Consumer lending market review
6M 2024

SIGNET
BANK

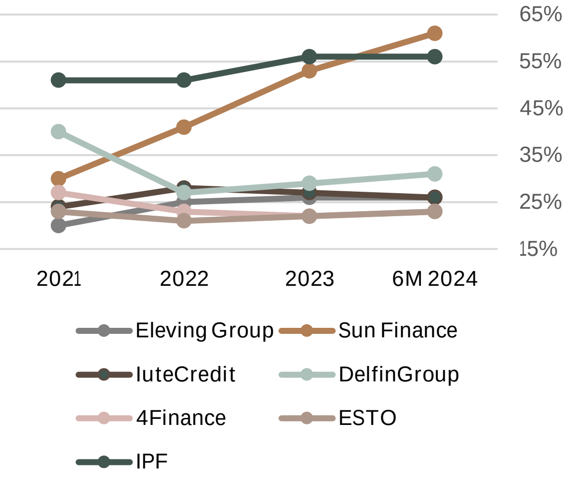
6M 2024 Consumer lending market review

Sector highlights

- On yearly basis the companies continued to expand their loan portfolios driven by expansion of existing businesses and organic growth, though Sun Finance and IPF recorded y-o-y reduction. Due to the current macroeconomic environment, companies are placing greater emphasis on credit quality, which has led to a slight deceleration in growth. This focus on maintaining stronger financial health has resulted in more cautious lending and investment practices, prioritizing stability over rapid expansion.
- Company costs grew along revenues, as higher interest rates kicked in and inflationary pressures reflected on OpEx. Positively, most of the companies were able to grow revenues ahead of the costs, reflecting reduction of cost-to-income ratio and higher net profits accordingly. This has broadly kept the capitalization ratios stable.
- DelfinGroup has successfully refinanced its EUR 10m bond maturing in September 2024 by raising 15 million euros at a 10% fixed interest rate through a public bond offering, which saw strong demand of 22.3 million euros from over 2,700 investors.
- Looking ahead, as we progress through the year, there are anticipated at least one bond refinancing action on the horizon, since ESTO is tasked with handling the maturity of a EUR 16m bond in November 2024.
- Bond prices remained broadly stable q-o-q, with minimal fluctuations observed. A mentionable change is observed for Eleving'28, which traded around 104% by the end Q1 2024 and now is hovering slightly above 111% price level with ~ YTM 9.7%. Closing the first half of the year, the bonds of the companies included in the review saw the range of yields drop marginally, which corresponds with the macroeconomic outlook of expected central bank rate cuts.

Selected companies

Capitalization ratio

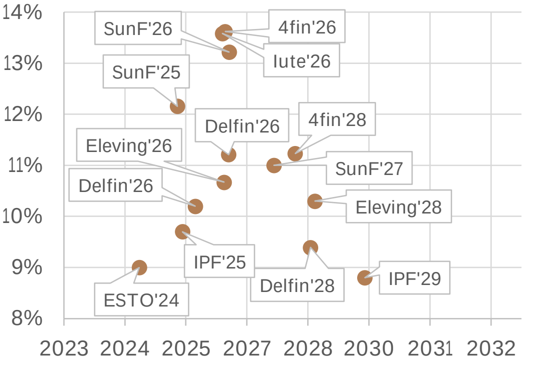


6M 2024 Financial highlights

EUR m	Eleving Group	Sun Finance	Delfin Group	Iute Credit	4Finance	ESTO	IPF
Revenue	106.1	133.6	29.1	53.6	249.7	12.4	432.2
EBITDA	47.0	48.6	10.0	20.0	73.7	6.4	111.7
Net profit	14.9	26.9	3.5	4.1	22.9	2.9	22.9
Net loan portfolio	343.5	153.2	101.5	265.7	1,173.4	66.6	1,005.1
Total Equity	87.7[1]	92.7	33.0[1]	69.4	264.6	17.2[1]	558.6

[1]Including subordinated loans and bonds

Yield to Maturity (YTM)



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6M 2024 Eleving Group

Eleving GROUP

Key parameters

Founded: 2012

Headquarters: Latvia

Net portfolio: EUR 343.5m

Bonds outstanding: EUR 225.0m

Auditor: KPMG Luxembourg (IFRS)

Rating: B from Fitch

Products: Car financing; Consumer loans; Flexible lease and subscription based products

Key markets

- Kenya
- Albania
- Lithuania
- Romania
- Latvia
- Uganda

Financial highlights

- In H1 the Group has recorded net portfolio of EUR 343.5m, increasing 16% y-o-y, largely reflecting the integration of ExpressCredit (a consumer finance provider in Southern Africa) portfolio of ca. EUR 28m in Q3 2023. The consumer loan segment net portfolio reached EUR 108.9m (+59% y-o-y), but vehicle finance loan portfolio remained stable on yearly basis, amounting to EUR 221.6m.
- Accordingly, as of the end of H1, revenues form consumer lending products increased by 59% y-o-y to EUR 46.3m, traditional lease and leaseback products by 9% y-o-y to EUR 36.3m, but flexible lease and subscription based products came down by 7% y-o-y to EUR 23.4m due to stricter underwriting during quarter in the motorcycle-taxi segment in East Africa and sold Renti Plus business operations in July 2023.
- Growing revenues were couped by decline of interest rates on Mintos platform. Accordingly, net interest income grew by 22% y-o-y to EUR 78.5m in the first half of 2024, exceeding net loan portfolio growth. Potentially, the growing consumer finance share in the loan portfolio (+8pp y-o-y) contributes to relatively higher revenue growth. Profitability was continued to be supported by declining impairment expense, decreasing by 1% y-o-y and 10% q-o-q to reach EUR 9.5m. All in all, the Group has achieved all time best half-year EBITDA of EUR 47.0m with 28% growth y-o-y, recording EBITDA margin of 44% (+2pp y-o-y). Net profit for the two quarters reached EUR 14.9m (+36% y-o-y), reflecting significantly higher corporate income tax expense.
- The Group has experienced a slight deterioration in the quality of its net loan and used vehicle rent portfolio (excluding consumer lending), with loans past due more than 30 days accounting for 18.4% of the portfolio by the end of H1 2024. This marked an increase from 16.0% reported at the end of H1 2023. Meanwhile, the net consumer loan portfolio quality saw a marginal increase, with the net NPL ratio representing 4.5% of the portfolio by the end of H1 2024.

Other developments

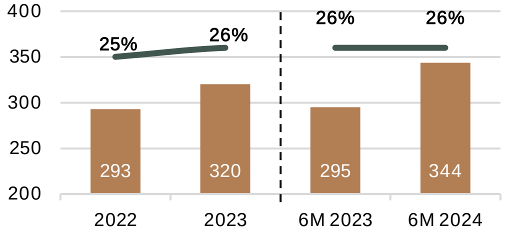
- Fitch Ratings has upgraded Eleving Group's Long-Term Issuer Default Rating (IDR) from 'B-' to 'B' with a stable outlook. Also, the Group's senior secured debt rating was upgraded to 'B' with a Recovery Rating 'RR4'.
- In Q1 Eleving Group announced its plans for an initial public offering (IPO), intending to list on the Nasdaq Riga and Frankfurt Stock Exchanges. The IPO subscription began on September 23 and ends on October 8, 2024, offering up to 24.5m shares at a maximum price of EUR 1.85. Proceeds will support growth, including product launches, market expansion, and debt reduction.

Financial highlights, EUR m

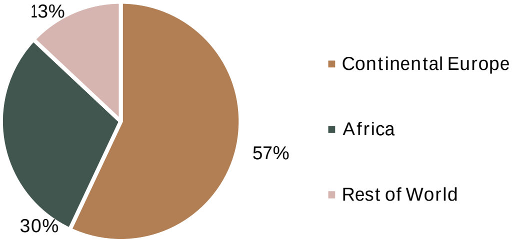
	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	87.7	106.1	+21%	175.7	189.5	207.9	+10%
EBITDA	36.8	47.0	+28%	68.1	81.8	92.0	+12%
EBITDA margin	42%	44%	+2pp	39%	43%	44%	+1pp
Net profit	11.3	14.9	+32%	14.6	21.9	25.5	+16%
Net loan portfolio	295.1	343.5	+16%	293.0	320.3	343.5	+7%
Cash	18.7	27.6	+48%	13.8	27.5	27.6	0%
Adjusted Equity[1]	77.5	87.7	+13%	72.6	81.9	87.7	+7%
Total borrowings	271.3	310.1	+14%	272.8	322.1	310.1	-4%
EBITDA / Interest expense (>1.25x)	2.1x	2.3x	+0.2x	2.2x	2.2x	2.3	+0.1x
Capitalization ratio (>15%)	26%	26%	+0pp	25%	26%	26%	+0pp

[1]Including subordinated bonds

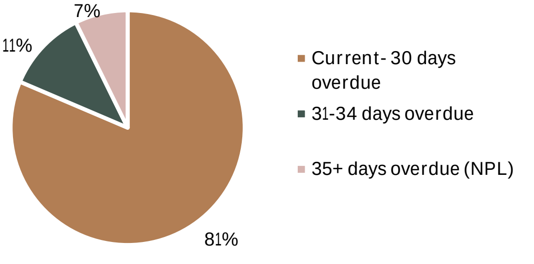
Net loan portfolio and Capitalization ratio, EUR m



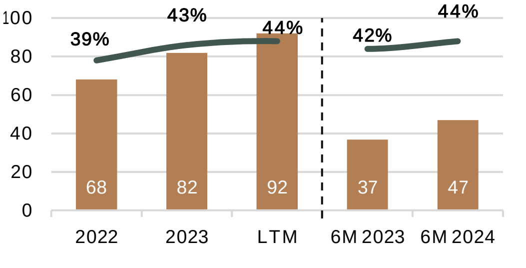
Net loan portfolio split by markets, (30.06.2024)



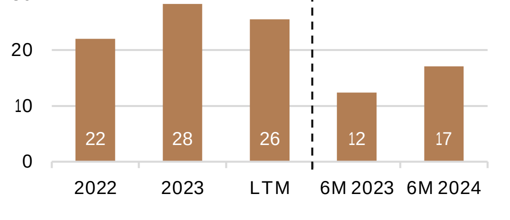
Net car loan portfolio by delay buckets, (30.06.2024)



EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



6M 2024 Sun Finance

Key parameters

Founded: 2017

Headquarters: Latvia

Net portfolio: EUR 153.2m

Bonds outstanding: EUR 117.0m

Auditor: Baker Tilly (IFRS)

Products: Short term loans; Line of credit, Installment loans

Key markets

- Latvia
- Poland
- Sweden
- Denmark
- Kazakhstan
- Mexico
- Philippines

Financial highlights

- The Group's net loan portfolio experienced a 12.7% decline vs 6M 2023, standing at EUR 153.2 m. This reduction was primarily driven by a continuous strategic scaling back of business processes in the Central Asian HUB. As of the end of H1, the Central Asia HUB represented 14.0% of the total portfolio, a decrease from 40.8% at the end of 2023. The net portfolio growth in other operational markets has been 45.6% compared to H1 2023. Consequently, the share of the Europe HUB increased to 43.5% from 37.0%, while, the newest region, African HUB, now accounts for 3.0% of the total portfolio, up by 1.6 pp from the end of 2023.
- The Group's revenue, driven by the scaling back of Central Asia HUB operations, reached EUR 133.6m in H1 2024 marking a 9% decrease from the first half of 2023.
- The scale-back of Central Asia HUB was accompanied by a rise in operating expenses, primarily attributed to the overall increase in operational volume and the launch of new markets, leading to a spike in direct costs. As the OpEx expanded ahead of revenues, the cost-to-income ratio increased by 6.3pp y-o-y, reaching 29.7%. Driven by a reduction in revenue, the Group's EBITDA for H1 reached EUR 48.6m, marking an 10% y-o-y decrease, with the EBITDA margin remaining broadly stable, standing at 36% (-1pp y-o-y) as of the end of H1 2024.
- The Group finished the first half of 2024 with a net profit of EUR 26.9m, marking a 20% y-o-y decrease. However, the deteriorating bottom line is strengthened by the Group's capitalization ratio, which stood at 61% as of the end of H1, reflecting a notable 17 pp y-o-y increase.
- In the first half of 2024, the Group distributed EUR 28.5m in dividends from 2023 profits, reflecting a EUR 5.5m increase compared to the previous year.

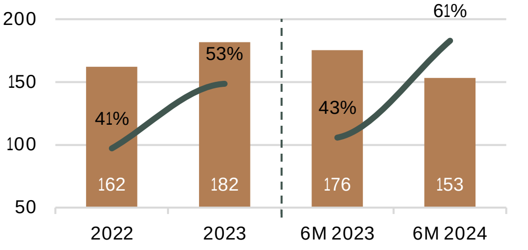
Other developments

- In April, the Group achieved a significant milestone, reaching €3 billion in loans issued to customers since the company's inception.
- Towards the end of May, the Group registered a new senior unsecured bond issue of up to EUR 40m to refinance the 3-year EUR 20m bonds maturing on 30 June 2024, as well as to support new product development and further geographic expansion. The new bond issue, maturing in November 2027, has been organized as a private placement with an 11% coupon rate, paid monthly.

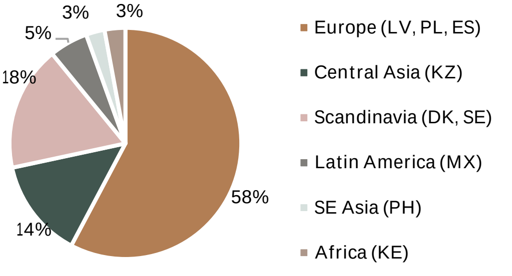
Financial highlights, EUR m

	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	146.8	133.6	-9%	273.9	306.8	293.6	+12%
EBITDA	54.1	48.6	-10%	107.3	119.4	113.9	+11%
EBITDA margin	37%	36%	-1pp	39%	39%	39%	+0pp
Net profit	33.5	26.9	-20%	65.5	71.5	64.9	+9%
Net loan portfolio	175.5	153.2	-13%	162.3	181.8	153.2	+12%
Cash	17.0	31.9	+87%	8.7	22.6	31.9	+159%
Adjusted Equity	76.1	92.7	+22%	66.0	96.0	92.7	+45%
Total borrowings	124.7	107.3	-14%	122.4	126.4	107.3	+3%
EBITDA / Interest expense (>1.75x)	6.6x	5.9x	-0.7x	8.6x	6.5x	5.9x	-0.7x
Capitalization ratio (>20%)	43%	61%	+17pp	41%	53%	61%	+8pp

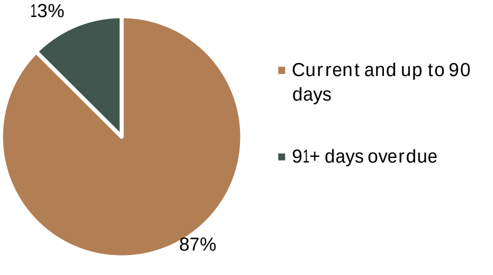
Net loan portfolio and Capitalization ratio, EUR m



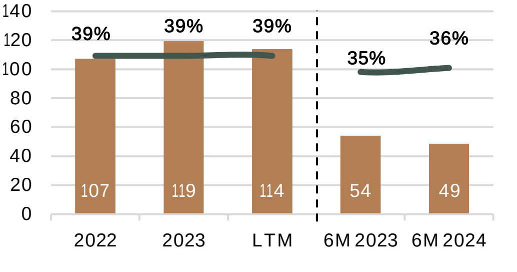
Net loan portfolio split by markets (30.06.2024)



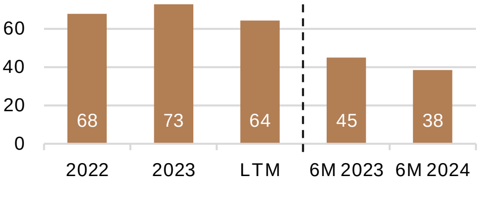
Gross portfolio by delay buckets, (30.06.2024)



EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



6M 2024 DelfinGroup

Key parameters

Founded: 2009

Headquarters: Latvia

Net portfolio: EUR 101.5m

Bonds outstanding: EUR 50m

Auditor: KPMG Baltics (IFRS)

Products: Pawn broking loans; Consumer loans; Sale of pre-owned goods

Key markets

- Latvia
- Lithuania

Financial highlights

- DelfinGroup entered 2024 with continued growth in loan issuance, increasing by 5% year-on-year, reaching issuance growth of EUR 25.1m in the first half of the year. The pawn-loans issuance had quite decent upside of 10% y-o-y, amounting to EUR 12.8m. In addition, consumer loan segment exhibited similar increase of 13% y-o-y, reaching EUR 38.3m. Net loan portfolio increased by 30% y-o-y. Given the relative high loan portfolio growth compared to loan issuance, the loan portfolio is partly driven by the increase in average ticket and term size of loans. Retail sales in H1 grew by 12% y-o-y and reached EUR 7.6m. In H1, Group achieved a 23% year-on-year revenue growth, reaching EUR 29.1 m.
- On quarterly basis net interest income outpaced net portfolio growth, reaching EUR 24.8m (+30% y-o-y), which reflects the reduction in cost of interest bearing liabilities from 12.2% in Q4 2023 to 11.6% in H1 2024, largely attributed to rate declines on Mintos platform. Considering retail of pre-owned goods, gross margin remained stable at 49% (-0.7 pp y-o-y).
- Credit loss expenses rose 33% year-over-year to EUR 7.0m, outpacing loan portfolio growth. This increase reflects the current macro environment and the quality of new loans, necessitating higher provisions. The NPL ratio also grew to 2.4% (+0.2pp from 2023), possibly requiring further credit loss provisions, though NPL fluctuations may occur due to the timing of loan cessions.
- Operating expenses increased to EUR 9.7m (+24% y-o-y), partly driven by entry into the Lithuanian market, reflecting additional salary and marketing costs. However, the Group managed to grow its revenue streams ahead of OpEx, with the LTM cost-to-income ratio declining to 46.9% (-1.1 pp y-o-y, +0.1 pp q-o-q). Nonetheless, higher credit loss expense limited bottom line profitability with operating profit amounting to EUR 4.3m (+15% y-o-y, +14% q-o-q).
- Net profit amounted to EUR 3.5m (+2% y-o-y, +25% q-o-q) in H1 2024; however, the bottom line is negatively impacted by Latvia's new CIT policy, which taxes full profit rather than just distributed dividends, affecting financial institutions. The Group adjusted Q4 2023 profits for the full-year additional tax, reflecting high net profit growth q-o-q.

Other developments

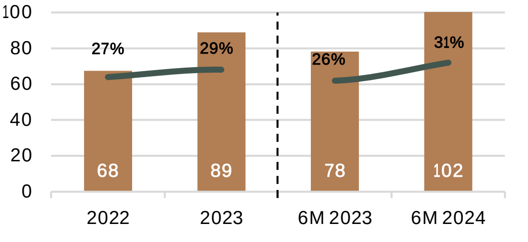
- In June 2024 via public offering, DelfinGroup's major shareholders, AS ALPPES Capital and SIA Curiosity, sold 8.3m shares at a 92% subscription rate, raising EUR 9m. They offered up to 19.8% of the Group at EUR 1.09, 12.8% below the three-month average. After the sale, DelfinGroup's free float increased to 47.6%.
- On 29 May 2024, DelfinGroup registered a new subordinated unsecured notes issue in the amount of EUR 5m maturing in 25 May 2029. The annual coupon rate stands at 11.0% + 3M EURIBOR with a monthly payment frequency.
- DelfinGroup refinanced its EUR 10m bond maturing in September 2024 by raising EUR 15m at a 10% fixed interest rate through a public offering, which attracted strong demand of EUR 22.3 m from over 2,700 investors.

Financial highlights, EUR m

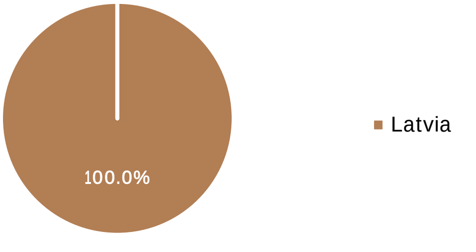
	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	23.7	29.1	*+23%*	35.8	50.4	55.8	*+41%*
EBITDA	7.9	10.0	*+27%*	13.1	18.2	20.3	*+39%*
EBITDA margin	33%	34%	*+1pp*	37%	36%	36%	*0pp*
Net profit	3.4	3.5	*+2%*	6.0	6.6	6.7	*+11%*
Net loan portfolio	78.1	101.5	*+30%*	67.5	89.0	101.5	*+32%*
Cash	3.0	4.4	*+45%*	2.4	5.9	4.4	*+150%*
Adusted Equity[1]	19.9	33.0	*+66%*	18.1	26.1	33.0	*+44%*
Total borrowings	65.9	72.2	*+16%*	54.0	72.2	76.3	*+34%*
EBITDA / Interest expense (>1.5x)	2.0x	1.9x	*-0.1x*	2.8x	2.1x	2.0	*-0.1x*
Capitalization ratio (>25%)	26%	31%	*+5pp*	27%	29%	31%	*+2pp*

[1]Including subordinated bonds

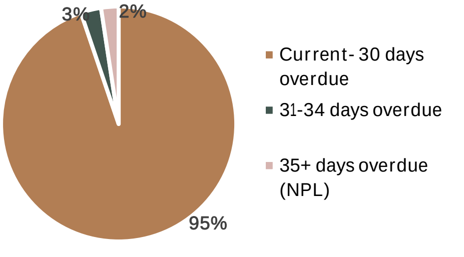
Net loan portfolio and Capitalization ratio, EUR m



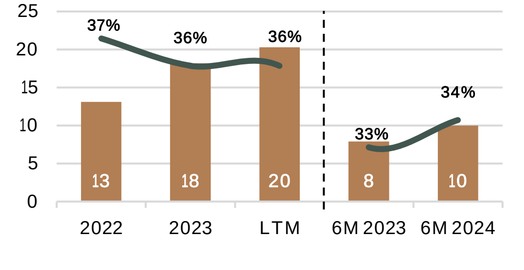
Net loan portfolio split by markets (30.06.2024)



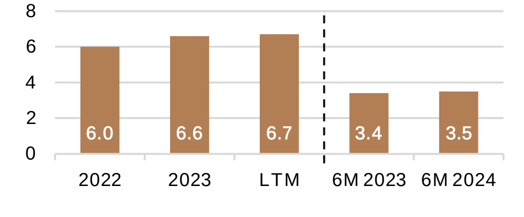
Gross consumer loan portfolio by delay buckets (30.06.2024)



EBITDA and EBITDA margin, EUR m



Net profit, EUR m



6M 2024 ESTO Holdings

esto

Key parameters

Founded: 2017

Headquarters: Estonia

Net portfolio: EUR 66.6m

Bonds outstanding: EUR 16m

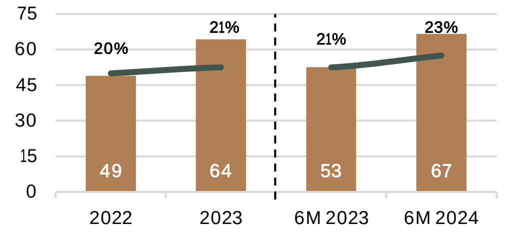
Auditor: KPMG Baltics (IFRS)

Products: Buy now pay later (BNPL)

Key markets

- Estonia
- Latvia
- Lithuania

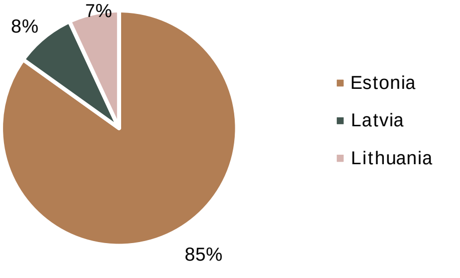
Net loan portfolio and Capitalization ratio, EUR m



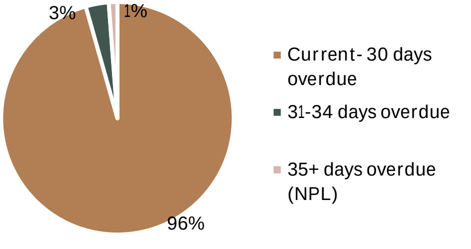
Financial highlights

- In H1 2024 the Group continued to grow its operational volumes with GMV reaching EUR 80.3m (+8% y-o-y), volume of transactions coming at EUR 473.0m (+94% y-o-y) and issued EUR 41.5m of loans (+26% y-o-y). Accordingly, net loan portfolio increased to EUR 66.6m (+27% y-o-y), retaining provision cost to loan portfolio stable at 2%, keeping NPL ratio below 1%.
- Other Baltic markets are becoming more prominent in ESTO net portfolio with Latvian market reaching 8% share (+4pp y-o-y) and Lithuanian market 7% share (+2pp y-o-y).
- Higher operational volumes are reflected in ESTO revenues which in H1 reached EUR 12.4m, increasing 35% y-o-y. The Group's interest income increased by 33%, reaching EUR 10.6m, while fee and commission income surged by 41%, reaching EUR 1.7m during the same period. The Group comments that it achieved its highest-ever portfolio yield at a level of 3.26% per month, compared with 3.10% at the end of 2023.
- In H1 2024, the Group witnessed an increase in expenses across all major categories. Interest expenses grew faster than interest income, coming in at 35% growth y-o-y, while provision expenses grew proportionally to net loan portfolio by 33%% y-o-y. OpEx also saw upward trajectory with personnel expenses rising by 25% y-o-y, other expenses by 8% y-o-y. All in all, Group's cost to income ratio improved to 23%, down by 3pp y-o-y. Consequently, the Group achieved an EBITDA of EUR 6.4m, reflecting a notable growth of 35% y-o-y, and improved EBITDA margin by 7pp y-o-y to 40%.
- The Group's net profit during H1 exhibited a triple-digit growth, reaching EUR 2.9m, representing increase of 101% y-o-y. This growth consequently led to a slight improvement in the Group's capitalization ratio, which stood at 23% as of the end of H1 2024, compared to 21% reported as of the end of H1 2023 (+2pp y-o-y). The Group's interest coverage ratio, currently at 1.9x, has seen a rise of 0.4x relative to its year-end mark of 1.5x in 2023.

Net loan portfolio split by countries, Q1



Net loan portfolio by delay buckets, Q1



Other developments

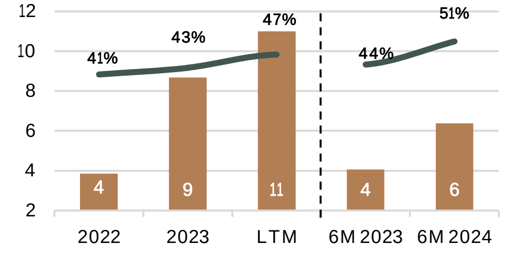
- On May 28, 2024, ESTO announced an extension of its partnership with Multitude Bank p.l.c., increasing the debt facility from EUR 14m to a total of EUR 20m. This expanded facility enhances the initial partnership, which began in 2022 with a commitment of EUR 14m to support the growth of ESTO's portfolio. The increase in funding reflects both the success of the initial collaboration and the ongoing confidence in ESTO's growth trajectory, allowing for further expansion and development of its financial portfolio.
- On September 16, 2024, ESTO announced a partial early redemption of bonds totaling EUR 2m. These bonds are part of ESTO's EUR 16m bond issue, set to mature in November 2024. By addressing the upcoming maturity in advance, ESTO is actively working on refinancing the bonds to secure more favorable terms and strengthen its financial stability in the market.

Financial highlights, EUR m

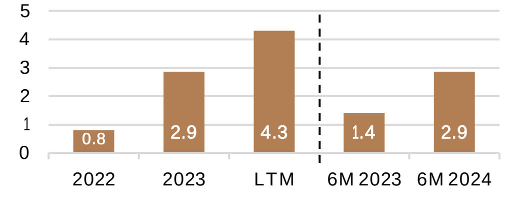
	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	9.2	12.4	*+35%*	9.5	20.0	23.2	*+16%*
EBITDA	4.0	6.4	*+57%*	3.8	8.7	11.0	*+27%*
EBITDA margin	44%	51%	*+7pp*	41%	43%	47%	*+4pp*
Net profit	1.4	2.9	*+101%*	0.8	2.9	4.3	*+50%*
Net loan portfolio	52.5	66.6	*+27%*	49.0	64.4	66.6	*+3%*
Cash	1.7	1.9	*+15%*	0.9	2.4	1.9	*-20%*
Adjusted Equity	11.9	17.2	*+44%*	10.4	14.3	17.2	*+20%*
Total borrowings	46.2	56.2	*+22%*	41.5	54.3	56.2	*+4%*
EBITDA / Interest expense (>1.5x)	1.6x	1.9x	*+0.3x*	1.3x	1.5x	1.7x	*+0.2x*
Capitalization ratio (>20%)	21%	23%	*+2pp*	20%	21%	23%	*+2pp*

[1]Including shareholder subordinated loans

EBITDA and EBITDA margin, EUR m



Net profit, EUR m



6M 2024
IuteCredit

Key parameters

Founded: 2008

Headquarters: Estonia

Net portfolio: EUR 265.7m

Bonds outstanding: EUR 124.2m

Auditor: KPMG Luxembourg (IFRS)

Products: Dealer loans; Cash loans; Car loans; Bank

Key markets

- Moldova
- North Macedonia
- Bulgaria
- Albania
- Bosnia and Herzegovina

Financial highlights

- In H1 2024 Iute Group reported solid portfolio growth across all markets, with the total net loan portfolio standing at EUR 265.7m, marking a 14.4% increase y-o-y. The relatively smaller operation in Bosnia was discontinued during the period. IuteCredit's share in the total net loan portfolio accounted for 70.2%, while Energbank held the remaining 29.8%, increasing from 26.2% since H1 2023. The largest surge in the net loan portfolio stemmed from the expansion of the Albanian and Bulgarian portfolios.
- While the Group's net loan portfolio experienced solid growth, its quality also showed slight improvement, with current loans and those due within 30 days comprising 94.1% of the portfolio by the end of the period, compared to 91% at the end of Q2 2023.
- Due to heightened pressures from competition and potentially higher quality loans requiring lower rates, the Group's interest income has suffered. Group's net interest and commission fee income amounted to EUR 31.3m, decreasing by 5% y-o-y, while the cost of debt remains high and interest expense increased to EUR 13.9m or 6% y-o-y.
- Cost to revenue ratio saw an 0.9pp increase to 43.8% as a result of lower income from government bonds at Energbank and higher personnel expenses related to recruitment of highly talented staff.
- All in all, the Group reported net operating income of EUR 27.3m, while profit before tax amounted to EUR 4.9m, both down by 1% and 39% y-o-y, respectively. Net profit in H1 amounted to EUR 4.1m, falling by 42% behind last years H1 profit. The sharp drop is explained by increased personnel costs and exceptionally high FX gain accounted for in the previous period.
- The equity to net loan portfolio ratio decreased slightly to 26.1%, still exceeding Eurobond covenant of at least 15% with notable margin. However, ICR fell to 1.5x, compared to 1.8x at the end of 1H 2023, closing the gap to 1.5x covenant level.

Other developments

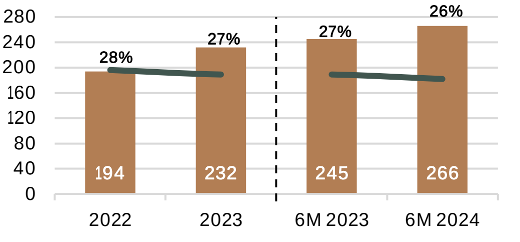
- In Q1 2024, the Group remains committed to its annual financial targets, aiming for revenue of EUR 120m and a net profit of EUR 15m.
- In July 2024, Fitch Ratings assigned a B- Long-Term Default Rating and a B- Senior Secured Debt Rating for EUR bond 2021/2026.
- Wallet services ad digital insurance brokerage continue to grow significantly faster than lending business – further acceleration is expected by the management.

Financial highlights, EUR m

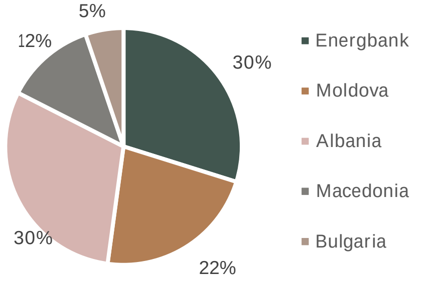
	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	51.9	53.6	*+3%*	89.6	106.3	108.0	*+2%*
EBITDA	20.1	20.0	*0%*	31.7	40.2	40.1	*0%*
EBITDA margin	39%	37%	*-2pp*	35%	38%	37%	*-1%*
Net profit	7.0	4.1	*-42%*	17.1	10.3	7.4	*-28%*
Net loan portfolio	208.0	265.7	*+28%*	193.9	232.2	265.7	*+14%*
Cash	75.8	66.2	*-13%*	65.6	71.7	66.2	*-8%*
Adjusted Equity	65.6	69.4	*+6%*	53.6	63.8	69.4	*+9%*
Total borrowings	270.0	311.8	*+15%*	253.4	293.0	311.8	*+6%*
EBITDA / Interest expense[1] (>1.5x)	1.8x	1.5x	*-0.3x*	1.7x	1.7x	1.5x	*-0.2x*
Capitalization ratio (>15%)	32%	26%	*-6pp*	28%	27%	26%	*-1pp*

[1]Adjusted for non-operating items in accordance with terms and conditions

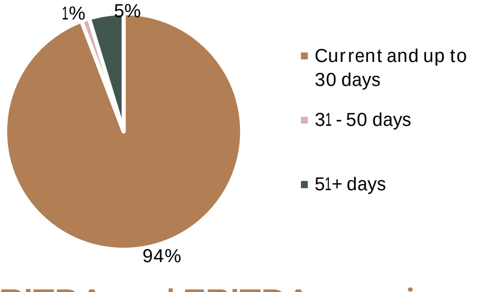
Net loan portfolio and Capitalization ratio, EUR m



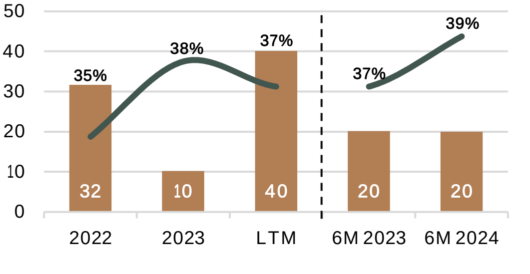
Net loan portfolio split by markets (30.06.2024)



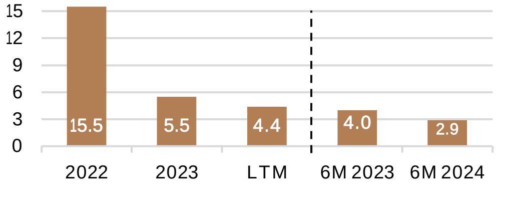
Net loan portfolio by delay buckets (30.06.2024)



EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



6M 2024 4finance

Key parameters

Founded: 2008

Headquarters: Latvia

Net portfolio: EUR 1,173.4m

Bonds outstanding: EUR 325.0m

Auditor: PKF Audit & Conseil (IFRS)

Rating: B- S&P, B2 Moody's, B Fitch

Products: Short-term loans, Credit lines, Consumer loans, Bank

Key markets

- Spain
- Latvia
- Lithuania
- Romania
- Bulgaria
- Czech Republic

Financial highlights

- Online loan issuance has remained steady with issued loans increasing by 1.2% y-o-y to EUR 138.6m, which reflects less active expansion in new markets. TBI on another hand has recorded much more visible loan issuance growth of 24% y-o-y, amounting to EUR 531.5m, reflecting growth in both core and new markets.
- Loan portfolio reached EUR 1,173.4m, increasing 23.7% y-o-y. Notably, the TBI Bank segment's share of the Group's total net loan portfolio rose to 89%, up from 84% in 2022. The Group's impairment expense in H1 has showed slower growth relative to the loan issuance, amounting to EUR 82.0m and marking a 17.8% y-o-y increase. The annualized cost of risk has slightly improved to 13.0% by 0.7pp y-o-y and 0.4pp q-o-q, driven by reduced net impairment charges of Online segment.
- Net interest income in H1 amounted to EUR 212.7m growing 13% y-o-y, recording relatively slower growth compared to net loan portfolio. 4finance recorded a significant 44% increase in net fee and commission income. It's important to highlight that the majority of net fee and commission income is derived from TBI Bank's insurance sales to its customers. All in all revenues reached EUR 249.7m, increasing 18.4% y-o-y.
- Cost to income ratio stood at 42.4% for the first half of 2024, an improvement from 44.7% in H1 2023, despite increase in total operating costs y-o-y. Overall, the achieved operational efficiency drove net profit to EUR 22.9m in H1 2024, increasing 37% y-o-y.
- During H1 2024, the Group's capitalization ratio increased by 1pp y-o-y, reaching 23% by the end of the period. This increase was primarily driven by the rapid growth of the Group's loan portfolio. The interest coverage ratio in H1 2024 was 1.9x (no change y-o-y), which is currently slightly below the bond covenant threshold of 2.0x.

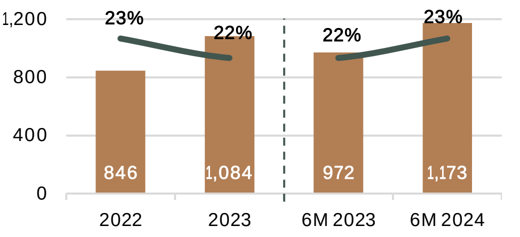
Other developments

- In May 2024 the Group received new credit rating of 'B' assigned by Fitch with stable outlook.
- The Group is seeking to acquire a non-bank financial corporation in India, marking a strategic move to expand its presence in the rapidly growing financial services market. 4finance has already signed a Sale and Purchase Agreement (SPA) for the acquisition. According to management, the deal is now pending regulatory approval, with the necessary licensing process expected to take approximately six months to complete. This acquisition aligns with the Group's broader goal of diversifying its operations and entering new, high-potential markets.
- The Group's EUR 2028 bonds were listed on the Nasdaq Baltic First North on 29 August.

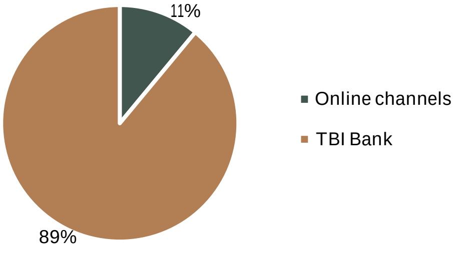
Financial highlights, EUR m

	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	210.9	249.7	+18%	358.9	455.2	494.0	+27%
EBITDA	59.9	73.7	+23%	112.3	137.1	150.9	+22%
EBITDA margin	28%	30%	+2pp	31%	30%	31%	+1pp
Net profit	16.7	22.9	+37%	34.7	44.1	50.3	+27%
Net loan portfolio	972.1	1,173.4	+21%	846.4	1,084.4	1,173.4	+28%
Cash	175.3	258.0	+47%	221.6	261.6	258.0	+18%
Total Equity	217.2	264.6	+22%	198.6	241.7	264.6	+22%
Total borrowings	295.9	329.4	+11%	284.8	301.6	329.4	+6%
EBITDA / Interest expense (>2.0x)	1.9x	1.9x	-	2.5x	2.1x	1.9	-0.2x
Capitalization ratio	22%	23%	+1pp	23%	22%	23%	+1pp

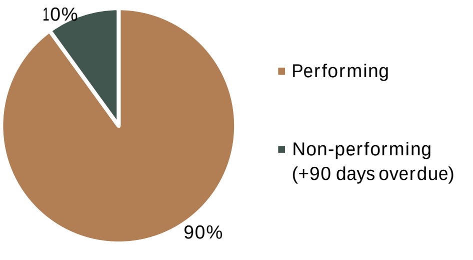
Net loan portfolio and Capitalization ratio, EUR m



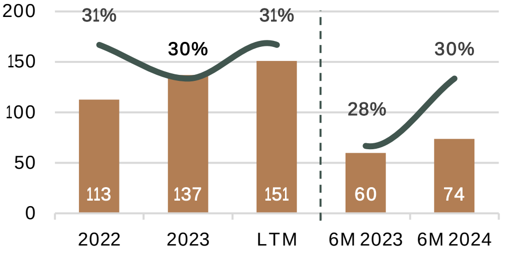
Net loan portfolio split by markets (30.06.2024)



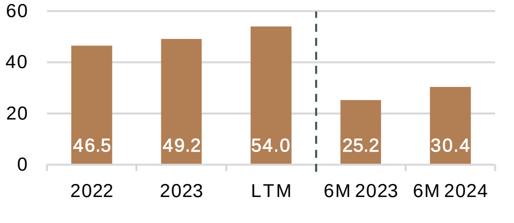
Gross loan portfolio by delay buckets (30.06.2024)



EBITDA and EBITDA margin, EUR m



Net profit before FX, EUR m



6M 2024 International Personal Finance

Key parameters

Founded: 1997

Headquarters: United Kingdom

Net portfolio: EUR 1,005.1m

Bonds outstanding: EUR 572.6m

Auditor: Deloitte (IFRS)

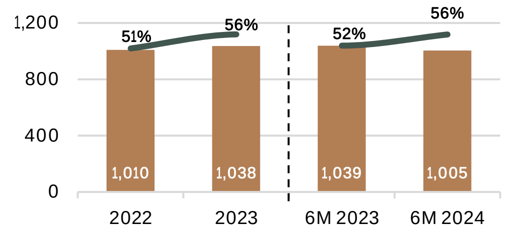
Rating: Ba3 from Moody's

Products: Home credit (Cash loans, Micro-business loans), IPF Digital (Credit lines, Instalment loans)

Key markets

- Mexico
- Spain
- Australia
- Romania
- Baltics
- Poland
- Czech Republic
- Hungary

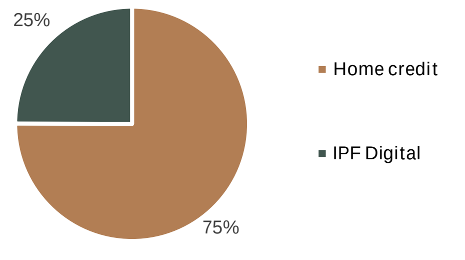
Net loan portfolio and Capitalization ratio, EURm



Financial highlights

- In H1 2024 the Group's net loan portfolio decreased by 3% y-o-y to EUR 1.0bn. Notably, European home credit market contributed to the decreasing revenue the most – net receivables stood at EUR 444.0m, which marks an 8.5% decrease. On the other hand, Mexico home credit market expanded by 9% y-o-y, and IPF digital by 10.4% y-o-y.
- The Group's revenue remained roughly in line with the H1 2023 results, reaching EUR 432.2m in 2023, marking a 2% y-o-y decrease. Conversely, the top-line stagnation was offset by a substantial 28% reduction in impairment costs y-o-y, which boosted the EBITDA to EUR 111.7m – a 7% increase y-o-y. This resulted in EBITDA margin gaining 2 percentage points y-o-y, reaching 26% as of H1 2024.
- In H1 2024, the Group's net profit experienced a slight increase, primarily attributed to increased tax expenses, resulting in a figure of EUR 22.9m, marking a 5% decrease y-o-y. Despite this, the Group's decreasing impairment costs contributed to an enhancement in its capitalization ratio, solidifying it at 56% by the end of 2023.

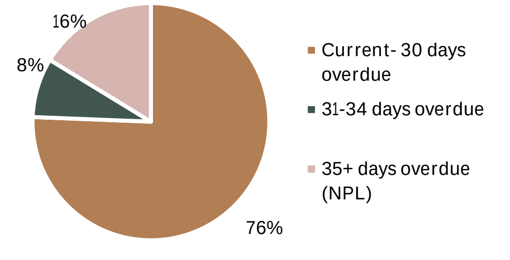
Net loan portfolio split by products



Other developments

- Like all other lenders in Poland, the Group received a regulatory communication from the Komisja Nadzoru Finansowego (Polish Financial Supervision Authority) in late February 2024 concerning its expectations regarding the application of non-interest fees to credit cards. The Group is currently reviewing the communication with the assistance of external counsel and engaging with the KNF to comprehend the potential impact on its business.
- The Group successfully refinanced EUR 341m Eurobond in June, extending the debt maturity profile to 2029, as well as leading to a rating upgrade from Fitch Ratings to BB.

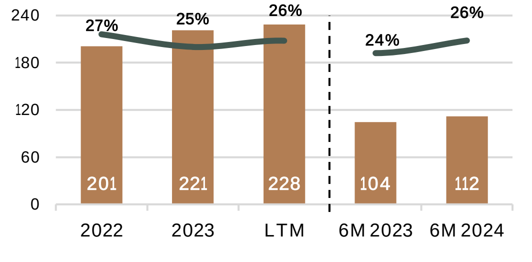
Home credit net loan portfolio quality



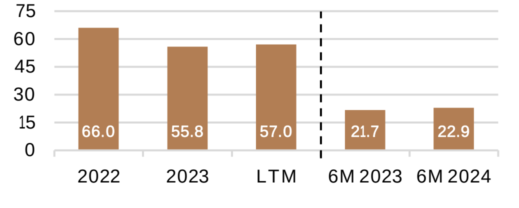
Financial highlights, EUR m

	6M 2023	6M 2024		FY 2022	FY 2023	LTM	
Revenue	441.9	432.2	-2%	750.6	892.8	883.1	-1%
EBITDA	104.4	111.7	+7%	200.9	221.0	228.4	+3%
EBITDA margin	24%	26%	+2pp	27%	25%	26%	+1pp
Net profit	21.7	22.9	+5%	66.0	55.8	57.0	+2%
Net loan portfolio	1,038.5	1,005.1	-3%	1,010.2	1,038.3	1,005.1	-3%
Cash	32.8	100.6	207%	59.0	49.4	100.6	+104%
Total Equity	538.3	558.6	+4%	517.7	583.6	558.6	-4%
Total borrowings	608.1	633.1	+4%	638.1	595.1	633.1	+6%
EBITDA / Interest expense	2.4x	2.8x	+0.4x	2.5x	2.5x	2.7x	+0.2x
Capitalization ratio	52%	56%	+4pp	51%	56%	56%	+0pp

EBITDA and EBITDA margin, EURm



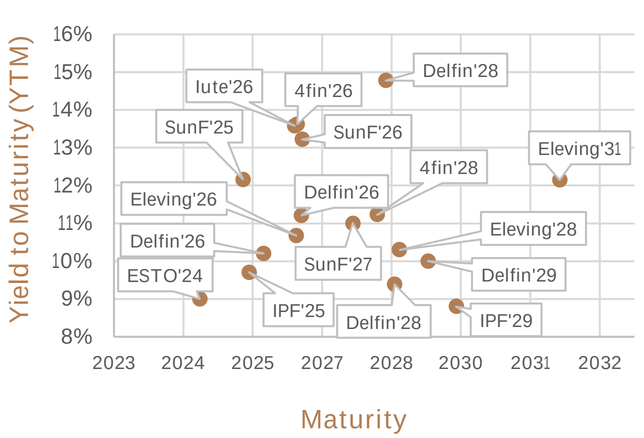
Net profit, EURm

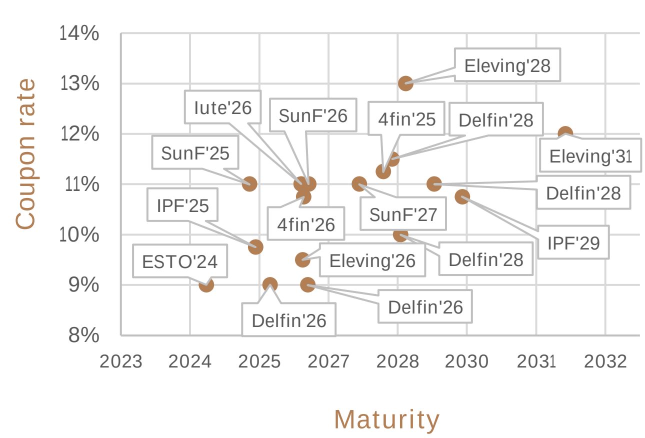


Current bond issues

Company	Issuer	ISIN	Maturity	Coupon	Issue size, EUR	YTM[1]	BID Price	Call option	Collateral	Listing
Eleving	Eleving Group S.A. (Luxembourg)	XS2393240887	18.10.2026	9.50%	150m	10.67%	97.00	Call @104.75% (18.10.2024); @102.375% (18.10.2025); @100% after	Secured	Frankfurt Stock Exchange and Nasdaq Riga
		DE000A3LL7M4	31.10.2028	13.00%	50m	10.30%	109.00	Call @103% (31.10.2025); @102% (31.10.2026); @101% (31.10.2027); @100 after	Secured	Frankfurt Stock Exchange and Nasdaq Riga
		XS2427362491	29.12.2031	12% + 6M EURIBOR	25m	12.02%	115.00	Call @101% (on any Business day)	Subordinated	Frankfurt Stock Exchange and Nasdaq Riga
Sun Finance	Sun Finance Treasury Ltd. (Malta)	LV0000860112	30.09.2025	11% + 3M EURIBOR	50m	12.16%	102.00	Call @102% (30.09.2023) @101% (30.09.2024)	Senior Unsecured	Nasdaq First North
		LV0000802692	30.11.2026	11% + 3M EURIBOR	27m	13.22%	102.00	Call @102% (30.06.2024) @100.5% (31.08.2026)	Senior Unsecured	Nasdaq First North
		LV0000803187	30.11.2027	11%	40m	11.00%	100.00	Call @102% (31.05.2027) @100% (30.06.2027)	Senior Unsecured	Nasdaq First North
iutecredit	IuteCredit Finance S.à r.l. (Luxembourg)	XS2378483494	06.10.2026	11.00%	125m	13.58%	95.50	Call @105.5% (06.10.2025); @102.75% after	Secured	Frankfurt Stock Exchange and Nasdaq Tallinn
delfin group	AS DelfinGroup (Latvia)	LV0000802718	25.02.2026	9.00% + 3M EURIBOR	15m	10.20%	102.50	Call @101% (25.02.2024)	Senior Unsecured	Nasdaq First North
		LV0000860146	25.11.2026	9.00% +3M EURIBOR	15m	11.21%	102.00	Call @101% (25.05.2024)	Senior Unsecured	-
		LV0000802700	25.07.2028	11.50% + 3M EURIBOR	5m	14.78%	100.00	Call @101% (on every coupon payment day)	Subordinated	-
		LV0000870145	25.05.2029	11.00 +3M EURIBOR	5m	14.28%	100.00	Call @101% (on every coupon payment day)	Subordinated	-
		LV0000803914	25.09.2028	10.00%	15m	9.39%	102.00	Call @102% (20.09.2025)	Senior Unsecured	Nasdaq First North
4FINANCE	4finance S.A. (Luxembourg)	XS1417876163	23.05.2028	11.25%	150m	11.23%	100.50	Call @104% (23.12.2018); @103% (23.11.2024); @102% (23.05.2025); @100% (23.05.2026)	Senior Unsecured	Frankfurt Stock Exchange
		NO0011128316	26.10.2026	10.75%	175m	13.62%	95.50	Call @105.375% (26.04.2025); @102.688% (26.10.2025); @101.344% (26.04.2026); @100% after	Senior Unsecured	Nasdaq Stockholm
	International Personal Finance plc (United Kingdom)	XS2256977013	12.11.2025	9.75%	66m	9.70%	100.00	Call @104.875 (12.11.2022); @102.4375% (12.11.2023); @100% after	Senior Unsecured	London Stock Exchange
		XS2835773255	14.12.2029	10.75%	341m	8.80%	108.00	Call @104.68% (14.06.2026); @102.1805% (14.06.2027); @100% after	Senior Unsecured	London Stock Exchange
esto	ESTO Holdings OÜ (Estonia)	EE3300002294	22.11.2024	9.00%	16m	9.00%	100.00	Call @102% (22.11.2025); @100.25% (22.08.2024)	Secured	-

[1]Source: Bloomberg, Nasdaq Riga. Data as of 2 October 2024





Signet Bank AS

Antonijas street 3

Riga, LV 1010, Latvia

Phone: +371 67080 000

Email: info@signetbank.com

www.signetbank.com