Finbee performance report

2023 Q3

Finbee CEO insights

In the third quarter of this year, we maintained rapid growth and stable portfolio performance: we issued **42 percent more** consumer loans, the amount of which reached 7.0 million euros, and business loan issuance grew by **65 percent** and reached 7.1 million euros.

With rapid growth, we are able to maintain a good quality of the loan portfolio and ensure efficient work with overdue customers. This is shown by the stable share of payments collected on time and steadily decreasing share of loans that are late for more than 90 days.

During 2023 Q3 together with you, we invested **4.96** million euros in consumer and business loans, part of which we transferred to institutional investors. In this way, we can ensure even faster financing of loans.

Darius Noreika, CFA

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Financing trends

"

The continued growth of interest rates in the euro area raised the interest rates of fixed deposits and debt securities in the market. In response to these market changes and in order to encourage investors to invest more actively, in September we **increased interest rates on consumer loans by 1-2 percent**, depending on the credit rating and loan term.

This year, the share of loans issued to A-rated customers has almost doubled. **More than 97 percent A-rated clients are not late for a single day,** so this is a great opportunity for investors to build safe portfolios that will generate slightly lower but more stable returns.

Strong growth in new investors continued last quarter. Registrations of new investors grew by 30 percent compared to the second quarter of last year.

Both new and existing investors invested significantly more actively. The amount of funds transferred for investment **increased more than 2 times**, while the amount of funds withdrawn decreased by 17 percent. Such rapid growth shows that we are able to offer investors services that meet their needs and opportunities to recruit funds.

"

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Updates for investors

Last quarter, we presented the following updates to investors:

- We note the loans in which the company's **employees and related persons invest.**
- We have added a recovery comment, when recovered funds are used to cover litigation costs, with information on **what percentage of litigation costs have already been covered.**
- **Bug fix:** when a business loan is provided without a guarantee - the panel in the primary market will no longer light up green.
- We have updated the data of **the best P2P calculator.** Are your lending settings still the most efficient?

In the last quarter of this year, we will focus more on investors, making changes that most investors want:

• We will **shorten the loading time of the account statement**, because especially for those who have invested for a long time or have a large amount of loans in their portfolio, rendering the account statement may take a long time;

• We will reduce the loading time of the **dashboard** window.

• We will reduce the loading time of the **monthly inflow** window.

• We will **automate the approval process** for new investors and ensure an even smoother investment start.

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Our
investors

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Investor: it's important to start.

"My advice to a new investor would be to start investing very early, even with smaller amounts, to get your first experience as early as possible.
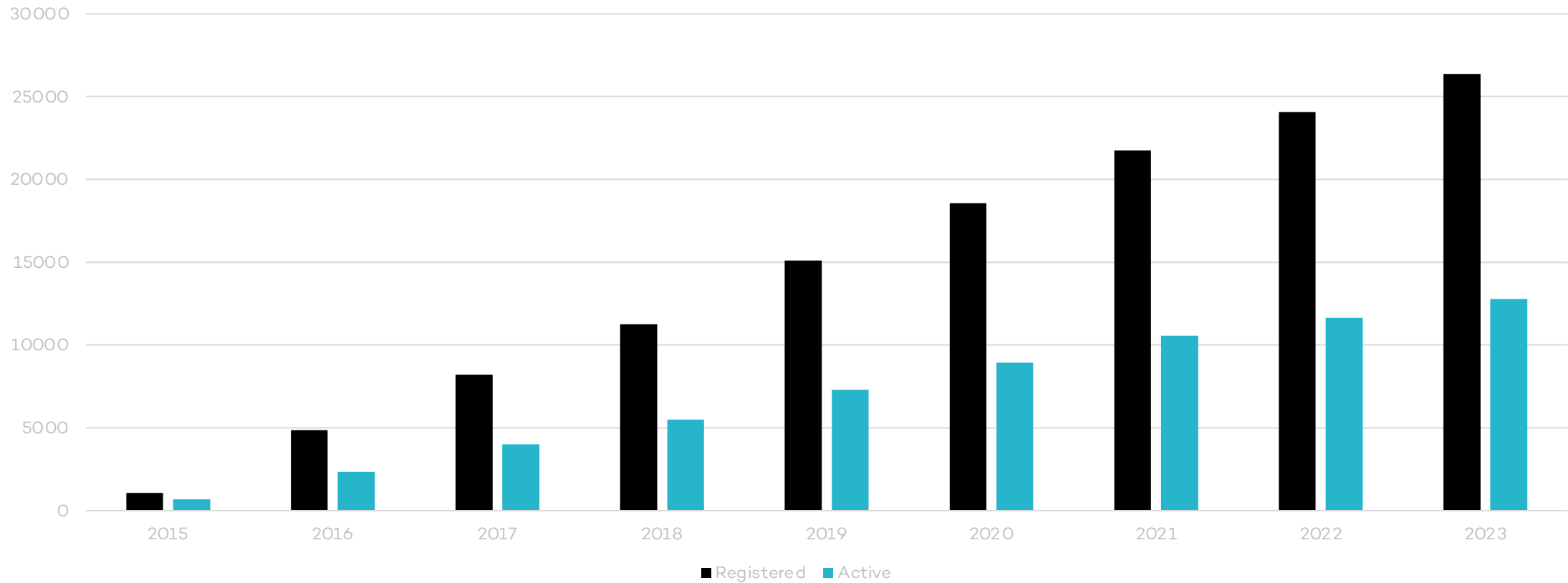
If in 2011 I wouldn't have started investing my first €4.000 in P2P, I might never have started after that."

– *investor Andreas Tielmann, who reached the portfolio goal of 100,000 Eur, shares his experience.*

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Our investors

26.366

Number of investors in 2023.09.30. More than
12.700 of our investors have made at least one
investment.

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Where do you rank?

Where do you rank by portfolio size?

| Place	Portfolio size	Q2
TOP legal entity	7.852.136 Eur	+16%
TOP private entity	524.975 Eur	+2%
Top 10% active*	7.109 Eur	+10%
Top 50% active*	921 Eur	+38%

*Tarp investavusių bent į vieną paskolą 2023 m.

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Secondary market statistics

Increasing liquidity

253.845 Eur

Amount of loans bought in secondary market during 2023 Q3. Despite the decrease in the volume of transactions, the **number of transactions increased.**

Legend: Amount (EUR) — Amount (units)
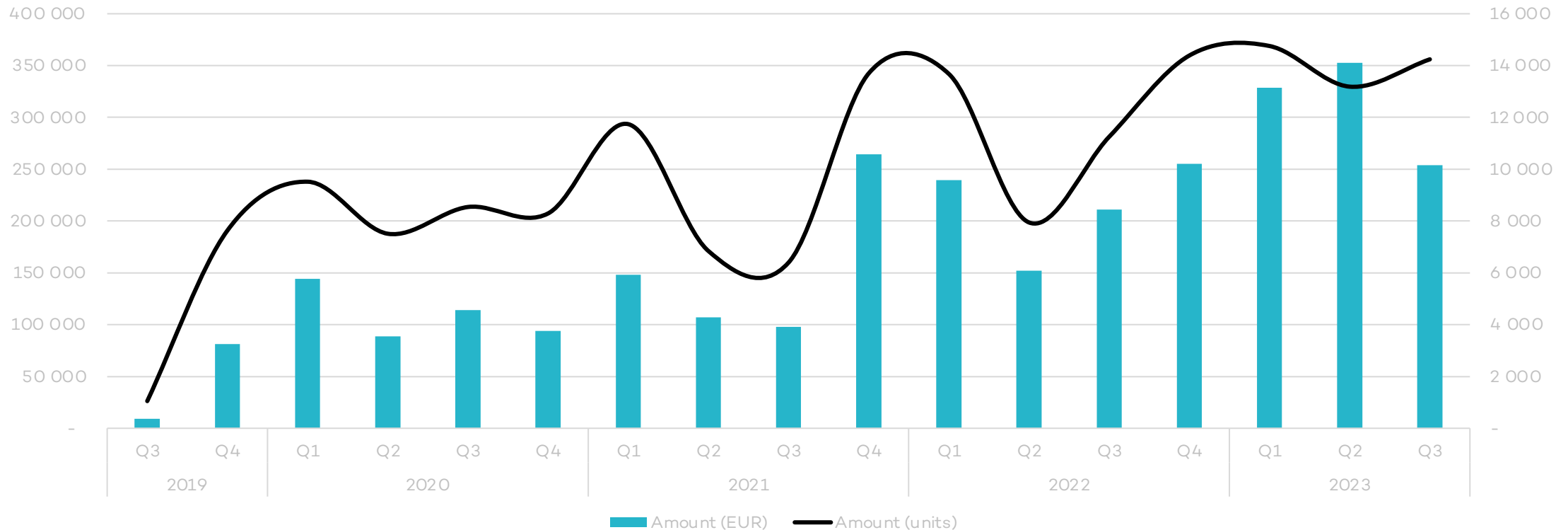
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Finbee co-investing

In 2023 Q3 we invested together:

2,93M EUR

to business loans

*

0%

0,95M EUR

to consumer loans

*

32%
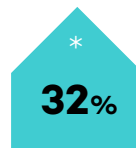
10,40M EUR

active portfolio

*

25%

* Compared to 2023.06.30

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Business **loans**

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Finbee business loans

68%
YoY growth

M, EUR (y-axis)

Chart y-axis: 60, 50, 40, 30, 20, 10, 0

Chart x-axis (quarters): 2017-03, 2017-06, 2017-09, 2017-12, 2018-03, 2018-06, 2018-09, 2018-12, 2019-03, 2019-06, 2019-09, 2019-12, 2020-03, 2020-06, 2020-09, 2020-12, 2021-03, 2021-06, 2021-09, 2021-12, 2022-03, 2022-06, 2022-09, 2022-12, 2023-03, 2023-06, 2023-09
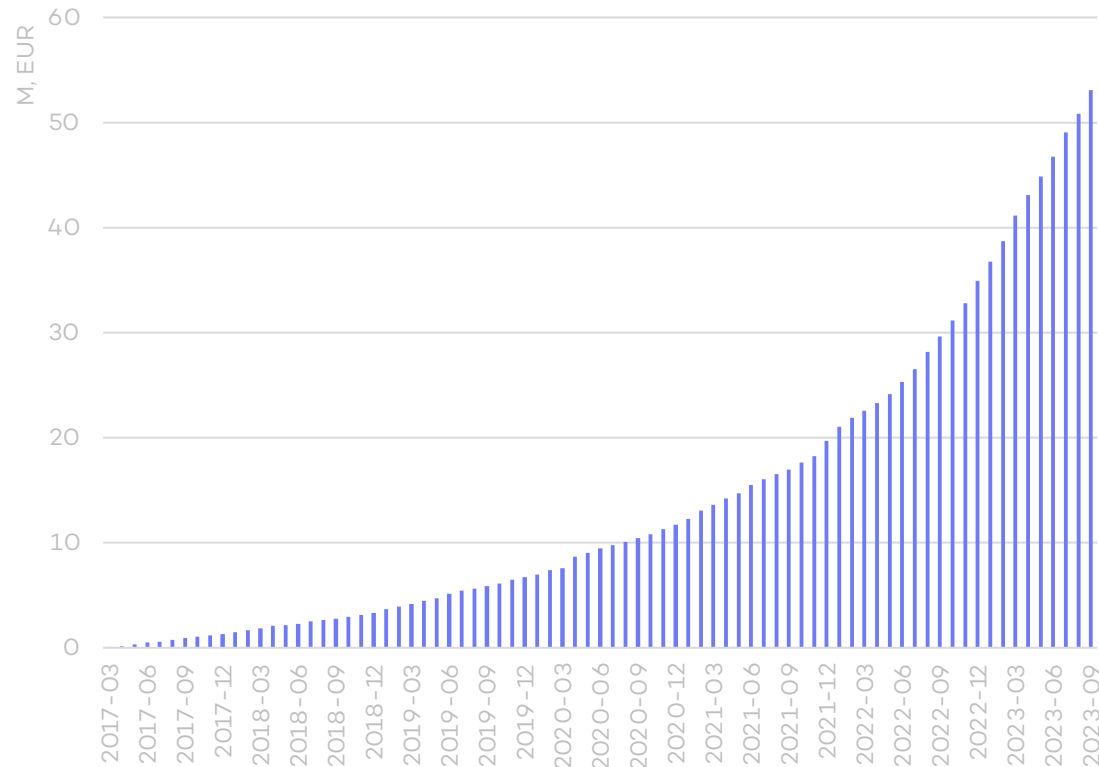
7 years — In the market

3.778 units — loans issued — 11%

54,6M EUR — loans issued — 18%

14.453 EUR — average loan amount — 4%

4,33M EUR — interest paid out to the investors — 20%

*Compered to 2023.06.30

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Loan volume

92% of loans issued in 2021 has already been paid back

25,1 **M EUR**   **17%***
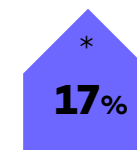
active loan portfolio at 2023.09.30

21 months average loan duration

■ Principal remaining ■ Principal repaid

*Compared to 2023.06.30

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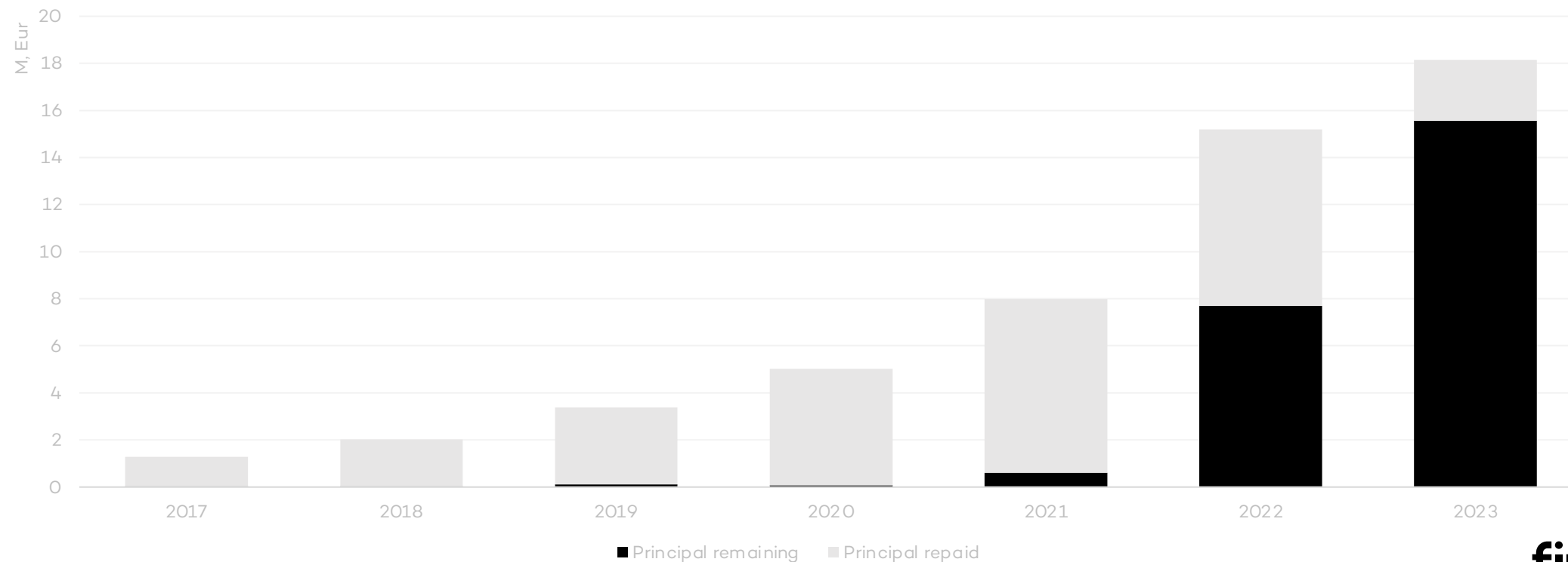
# Business loans by rating, %

Stable composition of the portfolio
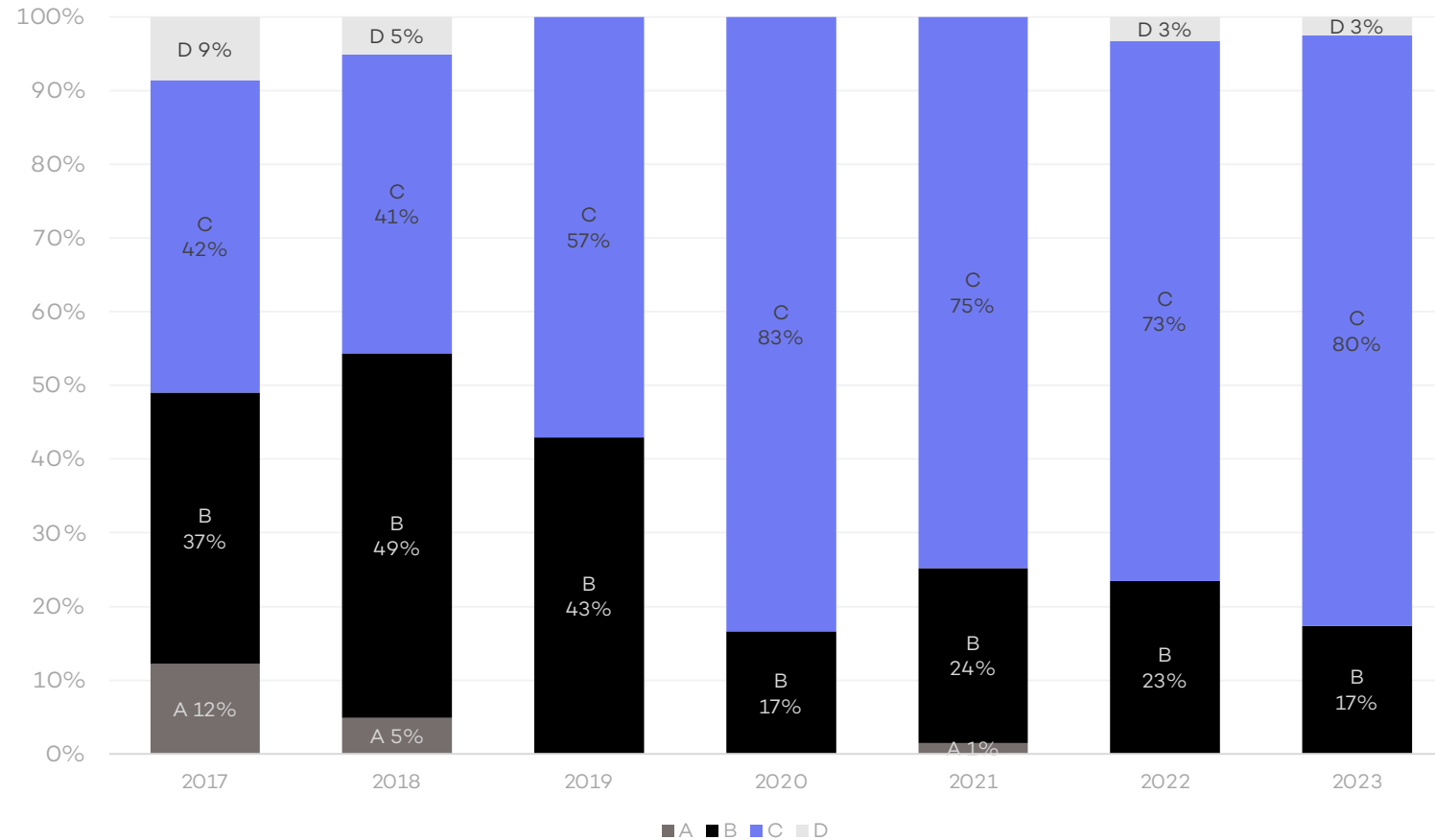
A* - lowest risk customers. Minimal chance of delays. Very low interest rate paid by customers.
A – very low risk customers. Low probability of default.
B – low risk customers. Small delays are likely, but offset by a higher interest rate.
C – medium risk customers. Higher delays and defaults are likely. 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.

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Interest rate, %

12,74%

average interest rate at **2023.09.30**
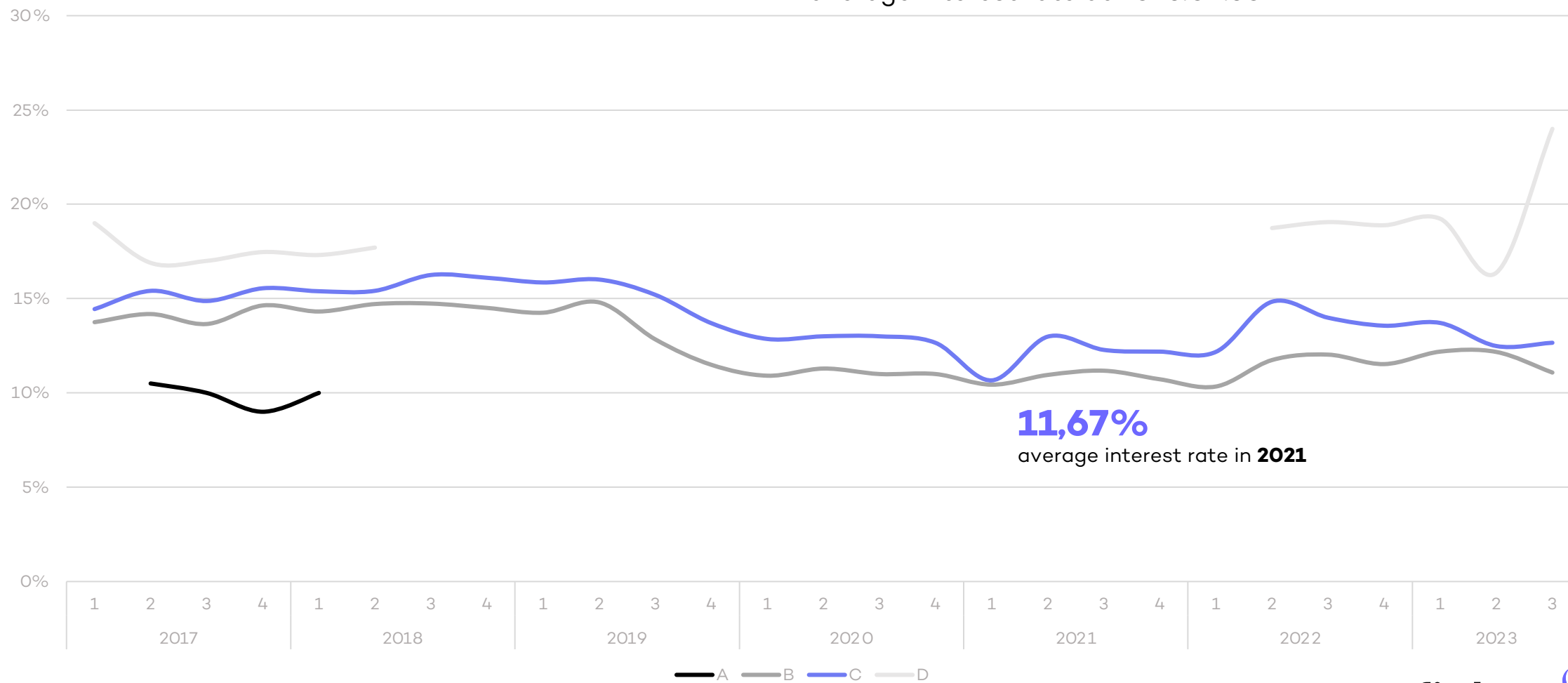
11,67%

average interest rate in **2021**

Legend: A, B, C, D

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Active debt prevention

In Q3:

Sent **23.269** (+18%*) emails and **5.352** (+27%*) text messages to the borrowers

28 (-27%*) contracts terminated

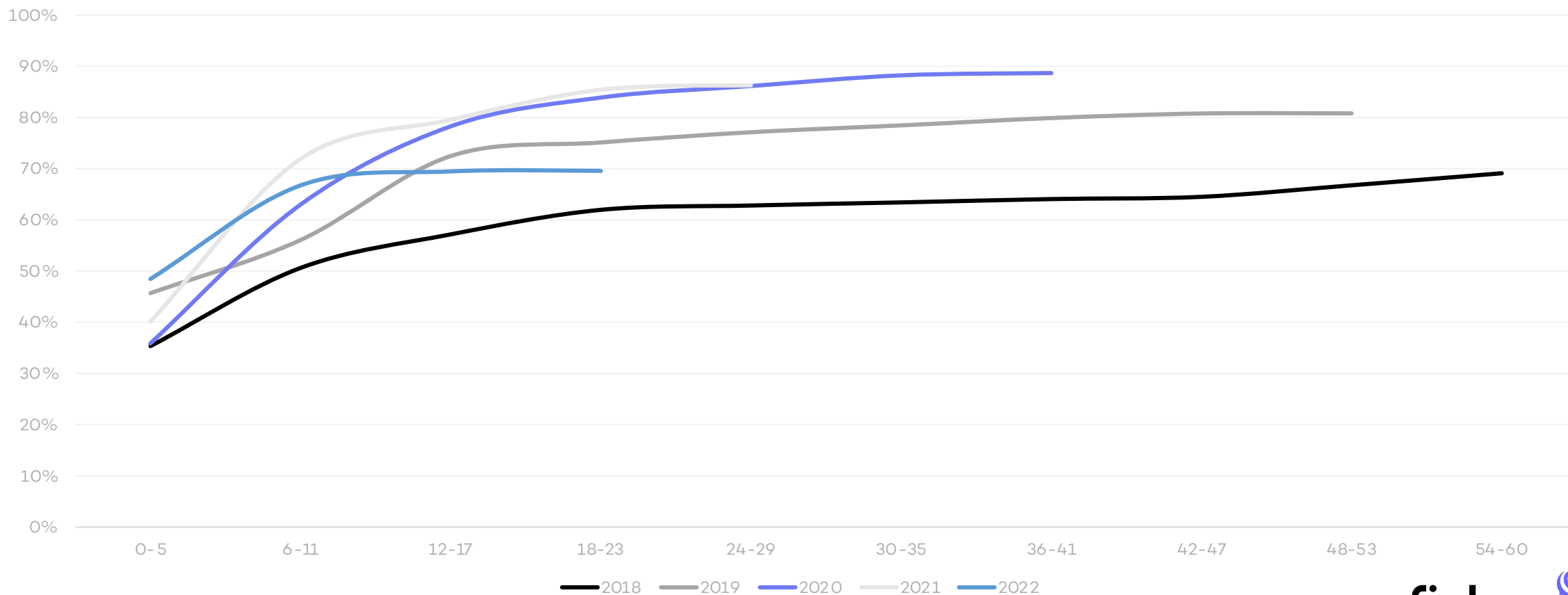**1.029** (-31%*) calls made to late borrowers

26 (-17%*) borrowers put to court

* Compared to 2023.06.30

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Loans recovered

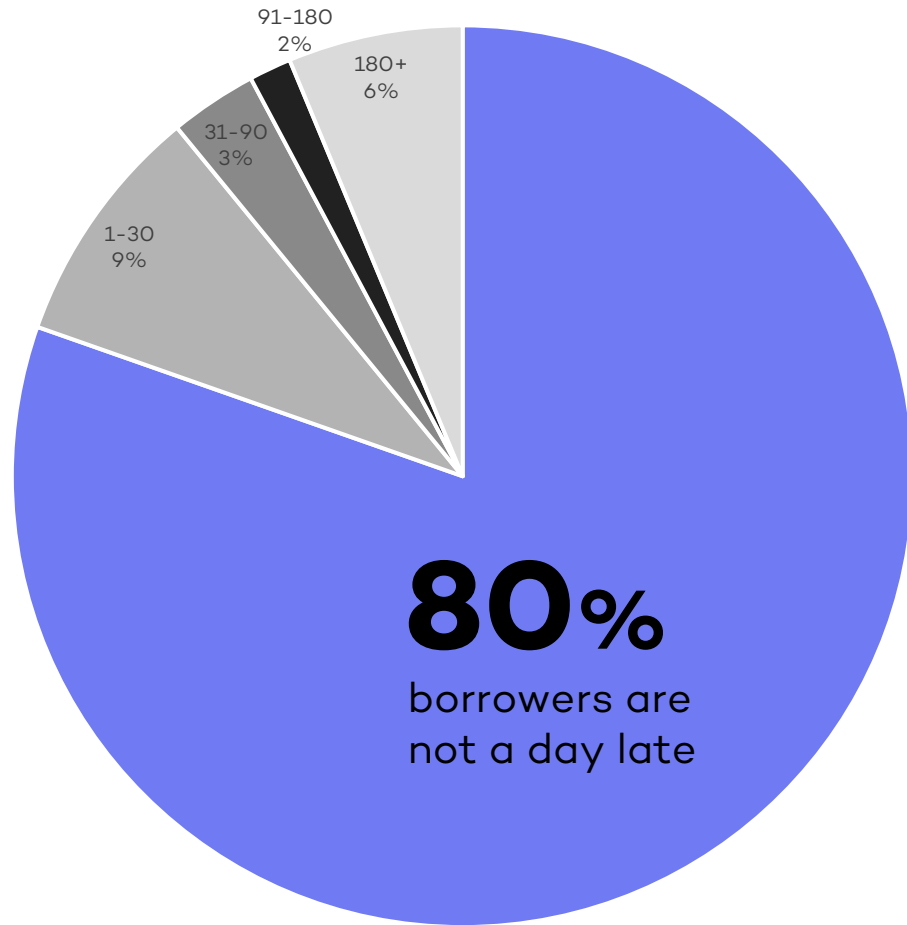during equal number of months after the start of recovery, % of outstanding principal at default

89%

of outstanding principal recovered of loans that defaulted in 2020

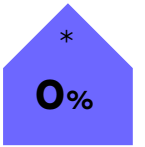Legend: 2018 — 2019 — 2020 — 2021 — 2022

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Portfolio composition

by days late, units

91-180
2%

180+
6%

31-90
3%

1-30
9%

80%
borrowers are
not a day late

■ 0 ■ 1-30 ■ 31-90 ■ 91-180 ■ 180+

82,4% borrowers made a
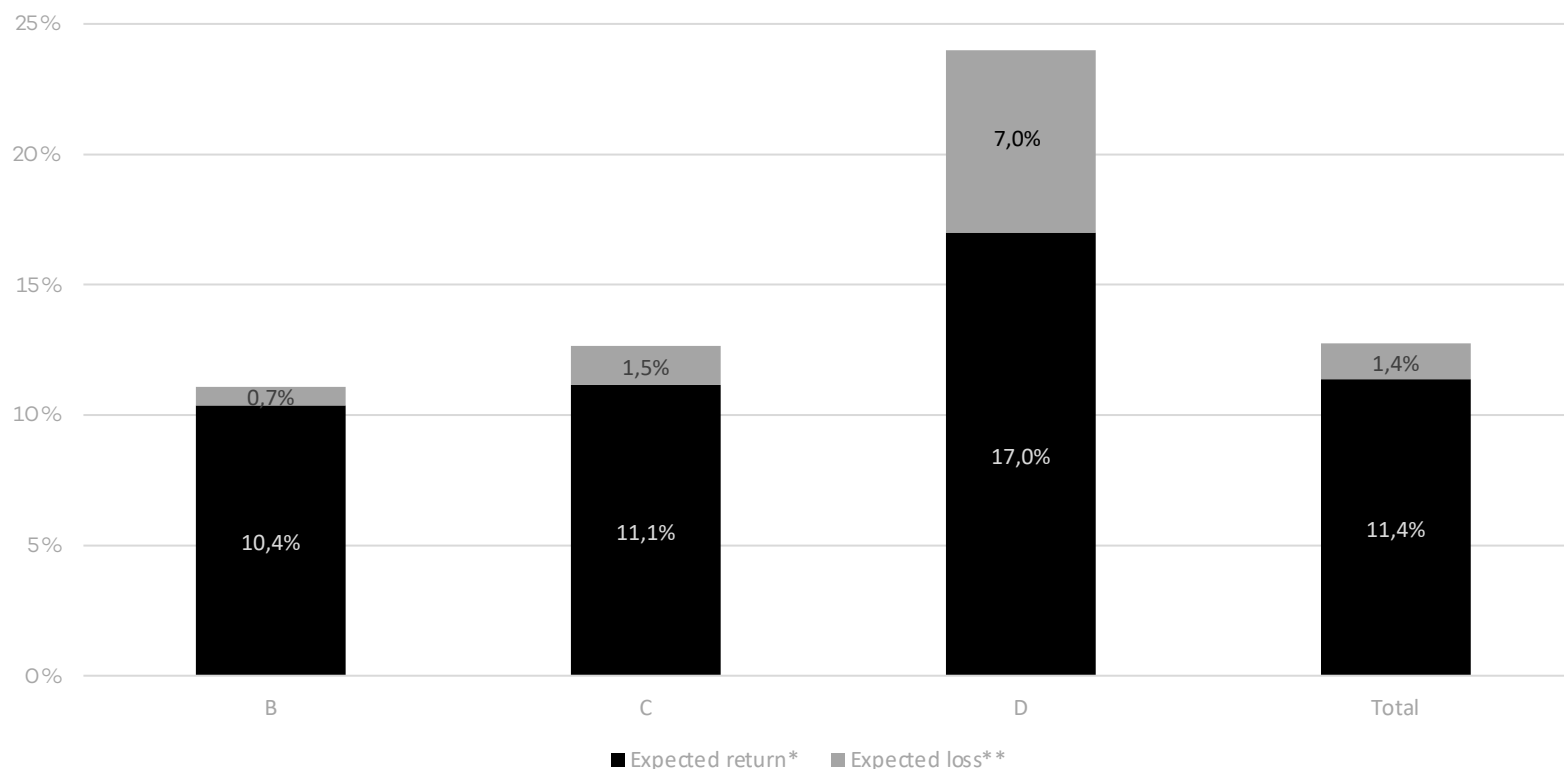payment in the last
30 days

*
0%

1,41% loans originated in 2023
have defaulted

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Return on loan portfolio

11,4%

Return on business loan portfolio

* **The expected return is calculated as :** Weighted avera 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 toal 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

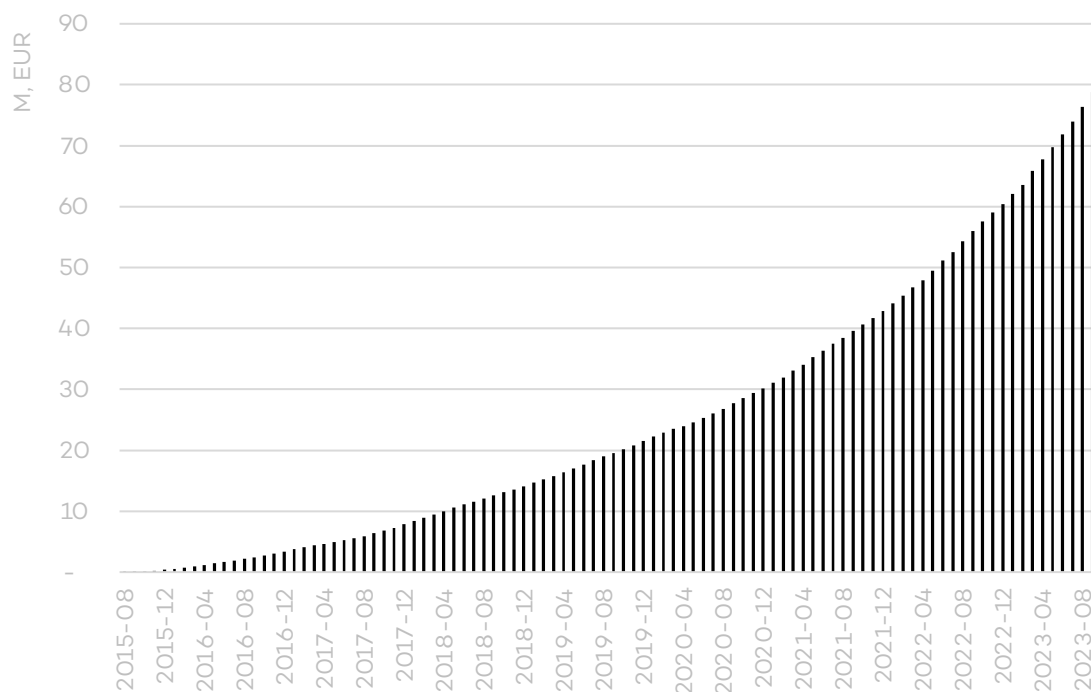*** We renewed the provision of D-rated loans in 2022, the expected recovery rate was equated to 60%.

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Consumer **loans**

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Consumer loans

35%

YoY growth

M, EUR

(x-axis labels: 2015-08, 2015-12, 2016-04, 2016-08, 2016-12, 2017-04, 2017-08, 2017-12, 2018-04, 2018-08, 2018-12, 2019-04, 2019-08, 2019-12, 2020-04, 2020-08, 2020-12, 2021-04, 2021-08, 2021-12, 2022-04, 2022-08, 2022-12, 2023-04, 2023-08)

8 years — in the market

28.524 units — loans issued — 12%

78,8M EUR — loans issued — 10%

3.380 EUR — average loan amount — 2%

12,4M EUR — interest paid out to the investors — 7%

*Compared to 2023.06.30

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Loan volume
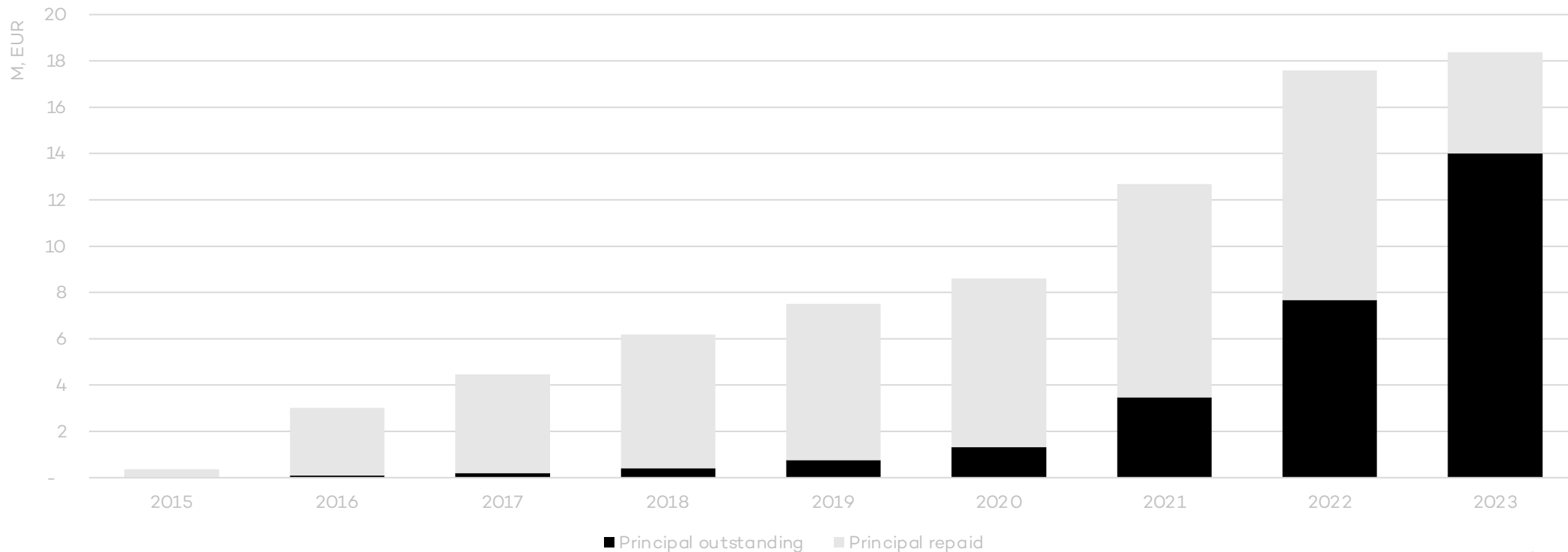
56% of loans issued in 2022 were paid back already

27,9M EUR

13% *

active loan portfolio at 2023.09.30
26 months average loan duration

■ Principal outstanding ■ Principal repaid
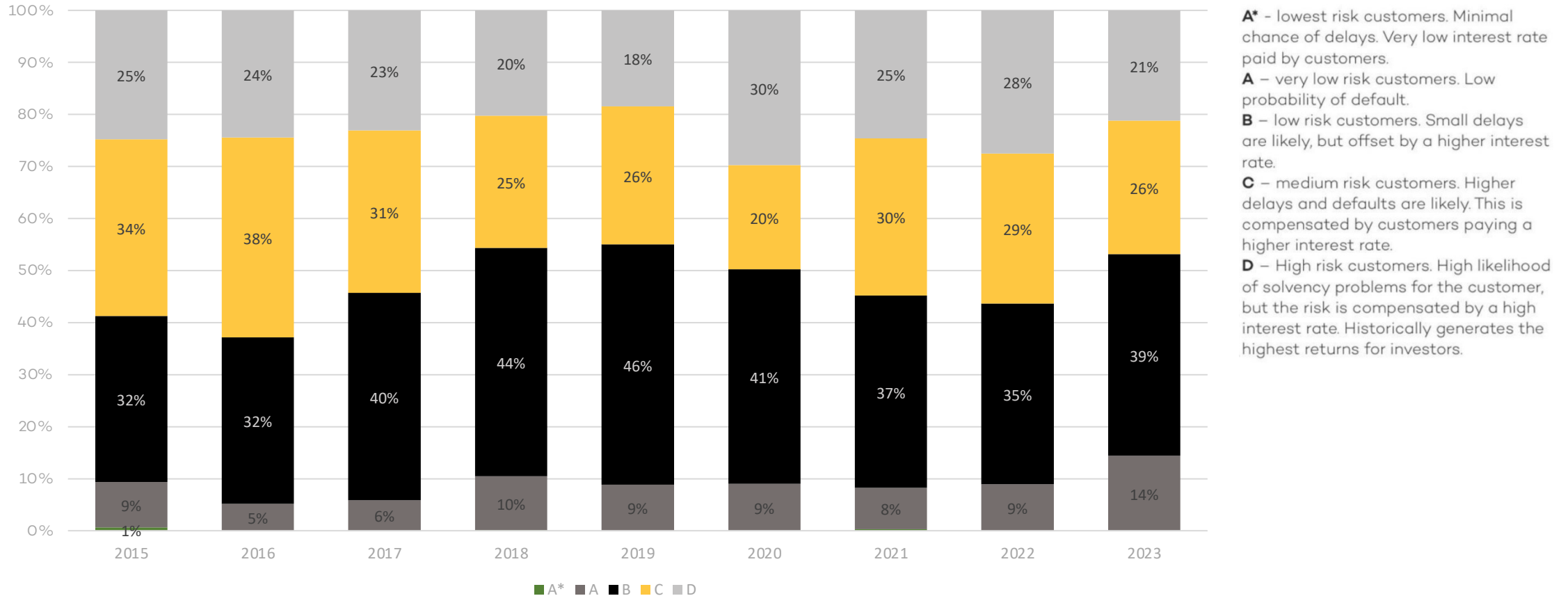
*Compared to 2023.06.30

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Distribution of loans, by rating, %

Due to Klix loans*, the share of customers with the lowest risk has increased significantly

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.

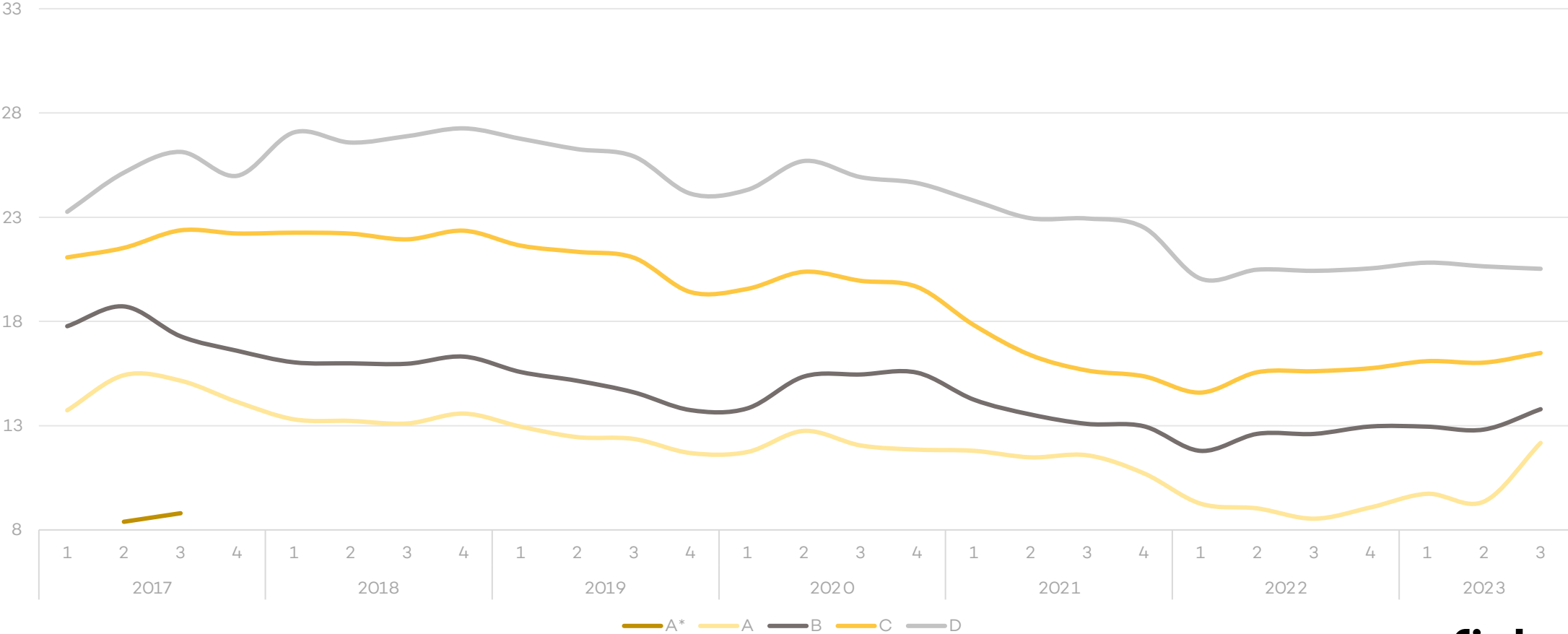■A* ■A ■B ■C ■D

* Loans when buying goods in partner e-stores.

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Interest rate, %

15,68% effective annual interest rate at 2023.09.30

Average interest rate hit their **highest point** since 2021 Q4

A*   A   B   C   D

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Active debt prevention

In Q4:

88.847 (+8%*) emails and **30,619** (+5%*) text messages were sent to borrowers

141 (-6%*) loan contracts were terminated

1.484 calls were made to the late borrowers

134 (-19%*) borrowers were put to court

* Compared to 2023.06.30

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Portfolio composition

by days late, units

180+
13%

91-180
3%

31-90
4%

1-30
7%

73%
borrowers not a
day late
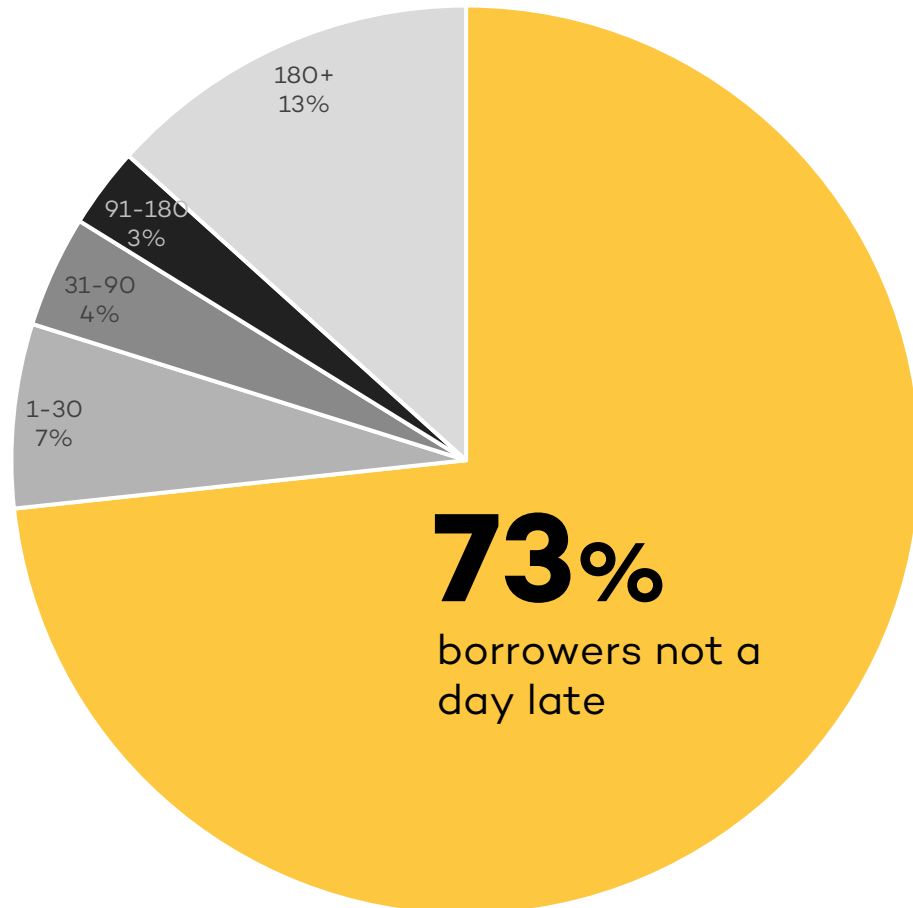
80,0% borrowers made a
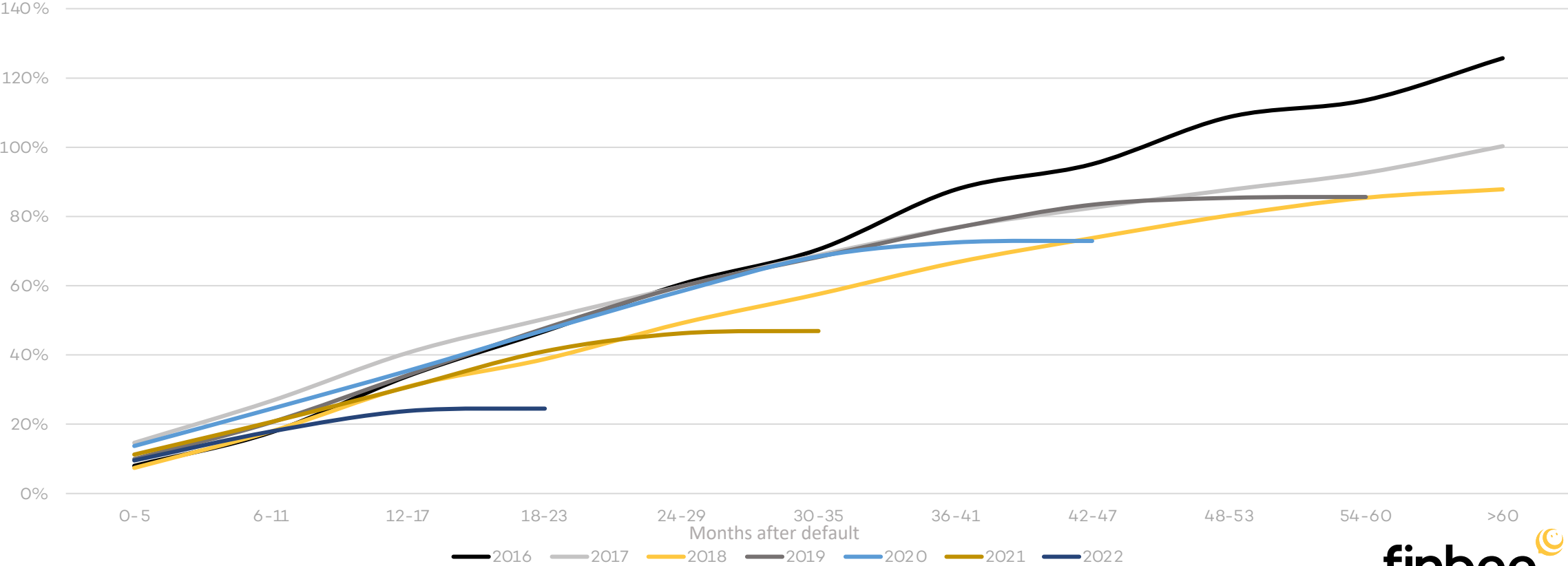payment in the last
30 days

2,7%

2,28% loans originated in 2023
have defaulted

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Loans recovered

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

5-6 years

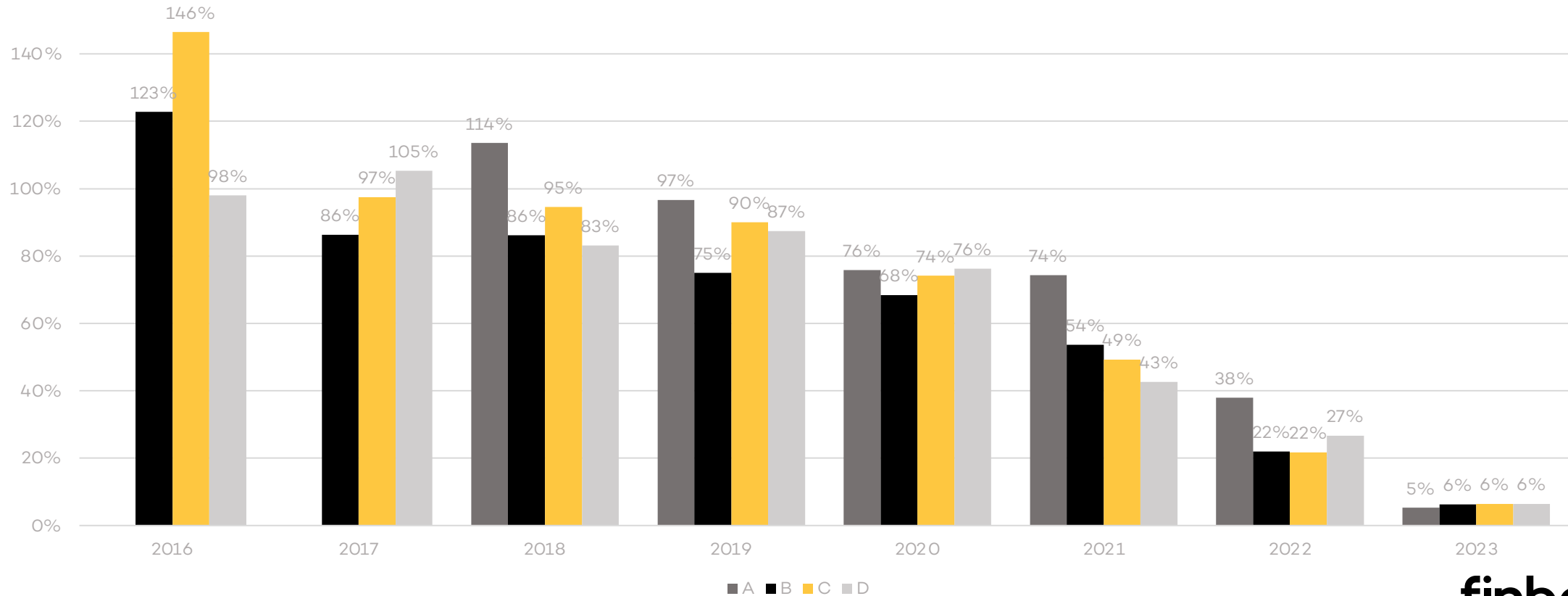Historical duration until defaulted principal is fully recovered

Months after default

2016   2017   2018   2019   2020   2021   2022

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Debt collection performance, by rating

Debt collected, % of outstanding principal at default

A rated

customers have the best collection performance, therefore low-risk customers pay lower interest on loans

	2016	2017	2018	2019	2020	2021	2022	2023
A		86%	114%	97%	76%	74%	38%	5%
B	123%		86%	75%	68%	54%	22%	6%
C	146%	97%	95%	90%	74%	49%	22%	6%
D	98%	105%	83%	87%	76%	43%	27%	6%

■ A ■ B ■ C ■ D

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Return on loan portfolio

14,0%

Return on consumer loan portfolio
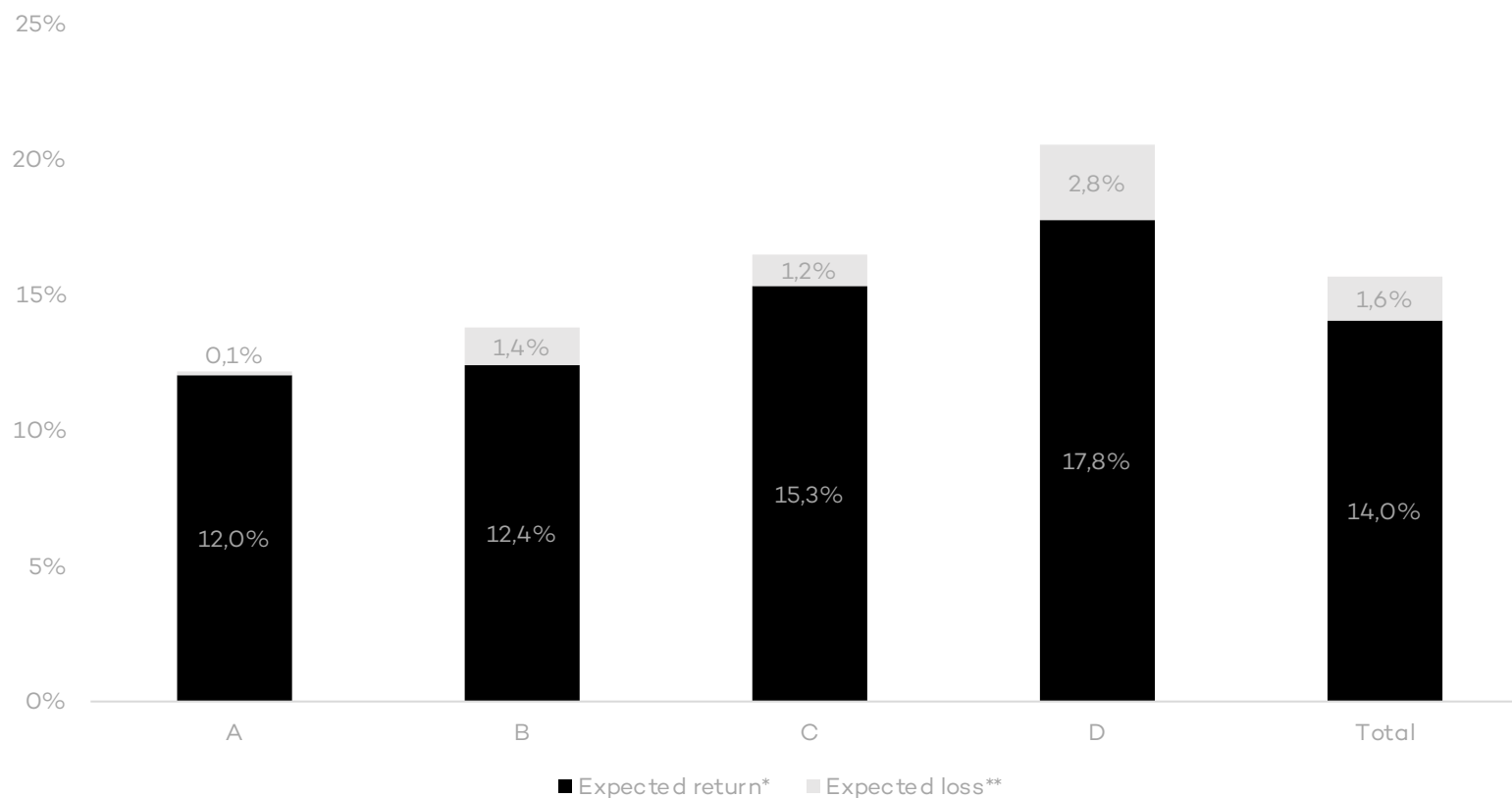
* **The expected return is calculated as :** Weighted average interest rate (%) – expected loss (%) on the original loan amount
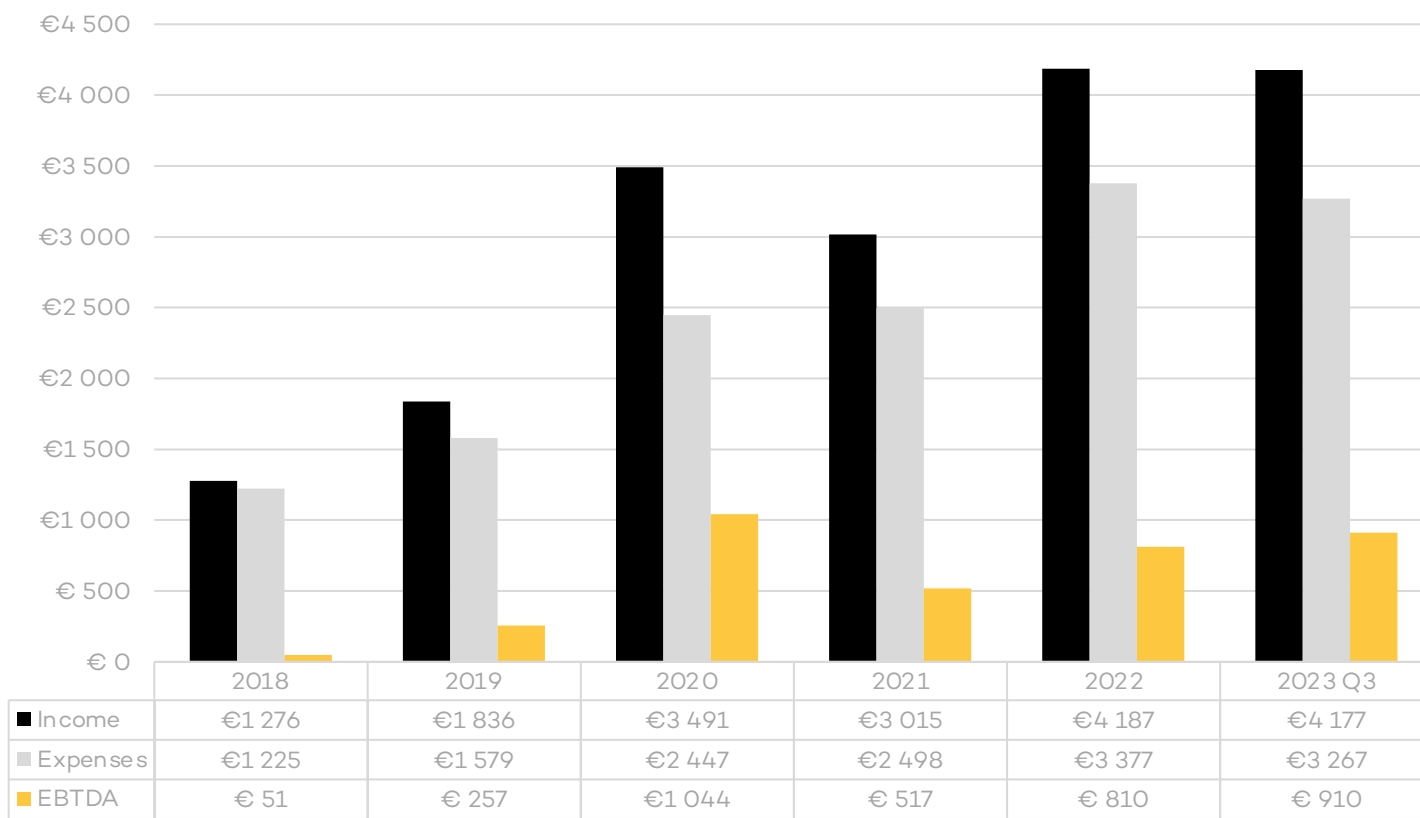
** **Expected loss (%) = PDw x EAD x (1-RR)**

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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

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Finbee financial results, '000 Eur

	2018	2019	2020	2021	2022	2023 Q3
Income	€1 276	€1 836	€3 491	€3 015	€4 187	€4 177
Expenses	€1 225	€1 579	€2 447	€2 498	€3 377	€3 267
EBTDA	€ 51	€ 257	€1 044	€ 517	€ 810	€ 910

Profitable and fast-growing business

In 2023 Q3 we issued **62% more business and 42% more consumer loans** than in 2022 Q3

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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.

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Thank you for your friendship!

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