

luteCredit reports unaudited results for 2020

Operational highlights

- Loan payouts increased – lower-than-expected rate, reflecting unanticipated low demand from consumers
- Repayment discipline (Customer Performance Index, CPI) remained high
- Balance sheet up 10% to €116.6 million despite controlled contraction over the year
- Number of loans signed up 65.4% YOY to 222 418 (2019: 134 479)
- Principal amount of loans issued decreased 23% YOY to €117.7 million (2019: €152.2 million)
- Gross loan portfolio up 3% to €95 million (31 December 2019: €92 million)
- Net loan portfolio stable at €79 million (31 December 2019: €79 million)

Strategic highlights

- ATM-rollout in Moldova and My lute App in Moldova and Albania contributed to personal contact reduction
- Bulgaria back on track for growth after realignment

Financial highlights

- Interest and commission fee income down 5.4% to €44.5 million (2019: €47.0 million)
- Net interest and commission fee income down 12% to €33.5 million (2019: €38.0 million)
- Total income up 10% to €56.0 million (2019: €50.8 million)
- Cost to income ratio at 32.4% (2019: 42.8%), reflecting operational cost cutting
- EBITDA increased by 3,5% to €20.9 million (2019: €20.2 million)
- Net profit for the period decreased by 37.4% to €5.2 million (2019: €8.4 million)
- Strong capitalization and resilient profitability exceeding Eurobond covenants

Tarmo Sild, Group CEO of luteCredit, comments:

“The 2020 financial year was pandemic-ridden, but luteCredit nevertheless succeeded in expanding its business.

The results of the past fiscal year are all the more gratifying as the outbreak of the Corona pandemic already at the end of the first quarter made it unlikely that the original forecast would be achieved. Thus, in Q2, we focused on collecting receivables and reducing the balance sheet in a disciplined manner, while at the same time we experienced a shortfall in loan repayments and likewise in demand for new loans. Moreover, we built up buffers for future loan losses and adapted to regulations on containment measures, lockdowns and financial grace periods. Consequently, after the contraction phase, luteCredit achieved relatively good results with limited losses. As momentum picked up in Q3, the outlook for renewed growth and the reversal of credit provisions also brightened. Finally, Q4 was mixed. While loan disbursement volumes were below plan, repayments increased more strongly than expected.

On the bottom line, we ended the past financial year above the 2019 year-end figures, even though revenues at €56 million (2019: €51 million) were well below the targeted €75 million. Total assets also fell short of the targeted €200 million accordingly, increasing to €117 million (31 December 2019: €106 million). All in all, we ended the year with a bigger, stronger and significantly more liquid balance sheet, which we plan to leverage in 2021.

Beyond the balance sheet, luteCredit's strong performance continued with ongoing investments in financial technology. For example, we introduced cardless ATMs and the Mylute app, a next-generation omnichannel technology for more efficient and seamless online interaction with customers.

So overall, we succeeded in both staying true to our mission of providing our customers with exceptional personal finance experiences and still operating profitably in times of crisis. At the end of 2020, we had more than 130 000 performing loan customers in four countries and achieved a net profit of €5 million.

For 2021, we remain positive with a view to the credit and payments industry adapting to the challenges of the pandemic. We expect luteCredit to benefit from its digitized value streams, customer self-service solutions and opportunities in the acquisition market. In addition, the business in Bulgaria should ramp up again. On the balance sheet side, we expect loans and payment services to almost double to €200 million. We expect total sales of over €70 million and net profit of at least €10 million with over 200 000 high-performing customers by the end of 2021."

The full unaudited report for 2020 is available under lutecredit.com/reports/.

About luteCredit

luteCredit - established in 2008 - is a European personal finance company. The Group specializes in consumer credits via its 100% subsidiaries using equity and loan capital. luteCredit currently serves customers in Moldova, Albania, North Macedonia, Bulgaria, as well as Bosnia and Herzegovina.

luteCredit's loan products are unsecured consumer loans with maturities between 1 month and 36 months and car-secured loans with maturities up to 60 months.