



SIA "ExpressCredit" (Latvia)
Reg. No: 40103252854
LEI: 2138002PKHUJIMVMYB13

Terms of the Notes Issue

ISIN:	LV0000802379
Type of Security:	Secured Notes
Nominal:	EUR 1,000
Nominal value of the issue:	EUR 5,000,000
Annual coupon rate:	14.00%
Maturity:	25 November 2022

Arranger:



8 November 2019

These Terms of the Note Issue do not constitute an offer to sell or a solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Table of Contents

Table of Contents	2
Terms and abbreviations used	3
1. Summary	6
2. Risk Factors.....	13
3. Party responsible for the Terms of the Issue	16
4. Information on Notes.....	17
5. Special Conditions.....	27
6. Taxes	30
7. Terms of the Offering.....	32
8. Including of the Notes on the market and trading regulations	33
9. Additional Information.....	34
10. The Issuer	35
11. Business of the Issuer	36
12. Financial information	38
13. Annexes.....	41

Terms and abbreviations used

Agent	:	A person authorized to represent the Issuer and to perform certain tasks
AML	:	Anti-money laundering and counter terrorism and proliferation financing
Arranger	:	AS BlueOrange Bank (registration number: 40003551060, legal address: Smilšu iela 6, Riga, LV-1050, Latvia)
Business Day	:	The day when the Nasdaq CSD system is open and operational
Collateral	:	Collateral described in Section 4.2.5 "Collateral of the Notes" which serves as security for fulfilment of the Issuer's obligations to Investors in accordance with the Terms of the Issue
Collateral Agent	:	A person holding the Collateral on behalf of the Investors and authorized to act with the Collateral in favour of all the Investors in accordance with the Terms of the Issue and the Collateral Agent Agreement, initially Law Office "Eversheds Sutherland Bitāns", VAT registration No. 90000816224, registered address: 20a Lāčplēša Street, 6th Floor, Riga, LV-1011, Latvia
Collateral Agent Agreement	:	Agreement entered into between the Issuer and the Collateral Agent which stipulates the rights and obligations of the Collateral Agent in relation to establishment, maintenance, and enforcement of the Collateral, as defined in these Terms of the Issue, in the interests of the Investors, as well as the Collateral Agent's compensation. The Collateral Agent Agreement is an annex to these Terms of the Issue and constitutes an integral part thereof
Collateral Agreement	:	Commercial pledge agreement concluded or to be concluded on the provision of the Collateral referred to in Section 4.2.5 "Collateral of the Notes" between the Collateral Agent and the relevant Collateral Provider and governed by Latvian Law. The Collateral Agreements are an annex to these Terms of the Issue and constitute an integral part thereof
Collateral Provider	:	The Issuer, the Subsidiaries and the Material Subsidiaries
Coupon	:	Interest on Notes calculated in accordance with the Section 4.2.11. "Coupon payments"
Custodian	:	Credit institution or investment brokerage company that has obtained the FCMC license or is entitled to do business and to keep securities in accordance with its country of registration laws
EUR	:	Euro (single currency of the member states of the European Monetary System)
FCMC	:	Financial and Capital Market Commission
First Settlement Date (Issue Date)	:	The date when interest on the Notes start to accrue and is 15 November 2019
Interest calculation period	:	The period of time between the First Settlement Date and the date of the first payment or between two Coupon payment dates
Investor	:	A Note holder registered in the NASDAQ CSD or, where relevant, a private individual or legal entity that has, according to the terms and conditions set out in these Terms of the Issue, expressed interest or is planning to purchase one or more Notes for its own account
ISIN	:	International Securities Identification Number, which was allocated by Nasdaq CSD, and is LV0000802379

Issuer or ExpressCredit	:	SIA "ExpressCredit" (registration number: 40103252854, legal entity identifier: 2138002PKHUJIMVMYB13, legal address: Raunas iela 44 k-1, Riga, Latvia, LV-1039)
Legal acts	:	All legal acts including FCMC, Nasdaq Riga and Nasdaq CSD regulations, which are in force in Latvia at the time of the Notes issue, as well as prior to the maturity date of the Notes
Majority Investors	:	Collectively any Investors (excluding the Issuer and the Related Parties holding any Notes) that hold in aggregate the Notes with the Nominal representing at least 1/2 (one half) of the aggregate Nominal of all outstanding Notes plus at least one additional Note (excluding any Notes held by the Issuer and the Related Parties (if such Notes exist)). For the avoidance of doubt, Notes held by the Issuer or the Related Parties shall not give them rights provided to the Majority Investors in accordance with these Terms of the Issue
Material Subsidiaries	:	Any future subsidiary of the Issuer, which constitutes more than 20% of total consolidated loans and receivables of the Issuer and/or 10% of the total consolidated revenue of Issuer"
Minimum Settlement Unit	:	The minimum amount which can be held/traded, which is equal to Nominal
Mintos Finance	:	SIA Mintos Finance (registration number: 40203022549, legal address: Skanstes iela 50, Riga LV-1013, Latvia)
Nasdaq CSD	:	Nasdaq CSD SE (registration number: 40003242879, legal address Vaļņu iela 1, Riga, LV-1050, Latvia)
Nasdaq Riga	:	AS "Nasdaq Riga" (registration number: 40003167049, legal address: Vaļņu iela 1, Riga, LV-1050, Latvia)
Nominal	:	Face value of a single Note, which is EUR 1,000 (one thousand euro and 00 cents)
Note	:	Debt security that is issued by the Issuer according to the Terms of the Issue
Parallel Debt	:	Legal arrangement described in Section 4.2.6 of these Terms of the Issue
Promissory Note	:	An agreement between the Issuer and the Collateral Agent where the Issuer reassures that it owes any sums due under these Terms of the Issue to the Collateral Agent and which may be used, if necessary, for the purposes of registration and enforcement of the Collateral
Register	:	The Commercial Pledge Register of the Companies Register of the Republic of Latvia
Related Parties	:	The shareholders, members of the management board and supervisory board (if relevant) of the Collateral Provider and legal entities of which they are majority shareholders or which are under their control
Sanctions	:	Restrictive measures, namely, restrictions or prohibitions imposed pursuant to international public law, including restrictive measures adopted by the United Nations Security Council (UN), the European Union (EU), Office for Foreign Assets Control (OFAC) and by the Republic of Latvia
Settlement Unit Multiple	:	Multiple that defines that the settlement quantity or nominal must be a multiple of the defined value, which is EUR 1,000
Subscription Order	:	The Signed Arranger's "Financial instrument (FI) transactions agreement" and brokerage order, which is submitted in accordance with Arranger's "FI and precious metals transaction terms and conditions". The Subscription Order can also be

submitted to other Custodians, which in turn shall submit orders to the Arranger. The form of such Subscription Orders are regulated by contracts between Investors and Custodians and by the applicable Legal acts.

- Subsidiaries : The following subsidiaries of the Issuer: **SIA "ExpressInkasso"** (registration number: 40103211998; legal address: 44 k-1 Raunas Street, Riga, LV-1039, Latvia), **SIA "VIZIAFinance"** (registration number: 40003040217; legal address: 44 k-1 Raunas Street, Riga, LV-1039, Latvia) and **SIA "REFIN"** (registration number: 40203172517; legal address: 44 k-1 Raunas Street, Riga, LV-1039, Latvia).
- Terms of the Issue : This document, which entitles the Issuer to execute the Issue and the initial offering of the Notes

1. Summary

Part A. Introduction and Warnings		
Element and Request for the Provision of Information		Information
A.1	Warning to investors	<ul style="list-style-type: none"> This summary should be read as introduction to the Terms of the Issue; Any decision to invest in the securities should be based on consideration of the Terms of the Issue as a whole by the Investor; Where a claim relating to the information contained in the Terms of the Issue is brought before a court, the plaintiff Investor might, under the national legislation of the Member States, have to bear the costs of translating the Terms of the Issue before the legal proceedings are initiated; and Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Terms of the Issue, key information in order to aid Investors when considering whether to invest in such securities.
Part B. Issuer and any Guarantor		
B.1	Legal name and commercial name of the Issuer	The Issuer's legal name is <i>sabiedriba ar ierobežotu atbildību</i> "ExpressCredit".
B.2	The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation	<p>Country of location: Republic of Latvia. Legal form: limited liability company, legal status — legal person. Date and place of registration: in the Commercial Register of the Republic of Latvia on 12 October 2009 Registration number: 40103252854 Legal address: Raunas iela 44 k-1, Riga, Latvia, LV-1039 The company's country of foundation is the Republic of Latvia. The main regulatory enactments which regulate Issuer's activities are</p> <ul style="list-style-type: none"> The Commercial Law of the Republic of Latvia; Cabinet Regulation No. 245 of 29 March 2011, "Regulations Regarding a Special Permit (Licence) of Consumer Credit Services"; Cabinet Regulation No. 691 of 25 October 2016, "Regulations On Consumer Credit" (these Regulations determine the requirements in relation to the content of consumer credit service advertisements, the procedures by which information shall be provided prior to entering into a consumer credit agreement, and the content of information, requirements for provisions of additional services, the requirements to be set out for the credit agreement and the information to be contained therein, the methodology for the calculation of the annual percentage rate of charge, foreign currency credit and variable interest rate credit provisions, the procedures for informing consumers during the duration of the credit agreement, the procedures for early repayment of credit and fair reduction of the total costs of the credit, the requirements applicable to individual types of credit agreements and the obligations of credit intermediaries, advisory requirements, as well as the legal framework for consumer credit for pledging movable property); Law On Out-Of-Court Consumer Dispute Resolution Bodies (the purpose of this law is to lay down uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through

		<p>independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution);</p> <ul style="list-style-type: none"> • Personal Data Processing Law (the purpose of this Law is to create legal preconditions for setting up of a system for the protection of personal data of a natural person at a national level by providing for the institutions necessary for such purpose, determining the competence and basic principles of operation) and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation); • Consumer Rights Protection Law (the purpose of this Law is to ensure that consumers are able to exercise and protect their lawful rights when entering into contracts with manufacturers, traders or service providers); • Unfair Commercial Practice Prohibition Law (the purpose of this Law is to ensure the protection of the rights and economic interests of the consumers by prohibiting the performers of commercial practices from utilising unfair business-to-consumer commercial practices); • Law On Extrajudicial Recovery of Debt (the purpose of this Law is to regulate the rights and duties of a creditor and a provider of debt recovery services in the field of debt recovery). • Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing (the purpose of this Law is to prevent money laundering and terrorism and proliferation financing). • Cabinet Regulation No. 705 of 13 November 2018, "Regulations Regarding the Requirements of the Prevention of Money Laundering and Terrorism Financing for the Providers of Consumer Crediting and Debt Recovery Services" (these regulations prescribes the requirements regarding the money laundering and terrorism financing risk assessment, internal control system and its establishment, customer due diligence and monitoring of the transactions carried out by customers for persons who are engaged in consumer crediting and to whom the Consumer Rights Protection Centre has issued a special permit (licence) for the provision of crediting services, and for the persons who are dealing with provision of debt recovery services and to whom the Consumer Rights Protection Centre has issued a special permit (licence) for the provision of debt recovery services.). • Law On International Sanctions and National Sanctions of the Republic of Latvia (the purpose of this Law is to ensure peace, security, and rule of law in accordance with the international obligations and national interests of Latvia, introducing international sanctions or imposing national sanctions or in cases specified in the Law, by applying the sanctions determined by a Member State of the European Union or of the North Atlantic Treaty Organisation.)
B.3	A description of, and key factors relating to, the nature of the Issuer's current operations and its principal activities	The main areas of Issuer's activity are consumer financing (pawn loans and consumer loans) and pawn shop services.

B.4a	A description of the most significant recent trends affecting the Issuer and the industries in which it operates	At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any identified tendencies that have negatively affected the Issuer or the activity of the crediting industry.																																																			
B.4b	A description of any known trends affecting the Issuer and the industries in which it operates	At the moment of signing the Terms of the Issue, the Issuer has incorporated the changes in the regulation as of 1 July 2019, which ban the advertising of lending services on state financed radio and television channels and introduce the cap on loan costs for consumer loans 0.07%/day (previously 8.8% monthly for loans with term up to 30 days, and 0.25%/day for loans with term larger than 30 days).																																																			
B.5	A description of the group and the Issuer's position within the group	At the moment of signing the Terms of the Issue, the Issuer is an operating company and holds interest in three subsidiaries.																																																			
B.6	Main shareholders of the Issuer	<p>At the moment of signing the Terms of the Issue, the current structure of the Issuer's shareholders is as follows:</p> <table border="1"> <thead> <tr> <th>Name, surname/ Legal name</th> <th>Number of shares</th> <th>% of the total number</th> </tr> </thead> <tbody> <tr> <td>SIA "Lombards24.lv"</td> <td>977,700</td> <td>65.18%</td> </tr> <tr> <td>SIA "AE Consulting"</td> <td>150,000</td> <td>10.00%</td> </tr> <tr> <td>SIA "EC finance"</td> <td>319,800</td> <td>21.32%</td> </tr> <tr> <td>Private individuals</td> <td>52,500</td> <td>3.50%</td> </tr> <tr> <td>Total:</td> <td>1,500,000</td> <td>100%</td> </tr> </tbody> </table> <p>Issuer's share capital is EUR 1,500,000 which consists of 1,500,000 ordinary shares, each of them with a nominal value of EUR 1.00.</p> <p>The beneficiary of the Issuer, controlling the Issuer, is chairman of the board, Agris Evertovskis.</p> <p>At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any agreements, the fulfilment of which might cause changes in the Issuer's control.</p>	Name, surname/ Legal name	Number of shares	% of the total number	SIA "Lombards24.lv"	977,700	65.18%	SIA "AE Consulting"	150,000	10.00%	SIA "EC finance"	319,800	21.32%	Private individuals	52,500	3.50%	Total:	1,500,000	100%																																	
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B.7	Selected historical key financial information	<p>Issuer's selected consolidated financial figures are as follows.</p> <p>Income statement (EUR):</p> <table border="1"> <thead> <tr> <th></th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>4 164 444</td> <td>4 186 422</td> </tr> <tr> <td>Cost of sales</td> <td>(2 750 464)</td> <td>(2 658 754)</td> </tr> <tr> <td>Interest income and similar income</td> <td>13 863 118</td> <td>14 663 755</td> </tr> <tr> <td>Interest expenses and similar expenses</td> <td>(3 505 739)</td> <td>(2 792 480)</td> </tr> <tr> <td>Gross profit</td> <td>11 771 359</td> <td>13 398 943</td> </tr> <tr> <td>Selling expenses</td> <td>(5 666 679)</td> <td>(5 931 648)</td> </tr> <tr> <td>Administrative expenses</td> <td>(2 289 942)</td> <td>(2 770 859)</td> </tr> <tr> <td>Other operating income</td> <td>44 476</td> <td>80 184</td> </tr> <tr> <td>Other operating expenses</td> <td>(206 004)</td> <td>(151 419)</td> </tr> <tr> <td>Income from investments</td> <td>-</td> <td>-</td> </tr> <tr> <td>Profit before corporate income tax</td> <td>3 653 210</td> <td>4 625 201</td> </tr> <tr> <td>Income tax expense</td> <td>(554 662)</td> <td>(78 879)</td> </tr> <tr> <td>Profit after corporate income tax</td> <td>3 098 548</td> <td>4 546 322</td> </tr> <tr> <td>Expense from changes in deferred tax assets</td> <td>(145 252)</td> <td>-</td> </tr> <tr> <td>Interim dividend</td> <td>(996 526)</td> <td>(490 000)</td> </tr> <tr> <td>Profit for the reporting year</td> <td>1 956 770</td> <td>4 056 322</td> </tr> </tbody> </table>		2017	2018	Net sales	4 164 444	4 186 422	Cost of sales	(2 750 464)	(2 658 754)	Interest income and similar income	13 863 118	14 663 755	Interest expenses and similar expenses	(3 505 739)	(2 792 480)	Gross profit	11 771 359	13 398 943	Selling expenses	(5 666 679)	(5 931 648)	Administrative expenses	(2 289 942)	(2 770 859)	Other operating income	44 476	80 184	Other operating expenses	(206 004)	(151 419)	Income from investments	-	-	Profit before corporate income tax	3 653 210	4 625 201	Income tax expense	(554 662)	(78 879)	Profit after corporate income tax	3 098 548	4 546 322	Expense from changes in deferred tax assets	(145 252)	-	Interim dividend	(996 526)	(490 000)	Profit for the reporting year	1 956 770	4 056 322
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Balance sheet (EUR):		31.12.2017	31.12.2018
Non-current assets:			
<u>Intangible assets:</u>			
Concessions, patents, licenses, trademarks and similar rights		193 281	204 024
Other intangible assets		34 159	43 204
Goodwill		127 616	127 616
	TOTAL:	355 056	374 844
<u>Property, plant and equipment:</u>			
Investments in property, plant and equipment		50 546	34 525
Other fixtures and fittings, tools and equipment		195 192	193 571
	TOTAL:	245 738	228 096
<u>Non-current financial assets:</u>			
Investments in related companies		-	-
Loans to related companies		551 594	-
Loans and receivables		1 912 896	3 491 915
Loans to shareholders and management		746 619	1 072 274
	TOTAL:	3 211 109	4 564 189
	TOTAL NON-CURRENT ASSETS:	3 811 903	5 167 129
Current assets:			
Finished goods and goods for sale		682 995	848 111
Loans and receivables		13 930 776	16 658 940
Receivables from affiliated companies		4 377	204 335
Other debtors		600 093	230 989
Deferred expenses		67 538	66 945
Cash and cash equivalents		2 219 747	3 489 176
	TOTAL CURRENT ASSETS:	17 505 526	21 498 496
	TOTAL ASSETS:	21 317 429	26 665 625
Equity:			
Share capital		1 500 000	1 500 000
Retained earnings		232 708	397 834
Profit for the reporting year		1 956 770	4 056 322
	TOTAL EQUITY:	3 689 478	5 954 156
Liabilities:			
<u>Non-current liabilities:</u>			
Bonds issued		7 052 187	6 192 631
Other borrowings		1 444 391	996 544
	TOTAL:	8 496 578	7 189 175
<u>Current liabilities:</u>			
Bonds issued		1 014 743	1 722 136
Other borrowings		6 834 774	10 643 864
Trade payables		325 614	400 778
Accounts payable to affiliated companies		51 280	416
Taxes and social insurance		402 964	199 137
Accrued liabilities		501 998	555 963
	TOTAL:	9 131 373	13 522 294
	TOTAL LIABILITIES:	17 627 951	20 711 469
	TOTAL EQUITY AND LIABILITIES	21 317 429	26 665 625
The Issuer's financial auditor of the last audited annual report is SIA "BDO ASSURANCE" (registration number: 42403042353, legal address: Kaļķu iela 15 - 3B, Riga, Latvia, LV-1050).			

		The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.
B.8	Selected pro forma financial information	Issuer does not provide pro forma financial information.
B.9	Profit forecast or evaluation	The profit/loss forecast has not been carried out.
B.10	Objections in the financial information of the audit report	The audit reports for financial statements for 2017 and 2018 contained no objections.
B.11	Issuer's equity	The last audited total equity of the Issuer is EUR 5,954,156.
B.12	Forecasts regarding the Issuer	The forecasts regarding the Issuer contain no crucial negative changes after the publication of the last audited financial statements.
B.13	A description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	No events related to the Issuer, which are crucial for preventing Issuer's insolvency, have been established.
B.14	Issuer's dependency	The Issuer is an operational company and main company of Issuer's group, therefore it has no dependence on other entities.
B.15	Description of the Issuer's principal activities	The main areas of Issuer's activity are consumer financing and pawn shop services.
B.16	Control over the Issuer	The beneficiary of the Issuer, controlling the Issuer, is chairman of the board Agris Evertovskis.
B.17	Credit ratings assigned to the Issuer or its debt securities	There is no credit rating assigned neither to the Issuer nor to the Notes issue.
B.18 – B.50		Not applicable.
Part C. Securities		
C.1	Type and category of securities, ISIN	Notes issue ISIN (International Securities Identification Number), which was allocated by Nasdaq CSD, is LV0000802379
C.2	Currency of the issue of securities	Currency of the Notes issue is euro (EUR).
C.3 – C.4		Not applicable.
C.5	Restrictions for free transferability of securities	The Notes are freely transferable securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the laws of the Republic of Latvia and the United States of America.
C.6 – C.7		Not applicable.
C.8, C.9	Rights arising from the Notes	Investors have a right to receive Coupon and Nominal payments, exercise other rights as stipulated in the Terms of the Issue. The Coupon rate is 14.0% (fourteen per cent) per annum. Coupon payments are made every month on 25th date, starting from 25 December

		<p>2019. The Issuer will withhold taxes according with applicable laws in the Republic of Latvia.</p> <p>The maturity date of Notes is 25 November 2022, Nominal amount is repaid as a lump sum on the maturity date.</p> <p>The Issuer can carry out full early redemption (call option), on 25 November 2020 by paying 102% for the Nominal amount or on 25 November 2021 by paying 101% for the Nominal amount. If the Issuer takes decision on the early redemption of Notes, the Issuer shall notify Investors at least 20 (twenty) Business Days prior to the redemption date of Notes.</p> <p>The Notes are secured with a Collateral, which is a commercial pledge over all assets of the Issuer (including claims) as an aggregation of property at the moment of pledging as well as its future components, in accordance with the terms of the commercial pledge agreement, in proportion (pro-rata) in case of commercial pledge enforcement – giving the Investors rights to their proportional share of the entire commercial pledge.</p> <p>Ranking of the Notes as the liabilities of the Issuer is <i>pari passu</i> (equivalent with no priority) with the other secured liabilities of the Issuer.</p> <p>Collateral Agent holds the Collateral on behalf of the Investors and is authorized to act with the Collateral in favour of all the Investors in accordance with the Terms of the Issue and the Collateral Agent Agreement.</p> <p>Mintos Finance may unilaterally instruct the Collateral Agent to enforce the Collateral (1) if a notice on unilateral withdrawal from the <i>Cooperation Agreement on Issuance of Loans No 28/2016-L</i> between Mintos Finance and ExpressCredit has been given by Mintos Finance to the ExpressCredit, and (2) irrespective of the claim amount Mintos Finance holds against ExpressCredit at the moment of giving such instruction.</p> <p>Investors have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Investors' right to create and/or authorize an organization/person that represents the legal interests of all Investors or part thereof. In case of the insolvency of the Issuer, every Investor has the right to represent their own interests in creditors' meetings. The Investors will have equal rights for satisfaction of their claims with other creditors ranking in the same claims' group.</p> <p>If the Collateral is being enforced by the Collateral Agent in accordance with these Terms of the Issue and subsequently the Collateral object or any part thereof is offered for sale, Mintos Finance has the right to match the best price offered by the potential buyer. If Mintos Finance subsequently buys the respective Collateral object or a part thereof, the settlement for this purchase may only be in cash (and not by set-off).</p>
C.10	Interest payment of securities based on derived financial instruments	Not applicable. There is no derivative component embedded in the terms of the Notes.
C.11	Inclusion of Notes in the regulated market	The Issuer plans to include Notes on the alternative market Nasdaq First North.
C.12	Minimum denomination of the issue	The Nominal value of one Note is EUR 1,000 (one thousand euro).
C.13 – C.22		Not applicable.
Part D. Risks		

D.1, D.2	Key information on the key risks that are specific to the Issuer or its industry	When making an investment in Notes, the Investor undertakes certain financial risks. The main risk factors that influence the Issuer are changes in regulatory enactments and policies, AML and Sanctions compliance risk, macroeconomics risk, licensing risk, competition risk, refinancing risk, dependence on future employees, operational risk and legal proceeding and risk of other claims.
D.3	Key information on the key risks that specific to the securities	When investing funds in Notes, investors undertake the following risks related to debt securities: Collateral risk, Notes repayment risk, Notes early repayment risk, delisting risk, liquidity risk, price risk and tax risk.
D.4 – D.6		Not applicable.
Part E. Offer		
E.1 – E.2a		Not applicable.
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks	Funds that are raised as a result of the Notes issue will be used in the ordinary course of business of the Issuer.
E.3	A description of the terms and conditions of the offer	Not applicable.
E.4	A description of any interest that is material to the issue/offer including conflicting interests	AS BlueOrange Bank (the Arranger) is organizing the Notes issue and may have other business transactions with the Issuer.
E.5 – E.6		Not applicable.
E.7	Estimated expenses charged to the investor by the issuer or the offeror	All the expenses related to the acquisition and custody of Notes are borne by an investor in compliance with the price-list of a credit institution or investment service provider, through which the investor purchases and keeps Notes. The Issuer is not obliged to compensate for expenses incurred by the investor. The investor may have additional tax payment obligations related to Notes depending on the investor's country of residence. The Issuer will deduct taxes from Coupon payments in compliance with the applicable legal acts of the Republic of Latvia.

2. Risk Factors

2.1. Important note

The risks indicated in this section may reduce Issuer's ability to fulfil its obligations and cause its insolvency in the worst-case scenario. Notes are secured with the Collateral, in accordance with the terms of the commercial pledge agreement, in proportion (pro-rata) in case of commercial pledge enforcement – giving the new and the existing Investors rights to their share of the entire commercial pledge. Investors shall be aware that the Collateral also secures obligations of the Issuer towards the note holders under the EUR 5 000 000 notes Issue of 7 October 2016 of ExpressCredit, towards the note holders under the EUR 2 187 500 prospectus of 17 March 2014 of ExpressCredit and towards Mintos Finance according to the EUR 20 000 000 Cooperation Agreement on Issuance of Loans No. 28/2016-L between Mintos Finance and ExpressCredit.

This section may not feature all the potential risks, which may affect the Issuer.

2.2. Changes in regulatory enactments and policies

The Issuer carries out its activity in Latvia and most of the risks, which affect it, are related to the general economic situation in the country and regulatory enactments adopted by the Saeima of the Republic of Latvia or Cabinet of Ministers of the Republic of Latvia.

Currently, the activity of the Issuer and other non-bank credit companies in Latvia is regulated by Cabinet Regulation No. 245 of 29 March 2011, "Regulations Regarding a Special Permit (Licence) of Consumer Credit Services", which, among other things, determines the need for a licence, the price of which is EUR 71,140, as well as annual prolongation of licence operation, the price of which is EUR 14,225; by Cabinet Regulation No. 691 of 25 October 2016, "Regulations On Consumer Credit", Law On Out-Of-Court Consumer Dispute Resolution Bodies, Personal Data Processing Law; Unfair Commercial Practice Prohibition Law; Law On Extrajudicial Recovery of Debt, and Consumer Rights Protection Law.

At the moment of signing the Terms of the Issue, the Issuer has incorporated the changes in the regulation as of 1 July 2019, which ban the advertising of lending services on state financed radio and television channels and introduce the cap on loan costs for consumer loans 0.07%/day (previously 8.8% monthly for loans with term up to 30 days, and 0.25%/day for loans with term larger than 30 days). The Issuer has implemented a pricing strategy for consumer loans to have the effective monthly interest > 3.5%, monthly.

Significant changes in existing regulatory enactments or implementation of new regulations in the Republic of Latvia might negatively affect the business and solvency of the Issuer.

2.3. AML and Sanctions compliance risk

As the Issuer carries out its activity in Latvia, the Issuer is a subject to the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing and Law On International Sanctions and National Sanctions of the Republic of Latvia and complies with the international legal acts and legal acts of the Republic of Latvia which regulate prevention of legalization of proceeds derived from criminal activity and financing of terrorism and proliferation.

The Issuer takes all the measures necessary to reduce the probability of conducting business with customers involved in or allegedly involved in money laundering and terrorism and proliferation financing by adhering to all the legal requirements and implementing the "Know Your Customer" principles in its business operations. The internal control system of the Issuer is based on the "Know Your Customer" principles. Policies and procedures are in place for the AML and Sanctions as well as control measures are developed on the basis of the international legal acts and legal acts of the Republic of Latvia that regulate AML and Sanctions. The international standards and the best practice guidelines as well as Policy and Guidelines of the Finance Latvia Association in the area of the AML and Sanctions are followed as well.

The Issuer ensures compliance with Sanction lists requirements defined by EU regulations, OFAC and UN Regulations. The Issuer has centralized AML and Sanctions compliance function with respect to the AML and Sanctions compliance through an automated system. The Issuer has a scoring system that assigns an AML risk score to every client of the Issuer.

Nevertheless, there is a risk that the measures adopted by the Issuer may be insufficient for prevention of money laundering and terrorism and proliferation financing, as a result of which the Issuer may incur losses, be subjected

to legal sanctions, or its reputation may deteriorate. This may have an adverse effect on the financial position and reputation of the Issuer.

2.4. Macroeconomics risk

The economic situation in Latvia, where the Issuer carries out its entrepreneurial activity, is assessed as stable, which is supported by both macroeconomic data, such as GDP and employment indicators, and credit ratings assigned by international rating agencies — Moody’s Investors Service, Standard & Poor’s Financial Services, and Fitch Ratings — which have been increased over the recent years.

At the moment of signing the Terms of the Issue Standard & Poor’s credit rating for Latvia stands at A with stable outlook, Moody’s credit rating for Latvia was last set at A3 with stable outlook, Fitch’s credit rating for Latvia was last reported at A- with stable outlook.

If the disposable income of population declines rapidly, it can adversely affect clients’ ability to return the loans to the Issuer, which in turn may reduce its ability to meet Issuer’s obligations to Investors.

2.5. Licensing risk

Consumer Rights Protection Centre (CRPC) carries out supervisory functions for consumer finance and debt collection companies in the Republic of Latvia. CRPC issues licenses for companies in these sectors.

The Issuer is licensed consumer finance company and has obtained non-terminated license.

CRPC is entitled to withdraw licenses in case there are breach of regulations set forth by Legal acts of the Republic of Latvia. The risk is managed at higher management level by following regulations and recommendations.

2.6. Competition risk

As of the date of signing Terms of the Issue, there were 66 licensed consumer finance companies which operated in the territory of Latvia, offering different credit services; 16 of them offered pawn loans (loans issued against pledge of movable property). Licensed consumer finance companies also operate in such areas as consumer loans (unsecured loans), distance loans, mortgage loans and loans against vehicle. Among the licensed consumer finance companies a large part of lenders operate in a virtual environment, or only in a small geographic area.

Issuer provides services throughout the territory of Latvia - a total of 39 cities and rural areas, operating 86 branches. Taking into account the number of businesses that provide similar services, the Issuer’s existing branch network, the quality of services and barriers to entry in the market, the Issuer risks of competition is not considered to be significant.

The Issuer’s management has extensive experience in managing entrepreneurial activity, which is useful in adjusting to market changes and managing the company in changing conditions of external environment.

2.7. Refinancing risk

Principal of Notes will be repaid as a lump sum at maturity date, therefore the Issuer has increased refinancing risk. The Issuer will seek to refinance Bond issue or look for other funding sources in order to decrease refinancing risk.

2.8. Dependence on future employees

In future, Issuer’s duties will be affected by its ability to attract, preserve, and motivate highly qualified and experienced personnel. Competition for staff with the relevant skills and experience in Latvia is fierce; however, part of the senior management are also shareholders who are interested in the long-term growth of the Issuer.

2.9. Operational risks

Operational risk is a possibility of experiencing losses due to insufficient or unsuccessful inner processes, personnel management, systems, or external circumstances. The average number of Issuer’s employees during 2018 reached 270 persons; therefore, thorough personnel selection is carried out, accurate descriptions of job duties are compiled, division of duties is coordinated, constant investments are made within the IT system, which allows the Issuer to reduce operational risks.

2.10. Legal proceeding and risk of other claims

The Issuer may be adversely affected by contractual claims, complaints and legal proceedings arising from relationships with partners, customers, competitors or regulatory authorities, as well as negative publicity such

proceedings might cause. Any such legal proceedings, complaints, contractual claims or negative publicity may materially affect the operational activities, financial situation and business results of the Issuer.

2.11. Risks related to Notes

2.11.1. Collateral risk

If the Issuer fails to make the Coupon and / or Nominal payments in a timely manner, the Collateral Agent, acting in the interest of the Investors, will initiate the takeover and realization of the Collateral. There is a risk that there may be no legal and practical possibility to take over or sell the Collateral in full or in part and no buyer may be interested in buying the Collateral. Considering that the Collateral Agent does not supervise the quality of the Collateral during the duration of Issuer's obligations and the Collateral Agent has no liability to the Investors in this regard, there is a risk that the Collateral may be taken over but the realization of the Collateral may be insufficient to fully satisfy the Investors' claims.

Investors should note that the Issuer's core business is related to the issuance of loans and the Issuer's principal asset is a credit portfolio, the value of which may change in the event of realization of Collateral.

2.11.2. Notes repayment risk

Ranking of the Notes as the liabilities of the Issuer is *pari passu* (equivalent with no priority) with the other secured liabilities of the Issuer. In case of Issuer's insolvency, the Investors have equal rights for satisfaction of their claims with other creditors ranking in the same claims' group.

2.11.3. Notes early repayment risk

Issuer has call options, which means, that at certain dates during the term of Notes the Issuer may decide to execute an early repayment of Notes by paying back the principal and call option premium to the Investors. Investors should take into account that Notes early redemption price may be lower than Notes price on the secondary market.

2.11.4. Delisting risk

After Notes registration the Issuer plans to request admission to trading of the Notes on First North, which is alternative market operated by Nasdaq Riga. There is a risk, that Nasdaq Riga would not accept Notes to be admitted for trading on First North or order to delist Notes from the First North before the maturity after the admission to trading took place, due to FCMC opinion or changes in Legal acts, including Nasdaq Riga regulations.

2.11.5. Liquidity risk

Neither the Issuer, nor any other person guarantees the minimum liquidity of Notes. Investors should take into account that there may be difficulties in selling Notes in the secondary market.

2.11.6. Price risk

Notes will be repaid for their Nominal Value, yet the price in the secondary market may change significantly. Neither the Issuer, nor any other person undertakes to maintain a certain price level of Notes.

2.11.7. Tax risk

Tax rates and tax payment procedure applicable at the moment of purchase of Notes to the tax residents, non-residents of Latvia, and residents of other countries may change. The Issuer will not compensate for the increase in taxes to Investors, therefore Investors may receive smaller payments related to Notes.

3. Party responsible for the Terms of the Issue

3.1. Party responsible for the Terms of the Issue

Sabiedrība ar ierobežotu atbildību "ExpressCredit"

Registration number: 40103252854

Legal entity identifier: 2138002PKHUJIMVMYB13

Legal address: Raunas iela 44 k-1, Rīga, Latvia, LV-1039

3.2. Representations and Warranties of the Issuer

The Issuer shall, in accordance with these Terms of the Issue, issue Notes and perform the obligations arising from the Notes to the Investors.

The Issuer shall be liable to the Investors for due and complete fulfilment of its obligations deriving from the Notes with Collateral.

The Issuer gives the following warranties to the Investors:

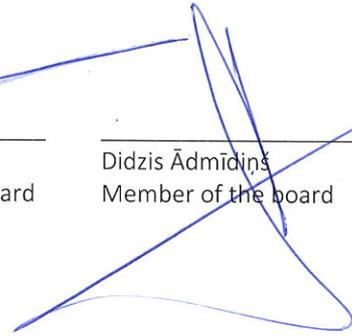
- (a) All the Issuer's obligations assumed under this issue of the Notes are valid and legally binding to the Issuer and performance of these obligations is not contrary to the Issuer's Articles of Association, laws or any agreement concluded by the Issuer;
- (b) The Issuer has all the rights and sufficient authorizations to issue the Notes and fulfil obligations arising from issuing the Notes;
- (c) The Issuer has performed all the formalities required for issuing the Notes and fulfilling the obligations arising here from;
- (d) All information that is provided by the Issuer to the Investors is true, accurate, complete and correct as at the date of presenting the respective information and is not misleading in any respect.

3.3. Assurance of the information provided in the Terms of the Issue

The Issuer and its management board are responsible for the information contained in Terms of the Issue.

Hereby we, members of the board of SIA "ExpressCredit", Agris Evertovskis, Didzis Ādmidiņš, Kristaps Bergmanis, Ivars Lamberts, certify that, by paying sufficient attention to this purpose, the information included in the Terms of the Issue is true, in accordance with the facts, and no information which may affect its meaning is concealed therein.



Agris Evertovskis
Chairman of the board

Didzis Ādmidiņš
Member of the board

Kristaps Bergmanis
Member of the board

Ivars Lamberts
Member of the board

4. Information on Notes

4.1. The use of the proceeds

The total issue size is EUR 5,000,000 (five million euro).

Funds that are raised as a result of the Notes issue will be used in the ordinary course of business of the Issuer.

4.2. Information on the offered Notes

4.2.1. General Information

The Notes are bearer and any person or entity that holds the Notes in his securities account has the right to receive Coupon and the Nominal payments. It is planned to issue Notes with nominal value of EUR 1,000 (one thousand euro) for one Note and total nominal value of EUR 5,000,000 (five million euro).

Notes issue ISIN, which was allocated by Nasdaq CSD, is LV0000802379.

4.2.2. Legal acts that regulate the Notes issue

The Notes issue is arranged in compliance with the Financial Instrument Market Law and other Legal acts of the Republic of Latvia that are in force including the FCMC and the Nasdaq CSD regulations.

All disputes between Investors and the Issuer shall be settled in courts of the Republic of Latvia in accordance to the legal acts in force. Terms of the Issue are drafted and signed in English and any translations of the Terms of the Issue into another language are unofficial and made exceptionally for the Investors' convenience. In case of any disputes' settlement, interpretation of the norms of the Terms of the Issue in English holds the priority against an interpretation in any other language.

4.2.3. Form and accounting of the Notes

The Notes are issued in dematerialized form and will be recorded in the Latvian SSS (securities settlement system governed by Latvian law) operated by Nasdaq CSD, which will provide the maintaining function for the Notes. Investors may hold Notes through Nasdaq CSD participants participating in the Latvian SSS.

4.2.4. Currency of the Notes

Currency of the notes is EUR (euro).

4.2.5. Collateral of the Notes

The Notes are secured with the following collateral:

- (a) a commercial pledge over all assets of the Collateral Provider as an aggregation of property at the moment of pledging as well as its future components;
- (b) a commercial pledge over all receivables of the Collateral Provider as an aggregation of property at the moment of pledging as well as its future components.

The Collateral shall be established in accordance with the terms and conditions of the relevant Collateral Agreement to be concluded between the Collateral Agent as pledgee and the relevant Collateral Provider as pledgor. The Collateral over the Material Subsidiaries shall be established (registered) in the Register within 30 (thirty) days after the respective subsidiary of the Issuer has met the relevant criterion. The Collateral shall be established in proportion (pro-rata) in case of commercial pledge enforcement – giving the Investors rights to their respective share of the entire commercial pledge.

Ranking of the Notes as the liabilities of the Issuer is *pari passu* (equivalent with no priority) with the other liabilities of the Issuer secured in accordance with the Collateral Agreements.

Collateral Agent holds the Collateral on behalf of the Investors and is authorized to act with the Collateral in favour of all the Investors in accordance with the Terms of the Issue and the Collateral Agent Agreement and its amendments (Annex 3 to the Terms of the Issue). Investors have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Investors' right to create and/or authorize an organization/person that represents the legal interests of all Investors or part thereof. In case of the insolvency of the Issuer, every Investor has the right to represent their own interests in creditors' meetings. The Investors will have equal rights for satisfaction of their claims with other creditors ranking in the same claims' group.

The Collateral Provider shall be responsible for all the costs related to the registration of the Collateral and changes to the Collateral as specified herein.

4.2.6. Parallel Debt

- 4.2.6.1. Notwithstanding any other provision of the Terms of the Issue, for the purpose of ensuring and preserving the enforceability of the Collateral, the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as creditor in its own right and not as representative of the Investors and as a solidary creditor together with the Investors for the purposes of Latvian law, sums equal to and in the currency of each amount payable by the Issuer to each of the Investors (whether present or future and whether actual or contingent) under these Terms of the Issue as and when the amount falls due for payment under these Terms of the Issue.
- 4.2.6.2. The Collateral Agent shall be a solidary creditor (jointly with the Investors) of each and every Note (whether present or future and whether actual or contingent) of the Issuer to the Investors or any of them and, accordingly, the Collateral Agent shall have its own independent right to demand performance by the Issuer of any of those obligations.
- 4.2.6.3. For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Investors under these Terms of the Issue.
- 4.2.6.4. For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Collateral Agent under the Parallel Debt the aggregate amount due by the Issuer to the Investors under these Terms of the Issue will be decreased accordingly.
- 4.2.6.5. To the extent the Collateral Agent receives any amount in payment of the Parallel Debt following its respective specific written claim made to the Issuer, the Collateral Agent shall transfer such amount to the Investors in accordance with Section 4.2.9.2. of these Terms of the Issue and other sections (if any).
- 4.2.6.6. For the avoidance of doubt, the Parallel Debt shall become due and payable at the same time and to the same extent as the obligations of the Issuer to the Investors under these Terms of the Issue become due and payable.

4.2.7. Rights and Obligations of the Collateral Agent

- 4.2.7.1. By submitting a Subscription Order or acquiring the Notes on the secondary market, each Investor:
 - (a) appoints the Collateral Agent to act as its agent and to perform the obligations and exercise the rights in connection with the Collateral as set forth in these Terms of the Issue, the Collateral Agreement and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with these Terms of the Issue, the Collateral Agreement, and the Collateral Agent Agreement;
 - (b) acknowledges that the Issuer has concluded the Collateral Agent Agreement with the Collateral Agent;
 - (c) confirms that the fact that the Collateral Agent acts under the Collateral Agent Agreement concluded with the Issuer does not constitute any conflict of interests with the Investor;
 - (d) confirms that the fact that the Collateral secures, *inter alia*, the Issuer's obligations towards the Collateral Agent does not constitute any conflict of interests with the Investor (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Section 4.2.7.10 of these Terms of the Issue). Each Investor acknowledges that the fact that the Collateral secures, *inter alia*, the Issuer's obligations towards the Collateral Agent shall not prevent the Collateral Agent from fulfilling its obligations and acting in accordance with these Terms of the Issue and the Collateral Agent Agreement at its own discretion in the interests and on the account of the Investors without having any independent interests of its own;
 - (e) agrees that upon the performance of its obligations and exercising of its rights in connection with the Collateral, the Collateral Agent shall be entitled to act at its own discretion, considering the interests of the Investors collectively and generally (and not of any particular Investor), unless specifically instructed otherwise by the Majority Investors in accordance with Sections 4.2.8.4(b), 4.2.8.6, 4.2.8.7 of these Terms of the Issue and without prejudice to Section 4.2.8.10 of these Terms of the Issue;

- (f) agrees that the Collateral Agent shall have the right to advise the Issuer and to provide any services to the Issuer in any matters and in any fields of activity which do not directly relate to the performance of obligations of the Collateral Agent set forth in these Terms of the Issue, and that the Investor does not consider this to be in conflict with any of its interests.

4.2.7.2. The functions and obligations of the Collateral Agent are limited to those expressly specified in the Collateral Agent Agreement and these Terms of the Issue and, notwithstanding any other provisions of these Terms of the Issue, such functions are limited to the exercise of those rights which belong to the Collateral Agent in its capacity as the holder of the Collateral (pledgee). Collateral Agent is required to perform its obligations in relation to the Collateral only if the Collateral Provider establishes the Collateral in the interests of the Investors and in favour of the Collateral Agent (as the holder of the Collateral (pledgee)) in accordance with these Terms of the Issue to secure the Notes. The Collateral Agent does not have any obligation:

- (a) to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under these Terms of the Issue on the account of any assets of the Issuer, except for enforcing the Collateral in accordance with these Terms of the Issue and the Collateral Agreements upon the Collateral becoming enforceable and receiving the relevant instructions from the Majority Investors;
- (b) to ensure the existence or validity of the Collateral or to preserve the Collateral or its value or to assess any rights arising from or relating to the Collateral (except for the validity of the Collateral after its establishment to the extent within the control or sphere of influence of the Collateral Agent and to the extent within the scope of its obligations under these Terms of the Issue);
- (c) to inform the Investors or the Issuer about any circumstances relating to the Collateral except to the extent such obligation to provide information is explicitly set forth in the Terms of the Issue;
- (d) to provide any advice to the Investors in legal, accounting, tax or other matters.

4.2.7.3. The Investors shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Investors may exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to these Terms of the Issue.

4.2.7.4. Upon the performance of its obligations and exercising its rights the Collateral Agent shall act at its own discretion in the interests and on the account of the Investors collectively and generally (and not any particular Investor) without having any independent interests of its own (for the avoidance of doubt, the Collateral Agent has the right to withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent in accordance with Section 4.2.7.10 of these Terms of the Issue) and without any obligation to consider any interests of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. In particular, in accordance with these Terms of the Issue the Collateral Agent shall be entitled to decide at its sole discretion as to what would be in the best interests of the Investors upon failure to obtain instructions from the Majority Investors, however the Collateral Agent shall not start the enforcement of the Collateral without instructions provided by the Majority Investors described in Section 4.2.8.4(b) of these Terms of the Issue.

4.2.7.5. The Collateral Agent is not a party to the legal relationship between the Issuer and the Investors and is under no circumstances liable for the performance of the obligations of the Issuer.

4.2.7.6. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right at its own cost to use the services of third parties and to appoint third party representatives (including in the course of performance of its tasks and acts as stipulated in the Terms of the Issue and the Collateral Agreement). In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall evaluate and appoint only reputable third-parties having professional expertise for the fulfilment of the tasks and acts as stipulated in the Terms of the Issue. In case of use of the services of third parties and/or appointment of third-party representatives, the Collateral Agent shall also ensure that: (i) no conflict of interest exists in respect to the Issuer and the Majority Investors; (ii) the fees, costs and expenses of such third party services are at a reasonable market price; (iii) the fees, costs and expenses for using the services of third parties and/or appointment of third-party representatives

would not exceed costs, fees and expenses of the Collateral Agent if the latter would perform its obligations under the Terms of the Issue, the Collateral Agreements and the Collateral Agent Agreement on its own; and (iv) it remains duty and obligation of the Collateral Agent to perform its obligations under the Terms and the Collateral Agent Agreement and not of the appointed third party. In case the use of services of third parties or appointment of third-party representatives is required for the fulfilment of obligations arising from these Terms, including the Collateral Agreement, Section 4.2.7.10 of the Terms of the Issue is applicable.

- 4.2.7.7. At the request of the Collateral Agent, the Investor shall provide the Collateral Agent with any information required for the purposes of identification of the Investor and/or for the performance of other obligations arising from applicable laws and regulations.
- 4.2.7.8. At the request of the Collateral Agent, the Issuer shall provide the Collateral Agent with an updated list of Investors specifying the outstanding Nominal Value of the Notes each of them is holding and their latest known e-mail addresses.
- 4.2.7.9. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Collateral that are outside the control or sphere of influence of the Collateral Agent.
- 4.2.7.10. The Collateral Agent shall have the right to receive fees from the Issuer and to be compensated by the Issuer for the costs relating to the performance of its obligations under the Terms of the Issue and the Collateral Agreements in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of delay of payment of the relevant fees and costs. The Collateral Agent does not have a right to withhold the performance of its duties and obligations in case the Investors have compensated such fees and costs to the Collateral Agent in accordance with the Collateral Agent Agreement (as the case may be). As regards the costs, the Issuer shall compensate to the Collateral Agent also all payments made by the Collateral Agent to third parties for the purposes of establishment, amendment, termination and enforcement of the Collateral in accordance with the Terms and the Collateral Agreement (including, without limitation, state fees and taxes, other fees and payments established by laws and regulations, costs and expenses incurred by the Collateral Agent) as well as all damages incurred by the Collateral Agent in relation to the same.
- 4.2.7.11. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by post or e-mail by using the contact details set forth in the Terms of the Issue. All notices of the Investor to the Collateral Agent shall be sent to the Collateral Agent and copied to the Issuer and the Arranger. If the Collateral Agent has doubts that a notice from an Investor has not been sent to the Issuer then the Collateral Agent shall immediately forward such notice to the Issuer.
- 4.2.7.12. The Collateral Agent has the right to terminate the Collateral Agent Agreement in case (a) the Collateral described in Section 4.2.5 of these Terms of the Issue has not been established within the relevant term stipulated in Section 4.2.8.1 of these Terms of the Issue and/or (b) the Collateral Agent withdraws from performance of the tasks set out in these Terms of the Issue on the grounds set out in Section 4.2.8.15 or 4.2.8.17. of these Terms of the Issue. Fees and payments already paid to the Collateral Agent shall not be refunded in the event of termination of this Collateral Agent Agreement.
- 4.2.7.13. The Issuer has the right to terminate the Collateral Agent Agreement in case the Issuer decides not to proceed with the Notes issue and/or if the Collateral Agent allows gross negligence/malicious intent in exercising their rights. A new collateral agent must be designated by the Issuer who must take over the obligations of the Collateral Agent.

4.2.8. Establishment, Release and Enforcement of the Collateral

- 4.2.8.1. For the purpose of constituting security for the due and punctual payment, discharge and performance of the Notes, the Collateral shall be established in the interests of Investors and in favour of the Collateral Agent (as the holder of the Collateral (pledgee)) under the Collateral Agreement which, in legal terms, serves as security for the Notes of the Issuer towards the Collateral Agent. The Issuer shall ensure that the Collateral Providers will conclude the relevant Collateral

Agreements or amend the existing Collateral Agreements to secure the Notes with the Collateral Agent and ensure that the respective Collateral is registered in the Register within 45 Business Days from the Issue Date. If a Promissory Note (or similar document of a technical nature) is required to register the respective Collateral, the Issuer and the Collateral Agent shall conclude such Promissory Note in the form suitable to the Register. For the avoidance of doubt a Promissory Note does not constitute an independent or separate claim and the Collateral Agent may demand payment of any sum under a Promissory Note only in the amount and to the extent such equivalent sum has become due and payable under these Terms of the Issue. For the avoidance of doubt, a Promissory Note is required only if the respective Collateral has not been registered in the Register within 45 Business Days from the Issue Date due to refusal of the Register to register the Collateral.

- 4.2.8.2. The Issuer shall provide written confirmation on the registration of the Collateral in the Register to the Collateral Agent within 3 (three) Business Days after registration has taken place.
- 4.2.8.3. By subscribing to the Notes, each Investor acknowledges and confirms that the Issuer and the Subsidiaries may, within their ordinary course of business:
 - (a) assign to third parties the claims that are overdue for more than 30 (thirty) calendar days;
 - (b) sell their assets in the amount of up to 10% (ten per cent) of the previous reporting period’s total asset value, excluding the claims described in Section 4.2.8.3(a) of these Terms of the Issue. In other cases, the Issuer must obtain a prior written consent of the Majority Investors in accordance with procedure specified in these Terms of the Issue.
- 4.2.8.4. The Collateral Agent shall take all actions that the Collateral Agent as the holder of the Collateral may reasonably take with the purpose to enforce the Collateral according to the procedure provided for in the Collateral Agreement in case:
 - (a) the Notes are not performed in accordance with the Terms of the Issue which the Collateral Agent has been informed in accordance with Section 4.2.8.8 of the Terms of the Issue; and
 - (b) Majority Investors have instructed the Collateral Agent in writing to enforce the Collateral (for the avoidance of doubt, the Majority Investors have such right only if the Notes are not performed in accordance with the Terms, and the Majority Investors have to specify in their instructions to enforce the Collateral which obligation(s) has been breached pursuant to these Terms); or
 - (c) Mintos Finance has instructed the Collateral Agent in writing to enforce the Collateral in accordance with Section 4.2.8.5 of the Terms of the Issue.
- 4.2.8.5. Mintos Finance may unilaterally instruct the Collateral Agent to enforce the Collateral (1) if a notice on unilateral withdrawal from the *Cooperation Agreement on Issuance of Loans No 28/2016-L* between Mintos Finance and ExpressCredit has been given by Mintos Finance to ExpressCredit,, and (2) irrespective of the claim amount Mintos Finance holds against ExpressCredit at the moment of giving such instruction.
- 4.2.8.6. If the Majority Investors in accordance with Section 4.2.8.4(b) of the Terms of the Issue or Mintos Finance in accordance with Section 4.2.8.4(c) have instructed the Collateral Agent to enforce the Collateral, the Collateral Agent shall immediately inform (letter or email) all Investors.
- 4.2.8.7. Majority Investors or Mintos Finance, as applicable, have the right to instruct the Collateral Agent to take specific actions to enforce the Collateral according to the procedure provided for in the Collateral Agreement in case the conditions set out in Section 4.2.8.4 of the Terms have been fulfilled. The Collateral Agent has a right (but not an obligation) to refuse to follow such instructions until the Majority Investors or Mintos Finance, as applicable, have confirmed such instructions.
- 4.2.8.8. The Collateral Agent may assume that: (a) no violation of the Notes has occurred unless the Collateral Agent has received a written notice (letter or email) to the contrary from the Issuer or the Majority Investors, and (b) the Issuer has not received from Mintos Finance a notice on unilateral withdrawal from the *Cooperation Agreement on Issuance of Loans No 28/2016-L* unless the Collateral Agent has received a written notice (letter or email) to the contrary from the Issuer or Mintos Finance. For the avoidance of doubt, the Majority Investors or Mintos Finance, as applicable, shall have such right only if the Notes or the *Cooperation Agreement on Issuance of*

Loans No 28/2016-L between Mintos Finance and ExpressCredit, as applicable, is not performed in accordance with the respective terms and conditions set out in these Terms of the Issue.

- 4.2.8.9. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Investors or from Mintos Finance (depending on which one of them has made the decision and given the instruction to the Collateral Agent with regard to the enforcement of the Collateral), as applicable, as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the enforcement of the Collateral. Upon such request, the Investors or Mintos Finance, as applicable, shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications, such time period to be at least 2 (two) Business Days. The Collateral Agent may refrain from acting unless and until Majority Investors or Mintos Finance, as applicable, have together provided the Collateral Agent with requested instructions or clarifications.
- 4.2.8.10. If, under Sections 4.2.8.4(b) or 4.2.8.4(c) and 4.2.8.7 of the Terms of the Issue or following the request of the Collateral Agent submitted under Section 4.2.8.9 of the Terms of the Issue, the Majority Investors or Mintos Finance, as applicable, have duly instructed the Collateral Agent, the Collateral Agent is obligated to comply with these instructions. Any such instructions from the Majority Investors or Mintos Finance, as applicable, will be binding on all Investors of the Issue. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions.
- 4.2.8.11. Notwithstanding Section 4.2.8.10 of these Terms of the Issue, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to the Terms of the Issue, the Collateral Agreement, the Collateral Agent Agreement or applicable legislation or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with such legislation. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Investors or Mintos Finance, as applicable, until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including but not limited to legal fees) and liabilities which it will or may expend or incur in complying with such instructions.
- 4.2.8.12. If the Collateral is being enforced by the Collateral Agent in accordance with the terms and conditions of these Terms of the Issue and subsequently the Collateral object or any part thereof is offered for sale, Mintos Finance has the right to match the best price offered by the potential buyer. If Mintos Finance subsequently buys the respective Collateral object or a part thereof, the settlement for this purchase may only be in cash (and not by set-off).
- 4.2.8.13. Without prejudice to Sections 4.2.8.9, 4.2.8.10, 4.2.8.11 and 4.2.8.12 of these Terms of the Issue, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its own discretion reasonably believes is in the best interests of the Investors. The Collateral Agent shall not be liable to Investors for acting (or refraining from acting) as described in this Section.
- 4.2.8.14. The Collateral Agent shall not be liable to Investors for the outcome of the enforcement of the Collateral, provided the Collateral Agent has acted in accordance with the Terms of the Issue and the Collateral Agreement.
- 4.2.8.15. The Collateral Agent shall have the right to unilaterally terminate the performance of its duties described in these Terms of the Issue in accordance with the Collateral Agreements and the Collateral Agent Agreement (including, without limitation, terminate the enforcement of the Collateral) in case:
- (a) in the reasonable opinion of the Collateral Agent, (a) further enforcement of the Collateral on reasonable terms is not possible or feasible due to the commencement of insolvency or reorganisation proceedings of the Issuer or the relevant Collateral Provider or enforcement of the Collateral on reasonable terms is not possible for any other reason or (b) the estimated proceeds of the enforcement of the Collateral will not be sufficient to cover the claims under Section 4.2.9.1(a), and/or
 - (b) in the professional opinion of the Collateral Agent, the Collateral (or the substantial part thereof) ceases to exist for any reason.

- 4.2.8.16. In order to exercise its right of termination under Section 4.2.8.15 of these Terms of the Issue, the Collateral Agent shall submit a respective written notice (letter or email) stating the basis of exercising the right of termination to the Issuer and all of the Investors and Mintos Finance. The duties and obligations of the retiring Collateral Agent shall be deemed to have terminated from the moment when the respective written notice is submitted to the Issuer and all of the Investors and Mintos Finance. For the avoidance of doubt, under the laws governing the relevant Collateral Agreement and/or the establishment and discharge of the Collateral, the Collateral Agent may have an obligation to perform certain actions to release (discharge) the Collateral as a result of the termination under Section 4.2.8.15.
- 4.2.8.17. The Collateral Agent shall have the right to resign due to reasons other than stated in Section 4.2.8.15. of these Terms of the Issue by submitting a respective written notice (letter or email) to the Issuer and all of the Investors and Mintos Finance. The duties and obligations of the Collateral Agent shall be deemed to have terminated upon the appointment of a successor Collateral Agent and acceptance by such appointment of the successor Collateral Agent and the execution of all necessary documentation to effectively substitute the retiring Collateral Agent.
- 4.2.8.18. No later than three months after the receipt of the relevant notice under Section 4.2.8.15. or Section 4.2.8.17. of these Terms of the Issue by the Issuer a successor Collateral Agent must be designated by (1) the Issuer, (2) Mintos Finance, (3) the Majority Investors, (4) the majority (at least 50% of the aggregate nominal of all outstanding notes plus at least one note) of the note holders under the EUR 5 000 000 notes Issue of 7 October 2016 of ExpressCredit and (5) the majority (at least 50% of the aggregate nominal of all outstanding notes plus at least one note) of the note holders under the EUR 2 187 500 prospectus of 17 March 2014 of ExpressCredit, who must take over the obligations of the retiring Collateral Agent.
- 4.2.8.19. If a successor Collateral Agent has not been appointed within the term set out in Section 4.2.8.18. of these Terms of the Issue, the duties and obligations of the retiring Collateral Agent shall be deemed to have terminated. For sake of clarity the resignation of the Collateral Agent shall in no way impact the existence of the Collateral, i.e. the retiring Collateral Agent shall be stated as pledgee in the Register until the successor Collateral Agent has been appointed and registered as pledgee of the Collateral in the Register.
- 4.2.8.20. The Collateral Agent shall evaluate that no conflict of interest exists with regard to the Issuer and/or the Investors, and/or Mintos Finance and, the existence of conflict of interest shall not prevent the Collateral Agent from fulfilling its obligations to the extent and scope as described in these Terms of the Issue and as provided in the in the Collateral Agreements and in the Collateral Agent Agreement.
- 4.2.9. Application of the Proceeds from Enforcement of the Collateral**
- 4.2.9.1. The proceeds from the enforcement of the Collateral shall be applied in the following order of priority:
- (a) as the first priority: to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees, valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent pursuant to conditions set out, *inter alia*, in Sections 4.2.7.6 and 4.2.7.10) related t
 - (b) o performance of its duties by, or otherwise payable to, the Collateral Agent under the Terms of the Issue, the Collateral Agent Agreement and the Collateral Agreement securing the Issuer's obligations relating to the Issue, including but not limited to the establishment, amendment, termination and enforcement of the Collateral incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, provided that the fees, costs and expenses have occurred on a reasonable market price and pursuant to conditions specified in Section 4.2.7.6 and/or Section 4.2.7.10;
 - (c) as the second priority (after full satisfaction, payment and deduction of all claims and amounts set forth in Section 4.2.9.1(a) of the Terms of the Issue): in payment of the claims of the Investors arising under the Terms of the Issue, including but not limited to the claims arising from the Notes.

- 4.2.9.2. The Collateral Agent shall withhold the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral Agent specified in Section 4.2.9.1(a) of the Terms of the Issue and transfer the remaining proceeds to the Investors for satisfying the claims under Section 4.2.9.1(b) of the Terms of the Issue. The Collateral Agent shall return the proceeds from the enforcement of the Collateral remaining after satisfying all claims set forth in Section 4.2.9.1 of the Terms of the Issue to the relevant Collateral Provider.
- 4.2.9.3. In case the proceeds remaining after satisfying the fees, costs, expenses, damages and claims under Section 4.2.9.1(a) of the Terms of the Issue do not cover the claims of the Investors under Section 4.2.9.1(b) of the Terms of the Issue in full, these claims of the Investors shall be satisfied pro rata.
- 4.2.9.4. The Collateral Agent is not obliged to pay to the Investors or any other persons any interest on the proceeds from the enforcement of the Collateral (whether deposited or not).
- 4.2.9.5. In case the Collateral Agent is required, under applicable laws, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.

4.2.10. Rights and restrictions connected with the Notes issue

Any Investor has the right to receive Coupon and Nominal payments in accordance with the Section 4.2.11. "Coupon payments" and 4.2.12. "Procedure of Notes repayment", as well as exercise other rights fixed in the Terms of the Issue and legislation of the Republic of Latvia.

The Issuer has the rights to purchase Notes on the secondary market directly from Investors. Notes that are purchased by the Issuer are held in Issuer's financial instruments' custody account and the Issuer has the rights to sell purchased Notes to Investors. The Issuer cannot cancel the purchased Notes held in the Issuer's financial instruments' custody account, therefore decreasing the size of Notes issue.

Notes owned by the Issuer and / or its affiliated persons (subsidiaries, shareholders, management or employees) are not eligible to participate in the voting in accordance with Section 5.5. "Procedure for applying of the waiver".

4.2.11. Coupon payments

The Coupon rate for the Notes is 14% (fourteen per cent) per annum and is fixed until the maturity of the Notes.

Coupon payments are made every calendar month – on the 25th date. The first Coupon payment will be made on 25 December 2019 and the last Coupon payment will be made on 25 November 2022.

The Coupon record date is the 5th (fifth) Business Day prior to the Coupon payment day. At the end of the Coupon record date Investors list, who will be eligible for the Coupon payments, will be fixed. Coupon payment shall be made to the Investors, as per Investors list, on each Coupon payment date for the preceding Coupon period.

The Issuer pays the Coupon through the intermediary of Nasdaq CSD and in accordance with applicable Nasdaq CSD regulations, which regulate the procedure for paying income from debt securities. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service description.

If the Coupon payment date is a holiday or a festive day, the Issuer will make the relevant Coupon payment on the first Business Day after the holiday or festive day.

Coupon payments starting from 25 January 2020 are determined according to the following formula:

$CPN = F * C / 12$ or $CPN\% = C / 12$, where

CPN – the amount of Coupon payment in EUR per Note;

F – Nominal value of one Note;

C – annual Coupon rate (%);

CPN% - the amount of Coupon payment % per Note.

The first Coupon payment on 25 December 2019 is determined according to the following formula:

$CPN = F * C * (40/360)$, where

CPN – the amount of Coupon payment in EUR per Note;

F – Nominal value of one Note;

C – annual Coupon rate (%).

If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the payment of the Coupon not earlier than after 5 (five) Business Days following the payment date of the relevant Coupon.

The authority performing the calculation is not required to calculate the Coupon payment, since the annual rate of the Coupon for the relevant period is fixed in advance.

4.2.12. Procedure of the Notes repayment

The Nominal of one Note is EUR 1,000 (one thousand euro) and the Issuer will repay Nominal amount as a lump sum on the maturity date of the Notes, which is 25 November 2022.

The Issuer will repay the Nominal amount in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Corporate Action Service Description. The Nominal amount will be paid on the maturity date. Investors eligible to receive the Nominal will be fixed at the end of the Nominal record date, which is the previous Business Day before the maturity date.

If the maturity date is a holiday or a festive day, the Issuer will make the relevant Coupon payment and Nominal amount payment on the first Business Day after the holiday or festive day.

If the Issuer has failed to make Nominal amount payment in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the repayment of the Nominal amount not earlier than after 5 (five) Business Days following the payment day of the Nominal amount.

4.2.13. Early redemption (call option)

The Issuer can carry out full early redemption (call option), on 25 November 2020 by paying 102% (one hundred and two per cent) of the Nominal amount or on 25 November 2021 by paying 101% (one hundred and one per cent) of the Nominal amount. The Issuer can carry out call option only in full amount of total outstanding Notes.

If the Issuer takes decision on the early redemption of Notes, the Issuer shall notify Investors at least 20 (twenty) Business Days prior to the redemption date of Notes, with intermediation of Nasdaq Riga information system.

If the Issuer takes decision on the early redemption of Notes, the Issuer will pay redemption payment in accordance with Nasdaq CSD intermediary and applicable Nasdaq CSD regulations. Nasdaq CSD regulations applicable on the day of preparation of the Terms of the Issue are Nasdaq CSD Rulebook and Action Service Description. Investors eligible to receive the redemption payment will be fixed at the end of the record date, which will be the previous Business Day before the redemption payment date.

Investors shall not have rights to demand early redemption of Notes (put option), except in case of occurrence of the events of default in accordance with the Section 5.2. "Event of default".

4.2.14. Early redemption (put option)

Investors have the rights to demand early redemption of Notes (put option) in case of occurrence of the events of default in accordance with the Section 5.2. "Event of default".

4.2.15. Accrued interest calculation

The first Coupon starts to accrue on 15 November 2019, which is the First Settlement Date of the Notes issue. The accrued Coupon is calculated presuming that there are 360 days in one year (day count convention - "European 30/360"). Accrued interest between Coupon payment dates shall be calculated as follows:

$AI = F * C / 360 * D$, where

AI – accrued interest of one Note;

F – Nominal value of one Note;

C – annual Coupon rate (%);

D – the amount of days from the beginning of the Coupon accrual period according to European 30/360 day count method.

4.2.16. Representation of the Investors

Collateral Agent holds the Collateral on behalf of the new and the existing Investors and is authorized to act with the Collateral in favour of all the Investors in accordance with the Terms of the Issue and the Collateral Agent Agreement.

Investors have no rights to act with the Collateral directly, yet at the same time there are no restrictions set for Investors' right to create and/or authorize an organization/person that represents the legal interests of all Investors or part thereof.

In case of the insolvency of the Issuer, every Investor has the right to represent their own interests in creditors' meetings. The Investors will have equal rights for satisfaction of their claims with other creditors in the same claims' group.

4.2.17. Decisions of the Issuer on the Notes issue

On 3 October 2019, the Issuer's shareholders passed the decision (No. 3-obl/2019) to issue debt securities (Notes) in the amount of up to and including EUR 5,000,000 (five million euros). On 29 October 2019 the Issuer's board passed the decision (No. 01/2910/2019-obl) to issue the Notes and to authorize the members of the board to sign all the documents related to the execution of the shareholders' decision to issue debt securities.

4.2.18. The First Settlement Date of the Notes issue

The First Settlement Date (Issue Date) of the Notes issue is 15 November 2019, on which the Coupon starts to accrue.

4.2.19. Restrictions on free circulation of the Notes

The Notes are freely transferable securities and can be pledged. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under the laws of the Republic of Latvia and the United States of America.

5. Special Conditions

5.1. Disclosure of information

5.1.1. Up to the maturity of Notes, the Issuer shall publish all the information required by covenants, rules of Nasdaq Riga and regulatory enactments.

5.1.2. By submitting a Subscription Order or acquiring the Notes on the secondary market each private individual or legal entity as well as their authorized representatives upon the request of the Collateral Agent, are obliged to disclose to the Collateral Agent all information and documents on these private individuals or the legal entities and as well as their authorized representatives and the Collateral Agent is entitled to receive this information and documents for the purposes of performance of duties of the Collateral Agent. This information and documents also include those documents and information that are necessary to the Collateral Agent in order to fulfil the Collateral Agents obligations regarding AML and Sanctions regulation requirements (e.g. information and documents on the beneficial owner).

5.2. Event of default

The Issuer is in default if at least one of the following occurs and as long as it has not been rectified:

- The Issuer has failed to make a Coupon payment in full for more than 5 (five) Business Days following the planned payment date;
- The Issuer has failed to make a Nominal value payment in full for more than 5 (five) Business Days following the planned payment date;
- The Issuer has violated the conditions of the Section 5.4. "Covenants";
- The Issuer has failed to service other liabilities in the amount of over EUR 100,000 for more than 5 (five) Business Days;
- Insolvency proceedings have been initiated against the Issuer;
- The Issuer has submitted an application for liquidation in the relevant state authorities in Latvia.

The Investor can submit a written notification to the Issuer regarding that the immediate repayment deadline has set in for the Notes owned by the relevant Investor, at any time after the event of default has occurred (and as long as the event of default exists). The Issuer has to pay the Nominal value of Notes along with the accrued Coupon and contractual penalty, in accordance with Section 5.3. "Contractual penalty", within 5 (five) Business Days after the receipt of the notification.

5.3. Contractual penalty

In the case of non-compliance or inadequate compliance with a payment obligation arising from the Notes, the Investor in question shall be entitled to require and the Issuer shall be obliged to pay contractual penalty upon the request of any Investor to all the Investors from the date (excluding), when the deadline has set in, to the actual payment date (including) in the amount of 0.05% (zero point zero five per cent) per day from the relevant outstanding amount.

If the Issuer has failed to make Coupon payments in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the payment of the Coupon not earlier than after 5 (five) Business Days following the payment date of the relevant Coupon.

If the Issuer has failed to make Nominal amount payment in accordance with the deadlines specified in the Terms of the Issue, Investors shall have the right to submit claims regarding the repayment of the Nominal amount not earlier than after 5 (five) Business Days following the payment day of the Nominal amount.

5.4. Covenants

From the Issue Date of Notes to the date of repayment thereof, the Issuer and its subsidiary companies (if any) shall undertake the following:

- The Issuer and its subsidiaries shall continue business operations in the field of pawn shop services and consumer lending;

- Not to change the control of the Issuer (not to sell more than 50% of shares of the Issuer), unless the change of control takes place between the current shareholders;
- Not to commence Issuer's reorganization (excluding the reorganization of Issuer to the joint stock company (akciju sabiedrība)), liquidation or not to reduce the equity capital;
- To comply with all applicable laws, regulations and requirements that apply and/or may apply in the future in order to maintain and obtain the licenses and permits required for the operations of the Issuer and its subsidiary companies;
- Not to sell, present, change, rent, invest, or otherwise transfer into utilisation the right to use the trademarks of the Issuer and/or its subsidiary companies;
- Not to obtain participation in other companies by investing funds, except if the Issuer or its subsidiary company acquires over 50% (fifty per cent) participation in this company by making an investment and the Issuer or its subsidiaries retains full control of a company;
- Dividend amount including any interim dividends shall not exceed 40% (forty per cent) of the last audited net profit. If only Net Debt/Net Equity (total consolidated interest bearing liabilities minus cash against equity, which is decreased by total consolidated outstanding loans and advance payments to Related Persons) indicator is not exceeding 3.5 to 1, dividend amount shall exceed 40% (forty per cent);
- Any transactions with Related Persons shall be at market prices;
- To not borrow funds with effective annual interest rate in excess of the 15% (fifteen per cent);
- To include Notes in Nasdaq Riga First North within one year after the Issue Date;
- To prepare and publish consolidated unaudited quarterly reports within 2 months after the reporting period;
- To publish consolidated condensed unaudited semi-annual report as per International Financial Reporting Standards (IFRS) within 2 months after the reporting period
- To publish audited consolidated annual report as per International Financial Reporting Standards (IFRS) within 4 months after the reporting period;
- To maintain Net Debt/Net Equity (total consolidated interest bearing liabilities minus cash against equity, which is decreased by total consolidated outstanding loans and advance payments to Related Persons) indicator not exceeding 4 to 1. Indicator should be calculated based on audited consolidated annual basis;
- The total consolidated value of inventories and loans and receivables of the Issuer, plus cash, shall exceed at least 1.15 times the sum of total consolidated secured liabilities at the end of each reporting period;
- Total consolidated loan amount to shareholders, management and other Related Persons shall not exceed EUR 1,400,000;
- Proof of compliance with the covenants to be included in the quarterly reports and annual report.

For the needs of this section, the term "Related Persons" shall mean any natural or legal person, which is (a) a shareholder or (b) a member of the board or council, or (c) an employee, or (d) a spouse of any persons referred to in (a) – (c) in relation to the Issuer.

5.5. Procedure for applying for the waiver

The Issuer has the right to ask for the consent (waiver) of Investors to amend the conditions included in the Terms of the Issue (apply for the waiver).

The amendment of the Terms of the Issue may include the amendment of any conditions, which is not restricted by such characteristics of Notes as currency, Coupon rate, Coupon calculation method, Coupon and Nominal payments, inclusion of Note for trade in other regulated or alternative markets, repayment deadline of Notes, and other conditions, unless they contradict regulatory enactments in force in the Republic of Latvia.

The Issuer can apply for the waiver itself or through the intermediary of an authorized person ("Agent"). To apply for the waiver, the Issuer or Issuer's Agent shall notify Investors with intermediation of Nasdaq CSD, or, if Notes

are included in the Nasdaq Riga, via Nasdaq Riga information system, specifying at the least the following information:

- a description of the changes applied for;
- a justification of the necessity of the changes applied for;
- the date when the list of Investors eligible to grant the waiver (vote) will be fixed;
- the term within which an Investor can support or reject the offered waiver;
- instructions concerning notification about the support or rejection of the waiver and the procedure for filling in the voting questionnaire;
- notification that an Investor willing to grant the waiver offered by the Issuer shall notify the Issuer and Issuer's Agent within the term specified in the application, which is certified by a postal seal, signature on receipt or notification (letter or email) from Investor's Custodian. If the Investor does not notify the Issuer or Issuer's Agent about the approval to grant waiver within the term specified in the application, an Investor shall be deemed as not having granted the waiver;
- contact details of the Issuer and/ or the Issuer's Agent to be used for notifications (telephone number for inquiries, email or address for sending filled in and signed questionnaires, list of representative offices and/ or branches of the Issuer and/ or Issuer's Agent where Investors can submit the questionnaires in person);
- other information including a fee to Investors for approving the waiver needed by Investors for deciding upon granting the consent or refusal to grant the waiver to the Issuer.

The list of Investors shall be inquired from the Nasdaq CSD as of the date falling to the fifth Business Day after the waiver with intermediation of Nasdaq CSD was sent to Nasdaq CSD participants, who hold the Notes in financial securities' custody accounts or are Investors, or after the announcement of the waiver has been published via Nasdaq Riga information system, if Notes are included in the regulated or alternative market.

The term allowed to Investors for deciding upon refusal to grant the waiver to the Issuer may not be shorter than 14 (fourteen) calendar days after the waiver with intermediation of Nasdaq CSD was sent to Nasdaq CSD participants, who hold the Notes in financial securities' custody accounts or are Investors, or after the announcement of the waiver has been published via Nasdaq Riga information system, if Notes are included in the regulated or alternative market.

Investors shall submit signed questionnaires with their decision to the Issuer or Issuer's Agent by a deadline set in the application of the waiver. The waiver is deemed to be granted, if Investors owning at least 2/3 (two thirds) of the outstanding Notes issue (excluding Notes owned by the Issuer and / or its affiliated persons (subsidiaries, shareholders, management or employees) from the total outstanding amount of Notes issue) have voted for granting the waiver. The Notes owned by the Issuer and / or its affiliated persons (subsidiaries, shareholders, management or employees) are not eligible to participate in the voting.

The Issuer or Issuer's Agent shall sum up the received votes and notify Investors of the results of the voting within one Business Day after the deadline for submitting the questionnaires by sending relevant notification with intermediation of Nasdaq CSD to Nasdaq CSD participants, who hold the Notes in financial securities' custody accounts or are Investors, or by publishing relevant announcement via Nasdaq Riga information system, if Notes are included in the regulated or alternative market.

If the accepted changes refer to specifications of the Notes and/ or Coupon calculation method, as well as procedure of Coupon payments and/ or repayment of the Nominal, the Issuer shall inform Nasdaq CSD on the mentioned changes according to the regulation determined in the Nasdaq CSD rules.

If the Issuer offers Investors a fee for approving the waiver and the waiver is granted, the Issuer transfers the fee amount to the account stated by an Investor in the questionnaire not later than ten Business Days after the waiver comes into force.

6. Taxes

6.1. Notice

This summary is of general nature and should not be considered a legal or tax advice. This section does not contain full and complete information on all the taxes that relate to investment in the Notes. Tax rates and conditions for paying taxes may change during the life of the Notes. Prospective Investors should consult with their own tax advisors with respect to their particular circumstances and the effects of the Latvian or foreign tax laws to which they may be subject to.

6.2. Definition of residents and non-residents

An individual is considered resident of Latvia for tax purposes if his or her permanent place of residence is Latvia; or he or she stays in Latvia for more than 183 days within any 12-month period; or he or she is a citizen of Latvia and is employed abroad by the government of Latvia. If an individual does not meet any of the above-mentioned criteria, he or she is considered a non-resident for tax purposes.

Any legal entity is considered resident of Latvia for tax purposes if it is or should be established and registered in Latvia according to the Latvian legislation. Other legal entities are considered non-residents for tax purposes.

Table 1 – Tax consequences in Latvia regarding the income derived from Notes that are issued by a legal entity registered in Latvia (not being a credit institution) effective as of 1 January 2019:

Legal status of income beneficiary	Notes that are not in the Public Circulation		Conditions
	Interest tax rate	Capital gains tax rate	
Individual resident of Latvia	20%	20% ¹	20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia. ¹ - Capital gains from a sale of Notes are considered equivalent to an interest income and taxed at 20% rate in Latvia. Self-assessment and payment of a tax on capital gains [i.e. profits] in Latvia is performed by a beneficiary of capital gains – a resident individual filing the Annual Income Statement.
Company resident of Latvia	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	deferred: 20/80 of the beneficiary's net profit distributed (equals to 20% of the gross profit)	Interest (coupon) income and a capital gain from the Notes not being in the Public Circulation constitute a part of the beneficiary - Latvian company's overall income. The Corporate Income Tax obligation is deferred to the moment of profit distribution (dividends, interim dividends) or deemed profit distribution (deemed dividends, non-business expenditure, bad debts provisions/write-off, loans to the related persons, transfer pricing adjustments, liquidation quota) of the beneficiary - Latvian company. The tax is assessed and paid based on the Corporate Income Tax Return filed for a taxation period (a month or year).

Individual non-resident	20% ^{2,4}	20% ^{3,4}	<p>20% tax from the interest (coupon) income is withheld and transferred to the State budget by an Issuer of Notes, if it is registered in Latvia.</p> <p>² - The reduced 10%, 7%, 5%, 2.5% or 0% tax rate on interest (coupon) income can be applicable in Latvia only, if provisions of the Double Tax Treaty concluded between Latvia and other relevant country stipulate it.</p> <p>³ - A capital gain from the Notes is considered equivalent to an interest income and taxed at 20% rate. The purchaser of the Notes, if it is registered in Latvia, performs calculation and withholding of a tax on capital gain [i.e. a profit]. If no profit is derived from a sale transaction, the 20% tax is not withheld/paid. The Double Tax Treaty provisions may stipulate a tax exemption in Latvia for a capital gain derived by a non-resident individual.</p> <p>⁴ - A non-resident individual being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>
Company non-resident	exempt ^{5,6}	exempt ⁶	<p>Interest (coupon) income and a capital gain derived by a non-resident company (except a company from one of the "black listed countries or territories") are tax exempt in Latvia.</p> <p>⁵ - An issuer of Notes withholds 20% tax from interest (coupon) payments, if they are made to a company non-resident registered in one of the low tax or non-tax countries or territories specified by the Cabinet Regulations of Latvia (so called "the black listed countries and territories").</p> <p>⁶ - A non-resident company being a beneficiary of interest (coupon) income or a capital gain could be obliged to assess and pay tax in its country of residence at the tax rate specified in the relevant country, which may or may not be higher than the one applicable in Latvia.</p>

Source: Legal acts of the Republic of Latvia

7. Terms of the Offering

7.1. Subscription to the Notes

7.1.1. Subscription period

The initial offering shall commence on 10 November 2019 and shall end on 10 November 2021 at 17:00.

7.1.2. Subscription terms

Subscription Orders to the Notes can be submitted to the Arranger every Business Day during normal working hours. More detailed information on the submission of the Subscription Orders is available by phone +371 67031222.

Subscription Order can also be submitted to other Custodians, which in turn shall submit orders to the Arranger. The form of such Subscription Orders are regulated by contracts between Investors and Custodians and by the applicable Legal acts.

The total Nominal value of subscribed Notes should be stated in the Subscription Order. Investors have the right to submit several Subscription Orders during the offering. Subscription Orders to the Notes are irrevocable. The Arranger will register all submitted Subscription Orders of its clients according to legal requirements and internal procedures.

The minimal subscription size is EUR 1,000 (one thousand euro) for a qualified investor and EUR 100,000 (one hundred thousand euro) for other Investors. The maximum subscription size is EUR 5,000,000 (five million euro). Subscription size should adhere Settlement Unit Multiple.

7.1.3. Notes price

Notes purchase price can be equal to 100% (one hundred per cent) of the Nominal value or purchase price could be lower or higher than Nominal value, meaning that bonds can be sold with discount or premium, plus accrued interest as per Section 4.2.15 "Accrued interest calculation".

All Subscription Orders that were aggregated during the subscription period with the First Settlement Date as of 15 November 2019 will be delivered without accrued interest.

7.1.4. Reduction of the Notes issue size

At any time the Issuer may decide to discontinue offering of the Notes. The total issue size is equal to the actual issue size of the Notes before such decision.

7.1.5. Allocation of the Notes to investors

The Notes are allocated to investors in the amount not larger than the amount specified in the subscription order and not less than the minimum size as described in the Section 7.1.2. "Subscription terms".

The Arranger at its sole discretion has a right to refuse to allocate all or part of the subscribed Notes to any Investor.

7.2. Settlement and delivery of the Notes

The First Settlement Date of Notes is 15 November 2019. All Subscription Orders that were aggregated during the subscription period with settlement date 15 November 2019 will be delivered without accrued interest.

The settlement date for the Notes can be any Business Day which is not earlier than the second Business Day and not later than the 20th Business Day after Subscription Order is fully submitted to the Arranger.

Settlement of the Notes will be executed through the Nasdaq CSD as DVP (delivery versus payment) transactions according to the applicable Nasdaq CSD rules and Operating Manual. The Custodians execute payments for the Notes based on the results of the subscription provided by the Arranger. The Notes will be transferred to Investors' financial instrument accounts on the settlement date.

Settlement for the Notes can be executed according to other procedure, which is agreed to by the Arranger and Investor.

7.3. Pre-emptive rights

None of Investors has the rights of pre-emption in respect to acquisition of the Notes in the initial placement.

8. Including of the Notes on the market and trading regulations

The Issuer plans to request the admission to trading of the Notes on First North, which is alternative market operated by Nasdaq Riga, and submit Terms of the Issue and company description with Nasdaq Riga.

The Issuer has LV0000801322 notes issue listed on Nasdaq Riga regulated market. However, the Issuer does not undertake neither to register the Notes prospectus with the FCMC nor list the Notes on any regulated market.

The Issuer has not signed any agreement with any person for Notes liquidity maintenance on the secondary market.

9. Additional Information

9.1. Advisors involved in the Issue

The Issuer has concluded an agreement with the Arranger to organize the Notes Issue, to communicate with the Nasdaq CSD and Nasdaq Riga, market it to Investors and conduct settlement during the subscription period. The Arranger may provide other services to the Issuer in the future and receive remuneration for it. The Arranger may invest its own funds in the Notes.

The Issuer has signed the Collateral Agent Agreement with Collateral Agent, which holds the Collateral on behalf of the new and the existing Investors and is authorized to act with the Collateral in favour of all the Investors in accordance with these Terms of the Issue and the Collateral Agent Agreement. The Collateral Agent may provide other services to the Issuer in the future and receive remuneration for it.

9.2. The external audit of the information included in the securities description

The auditors have not verified the information included in the securities description.

9.3. Statements or reports included in the securities description

The securities description does not contain any expert statements or reports.

9.4. Credit ratings

There is no credit rating assigned to the Issuer or to the Notes issue.

10. The Issuer

10.1. General Information on the Issuer

The Issuer is sabiedrība ar ierobežotu atbildību "ExpressCredit".

The Issuer's registration number is 40103252854 and legal entity identifier is 2138002PKHUJIMVMYB13.

Legal address and location of management and production is Raunas iela 44 k-1, Riga, Latvia, LV-1039.

Legal form: limited liability company, legal status — legal person.

Country of location: Republic of Latvia.

The Issuer carries out its activities in accordance with the legal acts of the Republic of Latvia.

The main regulatory enactments which regulate Issuer's activities are

- The Commercial Law of the Republic of Latvia;
- Cabinet Regulation No. 245 of 29 March 2011, "Regulations Regarding a Special Permit (Licence) of Consumer Credit Services";
- Cabinet Regulation No. 691 of 25 October 2016, "Regulations On Consumer Credit" (these Regulations determine the requirements in relation to the content of consumer credit service advertisements, the procedures by which information shall be provided prior to entering into a consumer credit agreement, and the content of information, requirements for provisions of additional services, the requirements to be set out for the credit agreement and the information to be contained therein, the methodology for the calculation of the annual percentage rate of charge, foreign currency credit and variable interest rate credit provisions, the procedures for informing consumers during the duration of the credit agreement, the procedures for early repayment of credit and fair reduction of the total costs of the credit, the requirements applicable to individual types of credit agreements and the obligations of credit intermediaries, advisory requirements, as well as the legal framework for consumer credit for pledging movable property);
- Law On Out-Of-Court Consumer Dispute Resolution Bodies (the purpose of this law is to lay down uniform requirements for the out-of-court dispute resolution bodies, in order to enable consumers to exercise and protect their lawful rights through independent, impartial, transparent, efficient, fast, and fair out-of-court dispute resolution);
- Personal Data Processing Law (the purpose of this Law is to create legal preconditions for setting up of a system for the protection of personal data of a natural person at a national level by providing for the institutions necessary for such purpose, determining the competence and basic principles of operation) and Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);
- Consumer Rights Protection Law (the purpose of this Law is to ensure that consumers are able to exercise and protect their lawful rights when entering into contracts with manufacturers, traders or service providers);
- Unfair Commercial Practice Prohibition Law (the purpose of this Law is to ensure the protection of the rights and economic interests of the consumers by prohibiting the performers of commercial practices from utilising unfair business-to-consumer commercial practices);
- Law On Extrajudicial Recovery of Debt (the purpose of this Law is to regulate the rights and duties of a creditor and a provider of debt recovery services in the field of debt recovery).

10.2. A description of the Issuer's position within the group

At the moment of signing the Terms of the Issue, the Issuer is an operating company and holds interest in three subsidiaries.

10.3. Auditor

The Issuer's financial auditor of the last audited annual report is SIA "BDO ASSURANCE" (registration number: 42403042353, legal address: Kaļķu iela 15 - 3B, Riga, Latvia, LV-1050).

11. Business of the Issuer

11.1. Brief summary

SIA "ExpressCredit" is a licensed consumer lending company founded in 2009. Company is represented by the brands "Banknote", "VIZIA" and "Riga City Pawnshop". The Group's core services are consumer loans, distance loans, pawn broking loans and money transfers in partnership with Western Union. In total, the company operates in 39 Latvian cities and populated areas, a total of 89 branches, employs more than 270 professionals. ExpressCredit is a member of LAFPA and LTRK and has qualified for Gold level status of SRS cooperation program.

Additional information about the business of ExpressCredit is available in the Appendix 1.

11.2. Management of the Issuer

- **Agris Evertovskis** (Chairman of the Management Board)

BSc in Economics and Business Administration from the Stockholm School of Economics in Riga; Master's degree in Philosophy from the University of Latvia (not completed yet). Previous experience in leading several commercial real estate development projects and companies (2006-2009).

- **Kristaps Bergmanis** (Member of the Management Board)

BSc in Economics and Business Administration from the Stockholm School of Economics in Riga. Master's degree in Quality Management from the University of Latvia (pending); ACCA candidate (passed 12 of 14 examinations). Previous experience as board member and CFO at Vision Express Baltija (2005-2012).

- **Didzis Admidins** (Member of the Management Board)

Master's degree in Economics and Business Administration from the Riga Technical University. Previous experience as Chief Operating Officer at several real estate companies (2008-2010); Retail credit specialist at Swedbank (2007-2008).

- **Ivars Lamberts** (Member of the Management Board)

Master's degree in Economics from BA School of Business and Finance; Bachelor's degree in Finance Management from BA School of Business and Finance; Bachelor's degree in Law from University "Turība". Previous experience as Managing Director in leading global loyalty program Lyoness (2012-2015); Member of the board at Lafiko.lv payday lender (2010-2012).

11.3. Council of the Issuer

The council of Issuer consists of three members:

- Uldis Judinskis, chairman
- Ramona Miglane,
- Anete Ozoliņa

11.4. Shareholders of the Issuer

At the moment of signing the Terms of the Issue, the current structure of the Issuer's shareholders is as follows:

Table 3 – Issuer's shareholders structure

Name, surname/ Legal name	Number of shares	% of the total number
SIA "Lombards24.lv"	977,700	65.18%
SIA "AE Consulting"	150,000	10.00%
SIA "EC finance"	319,800	21.32%
Private individuals	52,500	3.50%
Total:	1,500,000	100%

Issuer's share capital is EUR 1,500,000 which consists of 1,500,000 ordinary shares, each of them with a nominal value of EUR 1.00.

The beneficiary of the Issuer, controlling the Issuer, is chairman of the board, Agris Evertovskis.

At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any agreements, the fulfilment of which might cause changes in the Issuer's control.

11.5. Legal proceedings and arbitration

At the moment of signing the Terms of the Issue, the Issuer are not involved in any government interventions, lawsuits or arbitration processes, which may significantly affect or have significantly affected the financial situation or profitability of the Issuer.

11.6. Substantial changes in financial situation of the Issuer

As of the publication of the last financial statement, the financial situation or performance of the Issuer has not worsened. The Issuer is unaware of any factors, claims, obligations, or events which would negatively affect the financial situation or performance of the Issuer in future.

11.7. Important agreements

The Issuer has no knowledge of any important agreements that could have been concluded between the Issuer and any related company and that could affect the Issuer's capability to fulfil its liabilities due to investors regarding the securities to be issued.

11.8. Significant recent and known trends

At the moment of signing the Terms of the Issue, the Issuer has incorporated the changes in the regulation as of 1 July 2019, which ban the advertising of lending services on state financed radio and television channels and introduce the cap on loan costs for consumer loans 0.07%/day (previously 8.8% monthly for loans with term up to 30 days, and 0.25%/day for loans with term larger than 30 days).

At the moment of signing the Terms of the Issue, the Issuer has no information at its disposal regarding any other identified tendencies that have negatively affected the Issuer or the activity of the Issuer's industry.

11.9. Documents available to the public

After the Notes will be included in First North operated by Nasdaq Riga, Terms of the Issue and company description will be available to the public.

12. Financial information

The last reported and audited equity of the Issuer is EUR 5,954,156.

Issuer does not provide pro forma financial information.

The profit/loss forecast has not been carried out.

Information, which is disclosed in this section of the Terms of the Issue, is taken from the Issuer's audited financial reports that are approved by the Issuer's management. The annual reports are prepared according to the International Financial Reporting Standards (IFRS).

Issuer's financial figures, including audited annual reports and unaudited quarterly reports are available on Nasdaq Riga website:

<https://www.nasdaqbaltic.com/market/?instrument=LV0000801322&list=1&pg=details&tab=reports>

12.1. Income Statement

Table 4 – Issuer's audited consolidated income statements, 2017-2018, EUR

	2017	2018
Net sales	4 164 444	4 186 422
Cost of sales	(2 750 464)	(2 658 754)
Interest income and similar income	13 863 118	14 663 755
Interest expenses and similar expenses	(3 505 739)	(2 792 480)
Gross profit	11 771 359	13 398 943
Selling expenses	(5 666 679)	(5 931 648)
Administrative expenses	(2 289 942)	(2 770 859)
Other operating income	44 476	80 184
Other operating expenses	(206 004)	(151 419)
Income from investments	-	-
Profit before corporate income tax	3 653 210	4 625 201
Income tax expense	(554 662)	(78 879)
Profit after corporate income tax	3 098 548	4 546 322
Expense from changes in deferred tax assets	(145 252)	-
Interim dividend	(996 526)	(490 000)
Profit for the reporting year	1 956 770	4 056 322

12.2. Balance sheet

Table 5 – Issuer's audited consolidated balance sheet at the end of period 2017-2018, EUR

	31.12.2017	31.12.2018
Non-current assets:		
<u>Intangible assets:</u>		
Concessions, patents, licenses, trademarks and similar rights	193 281	204 024
Other intangible assets	34 159	43 204
Goodwill	127 616	127 616
TOTAL:	355 056	374 844
<u>Property, plant and equipment:</u>		
Investments in property, plant and equipment	50 546	34 525
Other fixtures and fittings, tools and equipment	195 192	193 571
TOTAL:	245 738	228 096
<u>Non-current financial assets:</u>		
Investments in related companies	-	-
Loans to related companies	551 594	-
Loans and receivables	1 912 896	3 491 915

Loans to shareholders and management	746 619	1 072 274
TOTAL:	3 211 109	4 564 189
TOTAL NON-CURRENT ASSETS:	3 811 903	5 167 129
Current assets:		
Finished goods and goods for sale	682 995	848 111
Loans and receivables	13 930 776	16 658 940
Receivables from affiliated companies	4 377	204 335
Other debtors	600 093	230 989
Deferred expenses	67 538	66 945
Cash and cash equivalents	2 219 747	3 489 176
TOTAL CURRENT ASSETS:	17 505 526	21 498 496
TOTAL ASSETS:	21 317 429	26 665 625
Equity:		
Share capital	1 500 000	1 500 000
Retained earnings	232 708	397 834
Profit for the reporting year	1 956 770	4 056 322
TOTAL EQUITY:	3 689 478	5 954 156
Liabilities:		
<u>Non-current liabilities:</u>		
Bonds issued	7 052 187	6 192 631
Other borrowings	1 444 391	996 544
TOTAL:	8 496 578	7 189 175
<u>Current liabilities:</u>		
Bonds issued	1 014 743	1 722 136
Other borrowings	6 834 774	10 643 864
Trade payables	325 614	400 778
Accounts payable to affiliated companies	51 280	416
Taxes and social insurance	402 964	199 137
Accrued liabilities	501 998	555 963
TOTAL:	9 131 373	13 522 294
TOTAL LIABILITIES:	17 627 951	20 711 469
TOTAL EQUITY AND LIABILITIES	21 317 429	26 665 625

12.3. Statement of cash flows

Table 6 – Issuer's consolidated statement of cash flow for 2017-2018, EUR

	2017	2018
Cash flow from operating activities		
Profit before extraordinary items and taxes	3 653 210	4 625 201
<u>Adjustments for:</u>		
a) Fixed assets and intangible assets depreciation	208 601	250 463
b) Accruals and provisions (except for bad debts)	33 809	350 187
c) Write-off of provisions	7 679	75 263
d) Cessation results	1 683 212	494 170
e) Interest income	(13 863 118)	(14 663 755)
f) Interest and similar expense	1 820 203	2 298 310
g) Impairment of non-current and current financial assets	(6 165)	(13 151)
h) Other adjustments	(2 883)	(3 343)
Loss before adjustments of working capital and short-term liabilities	(6 465 452)	(6 586 655)

<u>Adjustments for:</u>		
a) Increase in consumer loans issued (core business) and other debtors	(7 073 555)	(6 390 514)
b) Stock (increase)/ decrease	520 635	10 041
c) Trade creditors increase	65 857	104 378
Gross cash flow from operating activities	(12 339 129)	(12 741 547)
Corporate income tax payments	(218 776)	(252 239)
Interest income	10 545 467	13 873 822
Interest paid	(1 379 037)	(1 823 265)
Net cash flows from operating activities	(3 391 475)	(943 229)
<u>Cash flow from investing activities</u>		
Acquisition of affiliated, associated or other companies shares	-	-
Earnings from the disposal of shares in subsidiaries	2 000	4 000
Acquisition of fixed assets and intangibles	(174 365)	(167 896)
Proceeds from sales of fixed assets and intangibles	8 272	28 459
Loans issued/repaid (other than core business) (net)	103 707	132 720
Net cash flow from investing activities	(60 386)	(2 717)
<u>Cash flow from financing activities</u>		
Proceeds of the capital share investment	200 000	-
Loans received and bonds issued (net)	10 529 796	14 062 738
Redemption/purchase of bonds	(1 250 000)	(2 851 000)
Loans repaid	(4 482 851)	(7 183 582)
Finance lease payments	(59 265)	(71 873)
Dividends paid	(700 000)	(2 070 000)
Net cash flows from financing activities	4 237 680	1 886 283
Net cash flow of the reporting year	940 337	1 269 429
Cash and cash equivalents at the beginning of reporting year	1 279 410	2 219 747
Cash and cash equivalents at the end of reporting year	2 219 747	3 489 176

12.4. Financial forecast

Table 7 – Issuer’s consolidated financial estimate and forecast (EUR), as published on Nasdaq Riga on 21 August, 2019

	2019E	2020F	2021F
Net loan portfolio	28 200 000	34 800 000	37 400 000
Turnover	20 600 000	22 000 000	23 700 000
EBITDA	7 300 000	8 000 000	8 900 000

13. Annexes

Annex 1 – Corporate Presentation

Annex 2 – Audited annual report for 2018

Annex 3 – Collateral Agent Agreement

Annex 4 – Collateral Agreement over all assets (ExpressCredit)

Annex 5 – Collateral Agreement over all assets (ExpressInkasso)

Annex 6 – Collateral Agreement over all assets (VIZIAFinance)

Annex 7 – Collateral Agreement over all assets (REFIN)

Annex 8 – Collateral Agreement over all receivables (ExpressCredit)

Annex 9 – Collateral Agreement over all receivables (ExpressInkasso)

Annex 10 – Collateral Agreement over all receivables (VIZIAFinance)

Annex 11 – Collateral Agreement over all receivables (REFIN)