

# Finbee performance report 2023 Q2



# Finbee CEO insights



“ In the second quarter of this year, we continued to grow rapidly: compared to the second quarter of last year, we issued 37 percent more consumer loans, the amount of which reached **6.0 million euros**, and business loan issuance grew by 130% and reached **6.3 million euros**. Along with the rapid growth, we are able to maintain a good quality of the loan portfolio. The share of customers paying installments on time remains stable, and the share of more than 90 days overdue customers in the loan portfolio is steadily decreasing.

During second quarter of 2023 together with you, we invested **3.66 million euros** in consumer and business loans, part of which we transferred to the nordIX fund. In this way, we can ensure even faster financing of loans.

“

**Darius Noreika, CFA**

# Financing tendencies

“ The continued increase in interest rates in the euro area continues to create conditions for the growth of our lending volumes, **especially in the business financing segment.** ”

*In the past, when the EURIBOR was negative, customers tended to get financing from banks at a lower price, despite the particularly complicated application evaluation processes. Currently, when borrowing from banks has become significantly more expensive, customers are more actively using the services of alternative financing, where loans cost a little more, but it is **much easier to borrow.***

*In addition, Finbee's consumer and business loans are provided at fixed interest rates, so when borrowing from us, customers can feel secure that their existing loans will not become more expensive. It is worth noting that **only 5.8% of consumer loan recipients have a mortgage**, so the rising EURIBOR does not affect most of our customers.*

*Meanwhile, investors have the opportunity to build better quality loan portfolios by financing lower risk clients: **17.8% consumer loans issued in the second quarter were A-rated** while in 2022 Loans issued to A-rated customers accounted for 8.9%.*

“

# Platform updates

“ Last quarter we saw a significant increase in the number of **new investors**. New investor registrations grew by 34% compared to the second quarter of last year. Funds transferred by investors for investment increased **more than 2 times**, while the growth of withdrawn funds reached only 6 percent. This shows that not only new investors, but also existing ones, seek to take advantage of the opportunity to form and grow good quality loan portfolios.

Last quarter, we presented the following updates to investors:

- set a **minimum account balance** that is not lent by automatic lending portfolios - this allows investors to accumulate the desired amount of free funds in the account and, if necessary, transfer it to the bank account.
- it is shown **when the client paid** the loan installment and, in case of delay, how many days it was late;
- we added the debt collection comment, when the recovered funds are used to cover recovery costs, with information on **what percentage** of these costs have already been covered.
- in the primary market, we display the amount of loans the borrower **has or had** in the past on the Finbee platform;

Thank you for trusting Finbee and actively investing!

**Darius Noreika, CFA**

“ **finbee** 

A group of four hikers is gathered on a large, light-colored rock formation on a mountain. One person is sitting on the rock, while three others stand nearby, looking out over a vast, forested valley. The background shows rolling mountains under a clear sky. The scene is brightly lit, suggesting a sunny day.

finbee

# Our Investors



finbee

## Investor: convenient and simple.

---

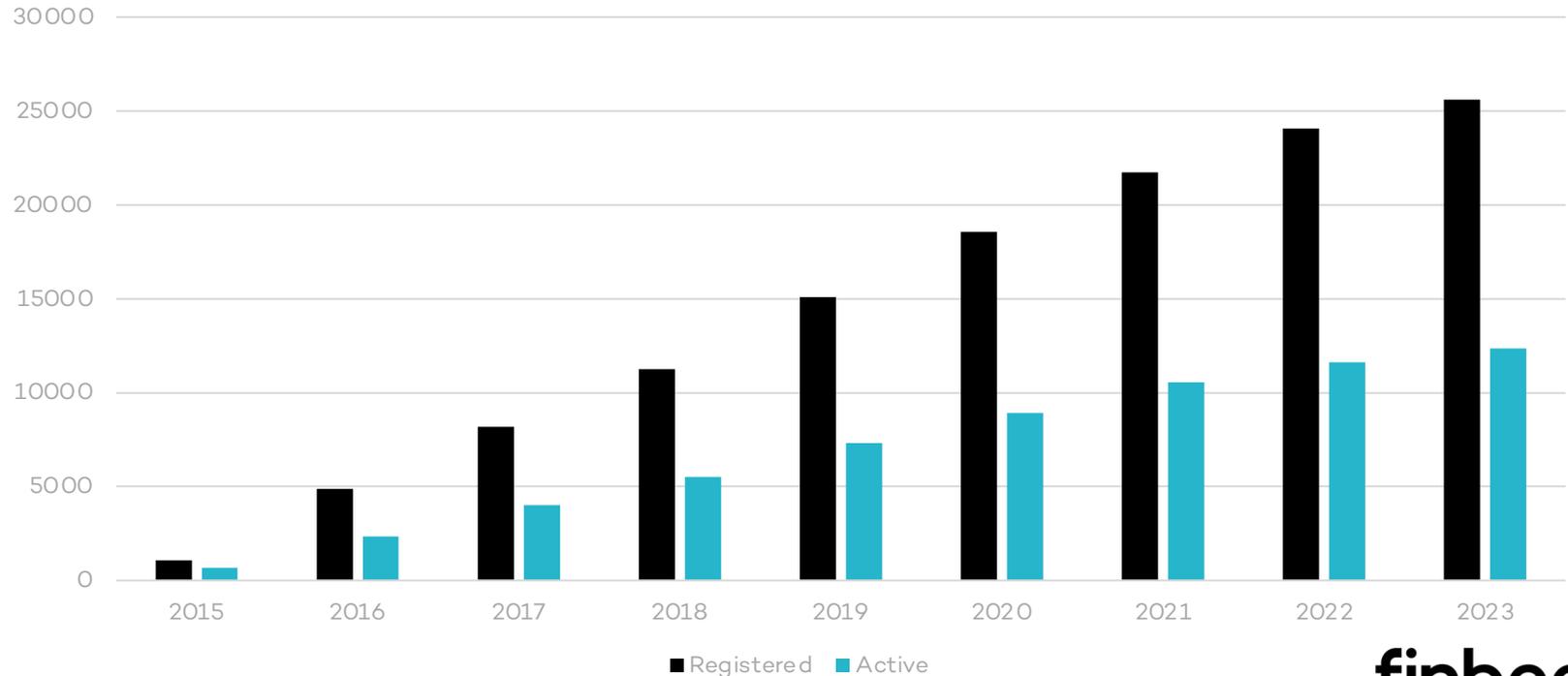
*"The Finbee experience is very good, the system is **convenient and simple**. It's great that you have many secured business loans. I am happy to invest in them."*

-investor **Mindaugas Plukas, owner of MB „MP Consulting”**.

# Our investors

# 25.593

The amount of registered investors at the end of 2023 Q2. Almost **12.000** of our investors have made **at least one investment**.



# Where do you rank?

## Where do you rank by portfolio size?

Place	Portfolio size	2023 Q1
TOP legal entity	6.741.089 Eur	↑1%
TOP private inv.	512.415 Eur	↑1%
Top 10% active*	6.432 Eur	
Top 50% active*	629 Eur	
Top 90% active*	56 Eur	

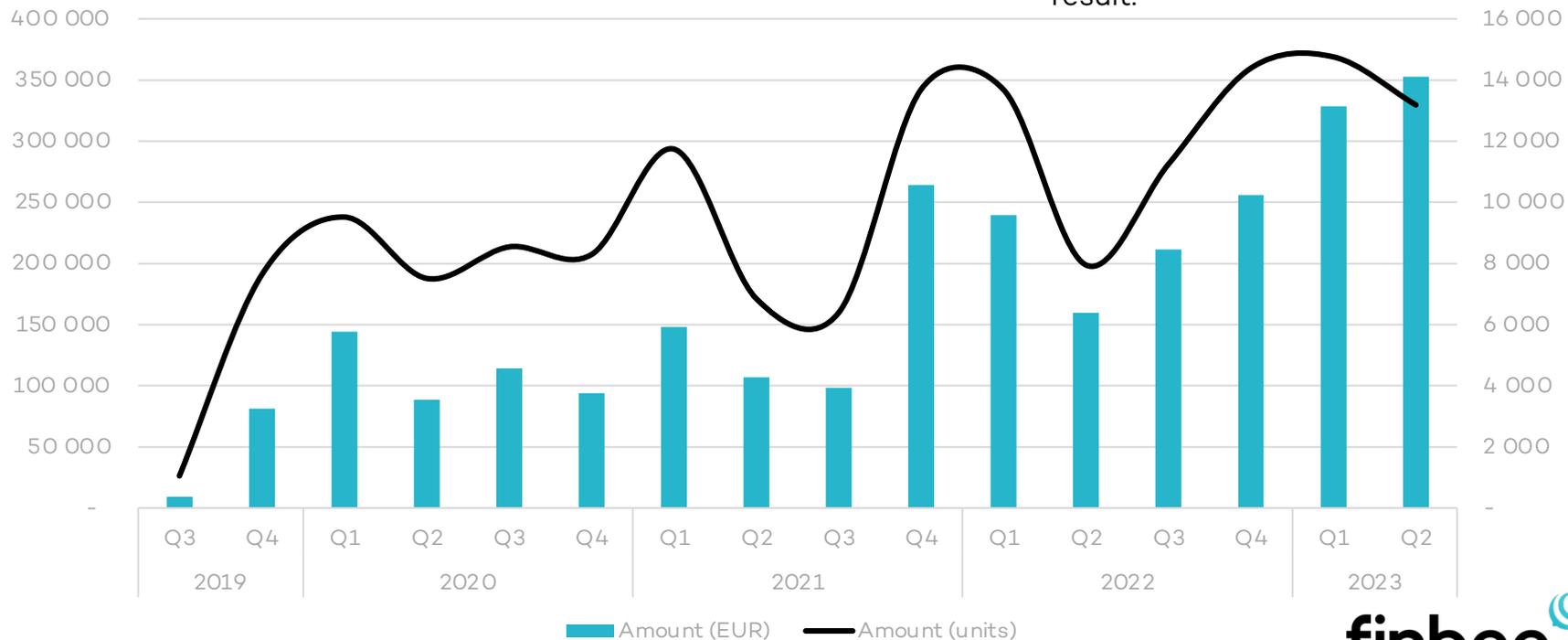
*\*Among those who invested in at least one loan in the last 12 months.*

# Secondary market statistics

Growing liquidity

## 328.727 Eur

Amount of loans bought in secondary market during 2023 Q2. The turnover **has already exceeded** the whole 2021 result.



**Where  
are  
you?**

## Where do you rank by secondary market trade volume in 2023?

Place	Bought	Sold
TOP	70.906 Eur	75.779 Eur
TOP 10%	1.980 Eur	1.530 Eur
TOP 50%	71 Eur	71 Eur
TOP 90%	5 Eur	6 Eur

# Finbee co-investment

In 2023 Q2 we invested together:



**2,94M EUR**

to business loans

**↑92%\***



**0,72M EUR**

to consumer loans

**↓13%\***



**8,30M EUR**

Finbee active portfolio

**↑10%\***

**finbee** 

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

\* Compared to 2023.03.31



**finbee**  
verslui

# Business loans

# Finbee Verslui CEO Insights

“

- Banks are more and more conservative in assessing businesses credit risk. Therefore, companies are even more actively looking for alternatives. This is evidenced by the continued growth of our loan portfolio - the total amount of loans issued in the first half of the year exceeded **12,5 million EUR** - twice as much as last year in 2022 H1..
- We observe certain sectors in which the growth of loan issuance is faster than average this year, for example, construction, production. Construction businesses usually get paid a month or two after the work is done, which creates a need for working capital. Manufacturers traditionally borrow to buy larger quantities of raw materials.
- There are still sectors where growth has slowed down due to the **tightening of our credit risk policy**: wholesale trade, transport, restaurants. We see these sectors as extremely sensitive in the short to medium term. Protecting investors' funds is of utmost importance to us.
- We finance an increasing share of **larger businesses** to which we can offer cheaper financing, and as a result the demand is only growing.

**Thank you** for trusting and investing to Lithuanian businesses!

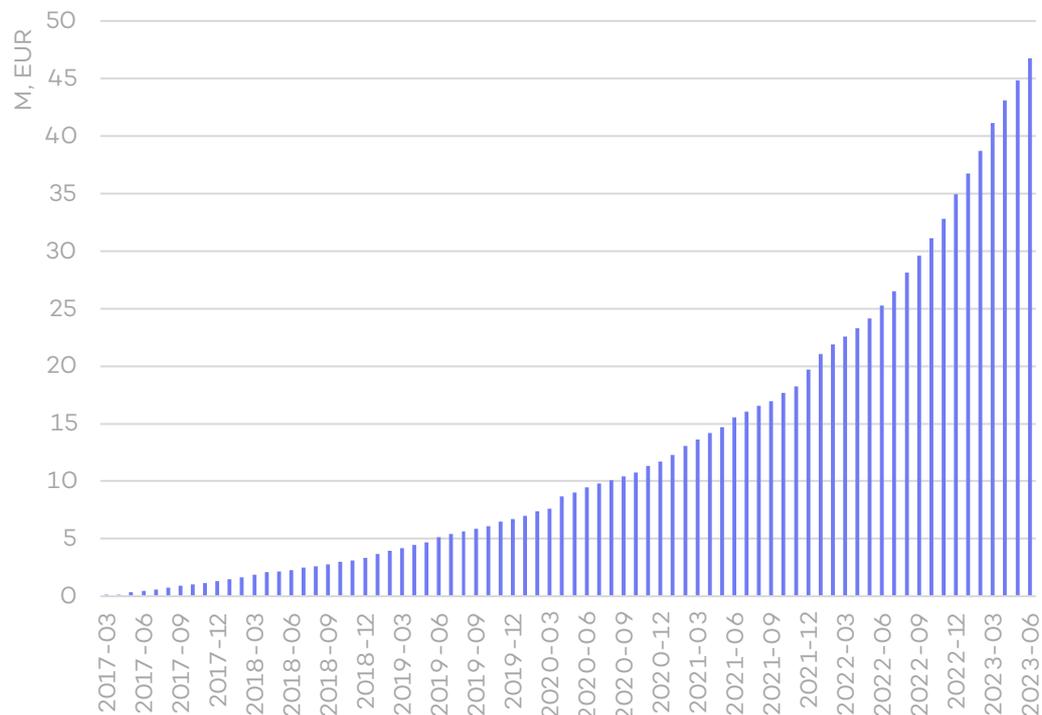
**Tomas Mačiulaitis**

“  
**finbee**  
verslui



# Our business loans

**67%** average YoY growth



**7 years**  
in the market

**3.386 units**  
loans issued

↑ 9%\*

**46M EUR**  
loans issued

↑ 13%\*

**13.816 EUR**  
average loan amount

↑ 3%\*

**3,59M EUR**  
interest paid to the  
investors

↑ 19%\*

\* Compared to 2023.03.31

# Loan volume

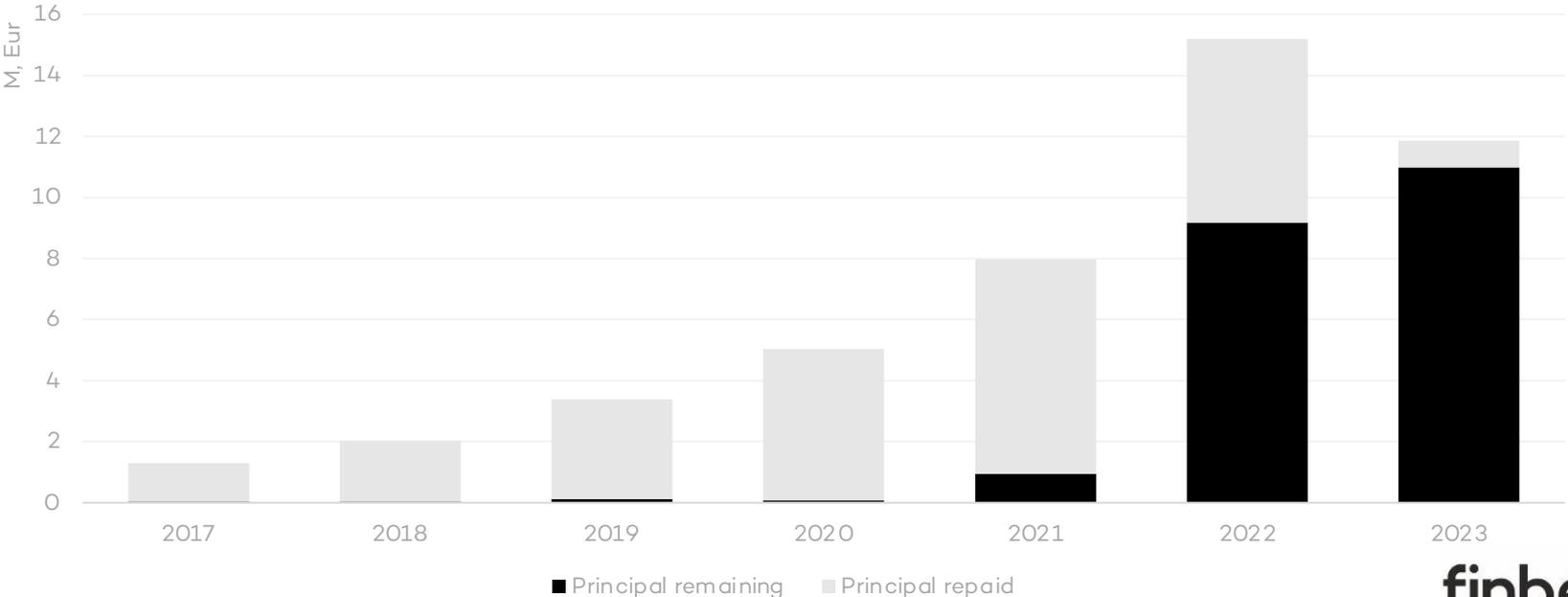
## 21,3M EUR

active loan portfolio 2023.06.30

↑15%\*

**20 months**

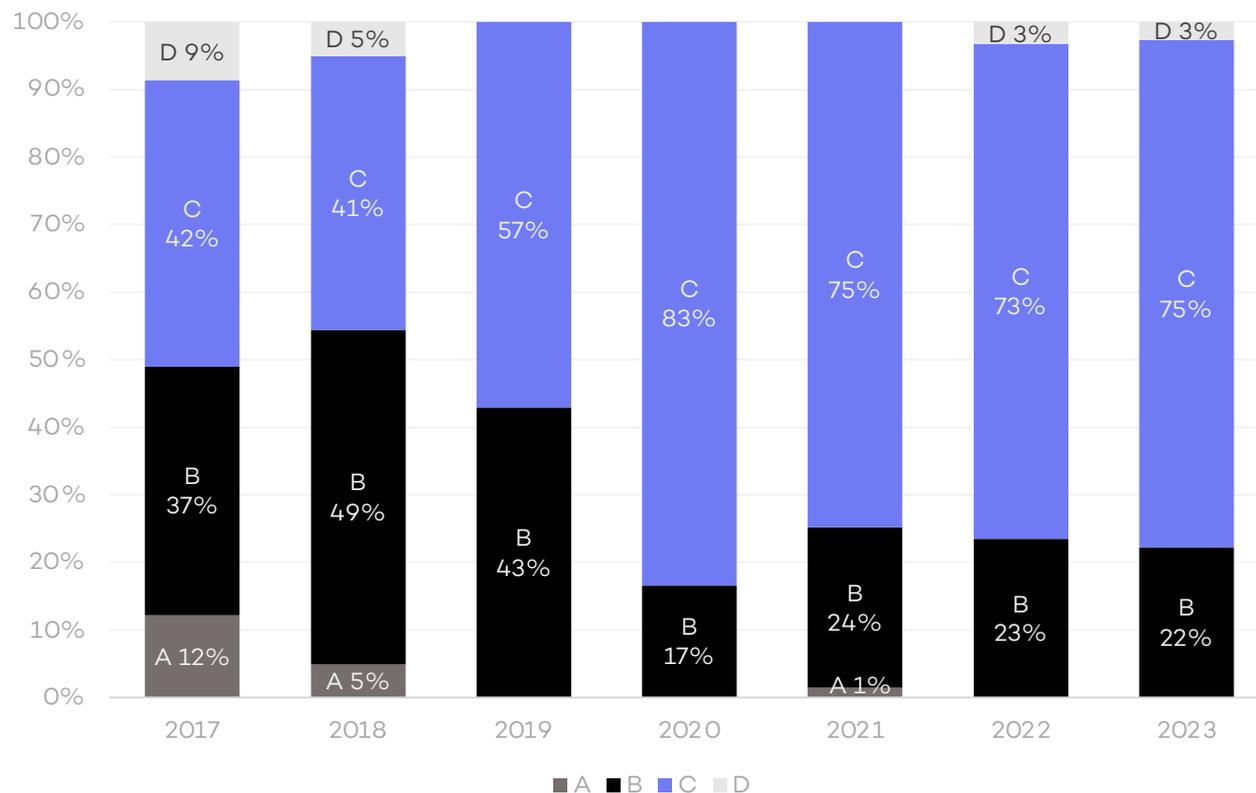
average loan duration



\* Compared to 2023.03.31

# Business loans by rating, %

Stable composition of the portfolio

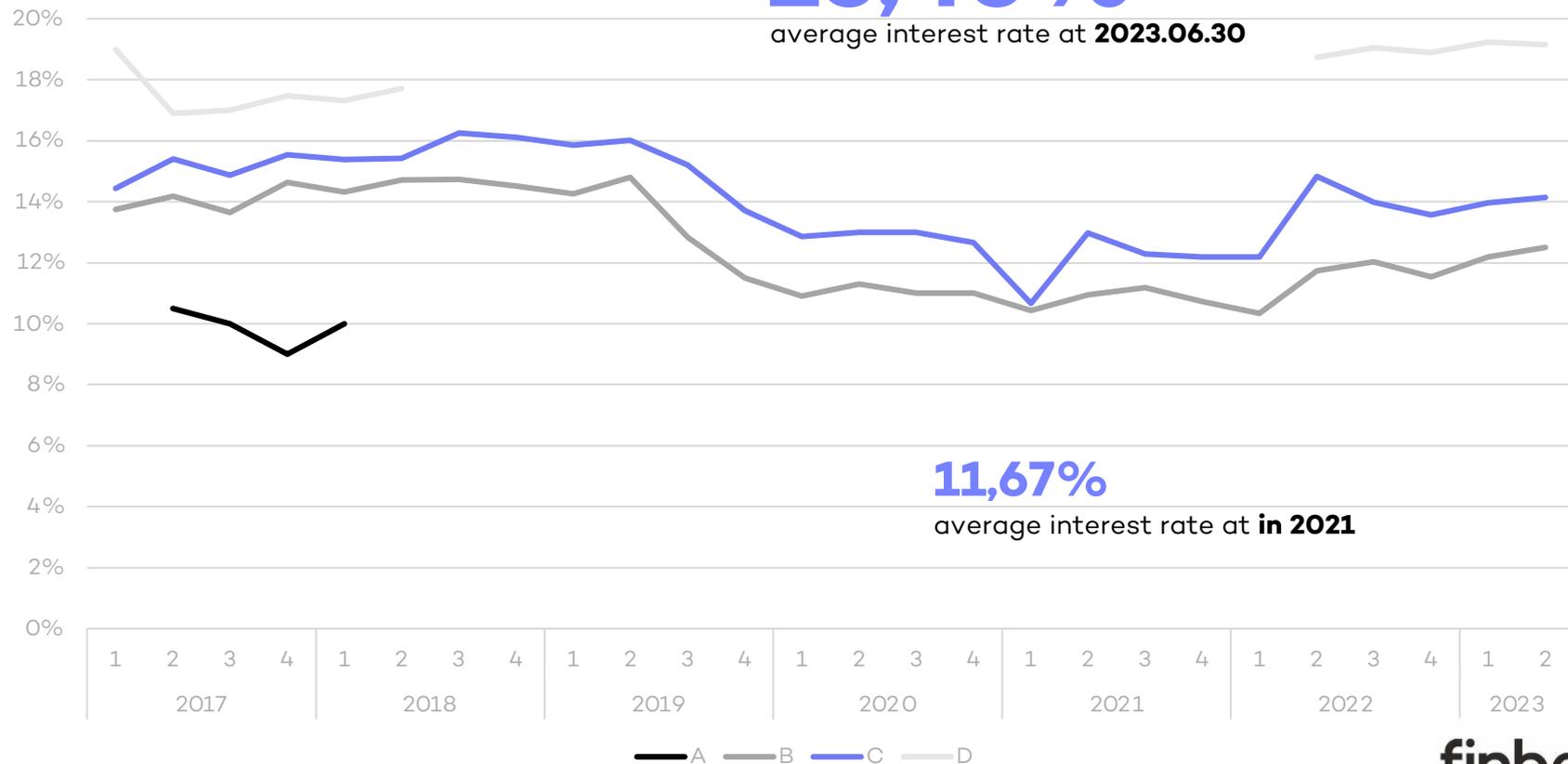


- A\*** - lowest risk customers. Minimal chance of delays. Very low interest rate paid by customers.
- A** - very low risk customers. Low probability of default.
- B** - low risk customers. Small delays are likely, but offset by a higher interest rate.
- C** - medium risk customers. Higher delays and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

# Interest rate, %

# 13,45%

average interest rate at **2023.06.30**



# 11,67%

average interest rate at **in 2021**

# Active debt prevention

In Q2:



Sent **19.712 (+6%)** emails  
and **4.190 (+1%)** text  
messages to the borrowers



Made **1.484** calls to late  
borrowers



Terminated **38 (+35%)**  
contracts



Put **31 (+7%)** borrowers to the  
court

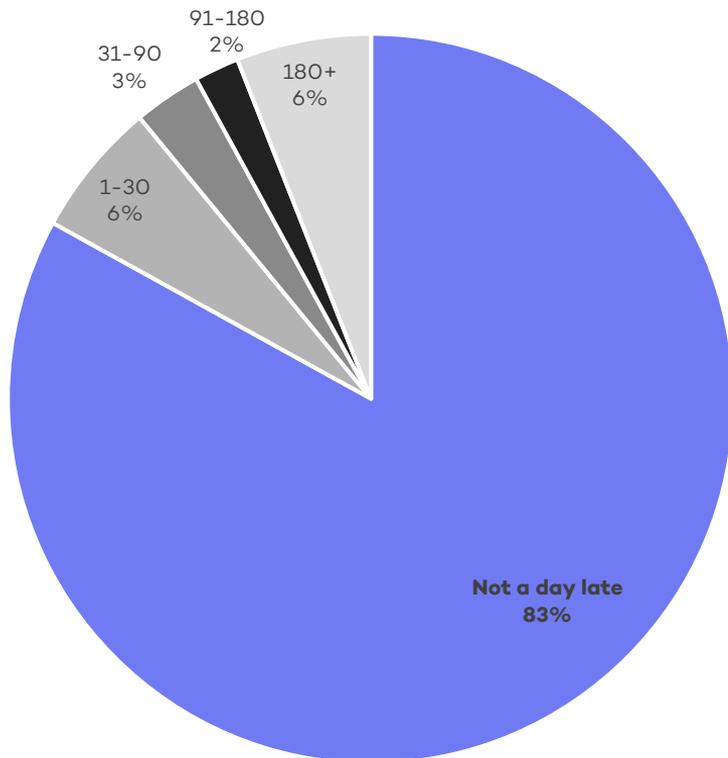
## Recovery

How do we deal with late  
borrowers?

# Portfolio composition

by days late, unites

**83%** borrowers not a day late



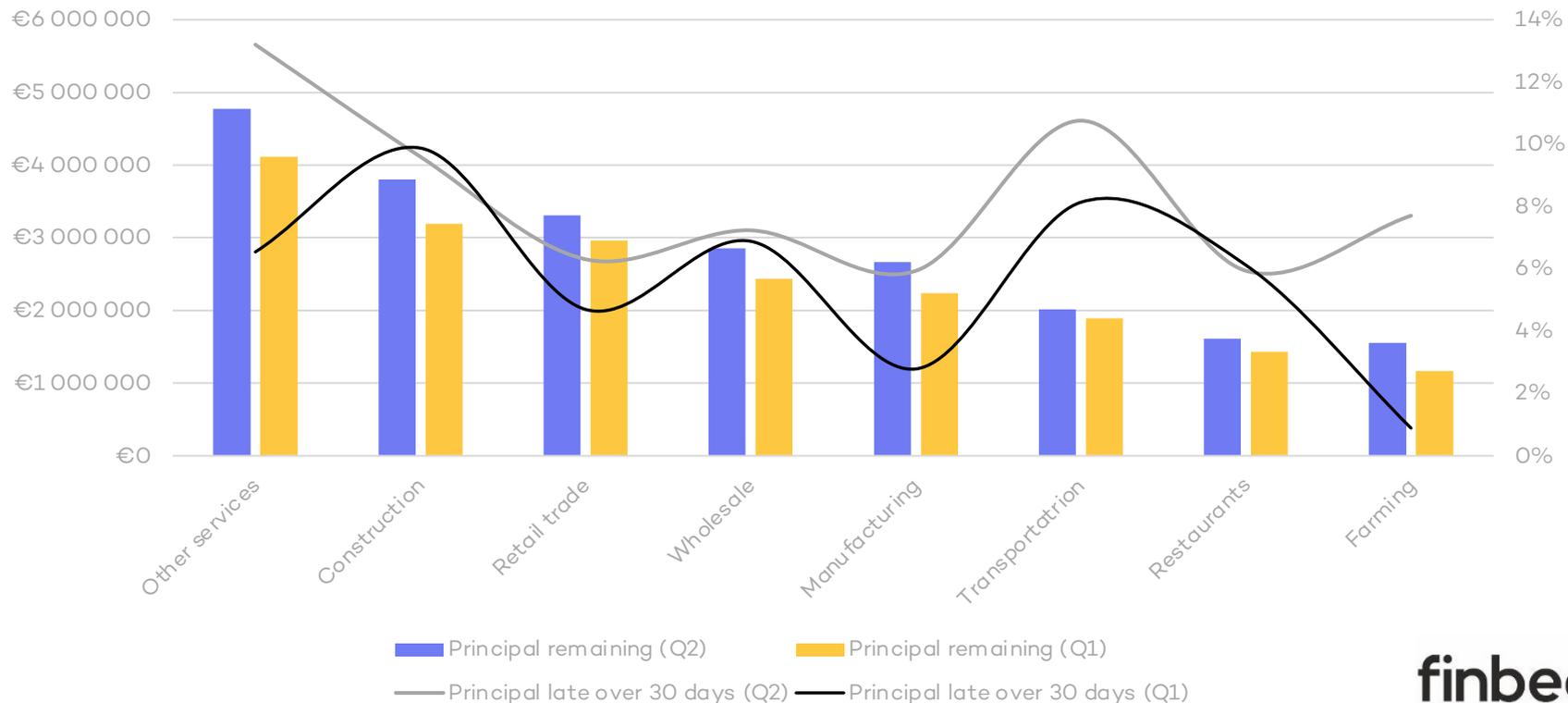
**83%**  
not a day late

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

**6,01%**  
loans originated in 2022  
have defaulted

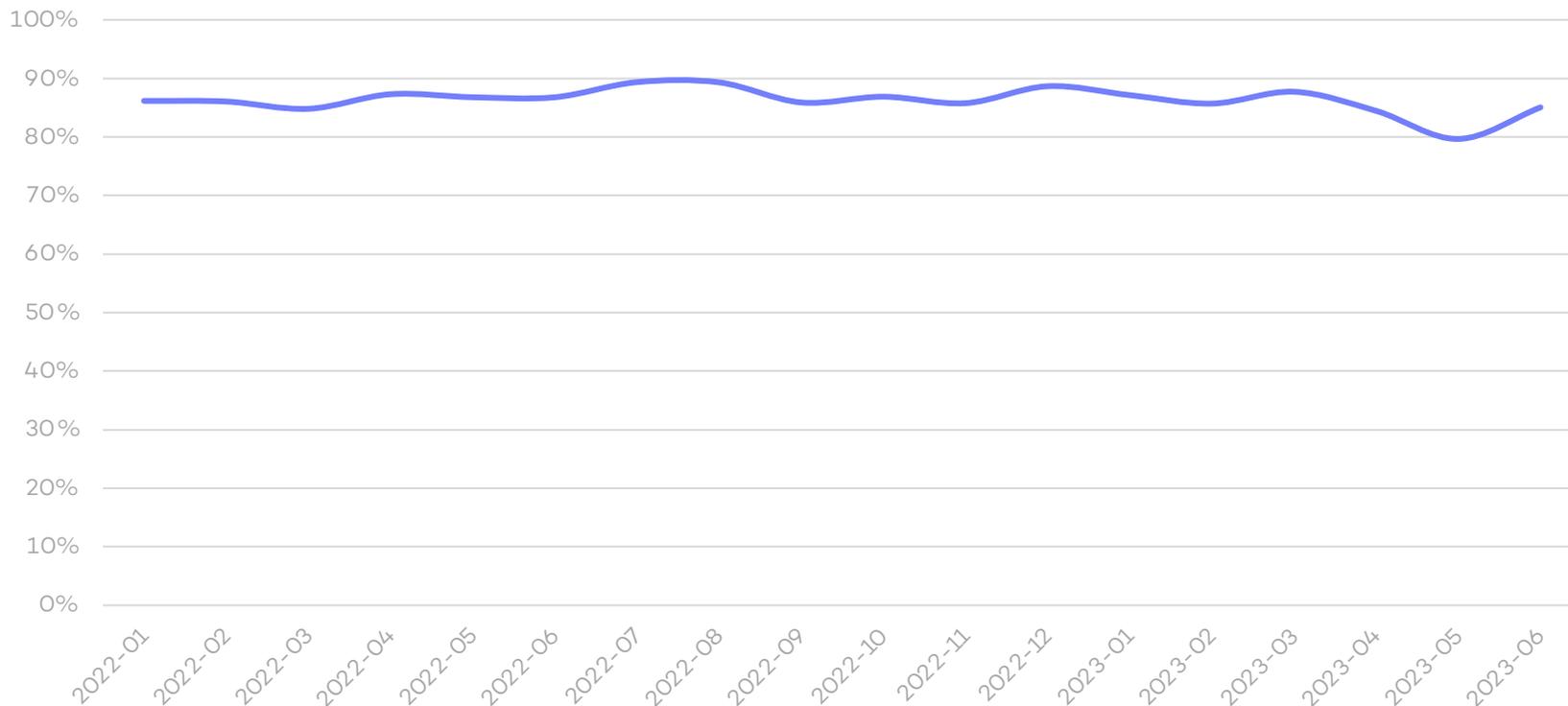
# Business loans portfolio, by sector

Delays over 30 days have increased in almost all sectors - we are actively monitoring the situation



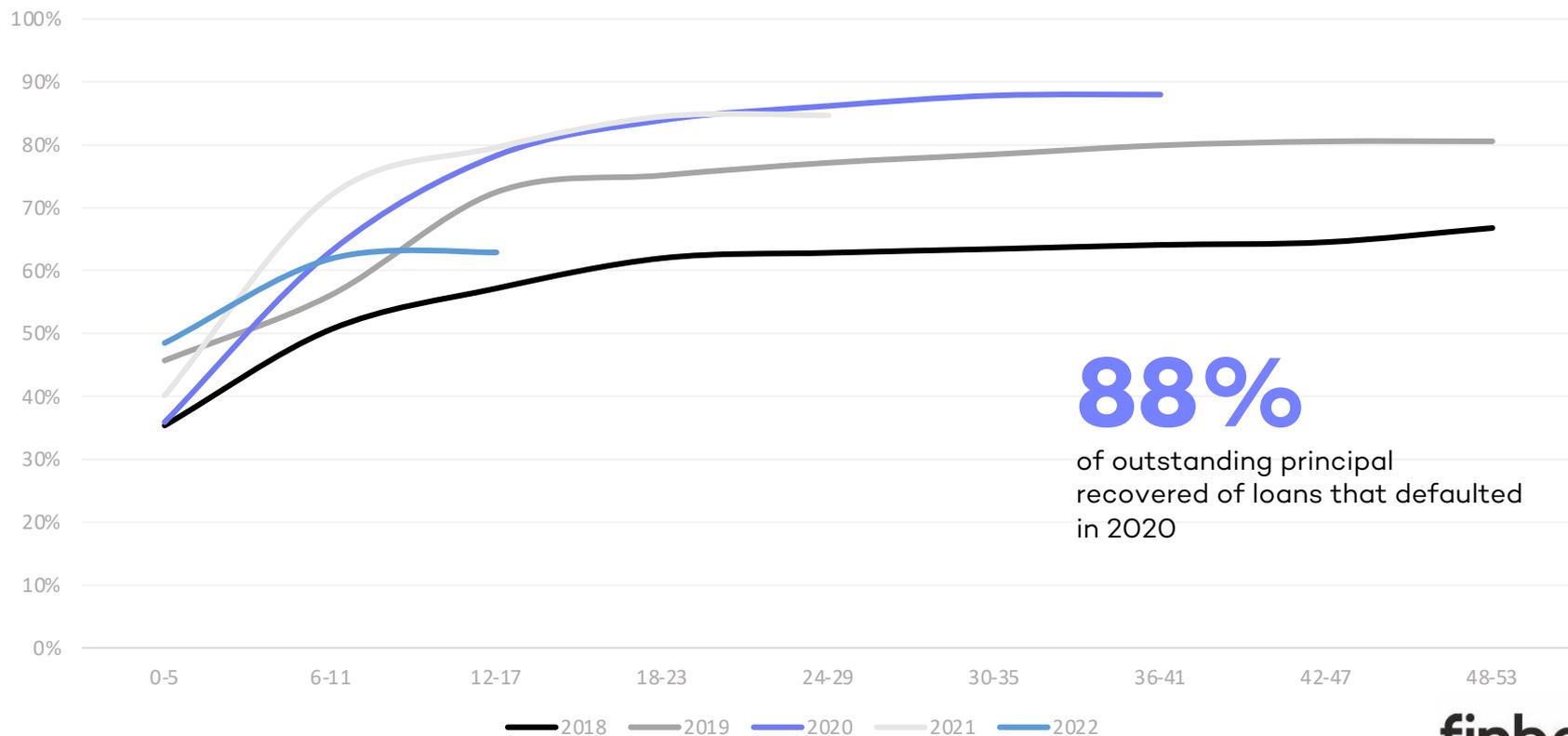
# Payments are back to normal

Installments paid on time, % of loans with active contracts



# Loans recovered

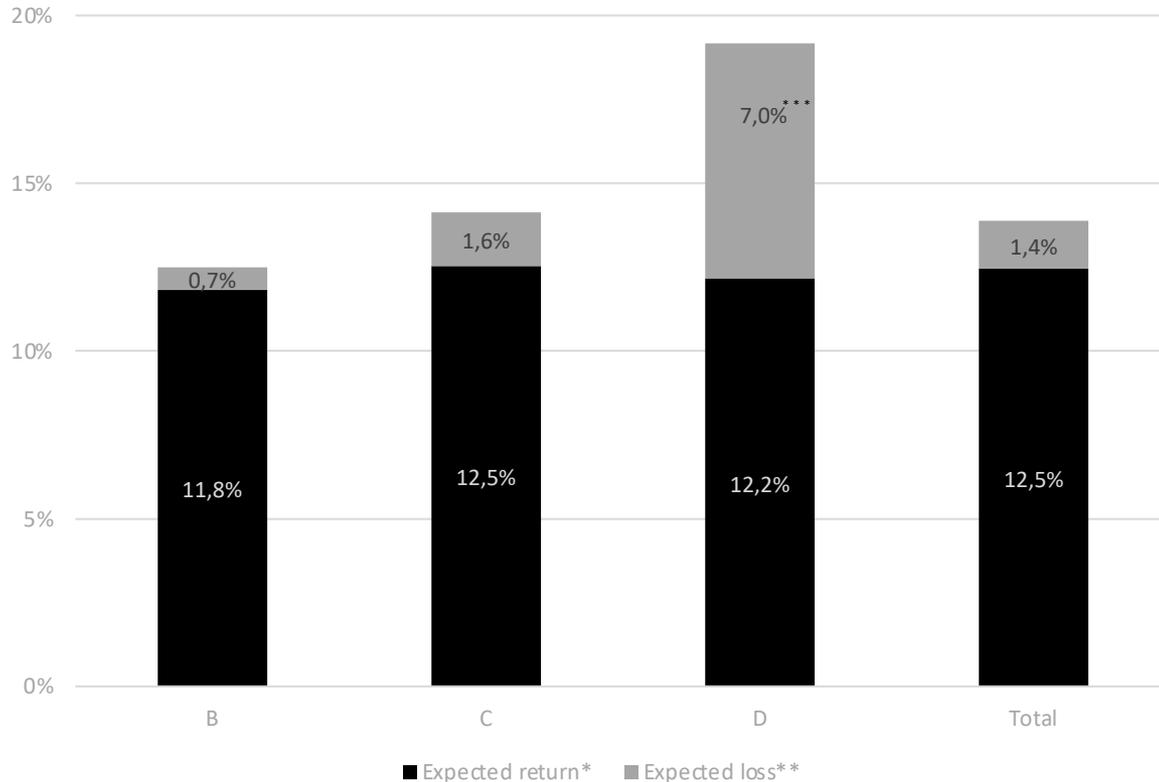
during equal number of months after the start of recovery, % of outstanding principal at default



**88%**

of outstanding principal  
recovered of loans that defaulted  
in 2020

# Return on loan portfolio



## 12,5%

Return on business 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

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

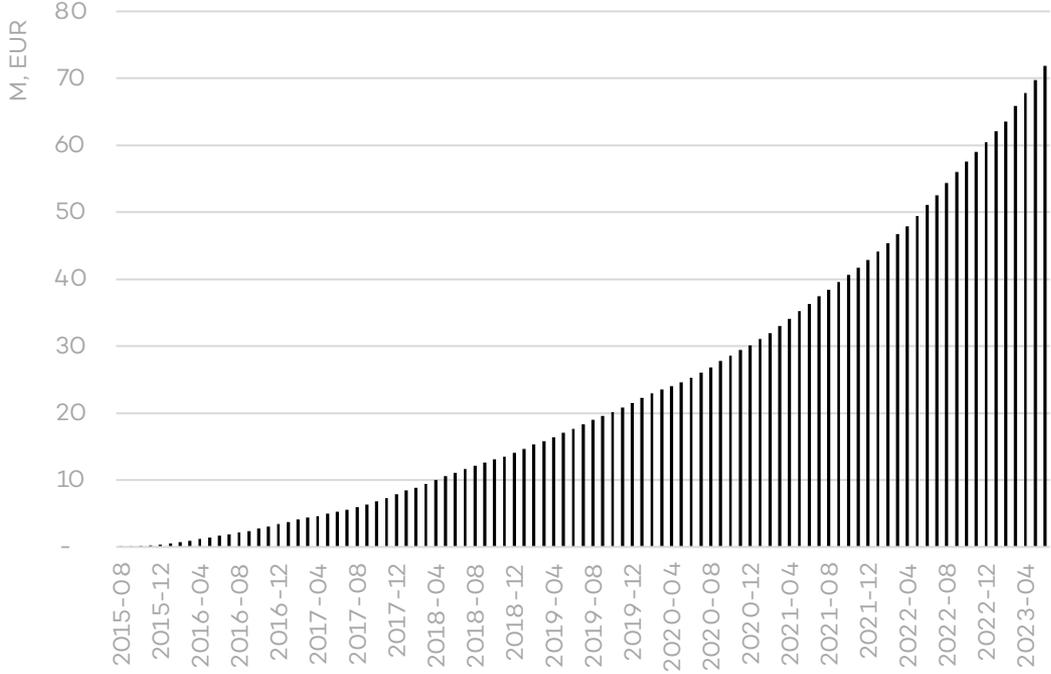
A group of people are silhouetted against a vibrant sunset sky over the ocean. They are gathered around a campfire on a beach. The sky is filled with soft, colorful clouds in shades of orange, pink, and blue. The people are in various poses, some standing and talking, others sitting or crouching near the fire. The overall mood is peaceful and social.

finbee<sup>®</sup>

# Consumer loans

# Consumer loan portfolio

**35%** average YoY growth



**8 years**

in the market

**25.455 units** ↑ 8%\*

loans issued

**71,8M EUR** ↑ 10%\*

loans issued

**2.823 EUR** ↑ 1%\*

average loan amount

**11,6M EUR** ↑ 7%\*

interest paid to investors

\* Compared to 2023.03.31



# Loan volume

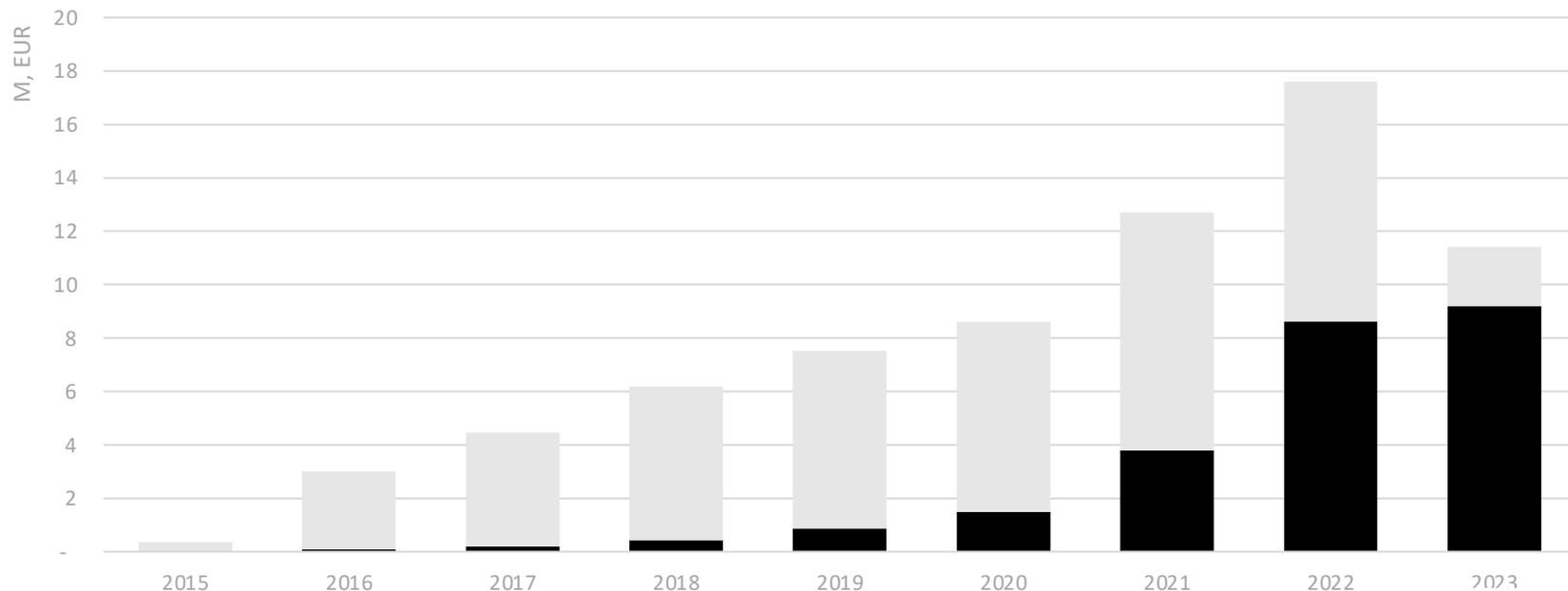
## 24,7M EUR

active loan portfolio at 2023.06.30

↑ 9%\*

26 months

average loan duration

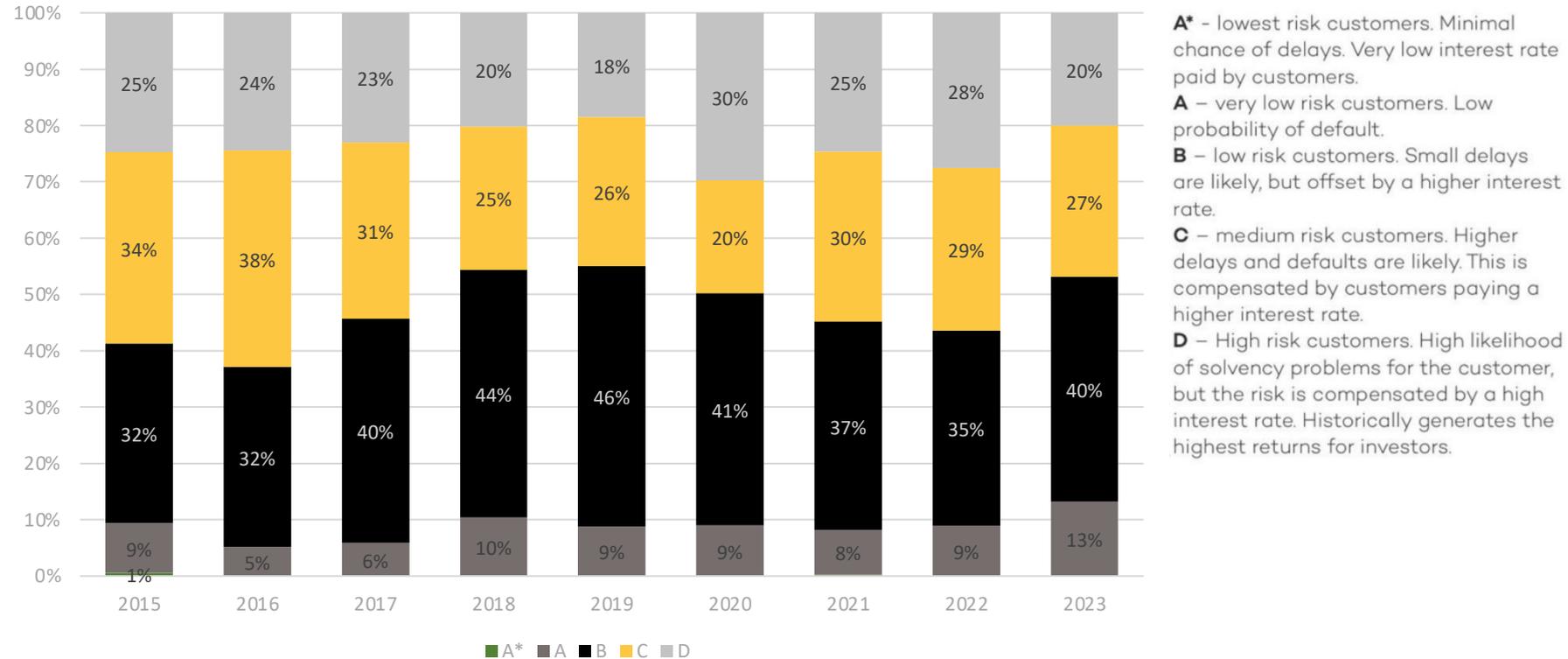


\* Compared to 2022.03.31

■ Principal outstanding    ■ Principal repaid

# 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.

\* Loans when buying goods in partner e-stores.

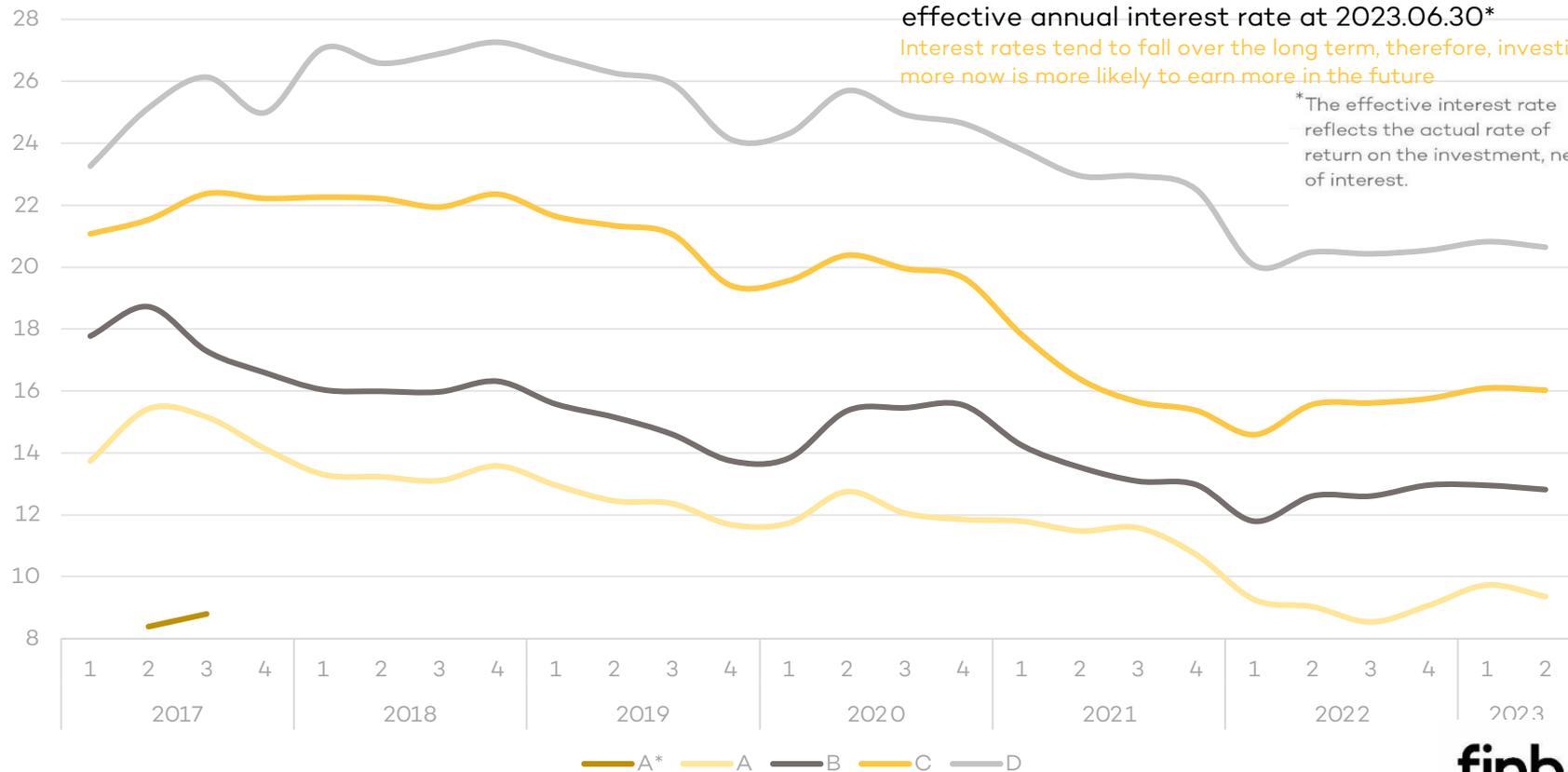
# Interest rate, %

# 14,34%

effective annual interest rate at 2023.06.30\*

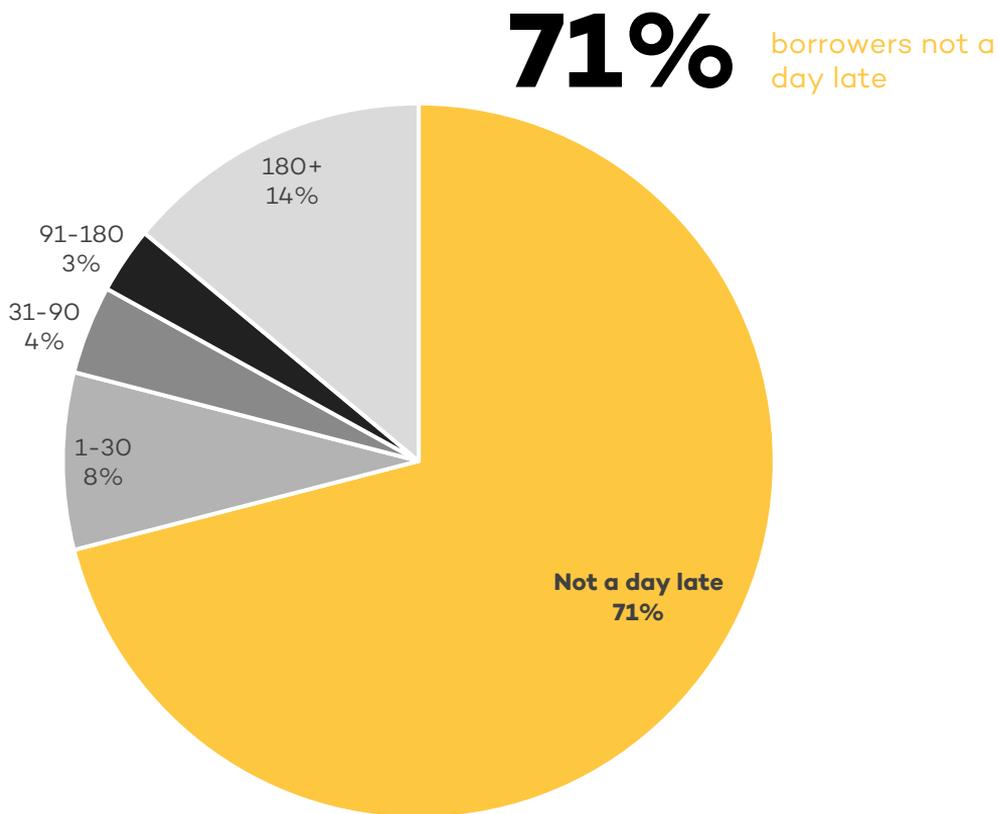
Interest rates tend to fall over the long term, therefore, investing more now is more likely to earn more in the future

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



# Portfolio composition

by days late, units



**71%**  
not a day late

**77,3%**  
borrowers made a  
payment in the last  
30 days

**6,77%**  
loans originated in 2022  
have defaulted

# Active debt prevention

In Q2:



Sent **82.143** (+4%\*) emails and **28.948** (+2%\*) text messages to the borrowers



Made **3.070** (+18%\*) calls to late borrowers



Terminated **150** (+74%\*) contracts



Put **166** (+133%\*) borrowers to the court

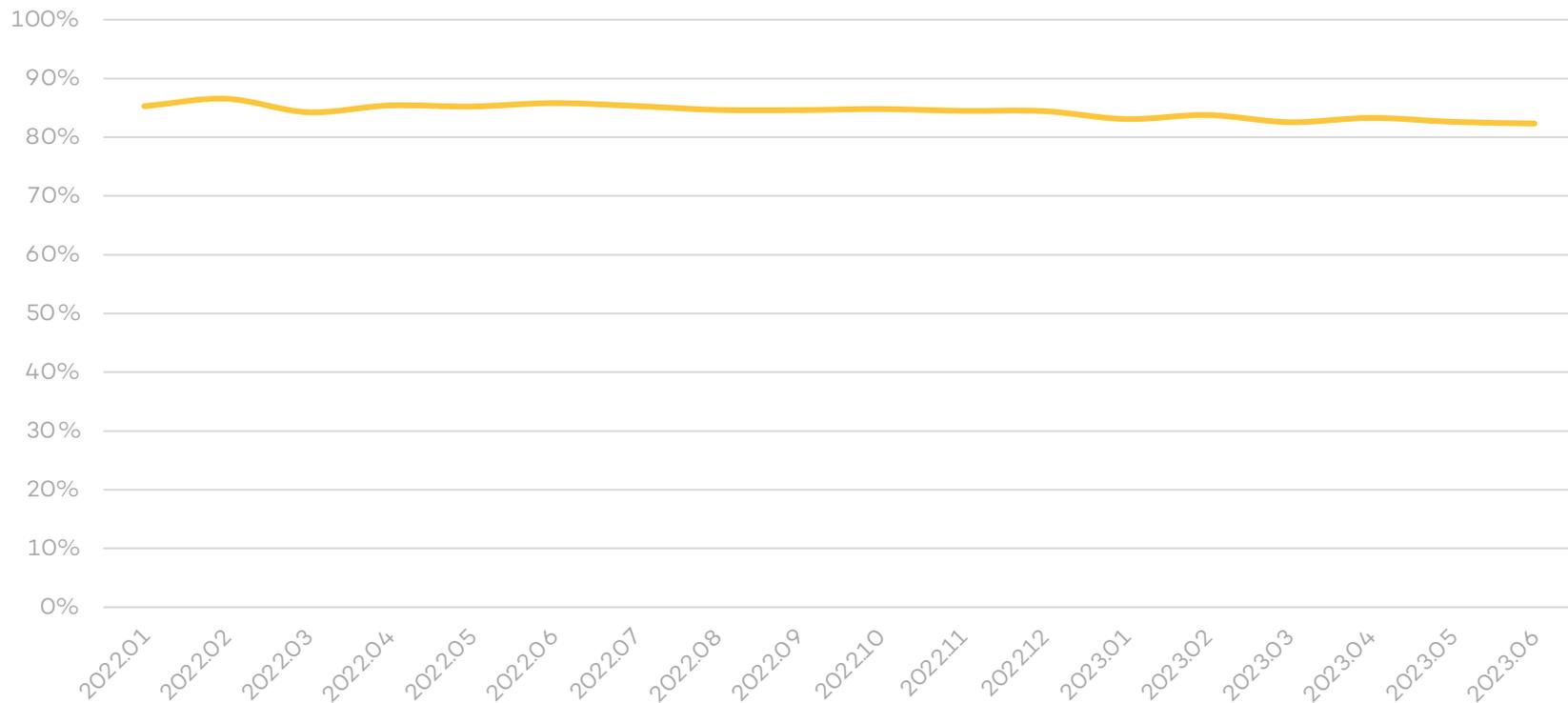
\* Compared to 2023.03.31

## Recovery

How do we deal with late borrowers?

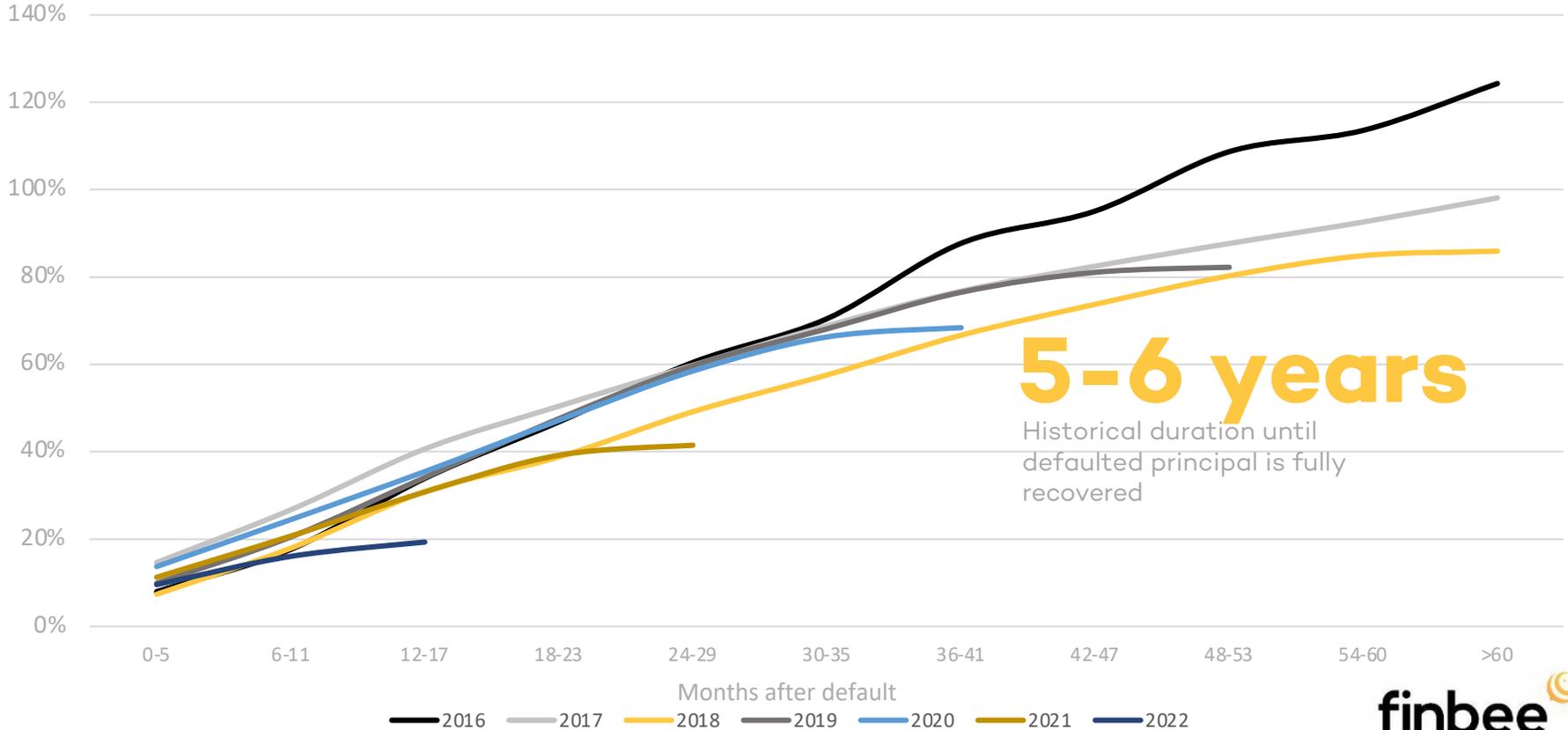
# Stable payments

Installments paid on time, % of loans with active contracts



# Loans recovered

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

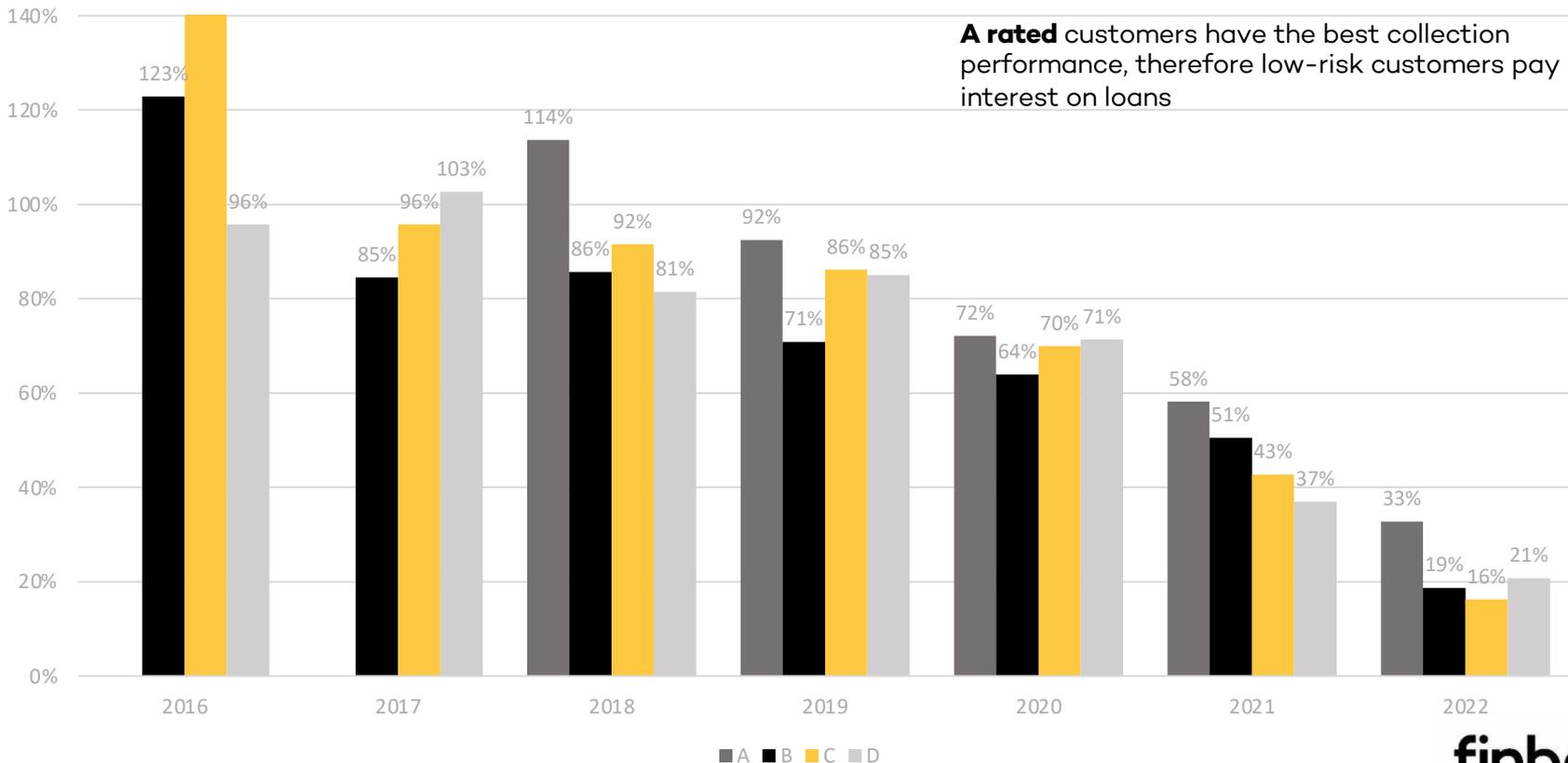


**5-6 years**

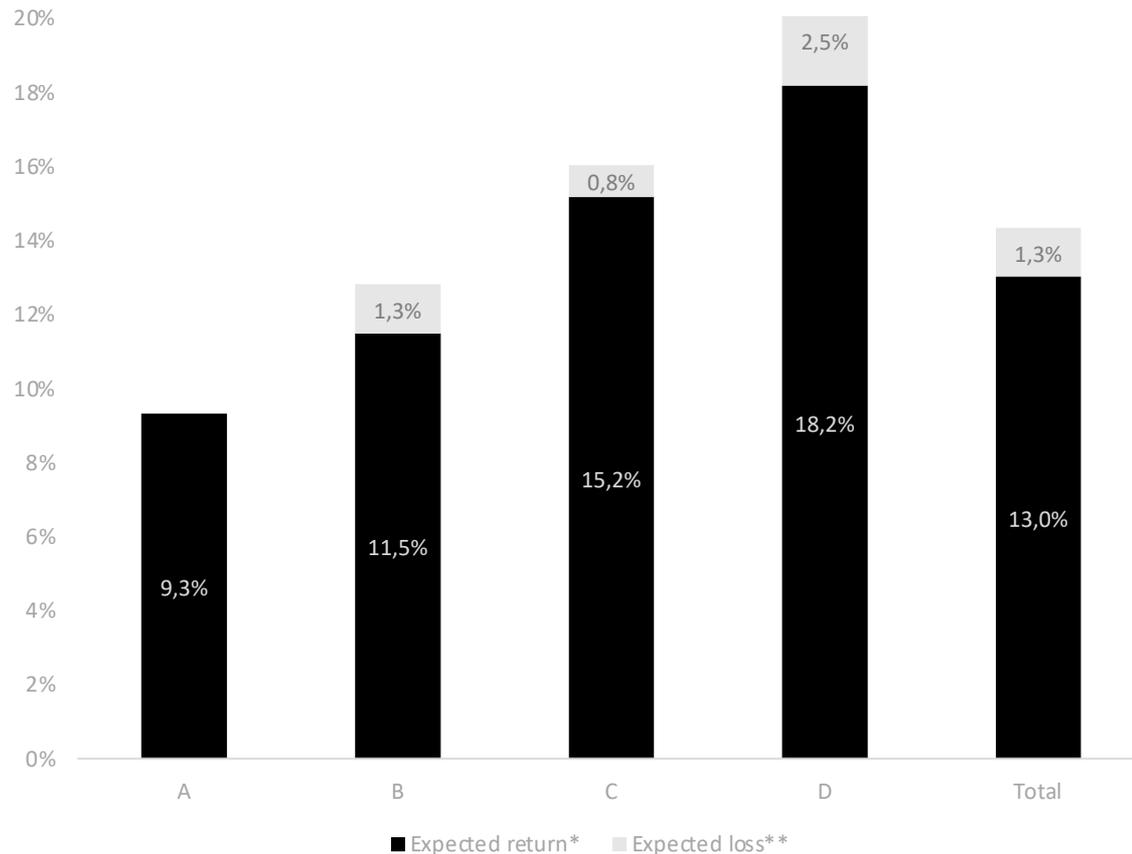
Historical duration until defaulted principal is fully recovered

# Debt collection performance, by rating

Debt collected, % of outstanding principal at default



# Return on loan portfolio



# 13,0%

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)**

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

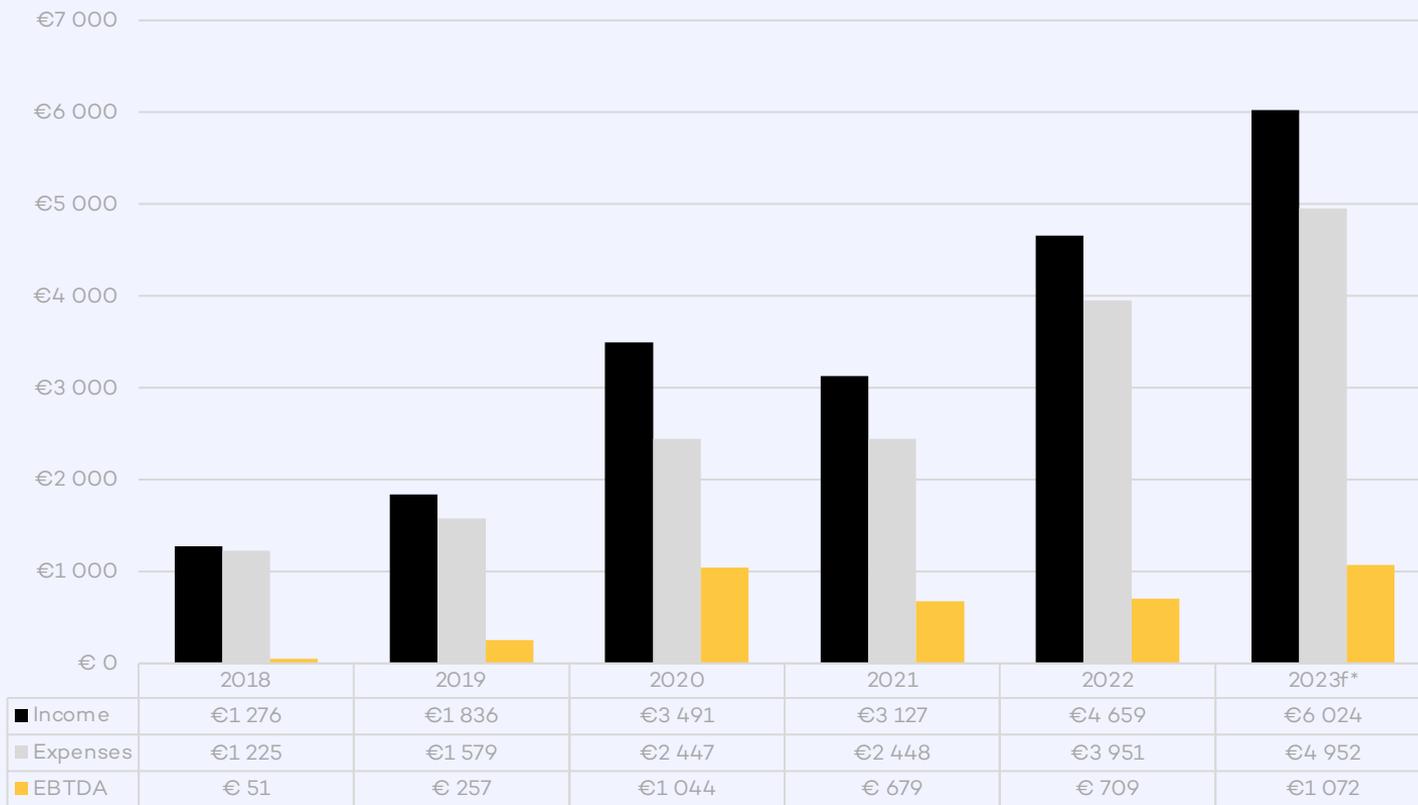
**EAD:** Loan balance at the date of the first default moment (%) = Loan balance at the time of default / Loan amount at origination

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

# Financial results

A close-up photograph of a beekeeper's hands, wearing white leather gloves with tan suede palms, working with a wooden frame containing a honeycomb. The honeycomb is covered in numerous bees. The beekeeper is using a metal tool to work on the comb. The background is a blurred outdoor setting with green grass and trees.

# Finbee financial results, '000 Eur



**Profitable  
and fast-  
growing  
business**

in 2023 Q2 we  
issued **2,3 times  
more business** and  
**37% more  
consumer** loans  
than in 2022 Q2.

\*expenses will increase due to investments in international expansion and new financing products

# 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** 