

Finbee performance report 2022 H1



Finbee CEO insights



“ After the record-breaking year of 2021 we continue to maintain rapid growth. During 2022 we have issued **8.3 Eur million of consumer loans**, 35% more than in the corresponding period last year, and **5.6 Eur million of business loans**. The growth of business loans reaches as high as 47%.

The war in Ukraine that started at the beginning of the year did not have a significant impact on our activities. There was a temporary decrease in investor deposits to the platform and an increase in withdrawals in March, but things returned to normal in April. Loan default rates remains stable. The imposed sanctions did not affect our activities, as **we have not lent to businesses related to Russia and we do not have investors from sanctioned countries.**”

Darius Noreika, CFA

First Institutional Investor

“ We signed a contract in May 2022 with the German asset management company nordIX for **5M Eur investments** in consumer loans issued on our platform. This is an important milestone, as we have attracted an **institutional investor for the first time in our history**.

The fund evaluated our underwriting procedure, credit risk assessment, recovery processes and results, historical returns of the consumer loan portfolio and portfolio quality. An audit of part of loan portfolio was performed, regarding the loan documents, whether the information is displayed correctly on the platform and whether it corresponds to the real money cashflows. nordIX invests in consumer loans of all ratings.

During 2022 I half we have **co-financed 3.8M Eur** in consumer and business loans, part of which has been transferred to the nordIX fund. ”

Growth of the Team

“ In 2022 we introduced the following important innovations to our investors:

- **We are more active in communication with our investors.** Simas Baranauskas is responsible for communication with investors since May. Simas is a long-time member of the Finbee team, having joined Finbee in 2017. Until now, Simas worked as a business clients manager. Simas's experience in communicating with clients and his excellent knowledge of Finbee's operations allow us to ensure a good quality of communication and investor service.
- **We have strengthened the debt collection team.** During 2022 I half 3 new members joined Finbee's debt collection team. This will allow us to ensure even more successful debt collection.
- **We completed the software security audit of our platform,** which was performed by one of the best companies specializing in this field, NRD Cyber Security. I am happy that during the audit **no significant deficiencies have been found** that could threaten Finbee's operations.

“

Let's Get
Stronger
Together!

“ I am happy that we continue to grow successfully and create an opportunity for our investors to **earn double-digit investment returns** by investing in consumer and business loans on our platform. This is especially important at a time when inflation has reached record highs.

In the near future, we are going launch **instant deposit** feature and **easier identification** for new investors. We will continue to improve products for our borrowing customers, automate internal processes that will allow us to maintain a rapid growth rate in the future, ensuring the customer-friendly service that has become our calling card. ”

Darius Noreika, CFA



A photograph of two people holding red mugs in a mountainous landscape. The person on the left is wearing a dark green jacket and holding a red mug. The person on the right is wearing a dark jacket and holding a red mug. The background shows a mountain range with some snow and evergreen trees. The text 'finbee' is overlaid on the left side of the image.

finbee

Our
investors



finbee

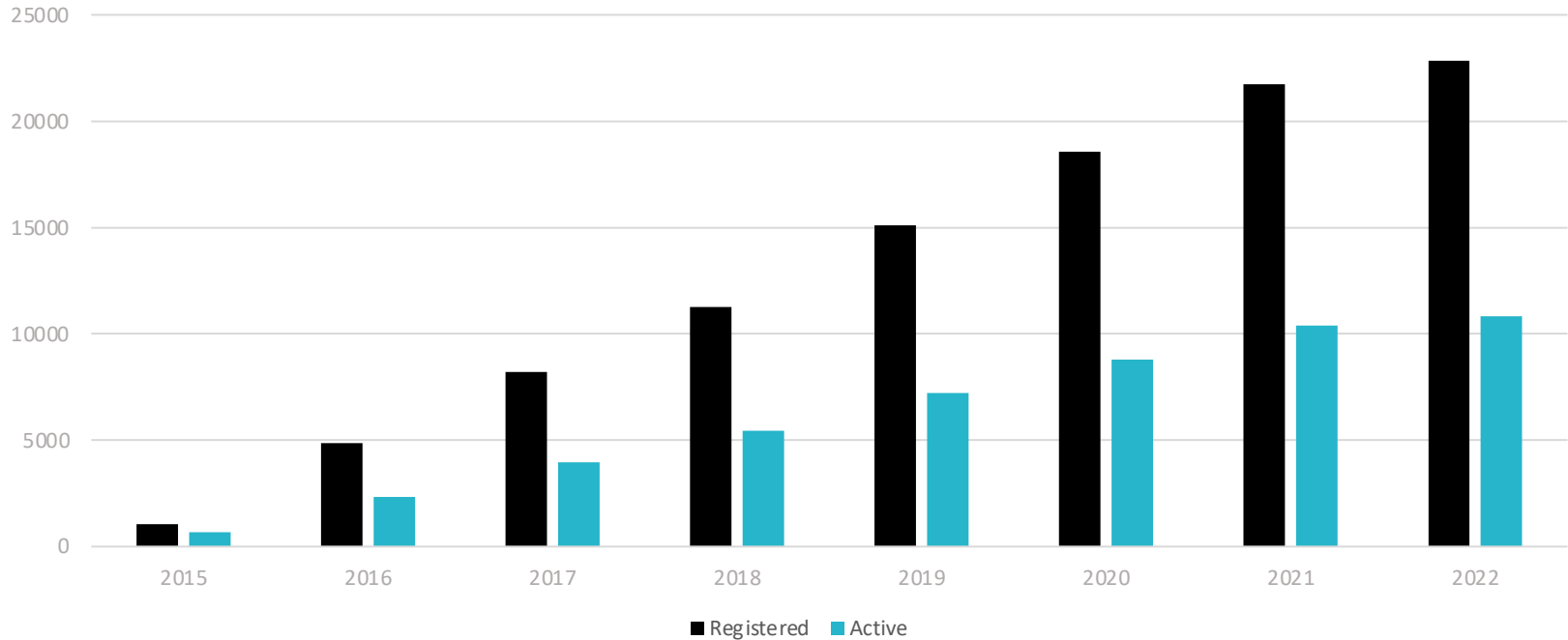
Tip: be interested and learn

"Investing is an incredibly difficult activity. Historical examples abound where the smartest people who ever lived were simply horrible investors (among them Isaac Newton, Albert Einstein). The first step is to **find out** if investing is suitable for you personally. The best way to do that is to **try**."

- our investor, the author of the Buliaus Anatomija blog shares his experience

Our investors

22.751 The amount of registered investors at the end of 2022 Q2. More than **10.000** of our investors have made **at least one investment**.



**Where
are
you?**

Where do you rank by portfolio size?

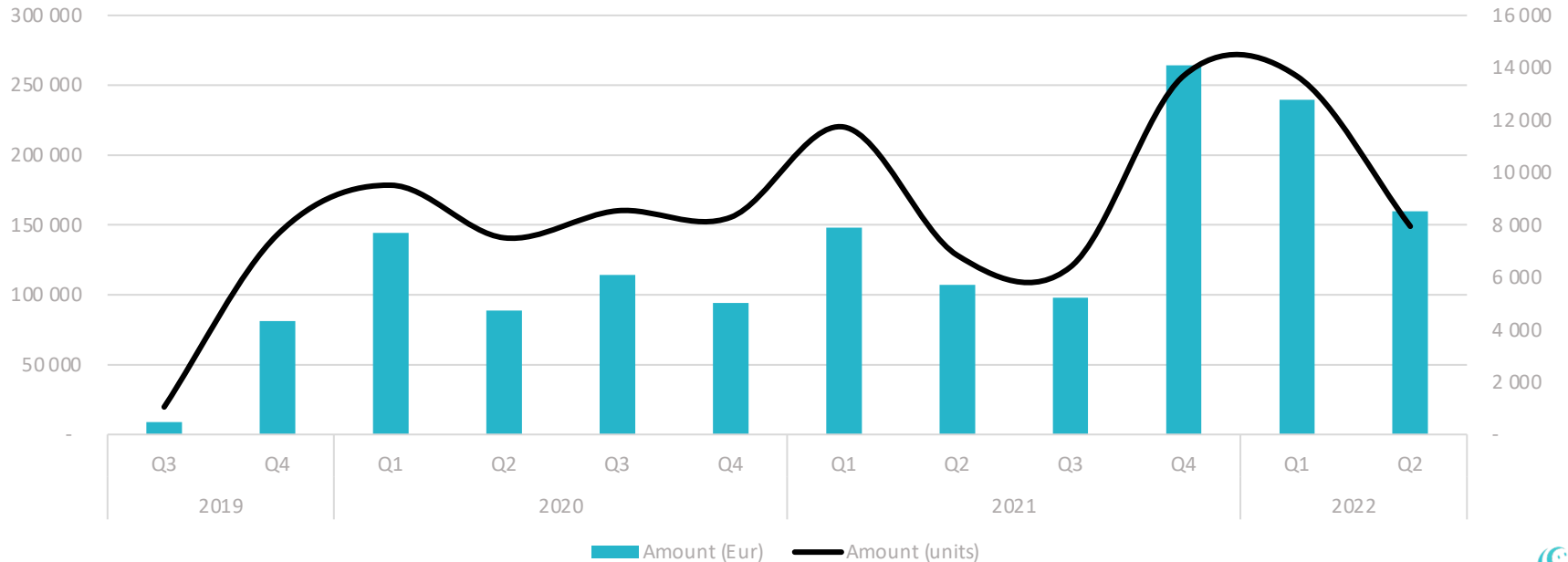
Position	Portfolio Size
TOP legal entity	2.698.600 Eur
TOP private investor	417.800 Eur
Top 10%	3.697 Eur
Top 50%	303 Eur
Top 90%	15 Eur

Secondary market statistics

Back to normal

377.241 Eur

The amount of loans bought in secondary market during 2022. After reaching the peak in 2021 Q4, the secondary market turnover has gone back to the regular level.



**Where
are
you?**

Where do you rank by secondary market trade volume in 2022?

Position	Bought	Sold
TOP	36.000 Eur	51.000 Eur
TOP 10%	940 Eur	369 Eur
TOP 50%	65 Eur	31 Eur
TOP 90%	5 Eur	4 Eur

**We know that
we generate
great returns
for our hive
and
we invest
together!**

Finbee co-investment

In 2022 we have co-financed:



2,8M EUR

of consumer loans



1,0M EUR

of business loans

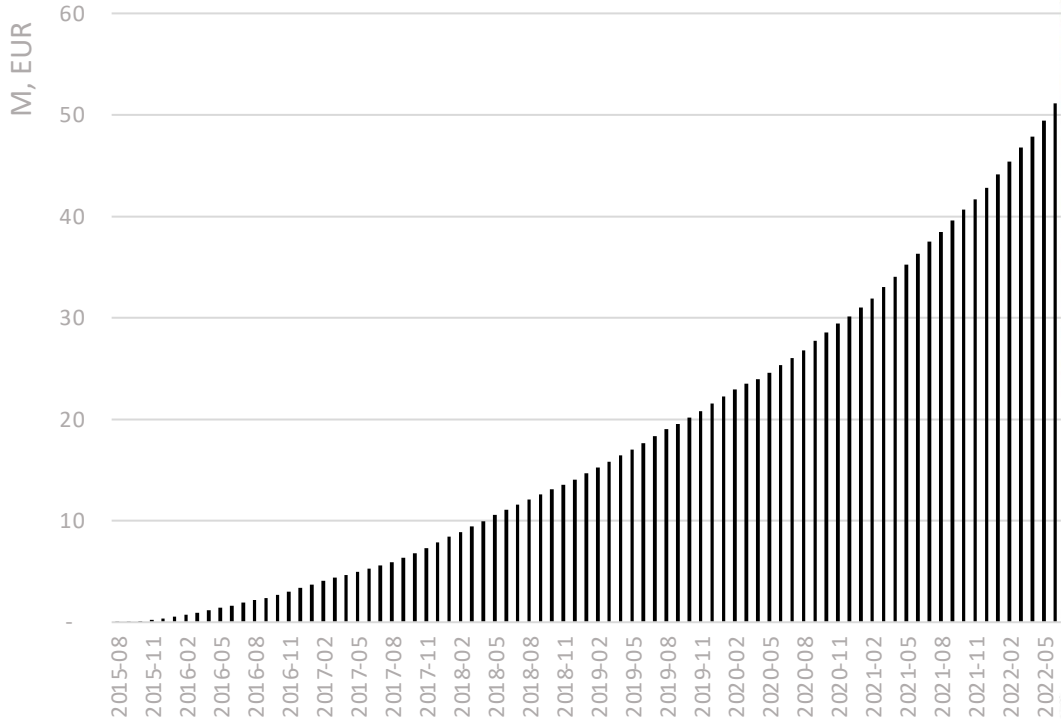


finbee[©]

Consumer loans

Consumer loan portfolio

34% average YoY growth



7 years
in the market

19.000 units
loans originated

50M EUR
loans originated

2.675 EUR
average loan amount

9M EUR
interest paid to investors

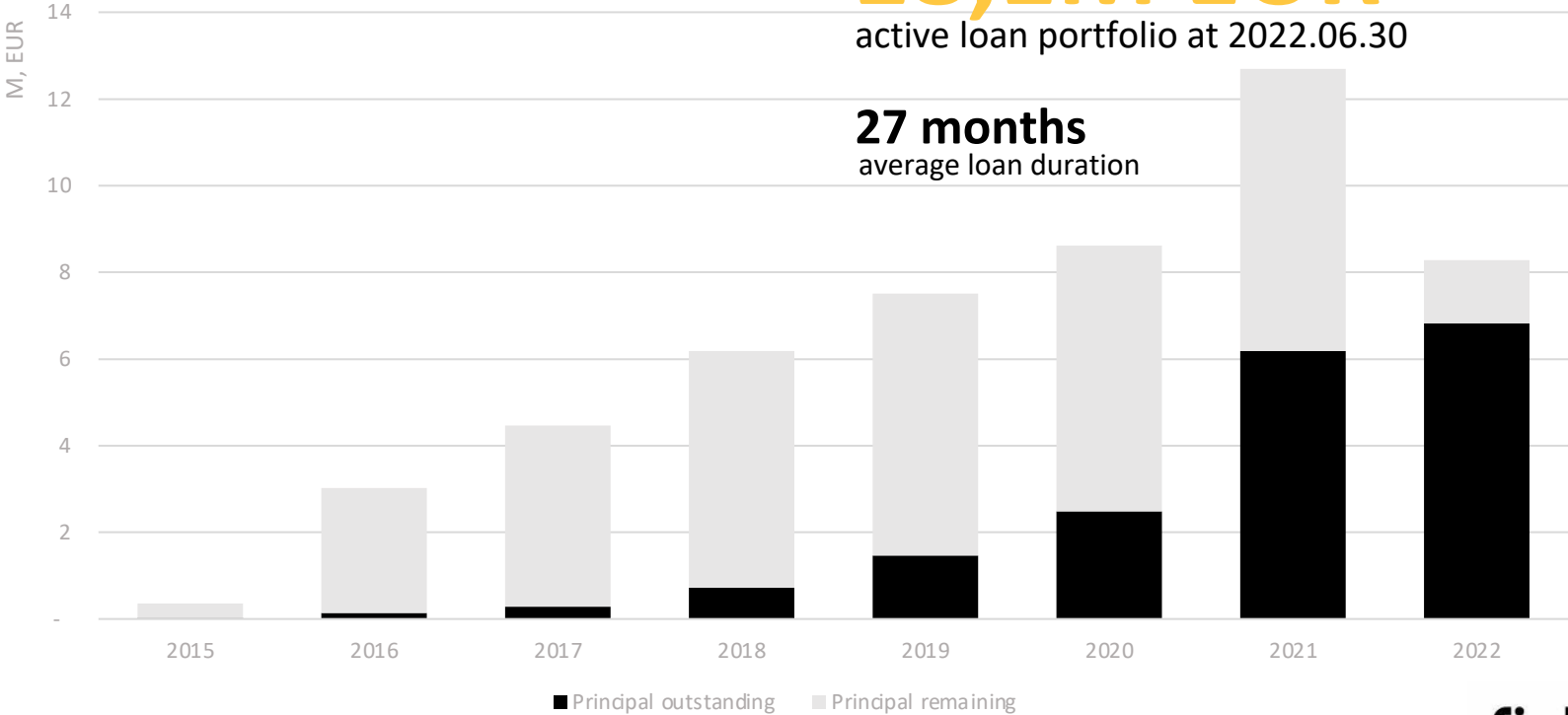


Loan volume

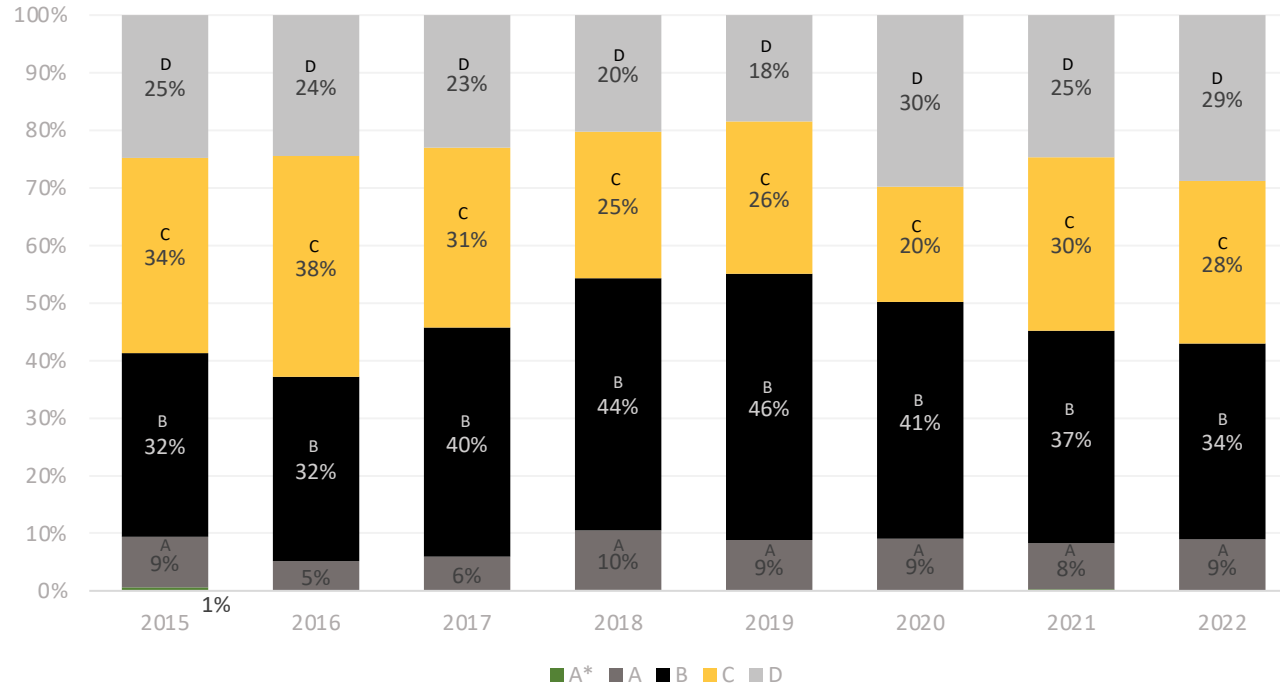
18,1M EUR

active loan portfolio at 2022.06.30

27 months
average loan duration



Distribution of loans, by rating, %



A* - lowest risk customers. Minimal chance of delays. Very low interest rate paid by customers.

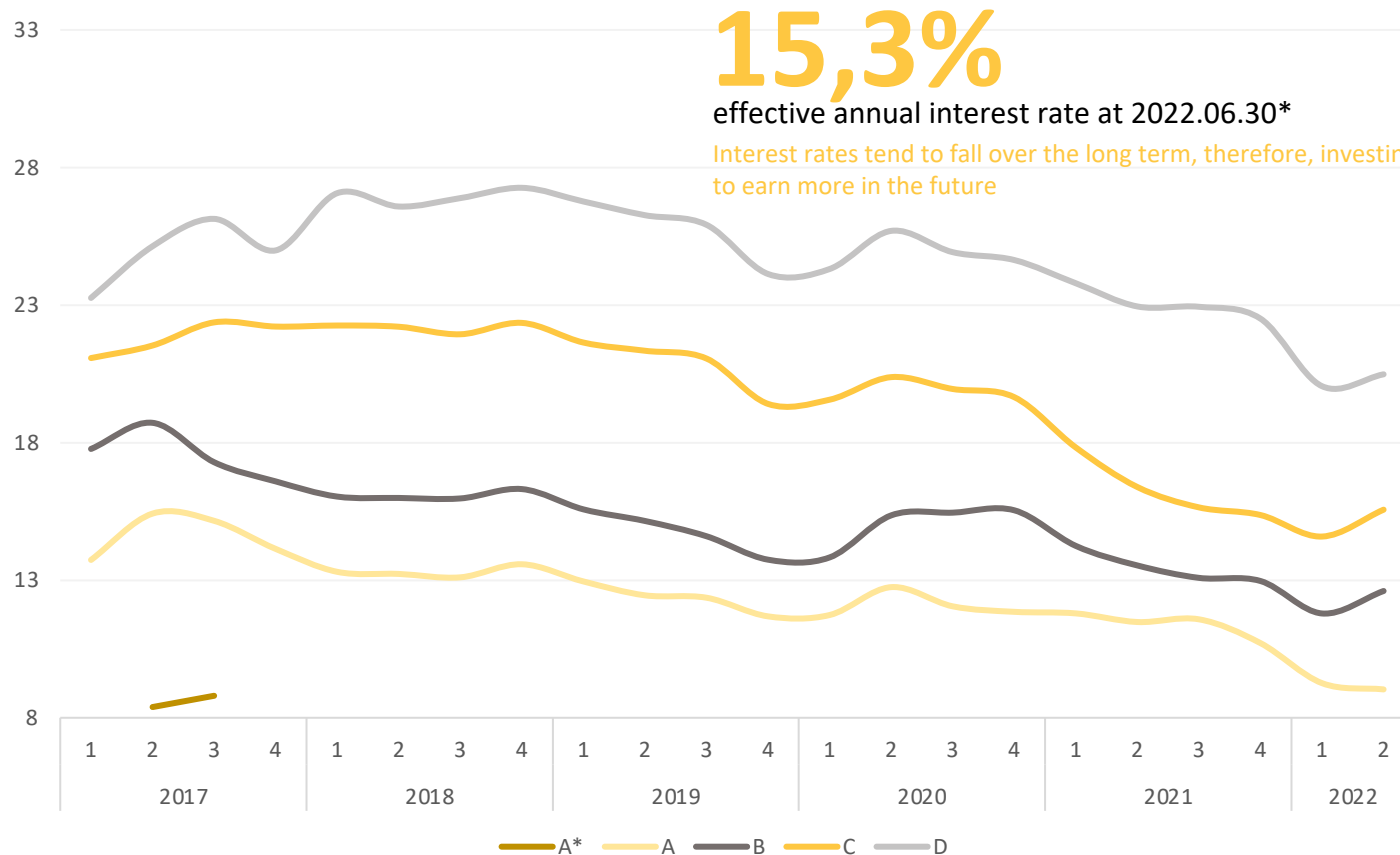
A - very low risk customers. Low probability of default.

B - low risk customers. Small delays are likely, but offset by a higher interest rate.

C - medium risk customers. Higher delays and defaults are likely. This is compensated by customers paying a higher interest rate.

D - High risk customers. High likelihood of solvency problems for the customer, but the risk is compensated by a high interest rate. Historically generates the highest returns for investors.

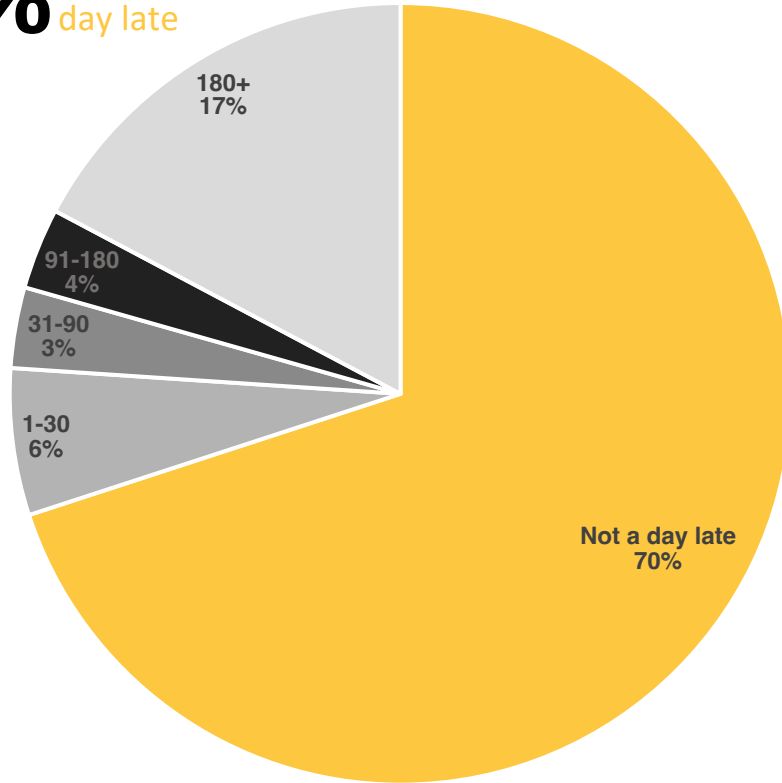
Interest rate, %



*The effective interest rate reflects the actual rate of return on the investment, net of interest.

Portfolio composition, by days late, units

70% borrowers not a day late



■ Not a day late ■ 1-30 ■ 31-90 ■ 91-180 ■ 180+

70%
not a day late

83%
borrowers made a
payment in the
last 30 days

7,1%
loans originated in 2021
have defaulted

Active debt prevention

This year:



124.017 emails and
42.112 text messages
sent to borrowers



We have made **11.824** calls
to late borrowers (business
loans included)



292 contracts terminated



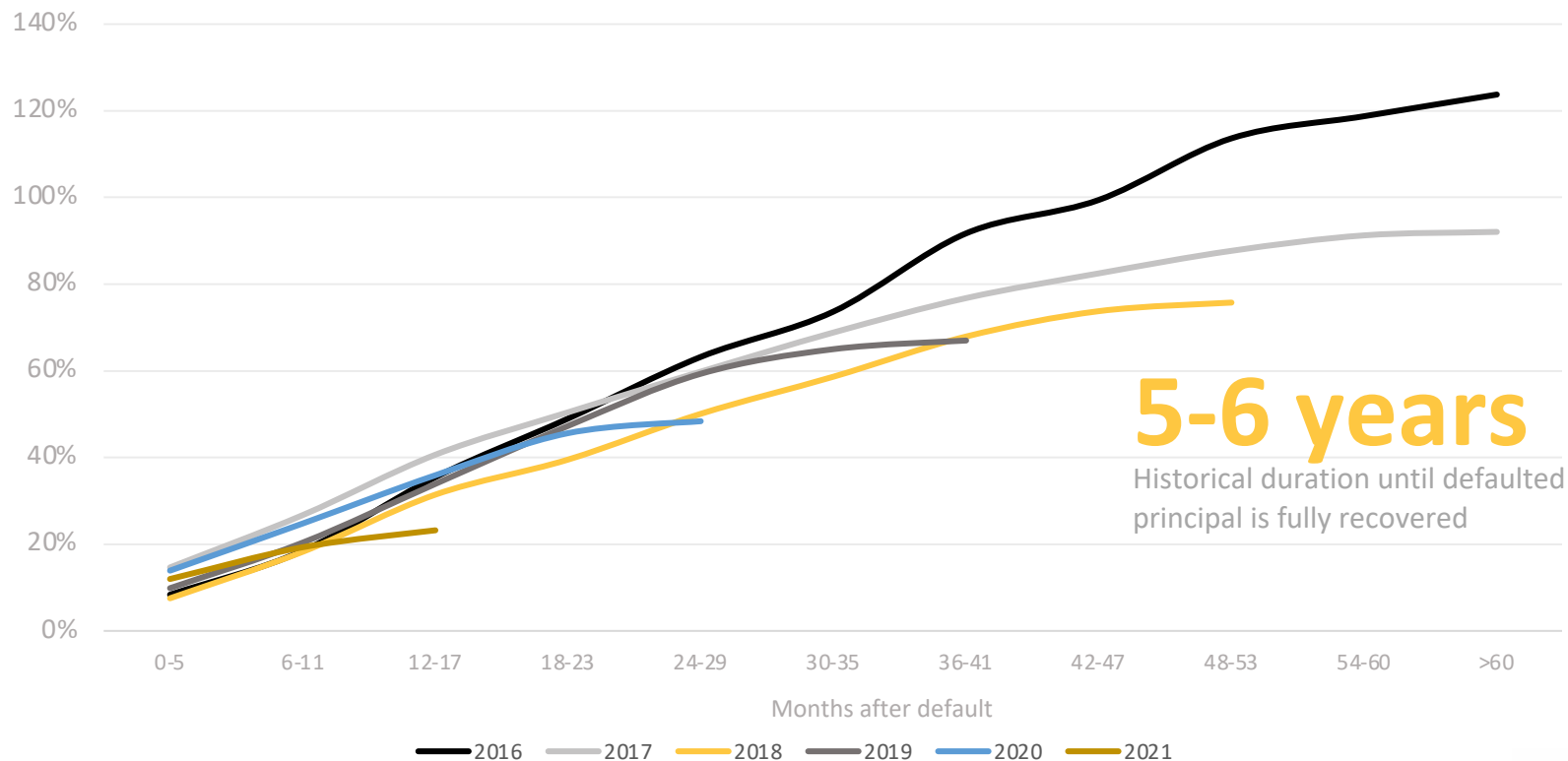
335 borrowers put to court

Recovery

How do we deal with
late borrowers?

Loans recovered

during equal number of months after the start of recovery, % of outstanding principal at default



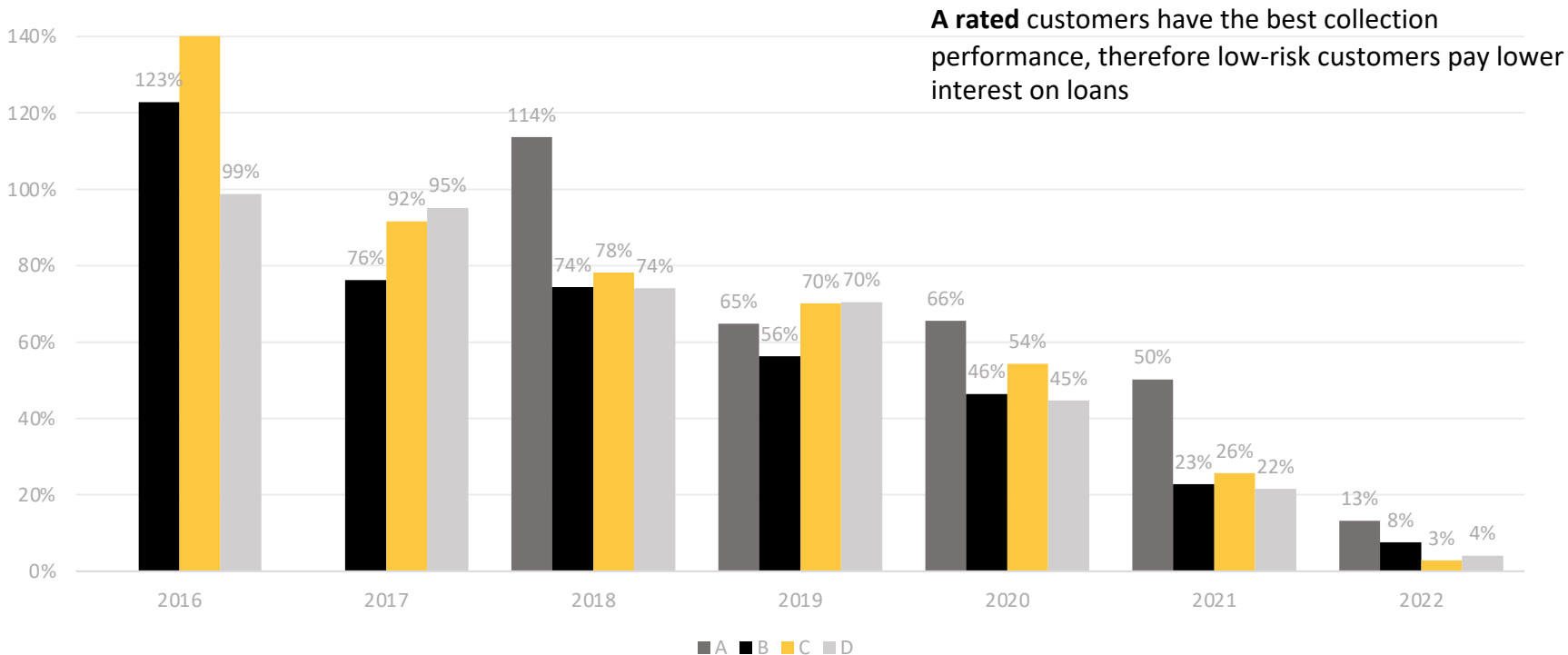
5-6 years

Historical duration until defaulted principal is fully recovered

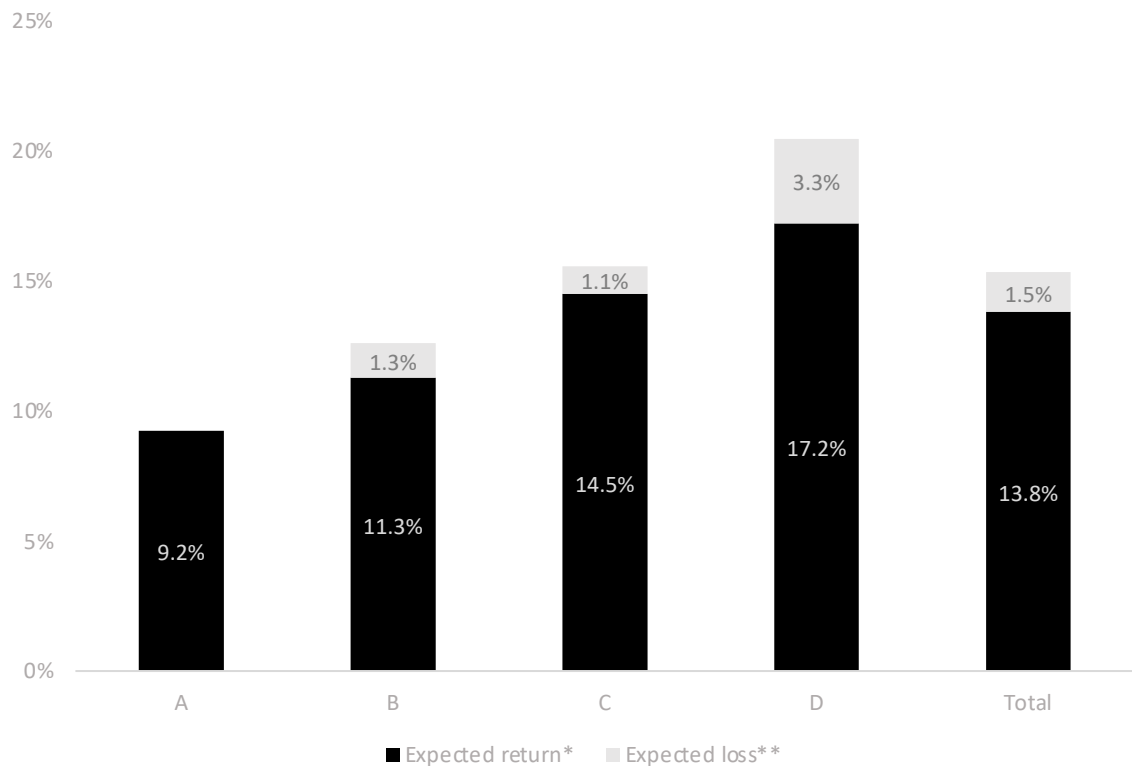
A recovery of more than 100% means that we have recovered not only the loan principal but also the interest.

Debt collection performance, by rating

Debt collected, % of outstanding principal at default



Return on loan portfolio



13,8%

return on consumer loan portfolio

* **The expected return is calculated as :**

Weighted average interest rate (%) – expected loss (%) on the original loan amount

** **Expected loss (%) = PDw x EAD x (1-RR)**

PDw: Probability of default (%) = Number of defaulted loans at origination / Number of total loans originated

EAD: Loan balance at the date of the first default moment (%) = Loan balance at the time of default / Loan amount at origination

RR: Recovery rate, the proportion (%), that is recovered on the loan balance at the time of default = Amount recovered after default events / EAD



Business loans



Finbee Business CEO insights



“ We must admit that the first half of this year has been accompanied by continued instability and uncertainty.

- **Echoes of the pandemic.** We see that bankruptcies are materializing - companies have started paying deferred taxes to the state, soft loans received need to be amortized, but for some businesses, these obligations have become unbearable. The most affected business sectors were accommodation, entertainment and catering businesses.
- **War in Ukraine.** The supply of raw materials and logistics chains were disrupted.
- **Extremely high inflation**, which leads to economic slowdown (through monetary policy), decreasing consumer confidence indicators.

“

Tomas Mačiulaitis

“

- Considering the increased systemic risk, **we raised the interest rate** on loans for all risk categories (last year the average interest rate was 11.67%, in June this year - 13.94%).
- When assessing the credit risk of specific businesses, we give **more weight to the company's activity category, customers, supplier chain and existing debts** for the final risk score.

”

Immediate Action

“We are glad that the our **rapidly growing business loan portfolio remains of high quality**:

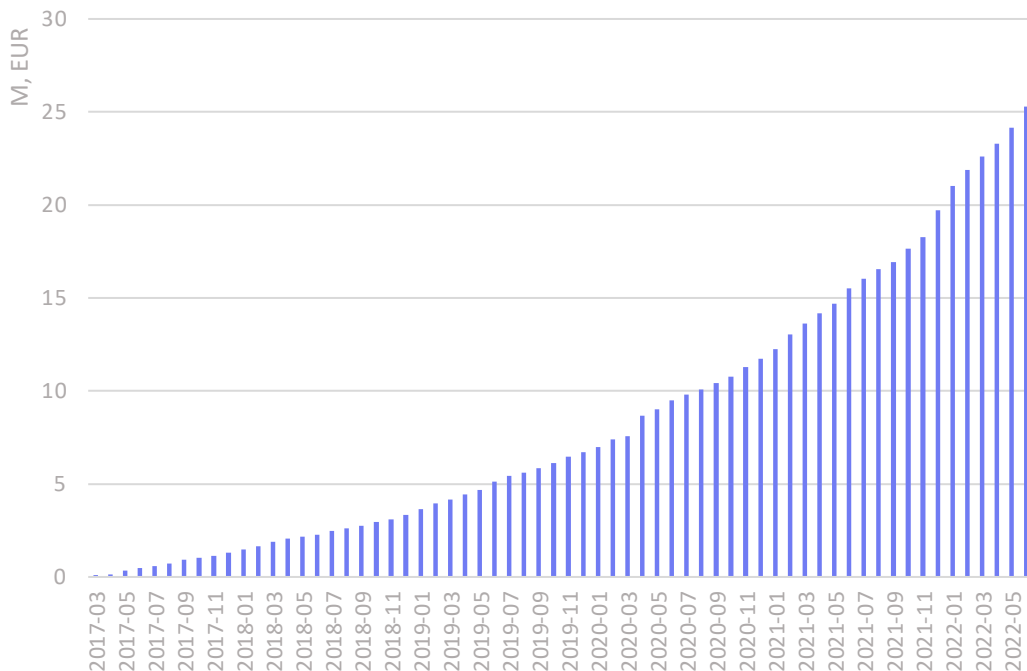
- The share of customers making payments on time increased from 82.5% last year to 86.6% this year.
- Of the loans issued in 2021, the share of defaulted clients is 2.68%, of the loans issued this year – 0.61%.
- The recovery process is successful - from the defaulted loans issued in 2020 we have already recovered 66% principal.

We continue to monitor the situation closely and we are prepared to respond accordingly to ensure maximum returns for our large investor community. **I would like to thank each of you for your trust!** “

High Quality Standards

Our business loans

54% average YoY
growth



5 years
in the market

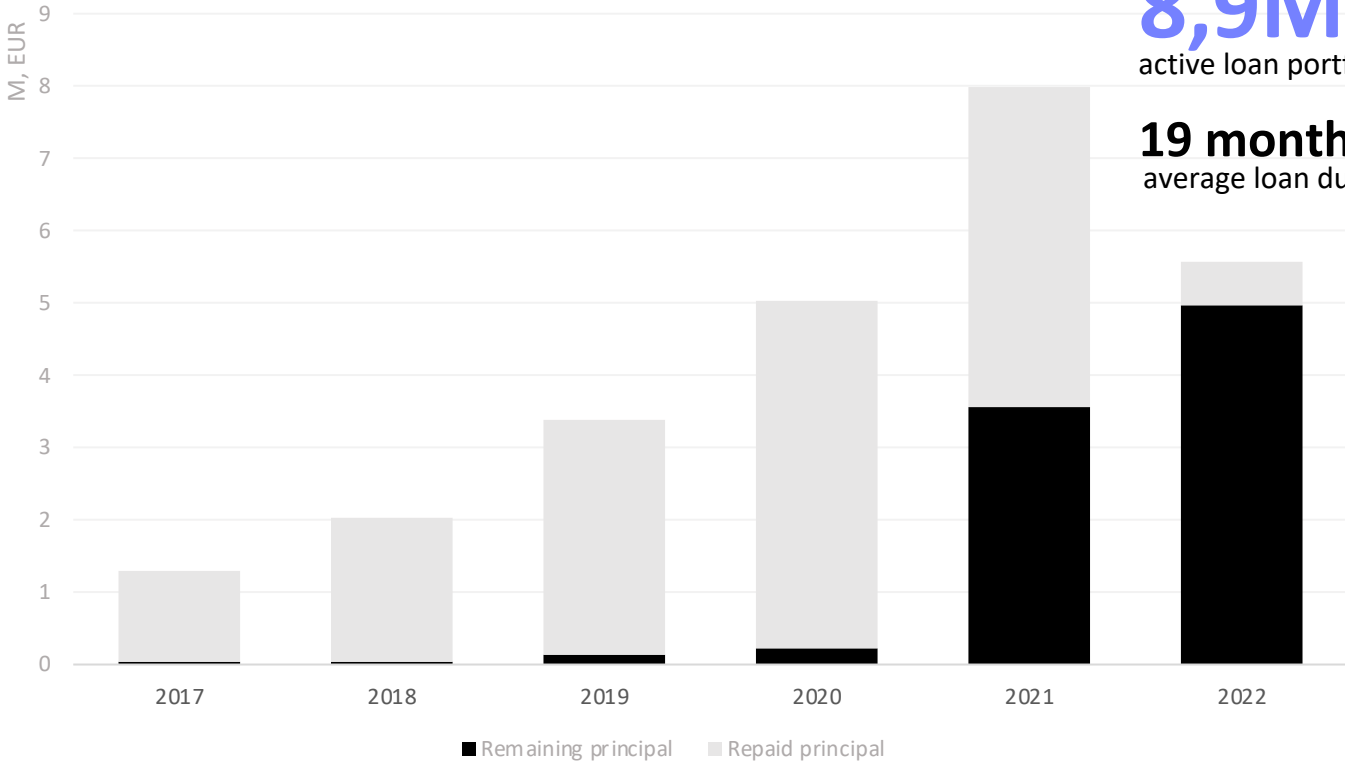
2.234 units
loans issued

25M EUR
loans issued

11.300 EUR
average amount

1,85M EUR
interest paid to the
investors

Loan volume



8,9M. EUR

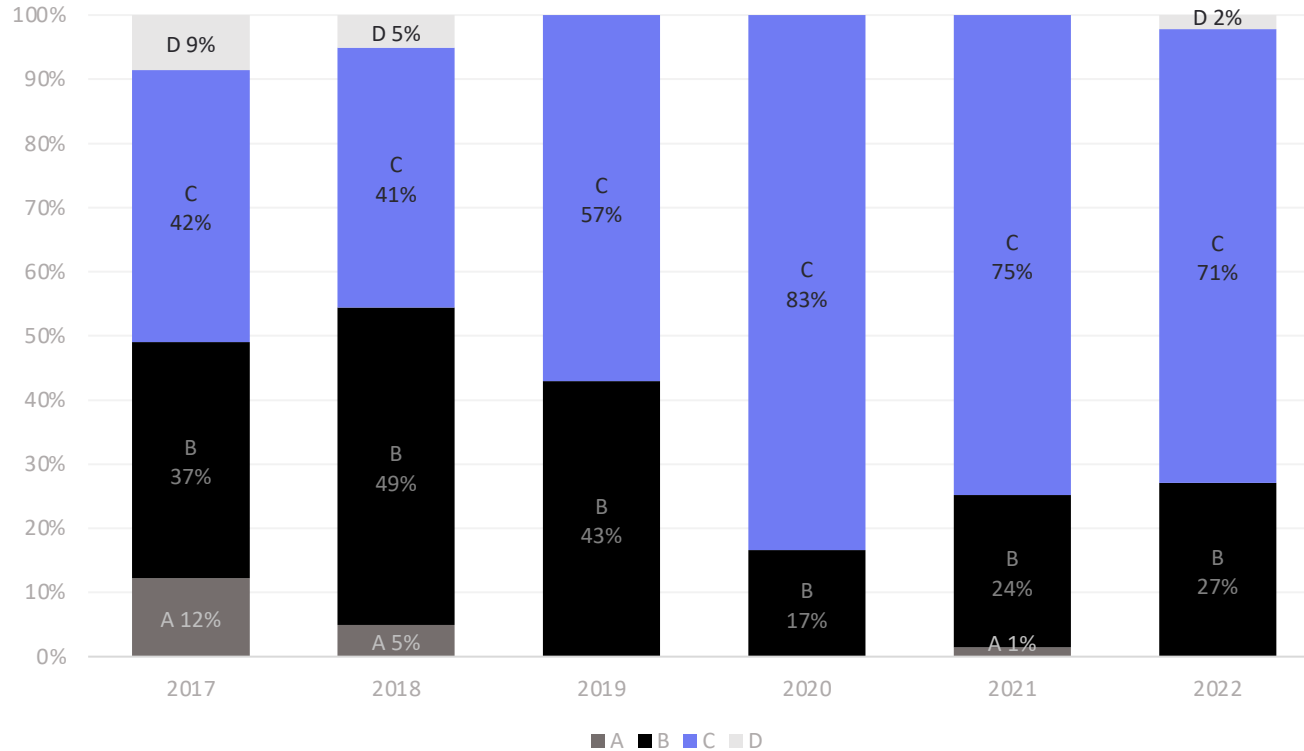
active loan portfolio at 2022.06.30

19 months

average loan duration

Business loans by rating, %

We brought D rating back

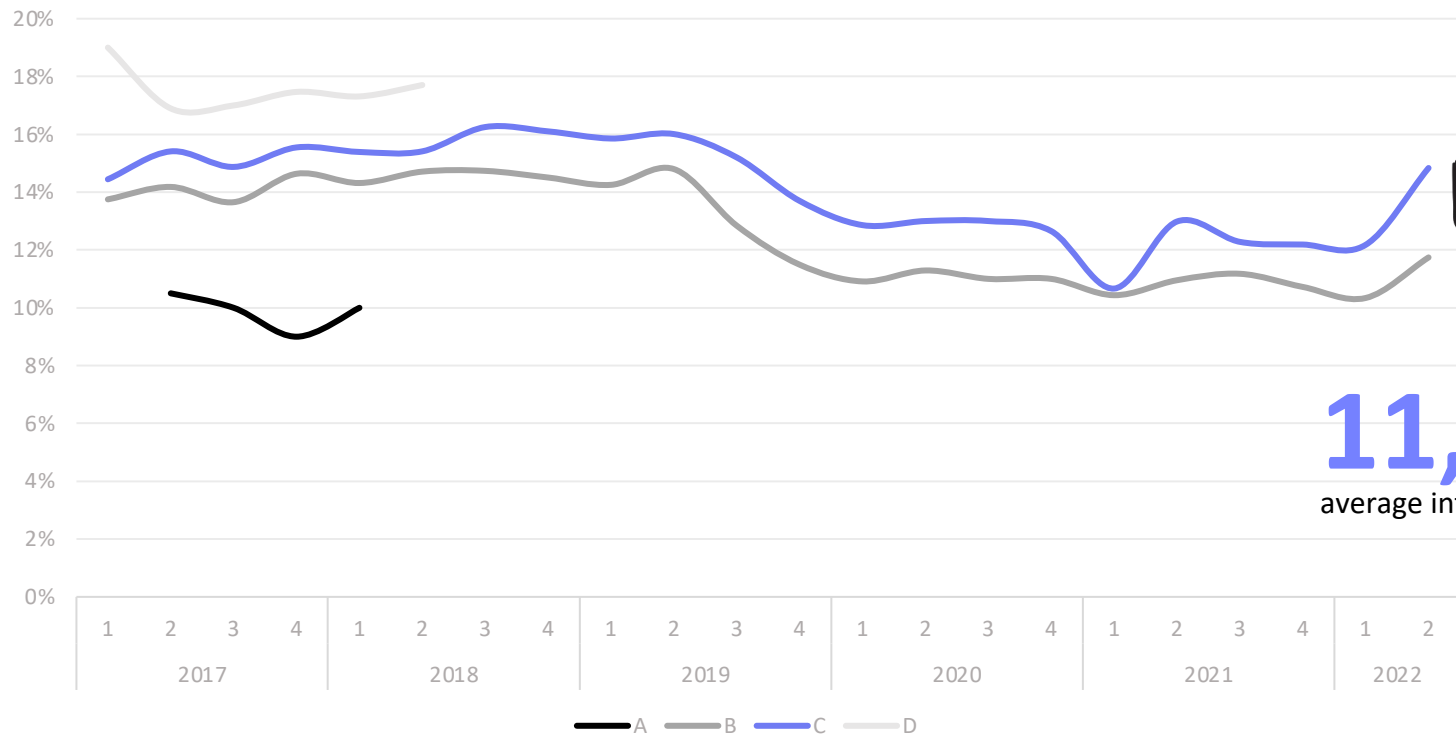


- A*** - lowest risk customers. Minimal chance of delays. Very low interest rate paid by customers.
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- D** - high risk customers. High likelihood of solvency problems for the customer, but the risk is compensated by a high interest rate. Historically generates the highest returns for investors.

Interest rate, %

13,94%

average interest rate at 2022.06.30



11,67%

average interest rate in 2021

Active debt prevention

This year we have:



Sent **32.006** emails and **2.684** text messages to the borrowers



Made **11.824** calls to the late borrowers (including private individuals)



Terminated **23** loan agreements



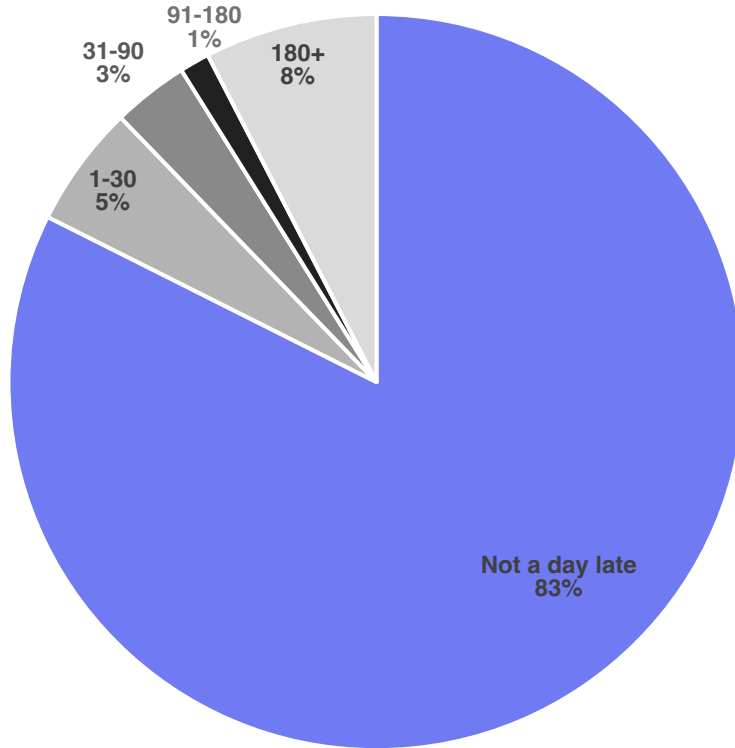
Put **12** late borrowers to the court

Recovery

How do we deal with late borrowers?

Portfolio composition, by days late, units

83% borrowers not a day late



■ Not a day late ■ 1-30 ■ 31-90 ■ 91-180 ■ 180+

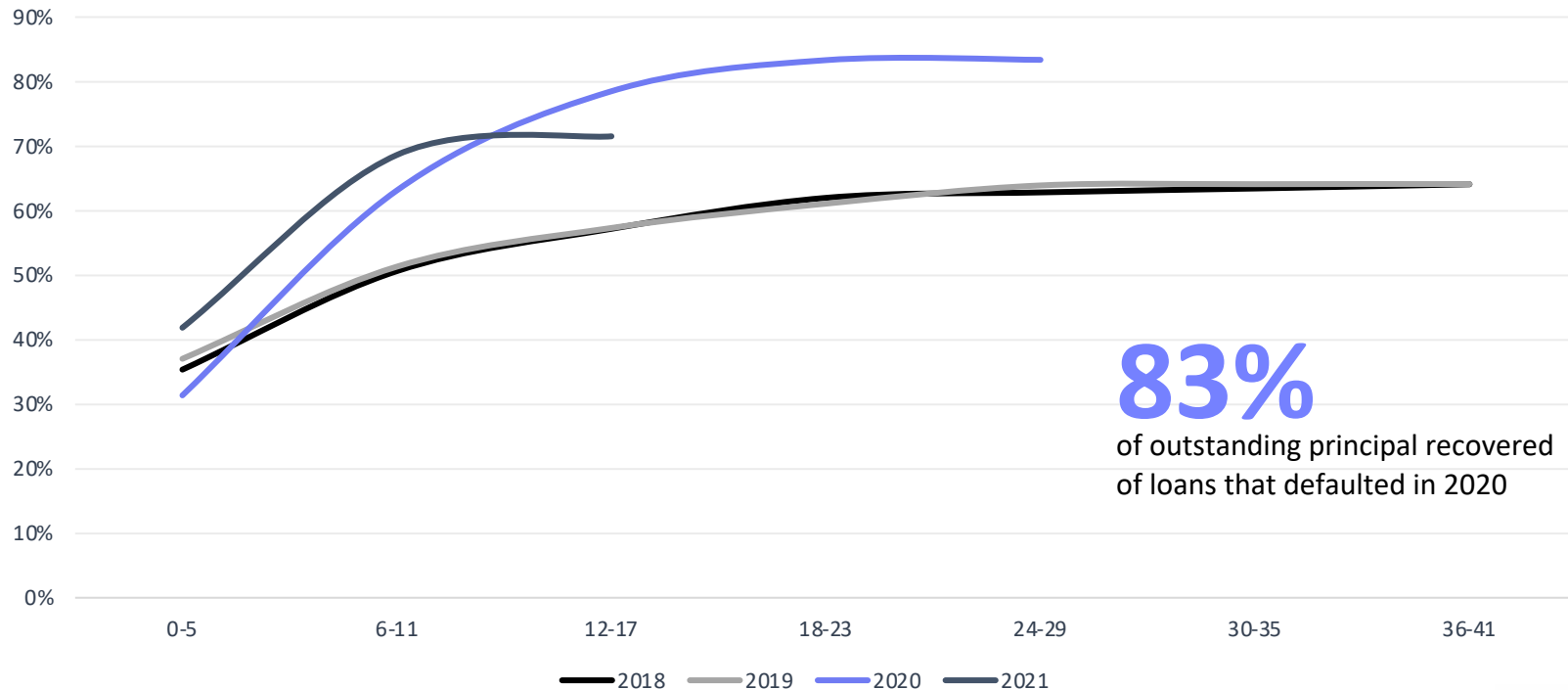
83%
not a day late

90%
borrowers made a payment in the last 30 days

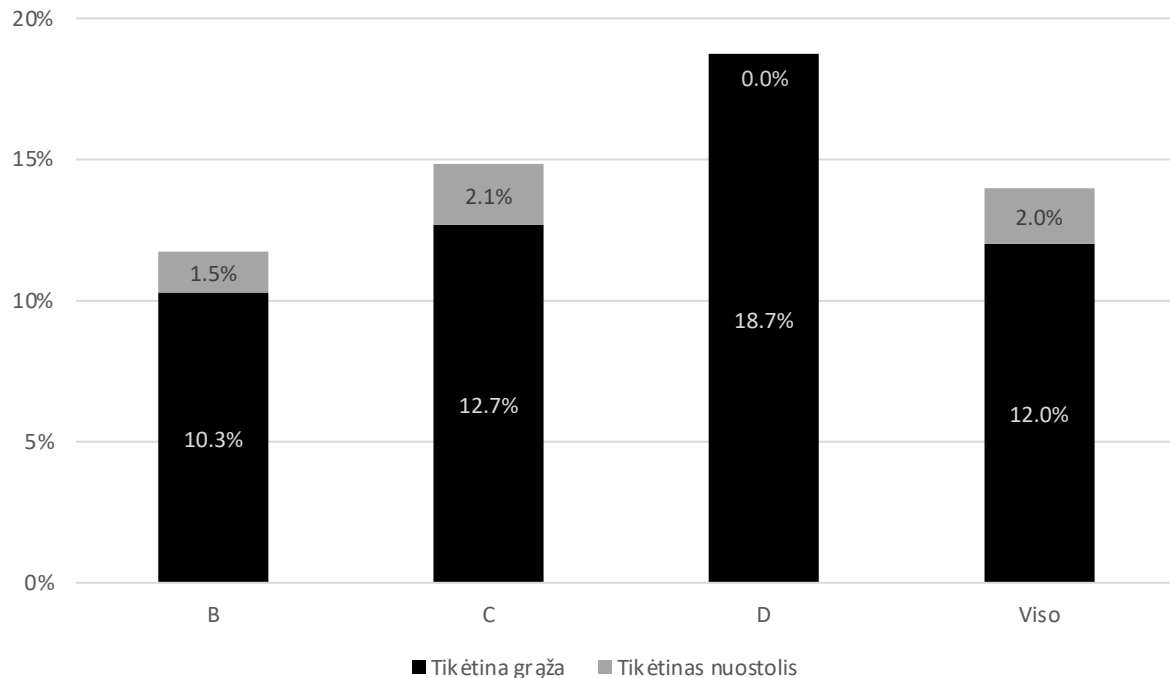
2.68%
loans issued in 2021 have defaulted

Loan recovered

during equal number of months after the start of recovery, % of outstanding principal at default



Return on loan portfolio



12,0%

return on business loan portfolio

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PDw: Probability of default (%) = Number of defaulted loans at origination / Number of total loans originated

EAD: Loan balance at the date of the first default moment (%) = Loan balance at the time of default / Loan amount at origination

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Financial results



Finansiniai rezultatai 2018 - 2021 m.

Thous. EUR	2018	2019	2020*	2021*
Revenue	1 276	1 836	3 491	3 015
Fees	1 228	1 694	3 347	2 721
Consumer	1 005	1 362	1 478	1 745
Business	223	332	1 869	975
Net interest income	-	-	20	139
Other income	47	142	125	156
Expenses	1 225	1 579	2 431	2 498
EBTDA	51	257	1 060	517
Depreciation	56	51	68	69
Income tax	1	14	141	73
Net profit (Loss)	- 6	192	851	374
Assets	1 679	2 454	4 991	12 704
Deposit account of an e-money institution	1 186	1 371	1 976	2 192
Equity	- 310	- 101	1 087	1 761
Accounts payable and other liabilities	1 988	2 554	3 904	10 943
Deposit account of an e-money institution	1 186	1 371	1 976	2 192
Net profit margin	-0,5%	10,5%	24,4%	12,4%

*Audited financial results

**We are
working
profitably
and we are
growing**

In 2021 we issued 47% more consumer loans and 59% more business loans than in 2020.

Important!

Investing through crowdfunding platform, as well as investing in other financial instruments, involves risk taking. Therefore, before you start investing in loans, you must properly assess your financial situation, as well as financial situation of your family or your business, your investment experience and knowledge of risks associated with investing. If you think you do not understand the potential risks associated with the financing transaction you are making, consider contacting specialists.

Investments made through the platform are not covered by the law of deposits and liabilities to investors of Lithuanian Republic, nor is it guaranteed that the client to whom you borrowed the money will properly fulfil its financial obligations, therefore each investor assumes the risks associated with the investment when making a financing transaction on the platform, including partial or full loss of all invested funds, loss of expected profit as well as limited or no liquidity.

Finbee and Finbee Verslui does not assume any liability for losses incurred by investors but seeks to ensure the security of invested funds and the return on investment in every possible way.

**Thank you for
your friendship!**

investuok@finbee.it

www.finbee.it



finbee 