	-6.629	-1,8%
Corporate income tax paid (-)	-2.120	-1.203	76,3%
Paid out to customers outside the Group (-)	-240.966	-186.658	29,1%
Change in MasterCard settlement account (+/-)	-193	-11.317	-98,3%
Principal repayments from customers outside the Group (+)	209.568	185.840	12,8%
Interest, commission and other fees received outside the Group (+)	61.962	61.437	0,9%
NET CASH FLOWS FROM OPERATING ACTIVITIES	-6.670	13.814	n/a
Purchase of fixed assets outside the Group, incl. prepayments (-)	-2.967	-2.098	41,4%
Payments for other financial investments (-)	-4.506	-48.065	>1.000%
Receipts from other financial investments (+)	20.342	34.552	-41,1%
NET CASH FLOWS FROM INVESTING ACTIVITIES	12.987	-15.611	n/a
Loans received from investors outside the Group (+)	56.939	46.369	22,8%
Repaid loans to investors outside the Group (-)	-46.004	-19.936	130,8%
Change in overdraft	-46	0	n/a
Principal payments of financial lease contracts (-)	-942	-1.172	-19,6%
Interests paid outside the Group (-)	-13.969	-13.988	-0,1%
Paid dividends	-4.001	0	n/a
Receipts from other financing activities (+)	31	27	13,3%
NET CASH FLOWS FROM FINANCING ACTIVITIES	-7.993	11.300	n/a
Change in cash and cash equivalents	-1.676	9.503	-117,6%
Cash and cash equivalents at the beginning of the period	59.251	52.566	12,7%
Change in cash and cash equivalents	-1.676	9.503	-117,6%
Net foreign exchange difference	-575	939	-161,3%
Cash and cash equivalents at the end of the period	57.000	63.008	-9,5%
Cash and cash equivalents comprise	30 Sep. 2024	31 Dec. 2023	Δ in %
Cash on hand	8.434	11.550	-27,0%
Non-restricted current account	48.565	47.701	1,8%

Consolidated statement of changes in equity

(In thousand EUR)	Share capital	Share premium	Legal reserve	Unrealized foreign exchange differences	Revaluation reserve	Retained earnings	Minority share	Total
01/01/23	10.000	0	1.000	-374	0	39.370	4.468	54.464
Profit for the year	0	0	0	0	0	9.211	119	9.330
Other comprehensive income								
Foreign currency translation	0	0	0	6.148	0	0	0	6.148
Revaluation reserve of financial assets	0	0	0	0	0	-86	0	-86
Total comprehensive income	0	0	0	6.148	0	9.125	119	15.392
30/09/23	10.000	0	1.000	5.774	0	48.495	4.587	69.856
01/01/24	10.346	741	1.000	5.650	799	40.621	4.661	63.818
Profit for the period	0	0	0	0	0	7.443	67	7.510
Other comprehensive income								
Foreign currency translation	0	0	0	673	0	0	98	771
Revaluation reserve of financial assets	0	0	0	0	0	0	0	0
Total comprehensive income	0	0	0	673	0	7.443	165	8.280
Allocation to legal reserve	0	0	35	0	0	-35	0	0
30/09/24	10.346	741	1.035	6.323	799	48.029	4.826	72.099

Additional consolidated key performance indicators

Profitability	9M/2024	9M/2023	Δ in %
Return on average assets	2,2%	4,0%	-1,8%
Return on average equity	11,9%	21,0%	-9,1%
Interest income/Average interest-earning assets	23,4%	28,9%	-5,5%
Interest income/Average gross loan portfolio	25,8%	32,6%	-6,7%
Interest income/Average net loan portfolio	26,7%	34,3%	-7,6%
Interest expense/Interest income	30,4%	30,1%	0,3%
Cost of funds	6,4%	7,4%	-1,0%
Cost of interest-bearing liabilities	6,8%	7,8%	-1,0%
Net interest margin	33,3%	40,3%	-7,0%
Net effective annualized yield	36,1%	44,4%	-8,3%
Net impairment/interest income	29,2%	26,3%	2,9%
Net interest fee and commission income/Total operating income	88,3%	93,3%	-5,0%
Earnings before taxes/Average total assets	2,3%	3,2%	-0,9%
Efficiency	9M/2024	9M/2023	Δ in %
Total assets/Employee (in thousand EUR)	437	367	19,0%
Total operating income/Employee (in thousand EUR)	90	80	12,3%
Cost/Income ratio	43,3%	41,7%	1,6%
Total recurring operating costs/Average total assets	1,3%	1,1%	0,2%
Total operating income/ Average total assets	21,3%	23,0%	-1,7%
Personnel costs/Total recurring operating costs	326,0%	411,0%	-85,0%
Personnel costs/Total operating income	20,2%	20,2%	0,0%
Net operating income/Total operating income	51,2%	50,8%	0,4%
Net income (Loss)/Total operating income	10,1%	17,2%	-7,1%
Profit before tax (Loss)/Interest income	13,0%	15,7%	-2,8%
Liquidity	9M/2024	9M/2023	Δ in %
Net loan receivables/Total assets	68,8%	61,8%	7,0%
Average net loan receivables/Average total assets	65,5%	58,5%	7,0%
Net loan receivables/Total liabilities	83,5%	74,4%	9,1%
Interest-earning assets/Total assets	71,7%	73,3%	-1,6%
Average interest-earning assets/Average total assets	72,5%	69,4%	3,1%
Liquid assets/Total assets	23,5%	30,2%	-6,7%
Liquid assets/Total liabilities	28,5%	36,3%	-7,8%
Total deposits/Total assets	5,8%	11,0%	-5,2%
Total deposits/Total liabilities	7,1%	13,2%	-6,2%
Total deposits/Shareholders' equity	33,0%	64,8%	-31,7%
Tangible common equity/Tangible assets	15,0%	14,7%	0,2%
Tangible common equity/Net receivables	21,1%	23,2%	-2,2%
Net Loan Receivables/Equity (times)	3,9	3,6	7,1%
Asset quality	9M/2024	9M/2023	Δ in %
Loan loss reserve/Gross receivables from client	6,2%	8,9%	-2,7%
Average loan loss reserve/Average gross receivables from clients	7,2%	9,4%	-2,2%
Cost of risk	9,1%	12,0%	-2,9%
Gross NPL ratio	8,9%	12,6%	-3,7%
Impairment coverage ratio	69,0%	70,5%	-1,5%
Selected operating data	9M/2024	9M/2023	Δ in %
Number of employees (adjusted to full-time)	935	990	-5,6%
Average monthly gross salary in group (in EUR)	1.653	1.472	12,3%

DEFINITIONS

EBITDA – EBITDA means for the reporting period prior the calculation date, the consolidated net earnings of the Borrower prepared in accordance with the IFRS before any provision on account of taxation, depreciation and amortization, any interest, commissions, discounts and other fees incurred in respect of any financial debt or any interest earned on debts

Adjusted EBITDA – A non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) adjusted for income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items

Adjusted interest coverage – Adjusted EBITDA/interest expense

Cost of risk – Annualized net impairment charges/average gross loan portfolio (total gross loan portfolio as of the start and end of each period divided by two)

Cost/income ratio – Operating costs/operating income

Equity/assets ratio – Total equity/total assets

Equity/net loan portfolio – Total equity/net customer receivables (including accrued interest)

Gross NPL ratio – Non-performing loan portfolio (including accrued interest) with a delay of over 50 days/gross loan portfolio (including accrued interest)

Gross loan portfolio – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income

Impairment coverage ratio – Total impairment/gross NPL (+50 days overdue)

Intangible assets – Intangible IT assets (software and developments costs)

Interest and similar income – Generated from our customer loan portfolio

Loss given default – Loss on non-performing loan portfolio (i.e., 1 – recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate

Net effective annualized yield – Annualized interest income (excluding penalties)/average net loan principal

Net impairment to interest income ratio – Net impairment charges on loans and receivables/interest income

Net interest margin – Annualized net interest income/average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

Net loan portfolio – Gross loan portfolio (including accrued interest) less impairment provisions

Non-performing loans (NPLs) – Loan principal or receivables (as applicable) that are over 50 days past due

Overall provision coverage – Allowance account for provisions/non-performing receivables

Profit before tax margin – Profit before tax/interest income

Performing customers – Online lending customers with open loans that are up to 30 days past due

Poorly performing customers – Online lending customers with open loans that are over 30 days and less than 50 days past due

Return on average assets – Annualized profit from continuing operations/average assets (total assets as of the start and end of each period divided by two)

Return on average equity – Annualized profit from continuing operations/average equity (total equity as of the start and end of each period divided by two)

Tangible equity – Total equity minus intangible assets

STAGE 1 – The 12MECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12MECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

STAGE 2 – When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

STAGE 3 – For loans considered credit-impaired, the Group recognizes the lifetime expected credit losses for these loans. The method is similar for Stage 2 assets, with the PD set at 100%.

Iute Non-Bank – Iute Group's lending business is focused on performing customers and avoiding poorly performing or defaulting customers. Accordingly, fee income predominantly results from performing customers and primary fees. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions. Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date. Secondary fees are used to offset the Group's exposure to payments past due related to the original loan agreements. Secondary fees are accounted as collected, whereas primary fees are accounted as accrued.

Energbank – Iute Groups' banking business primarily generates interest revenues, investment revenues, and no-interest revenues. Primary loan agreement commission fees are charged for receiving, processing loan applications and issuing loans, or modifying valid loan conditions and are recognized as interest revenues generated by the loan portfolio (retail and corporate). Interest is charged on the outstanding principal loan amounts. Other primary fees are charged for various services. Secondary fees are applied as a consequence of non-performance of loan repayment payments on the due date, being accounted as collected, whereas primary fees are accounted as accrued. Investment revenues mainly result from fixed and variable revenues from mid-term treasury bills and government bonds (both with a maturity of up to 12 months), payable at maturity or monthly. Non-interest revenues consist mainly of fees and commissions for accounts servicing, bank card (VISA, MasterCard) transactional fees, money transfer systems (Western Union, MoneyGram, etc.), and currency exchange.

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ABOUT IUTE GROUP

Iute Group is a fintech company established in 2008 in Estonia. The Group specializes in consumer finance, payment services, banking, and insurance products. It serves customers in Albania, Bulgaria, Moldova, and North Macedonia. Iute Group finances its loan portfolios with equity, deposits, and secured bonds on the Regulated Market of the Frankfurt Stock Exchange and the Nasdaq Baltic Main List.

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