

# **Base Prospectus**

**mintos**

Dated 27.04.2022.

**SIA Mintos Finance No.4**

*(incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203387707 and LEI:984500064A003E6IBB78)*

**EUR 5,000,000 Note Programme**

Under this Programme, the Issuer may from time-to-time issue Notes denominated in any currency as determined by the Issuer. The Notes will be distributed by way of a public offer.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other applicable terms and conditions not contained in this Base Prospectus which are applicable to the Notes will be set out in the applicable Final Terms.

Notes will be issued in registered form. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 5 000 000.00 (five million euro) (or its equivalent in other currencies).

Any payment under the Notes is dependent on, and limited to, a pool of certain Loans.

This Base Prospectus has been approved as a base prospectus by the FCMC, as competent authority under the Prospectus Regulation. The FCMC has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the appropriateness and suitability of investing in the Notes.

This offer is made only in Latvia under this Base Prospectus.

During the validity period of this Base Prospectus the Issuer plans to request that the FCMC provides competent authorities under the Prospectus Regulation in Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden with a certificate of approval attesting that this Base Prospectus has been drawn up following the Prospectus Regulation. When such certificate shall be obtained, the Issuer shall ensure that Mintos provides information about it on the Platform. Such certificate, if and when received, should not be considered as an endorsement of the Issuer or the quality of the Notes

This Base Prospectus will be valid for a period of up to 12 months after its approval by the FCMC. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The obligation to prepare a supplement to this Base Prospectus or publish a new Base Prospectus in the event of any significant new factor, material mistake or inaccuracy will cease to apply upon the expiry of the validity period of this Base Prospectus.

**The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed in the section entitled '2. RISK FACTORS' of this Base Prospectus.**

Capitalised terms used in this Base Prospectus have the meaning given to them in the section entitled 'GLOSSARY' of this Base Prospectus.

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## GLOSSARY

<b>API</b>	application programming interface to exchange and transmit information and data in a structured form between the Issuer, the Lending Company and Mintos.
<b>Backup Servicer</b>	the legal entity (if any) engaged by the Issuer to service and administer the Loans.
<b>Base Prospectus</b>	this base prospectus.
<b>Borrower</b>	the debtor or debtors of a Loan.
<b>Buyback Obligation</b>	has the meaning set out in the section entitled '4. TRANSACTION OVERVIEW – <i>THE DESCRIPTION OF THE TRANSACTIONS IN RELATION TO THE NOTES – The Buyback Obligation</i> ' of this Base Prospectus.
<b>Cooperation agreement</b>	the cooperation agreement between the Issuer, the Lending Company and Mintos in relation to the Notes.
<b>FCMC</b>	the Financial and Capital Market Commission, as competent authority in the Republic of Latvia under the Prospectus Regulation.
<b>Finclusion Group</b>	the Guarantors and any of its subsidiaries
<b>Final Terms</b>	any duly completed final terms in the form set out in section 12 of this Base Prospectus.
<b>Guarantee Agreements</b>	the guarantee agreements by the Guarantors to guarantee the obligations of the Lending Company to the Issuer. Each one separately shall refer to as the "Guarantee Agreement" as the context may require.
<b>Guarantors</b>	Finclusion Africa Holdings Limited, a limited liability company existing under the laws of the Republic of Mauritius, registration number 168807GBC, having its registered address at C/o Imara Trust Company (Mauritius) Limited, Level 2 Alexander House, Silicon Avenue, Ebene Cybercity, 72201, Republic of Mauritius, and Finclusion Group Limited, a limited liability company existing under the laws of the Republic of Mauritius, registration number 180294 GBC, having its registered address at C/o Imara Trust Company (Mauritius) Limited, Level 2 Alexander House, Silicon Avenue, Ebene Cybercity, 72201, Republic of Mauritius. Each one separately shall refer to as the "Guarantor" as the context may require.
<b>Investment Accounts</b>	the separate accounts at Mintos of the Investor.
<b>Investor</b>	a person registered and accepted on the Platform as an investor.



<b>Issuer</b>	SIA Mintos Finance No.4, incorporated as a limited liability company, with registration number 40203387707, and registered in the Commercial Register of the Enterprise Register of the Republic of Latvia on 18 March 2022, a special purpose entity whose principal purpose is the issue of Notes.
<b>Issuer's Account</b>	the cash funds account of the Issuer opened with Mintos which is used solely for settling payments with the Lending Company, the Backup Servicer (if any), the Guarantors and the Investors.
<b>Lending Company</b>	TrustGro Sca Limited, a private company limited by shares existing under the laws of the Republic of Kenya, registration number C54186, founded in 1993 as Emu-Inya enterprises Limited which was later acquired by GetBucks limited in 2012. No licence is required to provide non-deposit financial services in Kenya to date. Yet, the licensing process is being developed and is planned to acquire a licence in 2022.
<b>Loan</b>	the principal amount outstanding under the Loan Agreement.
<b>Loan Agreement</b>	each electronic debt agreement between the Lending Company and the Borrower as specified in the applicable Final Terms.
<b>Loan Receivables</b>	the receivables under the Loan Agreement relating to 95% of the Loan that are assigned and to the extent that are assigned to the Issuer under the Purchase Agreement.
<b>Mintos</b>	AS Mintos Marketplace, a joint stock company registered in the Commercial Register of the Register of Enterprises of the Republic of Latvia under unified registration number 40103903643 on 1 June 2015, having registered address 50 Skanstes Street, Riga, LV-1013, Latvia, an investment firm authorised by the FCMC, which provides investment and related services to Investors through the Platform.
<b>Mintos Group</b>	AS Mintos Holdings, a joint stock company registered in the Commercial Register of the Register of Enterprises of the Republic of Latvia under unified registration number 40103902690 on 27 May 2015, and any of its subsidiaries.
<b>Notes</b>	the notes issued or to be issued under this Programme.
<b>Noteholder</b>	the holder for the time being of any Note.
<b>Platform</b>	sites created and serviced by Mintos, merged under the domain name <a href="http://www.mintos.com">www.mintos.com</a> and software application to access it from a smartphone.
<b>Pledge Agreement</b>	the pledge agreement by a pledgor.
<b>Purchase Agreement</b>	part of the Cooperation Agreement relating to the purchase by the Issuer and sale by the Lending Company of the Loans.

<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC and includes any commission delegated regulation under the Prospectus Regulation.
<b>Programme</b>	this EUR 5 000 000.00 (five million euro) Note Programme.
<b>Repurchase</b>	has the meanings set out in the section entitled '4. TRANSACTION OVERVIEW – <i>THE DESCRIPTION OF THE TRANSACTIONS IN RELATION TO THE NOTES – Exercising of Repurchase</i> ' of this Base Prospectus.
<b>Securities Act</b>	the United States Securities Act of 1933, as amended.
<b>Series</b>	a series of Notes.
<b>Transaction Documents</b>	the Cooperation Agreement, the Transfer Document, the Guarantee Agreements, and the Pledge Agreement.
<b>Transfer Document</b>	the document generated by Mintos evidencing the transfer of Loan Receivables from the Lending Company to the Issuer in accordance with the Purchase Agreement.

## 1. GENERAL DESCRIPTION

### ○ What is Mintos?

Mintos established a global online marketplace for investing in loans in 2015. Through the Platform, which is owned and operated by Mintos, Mintos provides investors with convenient means to invest in loans made by various lending companies around the world.

At the end of March 2022, over 470,000 investors had registered with Mintos. Mintos worked with more than 62 lending companies from 31 countries, offering investment opportunities in 6 currencies.

Since Mintos was founded, investors have invested in loans totalling more than EUR 8 billion. Mintos has become an essential player in the alternative investment market in Europe with around 45% of market share<sup>1</sup>.

Mintos is authorised as an investment firm by the FCMC. See the section entitled '6. Mintos' of this Base Prospectus for more information.

### ○ What are Notes?

Notes are financial instruments issued by the Issuer via Mintos to Investors, which allows Investors to invest in Loans issued by the Lending Company to Borrowers.

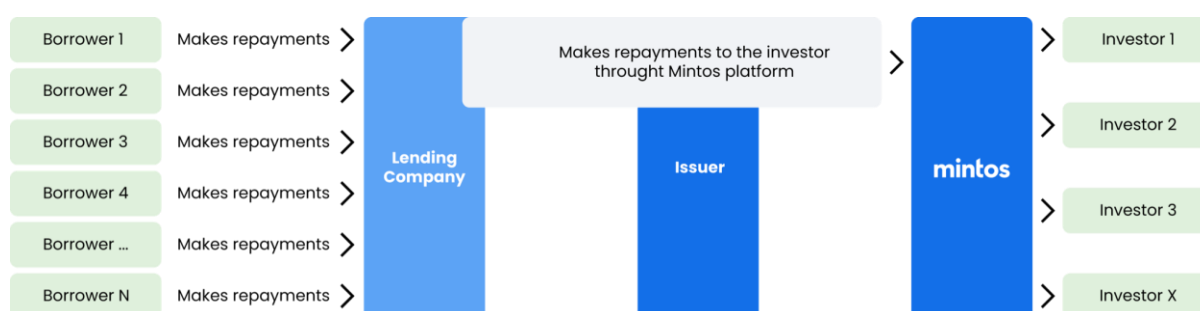
The Issuer is a special purpose legal entity established for the purposes of:

- purchasing Loan Receivables from the Lending Company;
- pooling those Loan Receivables for a particular Series of Notes; and
- issuing those Notes to Investors via Mintos.

See the sections entitled '5. THE ISSUER' and '7. THE LENDING COMPANY' of this Base Prospectus for more information.

### ○ The flow of funds for repayment

Each time a Borrower makes repayments to the Lending Company, the Lending Company transfers the funds to the Issuer, which in turn makes repayments under the relevant Series of Notes to the relevant Investor via Mintos. The repayments are received into the relevant Investment Account.



This means that if the Borrower makes:

- the repayments to the Lending Company later than scheduled, the repayments to the Investor will also be correspondingly delayed; and

<sup>1</sup> [www.altfi.com/article/7146\\_state-of-the-market-european-alternative-lending-near-doubled-in-2019](http://www.altfi.com/article/7146_state-of-the-market-european-alternative-lending-near-doubled-in-2019)



- no repayments at all and the Lending Company is not able to recover anything from the Borrower, no repayments will be received by the Investor.

The Lending Company may provide a Buyback Obligation for Loan Receivables, which means that if any repayment by the Borrower is delayed by more than 60 days, the Lending Company is obliged to repay the Loan Receivables together with any interest. In this situation, the Investor will be exposed to the credit risk of the Lending Company. See section entitled '2. RISK FACTORS – RISKS SPECIFIC TO LOAN SERVICING – Insolvency of the Lending Company'.

- *The flow of funds for investment*

The Lending Company issues Loans to Borrowers, and then sells the relevant Loan Receivables to the Issuer. The Issuer issues a Series of Notes corresponding to these Loan Receivables to Investors via Mintos. When an Investor purchases any Note of the Series, the Investment Accounts are credited with the Note and debited with the purchase price of the Note. The purchase price is transferred to the Lending Company.



## 2. RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these risk factors and events are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

Although the most material risk factors have been presented first within each category, the order in which the remaining risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, the potential significance of the risks or the scope of any potential negative impact to the Issuer's or the Lending Company's business, financial condition, results of operations and prospects. The Issuer and/or the Lending Company may face a number of these risks described below simultaneously. While the risk factors below have been divided into categories, some risk factors could belong in more than one category and prospective investors should carefully consider all of the risk factors set out in this section.

The Issuer believes that the factors described below represent the material risks inherent to investing in the Notes, but the inability of the Issuer or the Lending Company to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the statements below regarding the risks of investing in any Notes are not exhaustive. Other risks, events, facts or circumstances not included in this Base Prospectus, not presently known to the Issuer, or that the Issuer at the date of this Base Prospectus deems to be immaterial could, individually or cumulatively, prove to be important and may have a significant negative impact on the Issuer's or the Lending Company's business, financial condition, results of operations and prospects. Prospective investors should carefully review the entire Base Prospectus and should form their own views before making an investment decision with respect to the Notes.

Before making an investment decision with respect to any Notes, prospective investors should consult their own lawyer, accountant or other financial, legal and tax advisers and carefully review the risks entailed by an investment in the Notes and consider such an investment decision in the light of the prospective investor's personal circumstances.

### ○ **RISKS SPECIFIC TO THE UNDERLYING LOANS**

#### **1. The Borrowers may not make payments according to the agreed schedule or may default on their obligations altogether**

The Notes are linked to the pool of underlying Loan Receivables, which means that if any of the Borrowers do not make a payment on time, then the Noteholder will also not receive a payment on time. For example, if a Borrower makes a repayment a week later than the agreed schedule, the Noteholder will also receive the repayment a week later. Furthermore, if a Borrower makes no repayment at all and the Lending Company is not able to recover anything from the Borrower, the Noteholder will also not receive any further repayments unless, if applicable, the Loan is sold with the Buyback Obligation.

The Lending Company may decide to offer additional compensation to the Noteholder in the form of interest income on delayed payments or penalty income. A Loan Agreement with the Borrower may contain a grace period, which is a period immediately after a scheduled payment date during which a late fee is waived provided that the obligation is satisfied during the grace period. Interest income on delayed payments and penalty income would not be paid to the Noteholder for the grace period.

The Lending Company also has the option to offer the Loan Receivable with the feature of Buyback Obligation which means that the Lending Company is obligated to repurchase the Loan Receivables if the Borrower has failed to pay more than 60 days after the scheduled repayment date. While this feature could reduce the potential loss for the Noteholder due to the Borrower failing to make repayments, the Buyback Obligation is only as strong as the company providing this obligation. If the Lending Company fails to honour its obligation, the Noteholder is still exposed to the risk of the underlying Borrower not making repayments.

While the probability of any Borrower missing repayments or defaulting depends on many factors, such as payment amount, the income of the Borrower, and repayment term, it is important to point out that these probabilities are never zero. Due to this, the Notes are only suitable investments for Investors who have the appropriate knowledge and experience and are in a financial situation that allows them to lose part or even all of the money invested in Notes.

Overall, a Borrower not making repayments in full or defaulting could be caused by a variety of factors, including, but not limited to:

- **The Borrower overestimates its ability to repay** - each Borrower should evaluate its current and future financial position itself and assess its ability to repay. For various reasons, the Borrower could overestimate its future cash flows and borrow more than it will be able to repay.
- **Limitations of initial risk scoring** - the Lending Company has developed its own method for scoring customer credit risk that relies on various information, which can be collected also from other parties than the Lending Company (e.g., credit rating agencies). There is a risk that the information could be wrong or outdated, or that the scoring method is not sufficient.
- **Unexpected events** - reasons why the Borrower could miss a repayment, include loss of employment, a delay in receiving expected income, unexpected costs, or even disability or death.
- **Macroeconomic factors** - the credit risk scoring of the Lending Company makes assumptions about the client's ability to repay during normal economic conditions. A sudden change in macroeconomic factors could significantly impact the Borrower's ability to make repayments.
- **Other liabilities** - the underlying Loans that are linked to the Note usually do not restrict the Borrower from incurring additional unsecured or secured debt. Additional debt may adversely affect the Borrower's creditworthiness and could result in financial distress, insolvency or bankruptcy of the Borrower.
- **Loan issued in a different currency than the Borrower's income** - in some cases, the Loan that has been issued to the Borrower is in a different currency than the currency in which the Borrower earns income. Significant changes in the exchange rates or a local currency devaluation could impact the Borrower's ability to make repayments.

**2. It may not be possible to recover the full principal and interest owed by the Borrowers, thus the Noteholder may not receive back its invested amount**

While any recoveries from a Borrower are limited to the value of Borrower's assets (if any),

some jurisdictions may, set a lower limit that creditors may claim from the Borrower or define a list of the estate which is not allowed to be alienated for recovery purposes, thus reducing the maximum amount that could be covered from the Borrower.

The underlying Loans that are linked to the Note do not restrict the Borrowers from incurring additional unsecured or secured debt. This means that if the Loan is not secured by an asset and any funds from the Borrower are available for recovery, these funds could be allocated to various creditors, i.e., not only the Lending Company, but also other persons that the Borrower owns money to, such as local tax agency, state authorities, other lending companies and utility companies.

If the Loan is secured by an asset, the proceeds from the sale of the asset would be allocated proportionally to the Noteholders of the same Series and all other creditors whose receivables are secured by that asset (unless another allocation order applies under applicable law). In addition, the pledged asset (e.g., car, property) might lose its value and could be sold for an amount that is less than the amount due to the Noteholder, or the asset could be stolen, hidden, alienated, missing or damaged. There is also a risk that any pledge securing the Borrower's obligations under the Loan Agreement may become invalid or unenforceable due to a number of reasons, including, but not limited to, cases when legal relations arising from the loan documents are recategorised by the court of law, mistakes and omissions are made and/or due procedures are not followed when the pledge is formed. In that case, the obligations of the Borrower would become unsecured and the credit risk significantly increases.

There could also be the case, especially where the amount of the Loan is low, that the expected collection and recovery costs might be higher than the debt itself, which means the collection and recovery is not economically reasonable, thus it would not be pursued.

In addition, the Loan Agreement may, for a variety of reasons, be challenged and thus the ability of the Lending Company to exercise its rights under the Loan Agreement may be delayed or otherwise hindered for an undefined term. The reasons for challenging the Loan Agreement could include errors in agreements, electronic form of agreement (while the legal form requirement might be met in principle by such electronic signature, its value as evidence in court proceedings in some jurisdictions could be less compared to an actual signature made by hand on a physical document), compliance with regulations, such as consumer protection laws, as well as borrower identify fraud cases.

Due to the reasons described above the Noteholder may experience delayed repayments or partial or full loss of the amount invested in Notes.

### **3. The Borrower may repay the Loan early**

A Borrower may repay all or a portion of the remaining principal amount at any time without penalty. This may happen, for example, in cases where the Borrower can acquire lower cost financing from other sources and wishes to refinance the Loan. The Loan Agreement might be also terminated or cancelled in advance by the Lending Company, triggering the early repayment of the amounts due by the Borrower without penalty. While the Noteholder may invest the repaid money elsewhere, the return on the investments could be lower than the initially planned return.

### **4. The Borrower may face difficulties to repay the Loan in advance**

A Borrower may breach the Loan Agreement, for example, the Borrower takes out additional loans without permission from the Lending Company or alienates the collateral, and the Lending

Company can therefore require early Loan repayment in full. A Borrower may lack necessary financial resources to make such advance payment, so this could lead to Borrower's debt restructuring or debt collection and result in the Noteholder experiencing delayed repayments or partial or full loss of invested amount under Notes.

- **RISKS SPECIFIC TO LOAN SERVICING**

**1. The Lending Company is not able to continue Loan servicing**

Various factors can negatively impact the Lending Company's ability to provide Loan servicing, which in turn could lead to delayed repayments to the Noteholder or even partial or full loss of the invested amount. Some of the factors are:

- **Loss-making operations** - The Lending Company may experience losses due to various business events and factors, such as intense competition, higher than expected cost of client acquisition, high recovery costs, unexpected costs, reduction in the portfolio sizes, changes in local regulation with regards to new Loans, management errors.
- **Macro-environmental factors** - Various macro-environmental factors, such as recession, military conflict, natural disasters, or a pandemic, could significantly increase the non-performing Loans ratio.
- **Loss of the Lending Company license/authorization, if such is required by the local regulation** - In most countries provision of lending services requires a company to receive special approval/authorization. Licenses can be revoked or otherwise lost for a number of reasons. Loss of a licence can negatively affect the Lending Company's ability to continue its operations and service the existing Loans.
- **Freezing, seizing, or closing of a Lending Company operational bank account** - The account that the Lending Company uses for operations might be seized, blocked, or closed for a number of reasons, including AML/KYC breaches, sanctions violations, state authorities' arbitrary actions, insolvency of a bank/payments services provider. Inability to use the bank account could restrict the Lending Company's ability to collect Borrowers' repayments and transfer funds to the Issuer for an indefinite time, or even lead to insolvency/bankruptcy of the Lending Company.
- **Currency control restrictions or lack of corresponding banks chain** - The local government could introduce certain currency control restrictions, leading to a situation where the Lending Company is not able to make payments in foreign currency and/or to the beneficiary that is a foreign entity and/or to an account in a foreign financial institution. Alternatively, corresponding bank relations of a bank/payments services provider which maintains the Lending Company's operational accounts could be dramatically amended or terminated, eliminating the Lending Company's ability to make payments towards the Issuer. This may negatively affect payments to the Issuer and thus further distributions to the Noteholders.
- **Changes in local regulation with regards to Loans already issued** - A legislative body of the country where the Lending Company operates could introduce a Borrowers' moratorium (a legally authorized period of delay in the performance of a legal obligation or the repayment of a debt) or even full or partial debt (including interest and penalties) release.

- **Foreign exchange positions mismatch** - Quite often Loans are issued and are being repaid in one currency, but Notes promise repayments to Noteholders in another currency, for example, a Loan has been issued to a Borrower in PLN, but the Investor invests in a Note denominated in EUR. If such Loans make up a large amount of the total portfolio, and local currency devalues and the Lending Company has not properly hedged this risk, the Lending Company is subject to FX positions mismatch risk, leading to significant losses for the Lending Company and its inability to pay amounts due to the Issuer.
- **Other or sole funding sources** - Besides Mintos, the Lending Company may use other sources of funding, such as a bank credit line, corporate bonds issues, private equity, or public shares offerings. In some situations, such as an economic downturn, it could be difficult for the Lending Company to attract funding from other sources to refinance the existing liabilities, thus leading to a liquidity crisis that could lead to the Lending Company having difficulties continuing operations. Furthermore, if the Lending Company uses Mintos Platform as a major funding source and a significant number of investors decide to suddenly avoid investing in Notes corresponding to loans issued by the Lending Company, the consequences can be the same.

**2. No Backup Servicer may be available for servicing the underlying Loans if the Lending Company is not able to continue Loan servicing**

One of the key roles of the Lending Company with respect to the Notes is to provide Loan servicing. There might be no backup servicer that could be appointed to take over the servicing from the Lending Company if needed. If there is an event of default or other circumstance that disrupts the due servicing of the Loans and administration of the Borrowers' debts by the Lending Company and if at the time no backup solution for Loan servicing exists, the timeline and volumes of repayments could be significantly impacted, leading to a partial or full loss of amounts invested in Notes.

**3. The Lending Company may intentionally or unintentionally breach its contractual obligations**

There is a risk that the Lending Company performs actions that are in violation of the Transaction Documents, including the risk of fraud against the Issuer and Mintos, resulting in the partial or full loss of amounts invested in Notes. Contractual breaches that may happen include, but are not limited to:

- **Loan Receivables sold to the Issuer are or will be pledged to other creditors** - According to the Transaction Documents, to which the Lending Company is a party, the Loan Receivables underlying Notes must not be pledged to any creditors. If the Lending Company intentionally or unintentionally pledges the specific Loan Receivables sold to the Issuer to other creditors, the Noteholder could lose some or all the invested funds if the Lending Company defaults or becomes insolvent.
- **False or incomplete information about the Lending Company** - All information in this Base Prospectus about and/or related to the Lending Company has been provided and certified by the Lending Company as actual, true, and complete. Material errors or omission of such information could initially affect the decision of the Noteholder to invest in a particular Note and eventually result in a negative outcome of the investment.
- **False Borrower data** - The Lending Company provides Mintos with information about



the Loan status, the Borrowers, repayment schedules, repayments, extensions of the underlying Loans or changes to the Loan Agreements. While Mintos regularly asks the Lending Company to provide scanned copies of the documents as evidence for randomly selected Loans, Mintos does not check and verify all Loans backing the Notes. There is a risk that the Lending Company intentionally or unintentionally has provided wrong information to Mintos or fails to provide information to Mintos at all, and as a result, the payments under the Notes could be impacted.

- **The Lending Company stops cooperation with Mintos** - The Lending Company could for some reason suddenly stop cooperating with Mintos. This could mean not honouring its obligations under the existing agreements, including the Transaction Documents and breach of their provisions. The Lending Company could stop making payments to the Issuer, which means the Issuer would not be able to make payments to the Noteholder. The Lending Company might also stop providing Mintos with the necessary information or providing the information with significant delays.

#### **4. Insolvency of the Lending Company**

Insolvency, bankruptcy or other similar adverse events may significantly influence or even dismiss the ability of the Lending Company to service issued Loans and to execute the undertaken Buyback Obligation and Repurchase towards the Issuer. This means that if the Lending Company experiences significant problems, the Lending Company may not be able to transfer the underlying Loan repayments from the Borrower or make payments of buyback price or repurchase price to the Issuer which would mean that the Issuer would not be able to make payments to the Noteholder.

The Lending Company may be required to continue to treat the Loan Receivables as assets of the Lending Company from an accounting perspective. Reflection or recognition of the Loan Receivables sold to the Issuer as the Lending Company's balance sheet assets if insolvency proceeding is initiated, may lead to the receiver or the administrator not recognising the Issuer's title over the Loan Receivable sold to it. In this case, the Issuer would need to take legal actions to protect its interests in the Loan Receivables. The Issuer may have to prove to the administrator, receiver and/or other parties that the Loan Receivables and the Borrower payments towards them are not to be included in the assets of the Lending Company that are available for the general pool of creditors. Should the Loan Receivables be treated as assets of the Lending Company that are available for the general pool of creditors and not of the Issuer, the Issuer might be treated as an unsecured creditor of the Lending Company and it may then be entitled to receive only a portion of all distributions available to the unsecured creditors of the same class, and this portion of distributions may be not enough to cover the indebtedness towards the Issuer partially or in full.

In case of insolvency, an administrator usually is bound to consider which past transactions of the insolvent company have to be contested and which sold assets or transferred funds have to be clawed back. There is a risk that the administrator of the Lending Company takes action to claw back to the Lending Company estate, the Loan Receivables sold to the Issuer or amounts paid to the Issuer. The Issuer would then have to take legal actions to protect its interests in the Loan Receivables and the Borrower payments, and argue against the position of the administrator in judicial proceedings, which could be long and costly, and no assurance could be made of its successful outcome.

The Transaction Documents allow Mintos to appoint a backup servicer, who would take over the servicing of the Loan Receivables in case of insolvency or bankruptcy of the Lending Company. The enforcement of rights under contracts might not result in recoveries for the

Noteholder in a swift manner, and the recovery might be affected by lengthy and costly legal proceedings.

Eventually, the Noteholder may experience delayed repayments or partial or full loss of invested amount under Notes.

## **5. The Lending Company's IT systems may fail or may be breached**

IT systems are a crucial part of all financial services companies and if they are impacted, that could affect the Lending Company's ability to provide financial services to its customers and exchange information with Mintos. This could also result in loss or distortion of significant information and databases that are crucial for sound cooperation between the Lending Company, the Issuer and Mintos, including for Notes issue servicing and administration.

Since IT systems play such a crucial role in the Lending Company's operation, the Lending Company typically devotes a substantial amount of resources to ensure stable and uninterrupted performance of the IT systems. Neither the Issuer nor Mintos audits the Lending Company's IT systems thus cannot ensure their soundness.

### **○ RISKS SPECIFIC TO GUARANTEES AND PLEDGES WHEN THOSE ARE PROVIDED TO THE ISSUER**

#### **1. The Guarantors or pledgor may not honour their obligations**

There might be a Guarantee Agreements, or a pledge provided to secure the obligations of the Lending Company towards the Issuer.

If there are the Guarantee Agreements the Guarantors would be expected to pay the due amount if the Lending Company fails to pay when due. As there is a risk of any party not honouring its obligations under a contract, there is a risk that the Guarantors do not honour its obligations under the Guarantee Agreements. If this happens, the Issuer may take legal action against the Guarantors. There is a risk that the enforcement of rights under the Guarantee Agreements do not result in recoveries for the Issuer, and by extension for the Noteholder, in the anticipated amount, or that the recovery might be affected by lengthy and costly legal proceedings.

If there is a pledge, the pledgor would be expected to allow the Issuer to enforce its pledge by taking over the object of the pledge or putting it up for sale. The procedure for enforcing the rights of the pledge are defined by law in the country of the pledge. There is a risk that the pledged assets might lose their value and could be sold for an amount that is less than the amount due to the Issuer or the asset could be stolen, hidden, alienated, missing or damaged. There is a risk, as with any pledge/security, that it is or becomes unenforceable or invalid (see 'The guarantee or pledge may become invalid or unenforceable' below).

#### **2. The Guarantors or pledgor may default**

The risk of default, for example, insolvency, is a risk that is present for any counterparty, the Guarantors or the pledgor included.

If the Guarantors default, the Issuer cannot rely on receiving funds from the Guarantors even if the Issuer decides to take legal action to recover due amounts from the Guarantors in or outside of the insolvency or bankruptcy proceedings. If the Guarantors default, the Issuer might terminate cooperation with the Lending Company and request that the Lending Company repurchase all the Loan Receivables before the term.

If the pledgor defaults, as a general rule the pledge should not be affected and the pledgee should be able to exercise its rights of pledge (to take over the pledge or to put it up for sale and receive all proceeds from the sale to cover the payments due from the Lending Company). However, the Issuer may decide to terminate cooperation with the Lending Company and request that the Lending Company repurchase all Loan Receivables before their term.

### **3. The guarantee or pledge may become invalid or unenforceable**

There is a risk that guarantees or pledges securing the Lending Company obligations towards the Issuer may become invalid or unenforceable for several reasons, including, but not limited to cases when legal relations arising from the Transaction Documents are recategorised by the court of law, mistakes and omissions are made and/or due procedures not being followed when guarantees or pledges are formed. In that case, the obligations of the Lending Company towards the Issuer defined by the Transaction Documents become unsecured and the credit risk significantly increases, and that may trigger the Issuer terminating cooperation with the Lending Company and requesting repurchase by the Lending Company of all the Loan Receivables before their term. If there is no guarantee to enforce and no pledge to enforce against then the Issuer is left with the Lending Company as the only debtor party from which to expect the payment of monies due from the Lending Company.

#### **○ RISKS SPECIFIC TO MINTOS**

### **1. Various events and failures could cause situations where Mintos is not able to continue operations**

As a relatively new service, Mintos operates in a complex and dynamic regulatory and competitive environment and various events and failures could lead to Mintos terminating the provisioning of services, including the operations of the Platform. These events include but are not limited to revocation of licence, weak financial performance, negative reputation, non-compliance events, dramatic changes in the applicable regulations impacting Mintos operating model or an economic downturn. If Mintos ceases operations, this could significantly impact the Noteholder's ability to receive repayment on time.

Should Mintos enter liquidation or insolvency, as a regulated and supervised entity, the process will be supervised by the FCMC. The appointed liquidator or administrator will take over the functions of the management board. Mintos will continue servicing its clients and the Investment Accounts, and relevant financial instruments portfolios in line with what Mintos is permitted to do according to the applicable insolvency and liquidation rules. The process from the moment of the appointment would be led by the appointed administrator or liquidator. In some cases, the Investors' Protection Law may apply. Such processes may significantly influence the investment's return times and make the return more complex to the Noteholder.

Furthermore, Mintos could for some reason suddenly stop honouring its obligations under the existing agreements, leading to delayed payments or partial or full loss of the amount invested in the Notes.

### **2. Non-compliance with regulations could lead to revocation of Mintos' licence**

To provide services to clients, Mintos, as the operator of the Platform, has received an investment firm licence from the FCMC. The licence could be suspended or revoked due to non-compliance with regulations by Mintos. Loss of licence by Mintos could lead to delayed payments or partial or full loss of invested amount under the Notes.

**3. Failure of IT systems or a security breach could lead to significant liabilities and harm relationships with customers**

The technology that Mintos has developed over the years is a cornerstone of Mintos' future success. The satisfactory performance, reliability and availability of the Platform is critical to its operations, customer service and reputation.

While Mintos has taken steps to protect confidential information, the techniques used to obtain unauthorised, improper or illegal access to systems, data, or customer data, or to disable or degrade services are constantly evolving and may not be detected quickly.

As a result, Mintos' and Mintos' third-party vendor security measures might be breached, and these security breaches could result in confidential client information being stolen. Breaches of security measures because of third-party action, employee error, third-party vendor error, design flaws in the software, or interruptions in Mintos' systems and services could adversely impact our relationships with Mintos' clients, harm Mintos' reputation and expose Mintos to significant liability.

Furthermore, in the event of damage or interruption, existing insurance policies may not adequately compensate Mintos and Mintos' clients for any losses that may have been incurred. Nevertheless, as IT systems are crucial to Mintos' operations, a substantial amount of resources are devoted to ensuring the stable and uninterrupted performance of the IT systems.

**4. Mintos' bank accounts could be frozen or closed and banks, where the Noteholder funds are held, can become insolvent**

Mintos clients' funds, including the fund being deposited in the Issuer's Account for settlement under the Notes, are kept segregated from Mintos' own funds in several bank accounts marked as client funds accounts.

One or several of those bank accounts that Mintos uses might be blocked, seized or closed for a number of reasons, including insolvency of the banks, resulting in interruptions of fund transfers to the Lending Company and the Noteholder.

**5. Significant problem or termination of the agreement with a Mintos partner may affect the provision of services to the clients**

While providing its services, Mintos relies on several carefully selected partners (e.g., cloud computing providers), and any problems with the service providers could impact Mintos' ability to provide services to the Noteholder. Mintos has taken several steps to reduce the likelihood and impact of such occurrences, such as having backup service providers where feasible, there is still a risk that the Noteholder may not be able to access the Platform or receive services.

**6. Certain situations or actions may raise conflicts of interests**

While the rights and the responsibilities of Mintos, the Issuer, the Lending Company are detailed in the Transaction Documents and this Base Prospectus, and Mintos has established policies and procedures to mitigate the risk, it is not possible to fully avoid the possibility of a conflict of interests between the parties that could impact the interests of the Noteholder.

While Mintos provides placement services to the Issuer with respect to the Notes, Mintos also provides the infrastructure services for the Lending Company and the Issuer to perform sales of the Loan Receivables to the Issuer, as well as to exercise the Buyback Obligations and Repurchases. Mintos receives fees from the Lending Company for placement services. Mintos

has carefully set up the fees in a compliant manner and so that it would not violate the conflict of interest management rules. Such placement fees might qualify as inducements and Mintos would disclose information on these inducements to the Noteholder. In addition to inducement disclosures, Mintos has set up internal procedures to identify and manage conflicts of interest. Some conflicts of interest require disclosure and those are disclosed.

○ ***RISKS SPECIFIC TO THE ISSUER***

**1. The Issuer could default on its obligations or become insolvent**

The Issuer is a wholly-owned Mintos Group company, and not engaged in any business activities other than those provided in this Base Prospectus. There is a risk that the Issuer could suddenly stop effectively honouring its obligations under the existing agreements and breaching its provisions, resulting in missing repayments to the Noteholder. This could lead to delays in repayments and partial or full loss of invested amounts.

While the Issuer is created, established and performs its operations as a special purpose undertaking, due to possible legal shortcomings of the applicable law and/or judicial practice, the Issuer might be found insolvent due to the following reasons, including, but not limited to, a Noteholder or other creditor initiating the insolvency procedure against the Issuer in bad faith and the court not finding limited recourse and non-petition provisions defined by this Base Prospectus as a sufficient ground to reject such proceeding. In such situations, the Noteholder could experience delays in receiving its invested funds and its priority as a creditor of the Issuer might be changed by the rule of law, leading to receiving fewer amounts than due under the Notes.

The Terms and Conditions of the Notes (in section 10 of this Base Prospectus) are set up and drafted as having legal force and addressing concerns as legally binding contractual obligations. There can be external circumstances that might influence such legal construction, including, but not limited to court ruling, and/or new or modified legal enactments.

**2. Mintos may not be able to cover the maintenance and administrative costs of the Issuer**

Considering the pass-through nature of the Issuer, the maintenance costs and administrative expenses of the Issuer are, in essence, covered by the Lending Company, either via direct compensation mechanism or indirectly via Mintos. If for any reason mentioned above in '*RISKS SPECIFIC TO MINTOS*', Mintos is not able to cover such costs, it could significantly influence the operations of the Issuer and its ability to service Notes and make payments to the Noteholder.

**3. Information asymmetry**

With a reference to risks described above in 'The Lending Company may intentionally or unintentionally breach its contractual obligations - False or incomplete information about the Lending Company' and '-False Borrower data', part of the information in this Base Prospectus as well as significant information being received during the term of the Notes is being sourced and received from the Lending Company. There is a risk that the Lending company can provide material information with delay or fails to provide information to the Issuer at all. As a consequence:

- the Issuer through Mintos acting as its authorised representative will not be able to timely enforce its rights provided in the Transaction Documents and to act in the interests of Noteholders; and

- the Issuer will not be able to prepare and publish supplements to this Base Prospectus in a timely manner, which could impact the Noteholders' judgement on purchasing the Notes being unaware of any significant new factor, material mistake or inaccuracy related to the information being sourced from the Lending Company.

#### **4. Cross-risks applicable to the Issuer**

Considering the pass-through nature of the Issuer, the Issuer and its abilities to pay amounts due to the Noteholders under the Note are exposed to all the risks listed above in '*RISKS SPECIFIC TO THE UNDERLYING LOAN*', '*RISKS SPECIFIC TO LOAN SERVICING*', '*RISKS SPECIFIC TO GUARANTEES AND PLEDGES WHEN THOSE ARE PROVIDED TO THE ISSUER*' and '*RISKS SPECIFIC TO MINTOS*'.

##### **○ RISKS SPECIFIC TO NOTES**

#### **1. The Noteholder has no rights of recourse against the Borrowers, the Lending Company, the Guarantors or the pledgor**

The Noteholder has no direct right to the Loan Receivables. Instead, the Noteholder is acquiring Notes, which are backed by the corresponding Loan Receivables. The legal title in the Loan Receivables and relevant rights arising from them are vested in the Issuer. This means that the Noteholder will have no direct recourse against the Borrowers and no ability to independently and in its discretion to pursue any Borrower to collect payments under the relevant Loan. For the same reason the Noteholder will have no direct recourse against the Lending Company, the Guarantors and/or the pledgor, and no ability to pursue the Lending Company, the Guarantors and/or the pledgor to enforce them to duly perform their duties and obligations due. All such actions are carried out by the Issuer as the legal owner of the Loan Receivables according to the provisions of this Base Prospectus and the Transaction Documents.

#### **2. Change of creditors priority**

The outcome of judicial or insolvency procedure could overrule the creditors' priority in this Base Prospectus due to requirements of the law, meaning that the Noteholders of one Series of Notes could become equal creditors to Noteholders of other Series of Notes, thus all the proceeds the Issuer receives from all the Loan Receivables is distributed on *pro rata* basis or otherwise.

#### **3. Certain costs may rank higher than payments to the Noteholder**

While it is the Issuer's responsibility to transfer to the Noteholder all payments that have been received from the Lending Company, including the payments from the Borrowers received by the Lending Company, there are certain costs, such as taxes, Mintos' fees and recovery costs that rank higher than payments to the Noteholder. This means that the Noteholder would only receive payment after the payment obligations of a higher priority have been settled.

Also, there is a risk that the outcome of judicial or insolvency procedure could define other priority of payments, which differs from the priority in this Base Prospectus.

#### **4. Liabilities that are not Series specific will be allocated to all Series of Notes proportionally**

If there are higher priority costs, i.e., taxes, fees and recovery costs, related to the specific Note, then these will be covered from the payments due to the Noteholders according to the Priority of Payments defined in this Base Prospectus. Where the liability is not Series-specific, for



example, legal costs, the liability will be allocated to all Series of Notes proportionally unless otherwise defined by the Priority of Payments.

**5. Event of default under another prospectus affecting Noteholders of this one**

The Issuer has or could in future enter into transactional documentation to issue loans' backed and contingent notes with other lending companies, being part of the Finclusion Group.

If for some reason an event of default arises under another prospectus, it can lead to an event of default under this Base Prospectus, and as a consequence Noteholders can face similar risks as described in the paragraph 2, 3 and 4 of the RISKS SPECIFIC TO THE NOTES, for example, the outcome of judicial or insolvency procedure could overrule the creditors' priority due to requirements of the law, meaning that the noteholders under other prospectus could be treated *pari passu* with other unsecured creditors of the Issuer, including with the Noteholders of Notes issued under this Base Prospectus, and/or could define other priority of payments, which differs from the priority in this Base Prospectus, meaning that proceeds received from the Lending Company which otherwise would be attributable to Series Specific Loans could be diverted to make payments with respect to other prospectuses of the Issuer and/or with respect to such proceedings.

**6. Due diligence and monitoring performed by Mintos and risk score allocated are limited in scope, do not address all material risks, and do not provide any assurance or indemnification**

Before the Lending Company joins Mintos and during the cooperation, Mintos carries out due diligence and assigns a Mintos risk score. It is important to point out that these processes are limited in scope and do not address all material risks relating to an investment in the Notes, but rather reflect the view of Mintos at the time the due diligence and monitoring are performed.

Even if Mintos continuously measures the accuracy of the Mintos risk score and evaluates the need to adjust the methodology when new data is obtained, these processes might not guarantee any further performance of the investment.

Mintos neither provides any assurance or guarantee for the Noteholder nor indemnifies or holds Noteholder harmless for any loss or adverse consequence directly or indirectly arising from the Noteholder relying upon the risk score or due diligence and monitoring performed. Basing investment decisions solely on the Mintos risk score could lead to a partial or full loss of invested amounts.

**7. No specific securitisation laws in Latvia**

There are no dedicated laws and regime in Latvia addressing specific special purpose vehicle issuer insolvency or limited recourse concepts. Mintos believes the Terms and Conditions of the Notes are set up and drafted as having legal force and addressing such concerns as legally binding contractual obligations. There might be circumstances that influence such legal construction, including, but not limited to the court ruling, or new or modified legal enactments. Eventually, this could lead to delayed payments or partial or full loss of the amount invested in the Notes.

**8. Repurchase could impact planned return**

The Lending Company may repurchase the Loan Receivables from the Issuer at any time at their then outstanding principal value without any penalty or other compensation. This may

happen, for example, in cases where the Lending Company can acquire lower cost financing from other sources and wishes to refinance the Loan.

The Lending Company not only has a right to repurchase, but also has an obligation to repurchase the Loan Receivables from the Issuer upon the occurrence of certain events specified in the Cooperation Agreement. The Lending Company may become obliged to repurchase one or several affected Loan Receivables, as well as there are certain events that may trigger the obligation to repurchase all the Loan Receivables. Occurrence of a Material Event of Default under the Cooperation Agreement triggers the obligation to repurchase all the Loan Receivables.

If the repurchase right is exercised by the Lending Company or if the repurchase obligation arises, the relevant Series of Notes will be redeemed early in full or in part once the Issuer has received the repurchase price from the Lending Company. The Noteholders' return on the investments in the Notes which are redeemed due to the repurchase will be lower than the initially planned return.

#### **9. New regulations introduced in the future could impact the Noteholder and Mintos**

Due to several reasons, such as improvements in computer technology, the financial crisis of the past decade and a greater focus on preventing the legalisation of illegally gained proceeds, the financial industry over the last years has experienced the introduction of several new regulations. With further developments and adoption of technologies, jurisdictions, either where Noteholders or Mintos Group are domiciled are likely to introduce new regulations or administrative interventions that could relate to Notes or online marketplaces such as the Platform. Such regulation in the future, for example, could enhance investors' protection measures, limit access to Notes to only qualified or sophisticated Noteholders, limit the proportion of the portfolio that can be invested through Notes or introduce any other restricting measures.

Furthermore, the introduction of new regulations or significant changes to the existing regulations could impact the profitability, cost base and future operations of Mintos. Failure to comply with regulation could lead to, among other things, lawsuits, administrative enforcement actions, penalties, and revocation of licences and authorisations. Eventually, this could lead to delayed payments or partial or full loss of invested amounts under Notes.

#### **10. New regulation in relation to taxes could impact the expected return for the Noteholder**

In the event that new regulation is introduced, or existing regulation or its interpretation changes so that the Issuer and/or Mintos needs to withhold additional taxes before making payments to the Noteholder, and the Issuer and/or Mintos is required to withhold any transfer tax, stamp duty and/or financial transactions tax, this could impact the expected return on investment for the Noteholder. Similar developments in the Noteholders' tax residence country can lead to the same consequences.

#### **11. Notes have limited liquidity and transferability**

The Notes are illiquid securities and there is no active market for them, and the Notes are not admitted to any trading venue. The potential buyers and transferees are limited only to other Mintos' clients who are registered on the Platform. Which all means that the Noteholder might need to offer the Notes with a significant discount and hence would not meet the expected return on the investment, or might even be unable to sell them at all during a shorter or longer period of time. Furthermore, to protect Noteholders that use automatic investment solutions

from making investment decisions, Mintos may restrict the execution of orders to sell the Notes according to the terms and conditions of the agreements between the Investors and Mintos.

The Noteholder should therefore only invest in Notes that the Noteholder is comfortable with holding to maturity.

**12. An undiversified investment portfolio may lead to greater exposure to the Lending Company and country-specific risks than a well-diversified portfolio**

Investment in a single Note, Notes issued in relation to the Lending Company or Notes with underlying Loans related to one country means that the performance of the portfolio and risk exposure depends on that Note, the Lending Company, country and currency risk.

Mintos encourages its customers to build a well-diversified portfolio and provides several tools to automate investing in Notes, making this easier.

**13. Investing in Notes issued in other currencies increases the Noteholder's exposure to currency risk**

If a Noteholder invests in Notes denominated in a currency that is different from the currency that the Noteholder earns and/or spends, the return on the investment could be significantly impacted by the fluctuations in the exchange rate between those currencies. This means that if the underlying currency depreciates significantly, the Noteholder could lose part of the investment, and if the currency appreciates significantly, the Noteholder could earn a higher return on investment.

**14. Notes are not bank deposits**

Investment in Notes does not have the status of a bank deposit in Latvia or elsewhere, and is not within the scope of the deposit protection or guarantee scheme operated by the Republic of Latvia or any other jurisdiction.

### 3. GENERAL INFORMATION

#### Important notices

THIS BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS BASE PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

NOTHING IN THIS BASE PROSPECTUS CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE SECURITIES DESCRIBED IN THIS BASE PROSPECTUS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

Any materials relating to any potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Under no circumstances will this Base Prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction other than provided on page 1 of this Base Prospectus.

#### Responsibility for this Base Prospectus

The Management Board of the Issuer:

Title	Name
Chairman of the Management Board	Martins Sulte
Member of the Management Board	Martins Valters

accepts responsibility for the information contained in this Base Prospectus (other than the information in the sections entitled '7. THE LENDING COMPANY', '8. THE LOANS' and '9. THE GUARANTORS'). To the best of its knowledge, the information (other than the information in the sections entitled '7. THE LENDING COMPANY', '8. THE LOANS' and '9. THE GUARANTORS') contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. Any information from third parties identified in this Base Prospectus as such has been accurately reproduced and that as far as the Issuer is aware and are able to ascertain from the information provided by a third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Lending Company accepts responsibility for the information contained in the sections entitled '7. THE LENDING COMPANY', '8. THE LOANS' AND '9. THE GUARANTORS' of this Base Prospectus. To the best of its knowledge, the information contained in sections entitled '7. THE LENDING COMPANY', '8. THE LOANS' and '9. THE GUARANTORS' of this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import.

## **Final Terms**

Each Series of Notes will be issued on the terms and conditions set out under the section entitled '10. TERMS AND CONDITIONS OF THE NOTES' of this Base Prospectus as completed by the applicable Final Terms. The Final Terms will be published on the website [www.mintos.com](http://www.mintos.com). A form of applicable Final Terms is set out under the section entitled '12. APPLICABLE FINAL TERMS' of this Base Prospectus.

## **Other relevant information**

This Base Prospectus must be read and construed together with any supplements to this Base Prospectus and with any information incorporated by reference in this Base Prospectus and, concerning any Series of Notes, must be read and construed together with the relevant applicable Final Terms.

## **Unauthorised information**

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into concerning the Programme, any information supplied by the Issuer, or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer.

Mintos has not authorised the whole or any part of this Base Prospectus and does not make any representation or warranty, or accept any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue and offering of the Notes, nor does Mintos or any of its shareholders, directors, affiliates, advisers or agents take any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue, offering and sale of the Notes.

## **Restrictions on distribution**

The distribution of this Base Prospectus and any Final Terms, and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and Mintos to inform themselves about and to observe any such restrictions. In particular, Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Neither this Base Prospectus nor any Final Terms constitute an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, Mintos or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms will be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer. Mintos has not provided any financial or taxation advice in connection with the Programme or the Notes.

## **Programme limit**

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 5 000 000.00 (five million euro) (or its equivalent in other currencies).

## **Language**

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

## **Ratings**

No Series of Notes issued under the Programme will be rated by any credit rating agency.

## **Currencies**

Unless otherwise indicated, the financial information contained in this Base Prospectus has been expressed in euro. The Issuer's functional currency is euro, and the Issuer prepares its financial statements in euro.

## **Third-party and market share data**

This Base Prospectus contains information regarding business of the Issuer, Mintos, the Lending Company and others, and the industry in which they operate and compete. Where third party information has been used in this Base Prospectus, the source of such information has been identified. Statistical information included in this Base Prospectus has been derived from official public sources, including the statistical releases. All such statistical information may differ from that stated in other sources for a variety of reasons, including the use of different definitions and cut-off times. This data may subsequently be revised as new data becomes available and any such revised data will not be circulated by the Issuer to Investors who have purchased the Notes. In some cases, independently determined industry data is not available. In these cases, any market share data included in this Base Prospectus is referred to as having been estimated. All such estimates have been made by either the Issuer or the Lending Company using its information and other publicly available market information. Each of the Issuer and the Lending Company believes that these estimates of market share are helpful as they give prospective Investors a better understanding of the industry in which the Issuer or the Lending Company operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Issuer's or the Lending Company's knowledge of the market within which it operates, neither the Issuer nor the Lending Company can guarantee that a third-party expert using different methods would reach the same conclusions. Where information has not been independently sourced, it is the Issuer's or the Lending Company's own information.

## **No incorporation of website information**

The Issuer is affiliated with Mintos and their website is [www.mintos.com](http://www.mintos.com). Unless specifically incorporated by reference into this Base Prospectus, information on the website or any other website mentioned in this Base Prospectus or any website directly or indirectly linked to these websites has not been verified, is not incorporated by reference into, and does not form part of, this Base Prospectus, and Investors should not rely on it.

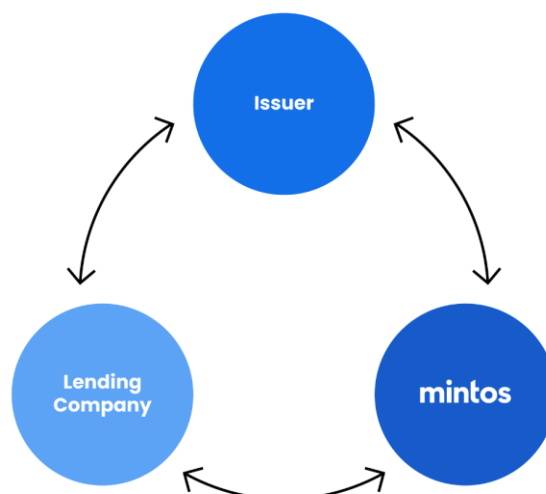


#### 4. TRANSACTION OVERVIEW

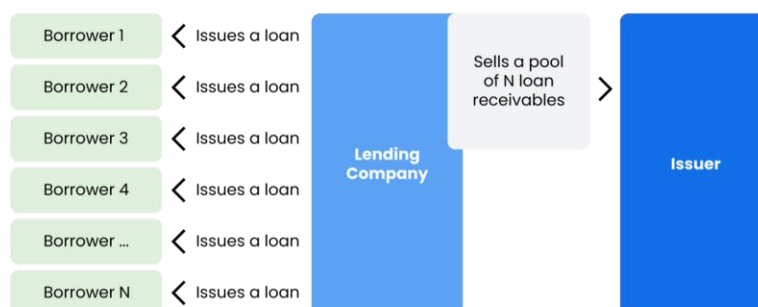
##### ○ THE DESCRIPTION OF THE TRANSACTIONS IN RELATION TO THE NOTES

##### ▪ The Issuer, Mintos and the Lending Company

The Issuer, Mintos and the Lending Company have entered into the Transaction Documents for the issue and sale of the Notes as described in this Base Prospectus.



##### ▪ Transfer of the Loan Receivables by the Lending Company to the Issuer



The Lending Company makes, from time to time, an irrevocable offer to sell the Loan Receivables by using the API connection set up with Mintos.

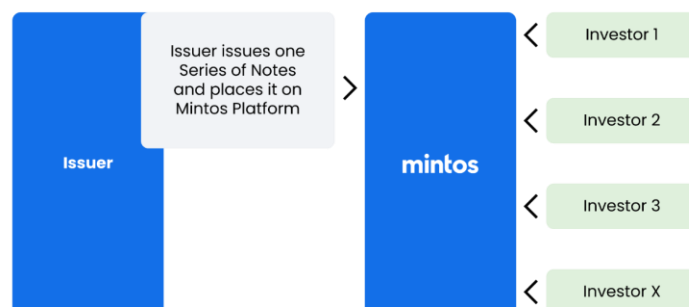
The offer for sale of the Loan Receivable is accepted, on behalf of the Issuer, by Mintos generating the Transfer Document. Mintos verifies the information provided through the API. The Loan Receivables are required to meet certain eligibility criteria to form a 'pool' of Loan Receivables to serve as the underlying assets for a particular Series of Notes and to satisfy other conditions precedent.

Payment for the acquired Loan Receivable is subject to placement of the Series of Notes.

That means the Loan Receivables transferred to the Issuer and backing the Series have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. The Lending Company retains in relation to each Loan the 'skin in the game' in keeping 5% of the principal amount outstanding.

The Borrowers are not notified of the transfer of the Loan Receivables. The Lending Company continues to service the Loan Receivables.

- **Issue of Notes**



Once the Issuer has a pool of the Loan Receivables, Mintos publishes the Final Terms for the relevant Series of Notes on the Platform on behalf of the Issuer. This process is automated and takes place in real-time.

As of the Issue Date, the Notes are publicly offered by the Issuer through the Platform. Investors can purchase Notes from the Issue Date until the Maturity Date of the Notes provided in the Final Terms or until the time when the Notes are fully sold to Investors by the Issuer, whichever occurs earlier. Information about the offer results of the Notes is published on the website [www.mintos.com](http://www.mintos.com) in real time starting from the Issue Date of the Notes. Subscriptions will not be reduced, which means refund of amounts paid in excess does not apply. The Issuer does not expect any conditions to which offer of the Notes would be subject.

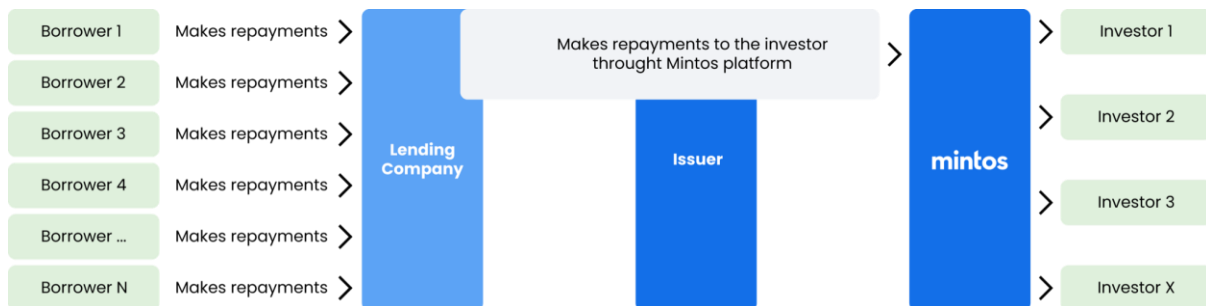
To purchase Notes from the Issuer, the Investor registered on the Platform submits an investment order using the “Primary market” section of the Platform, indicating the amount of money that the Investor wishes to invest in particular Notes. The Investor can also use automated portfolio management services provided by Mintos to purchase the Notes. The process for purchasing Notes is automated and takes place in real-time. When the investment order is accepted by the Platform, Mintos debits cash funds from the Investor’s cash account with Mintos in exchange for delivery of the Notes to the Investor’s financial instruments account with Mintos. Paying for the Notes and delivery of the Notes take place simultaneously. The Notes allotted are available as soon as the investment order is executed by Mintos, by means of the Investor’s profile on the Platform. Further alienation of Notes could be done as soon as available on the Investor’s Investment Accounts.

Minimum subscription amount is one Note. Maximum subscription amount is up to the Aggregate Nominal Amount for the relevant Series of Notes, but subject to the nominal amount of the Notes being available for purchase from the Issuer as at execution time of the investment order at Mintos.

No expenses are expected to be charged to the Investor by the Issuer when purchasing Notes. Currently there is no financial transaction tax to be applied by the Issuer and/or Mintos to the Investor in subscribing or purchasing any Note.

The Issuer expects that net proceeds of any Series of Notes will equal the Aggregate Nominal Amount of the relevant Series.

#### ▪ Payments under the Notes



Interest specified in the Final Terms will begin to be calculated and accrue from (and including) the first day when the Investor has acquired the Notes from the Issuer and the Notes are booked by Mintos in the Investor's financial instruments account.

The Interest and principal payments under the Notes are linked and contingent on corresponding payment being made under the pool of the underlying Loan Receivables. Notes may have different payments which reflect the different Loans issued by the Lending Company, such as:

- fully amortising Notes – the principal amount outstanding of the Notes and interest are regularly paid during the term of the Notes so that the principal amount outstanding of the Notes is zero at maturity of the Notes;
- partially amortising Notes (or 'balloon' Notes) – the principal amount outstanding of the Notes and interest are regularly paid during the term of the Notes but, a 'balloon' of principal amount outstanding of the Notes remains which is paid at maturity of the Notes;
- interest only Notes – only the interest is regularly paid during the term of the Notes, whilst the principal amount outstanding of the Notes is paid at maturity of the Notes; and
- bullet Notes - both the principal value outstanding of the Notes and interest are paid at the maturity of the Notes.

#### ▪ The Buyback Obligation

The Buyback Obligation is the obligation, if any payment under any of the relevant Loans is delayed by more than 60 days, for the Lending Company to repurchase the relevant Loan Receivables from the Issuer, provided that the Buyback Obligation is stated as being applicable in the Final Terms.

If the Buyback Obligation is triggered, the relevant Series of Notes will be redeemed early in part once the Issuer has received the buyback price from the Lending Company. The buyback price is the nominal value of the Loan Receivable as it is at the time when the Buyback Obligation arose, which means the nominal value of the principal outstanding and the interest and other ancillary claims assigned to the Issuer that form part of the Loan Receivable up to the date when the Buyback Obligation was triggered.

#### ▪ Repurchase

Repurchase is the right or obligation for the Lending Company to repurchase the Loan Receivable(s) from the Issuer on the occurrence of certain events specified in the Cooperation Agreement.

The Repurchase rights the Lending Company may exercise at any time with respect to any Loan Receivable(s). The repurchase price is the nominal value of the Loan Receivable, which means the

nominal value of the principal outstanding and the interest and other ancillary claims assigned to the Issuer that form part of the Loan Receivable up to the date when the Repurchase right was exercised, as it is at the time when the Repurchase right was exercised.

If during the validity of the Cooperation Agreement the Lending Company exercises its rights to repurchase individual Loan Receivables of performing loans (loans that are not delayed by the Borrower), the Lending Company shall be obliged to repurchase the same amount of the Loan Receivables on non-performing loans with a delay of 1 to 59 days (if any) and on non-performing loans with a delay of 60 and more days (if any). Namely, if the Lending Company repurchases 10% (ten per cent) of the Loan Receivables on performing loans, the Lending Company shall be obliged to repurchase 10% (ten per cent) of the Loan Receivables on non-performing loans with a delay of 1 to 59 days and 10% (ten per cent) of the Loan Receivables on non-performing loans with a delay of 60 and more days. The Loan Receivables of non-performing loans subject to the repurchase are randomly selected by the Lending Company at its own discretion. If Lending Company fails to repurchase the Loan Receivables of non-performing loans as per this clause, Mintos shall randomly select the Loan Receivables on non-performing loans subject to the repurchase by the Lending Company.

The Repurchase obligation arises either with respect to one or several Loan Receivables or it may as well arise with respect to all Loan Receivables.

Individual affected Loan Receivable(s) must be repurchased by the Lending Company according to the Cooperation Agreement if the following occurs:

- (a) termination by the Lending Company of a Loan Agreement from which the Loan Receivable arises;
- (b) in case any of the following events occur:
  - if the Loan Agreement from which the respective individual Loan Receivable arises is or shall for any reason and by any means become invalid or unenforceable whether in whole or in part or it becomes impossible or unlawful for any party to any such document to perform its obligations under such documents; or
  - if, in the reasonable opinion of Mintos and/or the Issuer and/or the Lending Company, the Borrower's fraud or fraudulent misrepresentation has been established;
- (c) with respect to the affected Loan Receivable that is determined in the sole discretion of Mintos, in case if any of the following events occur:
  - if certain representations or warranties of the Lending Company provided in the Cooperation Agreement with respect to the Loan Receivable is or proves to have been untrue when made or deemed to be made;
  - if a breach of an obligation of the Lending Company to comply with certain restrictions on amendments to the Loan Agreements are not complied with or if the Lending Company breaches its duties as a servicer of the Loan Receivables; or
  - if it is or becomes unlawful for the Lending Company to assign or offer the assignment of any new Loan Receivables according to the laws applicable to the Lending Company and/or Loan Receivables and/or to perform any of its obligations under the Cooperation Agreement in relation to the assignment or servicing of the Loan Receivable, for example in case of loss of licence by the Lending Company which affects the already executed assignments or servicing of the Loan Receivables (i.e. having a retroactive effect).

The above might not be a precise wording of the Cooperation Agreement provisions, however even if the wording is different the description of the essence remains correct.

In case a Material Event of Default under the Cooperation Agreement has occurred (see paragraph: THE TRANSACTION DOCUMENTS - The Cooperation Agreement - Material Events of Default), Mintos is entitled to request the Lending Company to repurchase all the Loan Receivables transferred to the

Issuer. Mintos has the discretion to request or not to request the repurchase of all the Loan Receivables. If the full repurchase is requested, repurchase obligation must be met by way of paying the repurchase price within the time period, which in most cases is 5 (five) Business Days, but may be set as a longer period of time up to no more than 6 months, after the notice has been given to the Lending Company regarding the repurchase and the final calculation of the amounts payable is sent to the Lending Company.

The repurchase price for the Loan Receivable which the Lending Company is obliged to pay to the Issuer for the Repurchase of the Loan Receivable is equal to the total amount of the remaining principal amount of the Loan Receivable and accumulated and outstanding interest, and other ancillary claims assigned to the Issuer that form part of the Loan Receivable up to the date when the Repurchase was triggered.

If Repurchase rights or obligation is triggered, the relevant Series of Notes will be redeemed early in full or in part once the Issuer has received the repurchase price from the Lending Company.

- **No credit enhancement**

The Notes have no credit enhancements and no liquidity support in relation to payment of interest or principal.

The Issuer, as a special purpose entity, has no obligation to make any payment on the Notes unless sufficient funds have been received from the Lending Company. The Lending Company, in turn is dependent on payments on the relevant Loans from the Borrowers.

- **THE TRANSACTION DOCUMENTS**

*The information in this section is a summary of certain features of the Transaction Documents provided for information purposes, and will not be treated as the full binding text of the relevant agreement.*

- **The Cooperation Agreement**

*General*

The Cooperation Agreement contains the agreement between the Issuer, the Lending Company and Mintos on the matters outlined in the above section entitled '**THE DESCRIPTION OF THE TRANSACTIONS IN RELATION TO THE NOTES**'.

The Cooperation Agreement also contains as schedules:

- sample of the Loan Agreement; and
- this Base Prospectus as submitted to the FCMC for approval.

*Mintos*

Mintos act as an assignment agent, placement agent, calculation agent, transfer agent and paying agent of the Issuer in relation to the Notes.

*Loan servicing*

The Issuer has appointed the Lending Company as the servicer with **service rights** which includes any and all rights to:

- (a) service the Loan Receivables;

- (b) all agreements or documents creating, defining or evidencing the servicing rights to the extent they relate to the servicing;
- (c) collect all payments under the Loan Agreements; and
- (d) maintain and use any and all servicing files and other data and information about the Loan Receivables, and about the past, present or prospective servicing of the Loan Receivables.

Within the scope of servicing obligations, the Lending Company has undertaken certain obligations, including:

- (a) to collect and process payments from the Borrowers;
- (b) to transfer payments from the Borrowers to the Issuer;
- (c) not to assign, transfer or create any encumbrance over any Loan Receivables; and
- (d) to take all reasonable actions to ensure that the Loan Receivables are not treated as the Lending Company's property and any pledge rights, prohibitions or other encumbrances in favour of the Lending Company, its creditors or administrators would not be attributed to the Loan Receivables.

The appointment of the Lending Company as the servicer can be terminated by written mutual agreement between the Issuer, the Lending Company and Mintos only when the Issuer has settled all obligations under the Notes towards the Noteholders.

Subject to certain terms and conditions, the Issuer may, by notice to the Lending Company and Mintos terminate the appointment of the Lending Company as the servicer and appoint another person as the servicer of the Loan Receivables.

#### *Extensions*

The Lending Company may modify any of the Loan Agreements without approval of the Issuer, provided that payments from the relevant Borrower remains unchanged.

If provided in the Final Terms, the Lending Company may extend the repayment schedule of one or more of the Loan Agreements without the consent of the Issuer or the Noteholders provided that (a) there is no event of default under any of the Loans Agreement, (b) any change is restricted by 'Limit on the number of Extensions' and 'Total maximum time limit of Extensions' as specified in the Final Terms and (c) any change is notified on the Platform to the Noteholders.

The Lending Company may also extend the repayment schedule of one or more of the Loan Agreements without the consent of the Issuer or the Noteholders to comply with any new law or regulation, amendment of any existing law or regulation, or any decision of any government or municipal provided that any change is notified on the Platform to the Noteholders.

#### *Representations and warranties*

The Lending Company has made certain representations and warranties relating to the Loan Receivables including:

- (a) all necessary and required procedures, checks and assessments have been performed to ensure the validity and enforceability of each of the Loan Agreements;



- (b) information and documents provided regarding each of the Loans, the Loan Agreements and the Loan Receivables sold to the Issuer are true, correct and complete,
- (c) the Lending Company is the sole owner of the Loan Receivables being sold to the Issuer and has full rights and authority to sell and assign the Loan Receivables, which are free and clear of all liens, pledges or encumbrances.

The Lending Company has represented and warranted that it has all necessary licences, permits and authorisations to conduct its business activities.

Each of the Issuer, the Lending Company and Mintos has ensured the truth, correctness and completeness of all the documents and information being provided by it, as well as its compliance with applicable regulatory requirements.

#### *Covenants*

The Lending Company has covenanted to comply with certain financial and other covenants.

#### *Indemnities and penalties*

The Lending Company has agreed to pay the contractual penalties to Mintos for breach of any of the obligations indicated in the Cooperation Agreement.

Each of the Issuer, the Lending Company and Mintos has indemnified the others against any and all losses suffered by or incurred by the others arising out of or resulting from its breach under the Cooperation Agreement.

#### *Material Events of Default*

The Cooperation Agreement contains an exhaustive list of events that constitute Material Events of Default. Material Events of Default under the Cooperation Agreement include events like:

- (a) non-payment by the Lending Company under the Cooperation Agreement;
- (b) the Lending Company non-compliance with the adjusted equity ratio set in the Cooperation Agreement;
- (c) events with respect to various other obligations: failure to fulfil some other obligations of the Cooperation Agreement; occurrence of a material event of default under other obligations referred to in the Cooperation Agreement;
- (d) an event of default, as such term is defined in this Base Prospectus, occurs, which such event of default is caused by fault, action or failure to act of the Lending Company, Guarantors and/or Pledgor (if any);
- (e) any security documents (if any) having become invalid, unenforceable or likewise events occurring with respect to them as agreed in the Cooperation Agreement;
- (f) insolvency or insolvency proceedings of the Lending Company or any Guarantors or Pledgor occurs;
- (g) a creditor's process as agreed in the Cooperation Agreement is taking place;
- (h) misrepresentation by the Lending Company with respect to the information in this Base Prospectus that is sourced from the Lending Company and the latter is responsible for;
- (i) cross-default and cross-acceleration or certain financial liabilities;
- (j) occurrence of circumstances in the area of AML (Anti Money Laundering) or sanctions non-compliance that require termination of cooperation with the Lending Company;
- (k) cessation of business by the Lending Company.
- (l) the Lending Company failed to register (perfect) the Pledge Agreement.

The above is not a precise wording of the Cooperation Agreement provisions on the Material Event of Default, it is just a description of their essence.

If any Material Event of Default occurs, Mintos may stop:

- (a) the execution of sales of the Loan Receivables to the Issuer;
- (b) the placement of the Notes on the Platform; and
- (c) the processing of submitted but not yet executed orders for subscription of the Notes.

Upon occurrence of a Material Event of Default Mintos may require the Lending Company to Repurchase all the Loan Receivables transferred to the Issuer.

Also, if a Material Event of Default occurs Mintos may change the servicer of the Loan Receivables.

Whether to exercise any or all of the above rights that Mintos has if any Material Event of Default occurs, is a decision that Mintos makes, acting as an authorized representative of the Issuer in its best interests. It may be that even if a Material Event of Default has occurred, it may be cured or does not negatively affect the ability of the Lending Company to comply with its obligations under the Cooperation Agreement, or there are other legitimate reasons why Mintos should not exercise the said rights, and thus none of the said rights are exercised.

#### *Term and termination*

The Cooperation Agreement continues until all liabilities of the Issuer, the Lending Company and Mintos according to its provisions are fully satisfied.

#### *Governing law*

The Cooperation Agreement and any non-contractual obligations arising out of, or in connection with, it is governed by and will be construed in accordance with the laws of the [Republic of Latvia].

### ■ **The Guarantee Agreements**

#### *General*

Parties to the Guarantee Agreements (amended, restated and/or supplemented from time to time) are the Issuer, the Guarantor and Mintos (hereinafter - the Investment Firm) all together hereinafter referred to as the Parties.

According to the provisions of the Guarantee Agreements the Guarantors guarantee to the Issuer the performance of Lending Company's obligations that may be incurred and arising from the Cooperation Agreement and all agreements on sale and purchase of the Loan Receivables entered by and between the Issuer and the Lending Company according to the Cooperation Agreement (hereinafter - Principal Agreements), where from the Issuer's monetary claims against the Lending Company arises and agrees to be held liable for the performance of the said obligations of the Lending Company as the principal debtor itself.

The Guarantee Agreements define a list of financial and other covenants, including negative covenants, that the Guarantors shall comply with during the term of the Guarantee Agreements. The failure to meet the covenants or breach of them leads to an event of default of the Guarantee Agreements and hence a Material Event of Default or Event of Default under the Cooperation Agreement.

### *Rights and obligations*

According to the provisions of the Guarantee Agreements the Guarantors undertake before the Issuer the liability for the Lending Company's outstanding obligations under the Principal Agreements with all of its present and future assets, except stocks that might be potentially acquired by the Guarantors in the licensed credit institution (bank).

In the event that the Lending Company has not fulfilled its obligations on the payment date under the Principal Agreements, the Guarantors as the principal debtors (Lending Company) after the receipt of written notification from the Investment Firm shall pay within 5 (five) Business Days of receipt of such notice to the Investment Firm the whole amount of Lending Company's outstanding obligations indicated in the respective written notice.

The Guarantors ensure that the payment obligations assumed by the Guarantors under the Guarantee Agreements rank at least equally (*pari passu*) to other liabilities of the Guarantors and that position of the Issuer is not worsened against other creditors of the Guarantors neither in terms of payment priority, nor security.

### *Representations and warranties*

The Guarantee Agreements contain several representations and warranties made by the Guarantors. The Guarantors have represented and warranted, including, but not limited to the Issuer and the Investment Firm, that:

(i) the representatives of the Guarantors have all rights, internal corporate approvals and powers for entering into the Guarantee Agreements;

(ii) neither the signing and performance nor the compliance by the Guarantors with the provisions of the Guarantee Agreements shall conflict with or result in a breach or violation of any of the provisions of its articles of association, any agreement, license, commitment or permit to which the Guarantors are a party or any judgment, order, injunction, decree or ruling of any court or governmental or local authority, to which the Guarantors are subject to.

(iii) the Guarantors have ensured truth, correctness and completeness of the documents and provided information, as well as their compliance with applicable regulatory requirements.

### *Indemnities and penalties*

Each Party shall indemnify the other Parties against any and all losses suffered by or incurred by the other Parties arising out of or resulting from a breach under the Guarantee Agreements or any representation given in the Guarantee Agreements not being true or correct in any material aspect.

The Guarantee Agreements also define in which cases the Guarantors shall pay the contractual penalties to the Issuer for the breach of obligations indicated in the Guarantee Agreements.

### *Term and termination*

The Guarantee Agreements continue to be valid and in legal force until all liabilities under the Cooperation Agreement are fully settled in accordance with its provisions.

### *Governing law*

The Guarantee Agreements and any non-contractual obligations arising out of, or in connection with, it is governed by and shall be construed in accordance with the laws of the Republic of Latvia.

## ■ The Pledge Agreement

### *General*

Parties to the Pledge Agreement (official legal title is the Charge of certain movable assets, Deed) (amended, restated and/or supplemented from time to time) are the Lending Company as a Chargor and the Issuer as a Chargee (hereinafter - the Parties).

**As of the date of this Base Prospectus and the commencement of the issuance of the Notes, the Pledge Agreement might not yet be signed and registered in the Public Registry in accordance with the Kenyan laws. The Parties have agreed in the Cooperation Agreement that the Pledge Agreement as described herein will be established; however, due to the time needed for all of the formalities it is not a condition precedent for the issuance of the Notes to start.**

According to the provisions of the Pledge Agreement in order to secure the punctual payment obligations and performance of any other liabilities and obligations of the Chargor towards the Issuer and/or Mintos under the Cooperation Agreement and Transfer Documents, the Chargor agrees to create a security in favour of the Chargee over its loan receivables which are not transferred to the Chargee under the Cooperation Agreement and Transfer Documents (hereinafter - the Charged Assets).

### *Perfection of security*

The Pledge Agreement states that Chargor shall take such action as may reasonably be requested by the Chargee to create, perfect, protect or maintain any of the security interests created, or purported to be created, by or pursuant to the Deed or, following enforcement of the Deed to vest title to any Charged Asset in the Chargee or its nominee or any purchaser, or to facilitate the realisation of any Charged Asset under the Deed or the exercise of any of the rights, powers and remedies of the Chargee provided by or pursuant to the Deed or by law, including:

- (i) delivery to the Chargee any document or other instrument required to be so delivered by law in order to give effect to the security constituted by the Deed; and
- (ii) making all filings and registrations with and paying all taxes and duties to the appropriate authorities (including without limitation the Companies Registry and the Office of the Registrar).

The Pledge Agreement shall be registered with the Office of the Registrar under the applicable laws of Kenya.

### *Obligations of the Chargor*

The Pledge Agreement contains several obligations of the Chargor. The Chargor has committed to the following main obligations for as long as the obligations of the Chargor remain outstanding including but not limited to:

- (i) not to enter into a transaction to sell, lease, license, sub-license, transfer, assign or otherwise dispose of any Charged Assets other than as permitted with written consent of the Chargee;
- (ii) not to without the prior written consent of the Chargee create or permit to subsist any security interest over all or any part of the Charged Assets.

### *Representation and Warranties*

The Chargor repeats the representation and warranties, and undertakings given under the Cooperation

Agreement, additionally undertakes to comply with its obligations under the Pledge Agreement, and to perform its obligations under the Loan Agreements.

#### *Enforcement of the Pledge Agreement and application of the proceeds*

Upon and at any time after the occurrence of the enforcement event and notice on default given by the Chargee in the form prescribed by the Pledge Agreement, the security shall become immediately enforceable and the Chargee will be entitled to exercise all rights, powers and remedies for the enforcement of all rights that the Chargee is entitled to, within the meaning of the applicable law.

During the enforcement procedure, the Chargee is entitled, with a prior notice to Chargor, to appoint an administrator of the Chargor or the receiver of the enforced assets.

The Chargee or any person appointed as the receiver is entitled to the following actions:

- a) deliver or assign the enforced assets for use or storage to any third party until the assignment, transfer or sale thereof;
- b) exercise the right to sell the enforced assets for a free price without intermediation of the courts or undertaking an auction;
- c) exercise the right to assign, transfer or sell the enforced assets in whole or in part;
- d) assign, transfer or sell the rights of claim arising from the enforced assets to third parties in debt to the Chargor based on the said rights of claim in fulfilment of their payment obligations towards the Chargor; or
- e) transfer the monetary funds acquired from the assignment, transfer or sale of the enforced assets or received from third parties as per the enforcement of the rights arising from the Cooperation Agreement as well as to be used for settlement of expenses arising from the assignment, transfer or sale of the enforced assets.

The Chargee may apply the proceeds recovered or received from the enforcement as it determines in its reasonable discretion.

#### *Governing law*

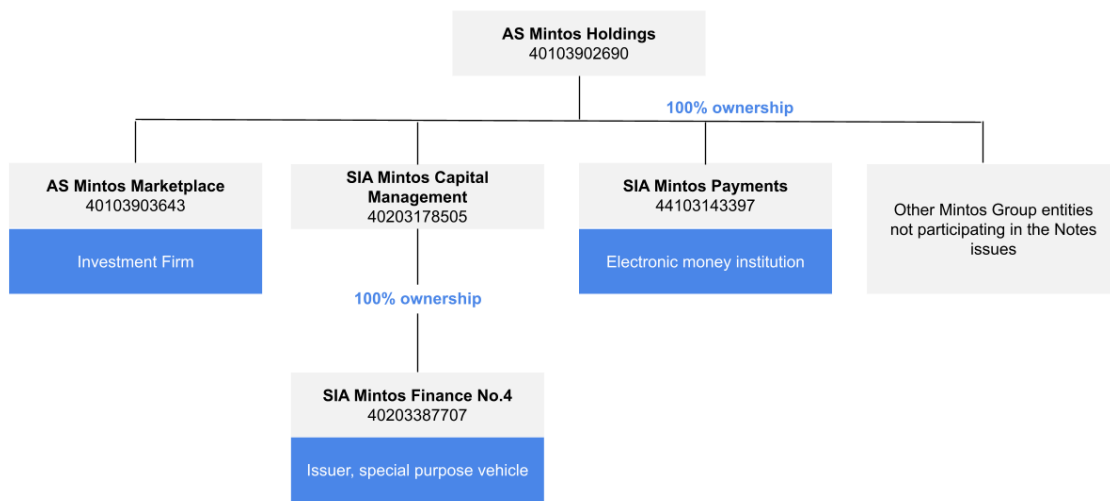
The Pledge Agreement and any non-contractual obligations arising out of, or in connection with, it is governed by and shall be construed in accordance with the laws of Kenya.

## 5. THE ISSUER

### ○ General

The Issuer is a special purpose undertaking established for the sole purpose of issuing and offering Notes to Investors on the Platform, which are backed by the Loan Receivables acquired from the Lending Company. The Issuer does not take part in any other business activities.

The Issuer is incorporated as a limited liability company and registered in the Commercial Register of the Enterprise Register of the Republic of Latvia on 18 March 2022 under the name SIA Mintos Finance No.4 with registration number 40203387707. It operates under the laws of the Republic of Latvia and has its registered office at Skanstes street 52, Riga, LV-1013, Latvia. The Legal Entity Identifier (LEI) of the Issuer is: 984500O64A003E6IBB78.



The registered share capital of the Issuer is EUR 2800 consisting of 2800 shares each having a nominal value of EUR 1. Each share is entitled to one vote. The sole shareholder of the Issuer is SIA Mintos Capital Management, registration No 40203178505.

The Issuer has no subsidiaries and does not own any shares or equity. The Issuer is managed by the Management Board, the members being appointed by the sole shareholder of the Issuer.

Title	Name	Other roles
Chairman of the Management Board	Martins Sulte	Chairman of the Management Board of AS Mintos Holdings, SIA Mintos Capital Management and Mintos
Member of the Management Board	Martins Valters	Member of the Management Board of AS Mintos Holdings, SIA Mintos Capital Management and Mintos

For so long as the Notes of any Series remain outstanding or Notes may be issued under the Programme, the current articles of association (Statutes) of the Issuer can be accessed on [www.mintos.com](http://www.mintos.com).

- **Activities**

The activities of the Issuer are as follows:

- issue and publicly offer Notes to the Investors, including preparation, submission to the FCMC and publication on the Platform of this Base Prospectus;
- purchases of Loan Receivable from the Lending Company arising from the Loans issued to Borrowers;
- payments under the Notes through Mintos, subject to receiving relevant funds from the Lending Company; and
- publication of financial and other information to Investors in accordance with applicable law.

- **Financial information**

At the date of this Base Prospectus, the Issuer has not commenced any operations, and accordingly, no financial statements have been prepared. The financial statements will be prepared in accordance with the Latvian Generally Accepted Accounting Principles (GAAP).

For accounting purposes, Loan Receivables are classified as a pass-through of a financial asset under International Financial Reporting Standard (IFRS) 9 3.2.5.

The appointed auditors of the Issuer for the financial year 2022 are "KPMG Baltics SIA", registered in the Republic of Latvia on 16 December 1994 with registration number 40003235171.

- **Authorisation**

The establishment of this Programme and the issue of Notes have been duly authorised by decisions of the sole shareholder of the Issuer on 27.04.2022.

- **Significant or material change**

At the date of this Base Prospectus, there has been no significant or material change in the financial position of the Issuer since the date of incorporation of the Issuer.

- **Litigation**

The Issuer (whether as a defendant or otherwise) is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer.

## 6. MINTOS

Mintos, under the name AS Mintos Marketplace, was registered as a joint-stock company on 1 June 2015 in the Commercial Register, Enterprises Register of the Republic of Latvia with the unified registration number 40103903643.

All the shares in Mintos are held by AS Mintos Holdings.

Mintos has been authorised as an investment firm by the FCMC on 17 August 2021 to provide following investment services and ancillary services:

- execution of orders on behalf of clients;
- dealing on own account;
- portfolio management;
- investment advice;
- placing of financial instruments without a firm commitment basis;
- holding of financial instruments;
- currency exchange services, if they are related to the provision of investment services;
- providing investment research, financial analysis or other general advice regarding transactions in financial instruments; and
- provision of services related to the initial placement of financial instruments.

Mintos provides services in Latvia. Mintos has not commenced provision of services in other countries as of the date of this Base Prospectus but may do so during the validity period of this Base Prospectus.

Cash funds of Investors are held by Mintos with one of the partner banks including AS LHV Pank (Estonia) and AS Baltic International Bank (Latvia).

Mintos owns and operates the Platform which is the technical infrastructure through which (a) the Lending Company sells Loan Receivables to the Issuer, (b) the Issuer offers and sells Notes to Investors and (c) information exchange and money flows occur between Investors, the Issuer and the Lending Company.

○ Key activities performed by Mintos with respect to Notes are as follows:

- Opens and services Investment Accounts for investors and (a) carries out anti-money laundering, combating the financing of terrorism and know your client policies and procedures, (b) carries out appropriateness and suitability tests, (c) responsible for compliance with product governance requirements and (d) informs Investors regarding the risks inherent in the products and services depending on the status of the Investor.
- Prepares this Base Prospectus and engages lawyers and other advisors and submits it to the FCMC for approval.
- Operates the Platform for (a) Investors to acquire Notes, exchange currencies related to investment services and transactions with Notes and receive automated portfolio management



services and (b) the Issuer and the Lending Company to transfer title in the Loan Receivables and exchange information in relation to the Loan Receivables.

- Acts as an assignment, placement, calculation, transfer and paying agent for the Notes including (a) transfer of funds to the Issuer following placement of Notes, (b) settlement of payments due between the Issuer and the Lending Company, (c) payments to the Investment Accounts, (d) provides information regarding Investors to the Issuer to calculate any withholding taxes on payments and (e) provides information on Payment Events through API from the Lending Company.
- Maintains the register of Noteholders.
- Complies with the Transaction Documents including monitoring of compliance of the Lending Company with the covenants and other provisions of the Transaction Documents. See the section entitled '4. TRANSACTION OVERVIEW – *TRANSACTION DOCUMENTS*' of this Base Prospectus for more information.
- Prepares and submits reports for legal and regulatory purposes to the FCMC, the Latvian State Revenue Service and others.

## 7. THE LENDING COMPANY

### ○ Business overview

The Lending Company is a non-deposit taking microfinance company incorporated in Kenya. The Lending Company was founded in 1993 as Emu-Inya enterprises Limited which was later acquired by GetBucks limited in 2012. It provides Government payroll loans, private company payroll loans, vehicle logbook loans, salary advance loans and has 7 branches and 18 satellites spread across 26 Counties in Kenya. As of 31 December 2020, with the average disbursed amount being USD 933 and USD 5,082 for government payroll and vehicle logbook loan products respectively.

The Lending Company currently has 7,262 unique active clients with 10,686 loans between them and seeks to maximise the number of consumer touchpoints where possible, employing both physical, mobile, and online chat applications as well as unstructured supplementary service data (USSD) functionality. This is rounded off with a dedicated agent base of 248 field-based agents across the country that maximises access to its products, resulting in quicker turnaround time and pay-out of funds. In addition, the Lending Company has product managers that provide direction and support to the respective products.

The Lending Company's management has built the current operation with scale in mind. The additional capital will provide the financial resources needed to drive loan book growth at a minimal marginal cost. The Lending Company's current financial capacity has limited the number of products that the company intends to roll out whilst creating brand awareness having recently rebranded. The Lending Company will look to build on the existing operations and scale with the rest of the Finclusion Group.

The Lending Company forms a key part of the Finclusion Group's East African growth ambitions. Through establishing a presence in the region, the Finclusion Group will use the Lending Company as a base to accelerate the capturing of a significant Sub-Saharan market share. The Finclusion Group is continually developing new innovations whilst many of these are currently limited to South Africa once the individual offerings have been built out and their suitability to the East African market has been established, the Lending Company plans on integrating these solutions into their offering.

### ○ Loans

The Lending Company provides government payroll loans and salary advance loans. The Lending Company provides their services to government employees, with the amounts being deducted directly off their payroll before their receipt. The minor proportion from its portfolio (~10%) is composed of vehicle logbook loans - secured car loans for other employed or self-employed individuals. The average disbursed loan amount for government payroll loans is EUR 786, ranging between EUR 40 to EUR 8 000, average maturity: 24 months, ranging between 1 to 72 months, average APR: 60%.

### ○ Financial information

The latest available financial information of the Lending Company is available on Mintos website:

- [Audited financials 2019/2020](#) (Lending Company's previous name used in the report, EMU-INYA Enterprises Limited, has been changed to TrustGro Sca Limited on 14/04/2021)
- [Audited financials 2018/2019](#) (Lending Company's previous name used in the report, EMU-INYA Enterprises Limited, has been changed to TrustGro Sca Limited on 14/04/2021)

- **Litigation**

The Lending Company (whether as a defendant or otherwise) is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Lending Company is aware) in the 12 months preceding the date of this Base Prospectus which may have, or have in such period had, a significant effect on the financial position or profitability of the Lending Company.

- **Loans issuance process**

The Lending Company deploys automated rule-based affordability models to assess credit applications.

The steps in both loan product underwriting process include, in order: (i) borrower application for a financing product, (ii) borrower registration and identification, (iii) risk assessment and scoring with respect to the borrower and (iv) agreement on and issuance of the financing product.

- **Loans underwriting**

The underwriting process is automated to the maximum possible extent. The issuance policy sets a detailed process overview including business “hard” rules (e.g., age limits, eligible customers, salary, indebtedness levels), fraud rules and scoring and affordability models for decision making.

During the Loan application processing, the preliminary data in each application are cross-checked and supplemented. If needed, the potential borrower is asked for further information, preliminary fraud and blacklists/PEP/PIP list checks are performed. During the Loan application processing, the most important steps are the verification of the potential borrower’s eligibility for the Lending Company’s financing, based on the information related to the borrower’s financial, economic and reputational information. Affordability is calculated using the latest three payslip information, maximum total loan repayment not exceeding 30% from monthly net salary. After these steps are successfully completed, the potential borrower receives an offer.

During the risk assessment and scoring evaluation stages, credit databases are checked, potential borrower’s income information analysed, customer indebtedness calculated and evaluated. The internally developed scoring tool, while considering parameters designed for each local market and being in compliance with local regulatory requirements, gives a clear score that enables an informed granting decision. With the increase of the Loan portfolio, the scoring models are updated with newly available data.

- **Loans issuance and disbursement**

After the loan documentation is signed, loan disbursements are processed automatically, using the Borrower’s bank account, cheque signoffs or mobile money facility accounts. Transfers to mobile money accounts must be linked to the validated cell phone number of the Borrower.

- **Debt recovery management**

The Lending Company has established an efficient and effective debt collection process. It has customer support and collection teams, which follow debt collection practices that are fully compliant with local regulations. In-house and external debt collection practices are used. The strategy is focused on maximising the dialogue with customers. When it is assessed that a customer cannot repay its Loan, it offers various options and tailors the offers to such customers

- Before the Loan becomes overdue, the Lending Company has a reminder process that ensures that the client is aware of the upcoming payment and payment details. All bank transfers are completed online, and reminder emails and invoices are automatically processed and sent to a borrower.
- Collection process starts when the payment is 1 day overdue, each loan is assigned to employees according to internal guidelines. Employee is responsible for contacting the borrower (emails, text messages or calls), reminding them to settle their outstanding balances and/or agreeing on a date to pay the debt, setting the follow up date and solving any other issues (i.e., if a borrower claims that the payment has been done). Payment plan is created manually and then the system follows up on it. Also, fraudulent activities are investigated and in case of any, the Compliance department is involved.
- If an account exceeds 60 days in arrears, the client is blacklisted and handed over to external debt collection companies for skip tracing and follow-up.
- If an account exceeds 90 days in arrears, the account is negatively listed with Credit reference bureaus (CRB).

○ **Administrative, management and supervisory bodies**

The following table shows the main administrative, managerial and supervisory positions of the Lending Company.

Name	Position / function (date since)	Education and business experience summary
Tonderai Mutesva	CEO (2020)	Tonderai Mutesva has been the CEO of the Lending Company from February 2020. He previously worked with MyBucks SA as a Corporate Finance Executive, ABC Holdings as a Product Development Manager, Atlas Mara as part of the Corporate Development Mergers and Acquisition team and BancABC Zimbabwe as an Investment Banker. He is a holder of BSc Economics degree, is a CFA charter holder and is certified by the Global Association of Risk Professionals as a Financial Risk manager
Wycliffe Kiprono	Head of Credit (2020)	Wycliffe Kiprono was appointed Head of Credit in August 2020. He has previously worked with Kenya Commercial Bank, Kenya Women Finance Trust and Real People Business Finance. He holds a BA in Development Economics.
Diane Okock	Finance Manager (2017)	Diane Okock was appointed as Head of Finance in 2017. She previously worked for Opportunity International Kenya as a Finance and Administration Officer. She has also worked at Opportunity Wedco Care in the finance department. She holds an MBA in Project Management, BCom in Finance and is a CPA (K)

Serah Gikonyo	Head of Finance (2022)	Serah Gikonyo was appointed Head of Finance in March 2022. She has previously worked in the assurance practice at PricewaterhouseCoopers (PwC) in the Kenya and the United Kingdom offices, for 13 years. She is a Certified Public Accountant, CPA(K) and a member of the Institute of Certified Public Accountants of Kenya, (ICPAK). She holds a Bachelor of Commerce degree (Accounting option) (Hons) and a Master of Business Administration degree (Finance Option) from the University of Nairobi.
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○ **Shareholders**

The share capital is made up of 3,884,908 ordinary shares of KES 100 each. The capital is fully paid up and all participations grant the same rights to the participation holders.

<b>Shareholders</b>				
Name	Share %	Registration no.	Form of control	Domicile
Finclusion Africa Holdings Limited	49.0%	168807 GBC	Indirect	Mauritius
Growth State Holdings Proprietary Limited	51.0%	UIN BW00001067842	Direct	Botswana

## **8. THE LOANS**

### **○ Legal nature, jurisdiction and the applicable law of the Loans**

All legal relations arising from the Loan agreements are governed by the laws and regulations of Kenya. The underlying Loans are issued under the Electronic Debt Agreement (Loan agreement).

The Lending Company's products are the payroll loans issued to settle Third-Party Lenders debt or issued directly to the Borrower.

The Borrower pays to the Lending Company the principal amount, interest, Origination Fee capitalised upfront and added to the loan balance, administration fee and collection fee, as well as insurance premium. All the payments, charges and fees are specified in the Schedule to the Loan Agreement which serves as an integral part of the Agreement. Interest is at a fixed rate, calculated and capitalised over the term of the Loan and reflected in the Lending Company's Schedule. To the extent not contrary to Kenyan law, the Lending Company may at any time at its absolute discretion and upon written notice to the Borrower, vary the amount of Interest, any charges, or fees payable by the Borrower.

To receive the loan, the Borrower shall submit requesting information and sign the Loan Agreement.

The Loan is disbursed to the Borrower's Bank account or Mobile Money Account, or if the loan is for refinancing of the loan previously availed to the Borrower from another bank/financial institution then the loan is disbursed firstly to such other bank/financial institution and to the Borrower.

The Borrower repays the total loan repayment amount in equal monthly instalments as per repayment Schedule. The Borrower shall allow the Lender to collect instalments directly from the Borrower's employer.

The Borrower may prepay the entire Loan or portion thereof before the relevant due date at no additional cost.

The Borrower shall immediately repay, on-demand, the entire total repayments upon any of the following events of a default happening: a) commits or threatens to commit any breach of the General terms and conditions; b) if a cumulative number of three (3) Instalments are not paid when due; c) any other obligation that the Borrower owes the Lending Company under the general terms and conditions is not paid when due; d) if bankruptcy proceedings are taken against the Borrower or a receiver and/or a manager is appointed to administer over any of the property or assets of the Borrower; e) a criminal proceeding is conducted against the Borrower which in the opinion of the Lending Company may have a significant adverse effect on the Borrower's ability to perform his obligations under the General terms and conditions; f) the Borrower is declared bankrupt, dies, or becomes totally incapacitated; g) any representation or warranty made by the Borrower hereunder for the purpose of obtaining the Loan being incorrect in any material respect as of the date of which it is made or deemed to be made; h) ceases to be employed by the employer for whatever reason; and i) does anything that prejudices the Lending Company's 's rights under the general terms and conditions.

To protect the risks of Borrower's payment inability in case of disability/death, the Lending Company requires life insurance cover for the Loan. The insurance provider may be chosen either separately by the Borrower or to choose an affiliate of the Lending Company.

### **○ Repayment and maturity**

Under the Loan Agreement, the Borrower repays the total loan repayment amount in equal monthly instalments as per repayment Schedule. The Borrower shall be required to make repayment of the Loan

on the first instalment date as set out in Schedule, and every calendar month thereafter until the total repayments are fully repaid. The Loan shall be paid by the Borrower, together with any interest accrued, and all applicable charges, fees and/or other amounts payable, which may be required to be paid by the Borrower as set out in Schedule. The Borrower shall allow the Lender to collect instalments directly from the Borrower's employer. The Borrower shall ensure all payments due to the Lending Company are made in full without any deduction whatsoever.

Any cash payments made by the Borrower to the Lender shall be made to the Lending Company's bank account or E-Till Number as advised by the Lending Company from time to time.

In case the Borrower is delayed with the payments under the Loan Agreement, the Lending Company is entitled to charge additional interest, being arrears interest, at the fixed rate established in the Pre-Agreement Statement and Quotation. In such a case, the total amount of interest, service fees and credit life insurance premiums will be increased as well.

The Borrower may prepay the entire Loan or portion thereof before the relevant due date at no additional cost. The Borrower shall 7 before making any prepayments give the Lending Company prior irrevocable written notice of its intent to prepay and seek from the Lending Company written confirmation on the total amount required to fully settle its obligations with the Lending Company.

- **Economic environment in Kenya**

Kenya has made significant political and economic reforms that have contributed to sustained economic growth, social development, and political stability gains over the past decade. Over 2015-2019, Kenya's economic growth averaged 5.7%, making it one of the fastest-growing economies in Sub-Saharan Africa. The performance of the economy has been boosted by a stable macroeconomic environment, positive investor confidence, and a resilient services sector. However, the COVID-19 shock has hit Kenya's economy hard through supply and demand shocks on both the external and domestic fronts and caused activity to slow sharply in 2020 (real gross domestic product is estimated to have contracted by 0.3% in 2020).

Kenya has the potential to be one of Africa's success stories, given its growing youthful population, a dynamic private sector, skilled workforce, improved infrastructure, a new constitution, and its pivotal role in East Africa. The economy is projected to grow by 5.9% in 2022. The rebound assumes that economic activity will normalise due to a full reopening of the economy, the Economic Recovery Strategy being successfully implemented, and Kenya capitalising on an expected improvement in external liquidity and benefiting from initiatives to meet its external financing needs (World Bank, 2021).

- **General description of the Borrowers**

The Lending Company's active users include private individuals as well as individuals on the government payroll, SME owners have access to secured credit financing through vehicle log book loans. The customers are predominantly male constituting around 80% of all loan portfolios with the average loan balance per borrower of USD 831.64 indicating outreach to a broad client segment. The Average loan balance/ Gross National Income per capita is 48%. The Lending Company provides national coverage within their operating regions.

- **Loan portfolio data**

As of 31 December 2021, the Lending Company's total portfolio of gross receivables was EUR 5.2m. See below the cross-section of the loan portfolio in terms of Days Past Due (DPD), respectively. The current part of the total gross portfolio is being maintained stable above 80%. The part of the portfolio that is overdue up to 60 days has been consistently under 15%.

Portfolio breakdown by DPD

<b>Days Past Due</b>	<b>2020Q3</b>	<b>2020Q4</b>	<b>2021Q1</b>	<b>2021Q2</b>	<b>2021Q3</b>	<b>2021Q4</b>
Current	80%	80%	81%	81%	82%	82%
1-30d	3%	4%	3%	3%	3%	3%
31-60d	1%	2%	1%	1%	1%	1%
61-90d	1%	1%	1%	2%	2%	1%
90-120d	1%	1%	1%	1%	1%	1%
121-150d	1%	1%	1%	1%	1%	1%
151-180d	1%	1%	1%	1%	1%	1%
180d +	11%	11%	10%	11%	10%	9%



## 9. THE GUARANTORS

The Guarantors in accordance with the Guarantee Agreements guarantee the Lending Company's obligations towards the Issuer. The Guarantors are not guaranteeing the Issuer's obligations towards the Investors.

See the section entitled '4. TRANSACTION OVERVIEW – THE TRANSACTION DOCUMENTS – The Guarantee Agreements' of this Base Prospectus for more information on the Guarantee Agreements.

### ○ Business overview

Finclusion Group consists of both Guarantors and their subsidiaries, Finclusion Group Limited is the holding company of Finclusion Africa Holding Limited.

Finclusion Africa Holdings Limited was founded in 2019 following the successful acquisition of Get Bucks Pty. Ltd in South Africa, Get Bucks Namibia Pty. Ltd in Namibia, GetBucks Pty Ltd in Eswatini, and Emu-Inya Enterprises from the previous holder MyBucks SA. The Finclusion Group restructuring was successfully completed through a staff retrenchment program, appointment of new directors at Group and subsidiary level, curtailment of operational costs and sell-off of non-core operations. In addition, management's strategy included a significant amount of corrective action on the loan portfolio, with the focus being on:

- Reshaping the credit risk approach.
- Re-defining the loan process.
- Pivoting its positioning in the market.

As a result, all major subsidiaries managed to reduce their non-performing loan (NPL) rates from highs of 57.0%, 25.5% and 23.98% in the Groups South African, Kenyan and Eswatini operations respectively for 2018 to 8.3%, 16.5% and 9.17% in June 2021. Finclusion Group now holds a set of scalable Fintech lending entities in SmartAdvance SA (GetBucks SA), GetBucks Namibia (Soon to be SmartAdvance Namibia), GetBucks Eswatini (Soon to be SmartAdvance Eswatini) and TrustGro Kenya (Emu-Inya Enterprises). Despite the disruptions caused by Covid-19 and the recent restructuring, Finclusion Africa Holdings Limited disbursed a total of c.\$20.5m and managed to contain expected credit losses at around 16.75% for 2020. As a result, 2021 has started strong for Finclusion Africa Holdings Limited, with the Group having disbursed c.\$12.289m for the year-to-date ending June 30(2020: c.\$8.92m). More importantly, this has been achieved whilst simultaneously reducing expected credit loss to an all-time low of 15.7% in May. As a result, the current loan book has a net present value of \$18,262,198, with an expected credit loss (provisions as per International Financial Reporting Standards) of 16.0% as of June 2021.

Since its inception, Finclusion Africa Holdings Limited has been invested in entities within the microfinance and insurance industries, with the primary focus being on the provision of unsecured credit products. Whilst Finclusion Africa Holdings Limited's main business continues to be in this area, following their restructuring, management decided to broaden their product offering to provide holistic financial solutions to their customers, backed on credit and powered by Finclusion Group's cutting edge, proprietary credit decisioning engines. In Eswatini, the average loan tenure is longer-term in nature, with an average loan tenure of 60 months. The Namibia product offering is short term in nature with an average loan tenure of 3 months, whilst the average loan tenure provided in South Africa is 24 months.

More recently, Finclusion Africa Holdings Limited subsidiary, formerly Emu-Inya Enterprises Limited trading as GetBucks Kenya, underwent a successful rebranding now going by TrustGro Kenya. Whilst the entity continues to provide direct to consumer salary advances, its primary offering focuses on salary

advances through direct partnerships with employers and customers on the government payroll. A product that has seen much traction in the East African market is the vehicle logbook loan, whereby employed or self-employed individuals are able to reduce their interest fee by securing the amount with their vehicle. The customer has full access to their car, with the agreement being concluded on successful repayment of the loaned amount. This has proved to be a vital credit line for SME's and self-employed individuals during the recent pandemic, providing support and even capital for growth during very difficult times.

The Guarantors under this Base Prospectus and Notes issues will guarantee the obligations of the Lending Company under the Cooperation Agreement and the Transfer Documents, and in case of the Lending Company's inability to perform its obligations guaranteed by the Guarantors to fulfil unperformed obligations as the Lending Company.

Finclusion Group expects that the following lending companies will enter and maintain legal relations with the Issuer during the term of this Base Prospectus with the aim of issuing loans backed and contingent notes according to the relevant prospectuses:

No.	Legal name	Registration No.	Domicile	Lending products offered
1.	TrustGro Sca Limited	C54186	Kenya	Instalment loans
2.	SMARTADVANCE (PTY) LTD	2010/015748/07	South Africa	Instalment loans

○ **Business strategy description**

The Finclusion Group employs a three-pronged diversification strategy, the first being the apparent regional diversification benefit, enabled by its digital approach and effective use of Fintech. Secondly, the Finclusion Group operations are currently split across multiple geographies. These include South Africa, Kenya and Eswatini, with a small but functional presence in Namibia. This provides greater flexibility in FX hedging and diversifies away part of the underlying country risk, which has become even more significant as of late. Lastly, the Group is unique in that they provide their users access to a holistic set of financial solutions. Besides their lending operation, the Group also provides users access to a full range of financial wellness and employee care solutions. This holistic approach is what sets the Group apart. By consolidating the offerings, the Group can ensure that its client's needs are always taken care of with the diversified set of revenues, allowing Finclusion Africa Holdings Limited to pass the cost-saving on to the consumer.

The Finclusion Group's South African financial wellness offering includes a range of insurance products, including credit life insurance products, both supplied by Lending Company's subsidiary NiftyCover (Pty) Ltd. The employer offering is soon to be enhanced through a free in-house payroll and benefits software solution that will fully integrate Lending Company's products into its customer's payroll and HR process. Thus, maximising client retention and satisfaction, but more importantly, streamlining the collections process and allowing employees to view their payroll calculation and respective tax and benefits deductions. Whilst still in development, Finclusion Africa Holdings Limited will shortly offer its clients direct access to retail goods through the Group's newly formed subsidiary Click2Pay (Pty) Ltd (C2P). C2P provides a range of short-term Buy-Now-Pay-Later products (incidental credit agreement with zero interest if paid on time) in both online and in-store settings, one of the first products of its kind in South Africa. In addition, there are stringent credit assessments to protect the over-indebted. The main aim is to allow responsible consumers to fully monetise their salary and access affordable deals, ordinarily exclusive to those with easy access to capital.

The Finclusion Group plans to continue expanding its lending operations in its respective operating geographies. The entity was built to operate at a scale far greater than it currently does. This has meant that the current loan book size is insufficient to drive profitability. The Group will continue to focus on developing employer-led distribution channels. The quasi-secured nature of having the collections process seamlessly integrated into the employee payroll process, has, in Finclusion Group's experience, shown to be the only truly responsible way one can provide credit to lower living standard measure market segments. The Group will look to build out its employee financial wellness solution in South Africa, integrating the respective verticals into a holistic user experience. In addition to the already mentioned services, Finclusion Group's offering may soon include products such as life cover, short term asset insurance and even developmental housing finance.

With a set of scalable Fintech verticals and an operating model built for Africa, the Group will look to capitalise on their employer distribution networks built up over the past two years. This will significantly increase the lifetime value of Group's respective users bringing significant scale to the Group's operations at minimal marginal cost. In addition, the Group is continuously looking for other financial solutions that can form part of the Group's offering. We believe this will allow the Group to consolidate an ecosystem of inter-connected Fintech verticals into Africa's one-stop-shop for employee's financial needs. With innovative technology solutions and cutting-edge credit risk models allowing us to create an ecosystem that is accessible and responsibly uplifts its users.

#### ○ **Key financial information regarding the Guarantors**

There are 2 Guarantor companies for the Lending Company's exposure: Finclusion Africa Holdings Limited (incorporated in November 2019) and Finclusion Group Limited (incorporated in June 2021). The tables below present key selected audited consolidated financial information for Finclusion Africa Holdings Limited for the financial years 2019 and 2020 (in one report), and unaudited consolidated financial information for the financial year ended in 2021 and unaudited consolidated financial information for Finclusion Group Limited for the financial year ended in 2021. Official financial reporting currency is USD, numbers in data tables are converted to EUR. The following EUR/USD currency exchange rates according to European Central Bank was used: as of 31/12/2020: 1.2271; as of 31/12/2021: 1.1326. The audited consolidated financial statements of the Guarantor Finclusion Africa Holdings Limited have been prepared in accordance with the IFRS.

Selected statement of comprehensive income data of Finclusion Africa Holdings Limited (in Million EUR).

EUR	2021	2020	2019*
Total comprehensive income for the year	0.19	-1.30	-0.09

\*holding was established in Nov 2019 as the result of restructuring of the former Mybucks group. The data is for the period covering November and December, first full operating year was 2020.

Selected statement of financial position of Finclusion Africa Holdings Limited (in Million EUR)

EUR	2021	2020	2019*
Net financial debt	8.3	3.4	8.43
Current ratio	1.1	1.6	1.7
Debt to equity ratio	1.02	0.8	8
Interest cover ratio	1.58	0.90	N/A

\*holding was established in Nov 2019 as the result of restructuring of the former Mybucks group. The data is for the period covering November and December, first full operating year was 2020.

Selected consolidated statement of cash flows data of Finclusion Africa Holdings Limited (in Million EUR)

EUR	2021	2020*
Net cash flows to/from operating activities	-4.7	1.3
Net cash flows to/from financing activities	9.2	-0.01
Net cash flows from investing activities	-0.6	-0.2

\*holding was established in Nov 2019 as the result of restructuring of the former Mybucks group, no active operations were conducted in 2019. The first full operating year was 2020.

Selected statement of comprehensive income data of Finclusion Group Limited (in Million EUR).

EUR	2021*
Total comprehensive income for the year	-0.24

\*Finclusion Group Limited Incorporated on 16 June 2021 and acquired 100% of Finclusion Africa Holdings Limited on 28 July 2021.

Selected statement of financial position of Finclusion Group Limited (in Million EUR).

EUR	2021*
Net financial debt	8.07
Current ratio	1.4
Debt to equity ratio	1.28
Interest cover ratio	1.9

\*Finclusion Group Limited Incorporated on 16 June 2021 and acquired 100% of Finclusion Africa Holdings Limited on 28 July 2021

Selected consolidated statement of cash flows data of Finclusion Group Limited (in Million EUR)

EUR	2021*
Net cash flows to/from operating activities	-4.9
Net cash flows to/from financing activities	10.14
Net cash flows from investing activities	-0.6

\*Finclusion Group Limited Incorporated on 16 June 2021 and acquired 100% of Finclusion Africa Holdings Limited on 28 July 2021

Consolidated audited Annual Financial Statement for Finclusion Africa Holdings Limited for 2019 and 2020 (in one report), consolidated unaudited Annual Financial Statement for Finclusion Africa Holdings Limited for 2021 and consolidated unaudited Annual Financial Statement for Finclusion Group Limited for 2021 (prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Mauritius) are available online:

- [Audited Finclusion Africa Holdings Limited financials 2020](#)
- [Unaudited Finclusion Africa Holdings limited financials 2021](#)
- [Unaudited Finclusion Group Limited financials 2021](#)

- **Auditors**

The statutory auditor of the Annual Financial Statement for Finclusion Africa Holdings Limited for the financial years ended 31 December 2019 and 2020 (in one report) was Mazars Gauteng Partnership, IRBA Registration number 900222, having its registered office at the 4th Floor, Unicorn Centre, Frere felix de Valois, Port Louis Mauritius.

- **External credit ratings**

No information about assigned external ratings.

- **Litigation**

The Guarantors (whether as a defendant or otherwise) is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Guarantors are aware) in the 12 months preceding the date of this Base Prospectus, which may have, or have in such period had, a significant effect on the financial position or profitability of the Guarantors.

- **Administrative, management and supervisory bodies**

Below you can find the main administrative, managerial and supervisory positions for both Finclusion Group Limited and Finclusion Africa Holdings Limited.

<b>Name</b>	<b>Position / function</b>	<b>Education and business experience summary</b>
Timothy Nuy	CEO	Timothy Nuy is a CFA charterholder and has more than 10 years experience in the financial services sector of which 8 years are in Africa, and most recently completed the successful turnaround and debt recapitalization of MyBucks for > EUR 100M. Previously, Timothy worked as an Investment Director at ADC African Development Corporation AG and prior to that worked as an assistant manager at KPMG
Tamuka Mpofu	CFO	Tamuka Mpofu has over 10 years' experience in the financial services industry. Completing his articles at KPMG specializing in banking and investments, Tamuka then went on to hold the roles of audit manager at Moore Global before joining GetBucks Bank Ltd. in 2016 as the Head of Internal Audit. Tamuka held this position until December 2019 when he was named the Finclusion Group Chief Financial officer as well the title of financial director at Fractal Labs and board seats on all Finclusion Group subsidiary entities.

- **Shareholders**

Finclusion Group Limited has a share capital of 4,960,347 ordinary shares with par value of USD 1 per share, with each share entitled to one vote. The share capital is fully paid up.

Shareholders				
Name	Share %	Registration no.	Form of control	Domicile
Solanum GmbH	30.6%	FN 387119	Direct	Austria
Hallmann Holding International Investment GmbH	25.2%	FN267096	Direct	Austria
Finclusion Pte Ltd	22.3%	201824790K	Direct	Singapore
Other	21.9%	-	-	-

The share capital of Finclusion Africa Holdings Limited is USD 10,000 and is divided in 10,000 ordinary shares with par value of USD 1 per share, with each share entitled to one vote. The share capital is fully paid up.

Shareholders				
Name	Share %	Registration no.	Form of control	Domicile
Finclusion Group Limited	100.0%	180294 GBC	Direct	Mauritius

## 10. TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes (the **Terms and Conditions**) which, together with the relevant Final Terms, will be applicable to the specified Series of Notes. The relevant Final Terms will complete the Terms and Conditions in relation to each Series of Notes.

Save where the context requires otherwise, references in the Terms and Conditions to **Notes** are to the Notes of one Series only, not to all Notes of other Series that may be issued under these Terms and Conditions.

In these Terms and Conditions, unless the context otherwise requires, words denoting the singular include the plural and *vice versa*.

In these Terms and Conditions, references to a specified Condition will be construed as a reference to that specific Condition of these Terms and Conditions as in force for the time being and as amended or supplemented from time to time.

The headings are inserted for convenience of reference only and will not affect the interpretation of these Terms and Conditions.

In these Terms and Conditions, reference to any other document will be construed as references to that document as in force the time being and as amended, supplemented or substituted.

The use of the word **including** means **including without limitation**.

Words and expressions used in these Terms and Conditions in capitals and not defined will have the meanings given to them in the Final Terms unless the context otherwise requires or unless otherwise stated.

### DEFINITIONS

In these Terms and Conditions, unless the context otherwise requires, the following definitions will apply:

**Aggregate Nominal Amount:** the aggregate nominal amount of the Notes as specified in the Final Terms.

**API:** application programming interface to exchange and transmit information and data in a structured form between the Issuer, the Lending Company and Mintos.

**Available Distribution Amount:** the amount received by the Issuer from the Series Specific Loans.

**Backup Servicer:** the legal entity (if any) engaged by the Issuer to service and administer the Loans.

**Base Prospectus:** the base prospectus in relation to the Notes.

**Borrower:** the debtor of a Loan.

**Borrower's Payments:** any payments made by the Borrowers under the Series Specific Loans.

**Business Day:** any day on which banks in the Republic of Latvia are open for business, except for Saturdays, Sundays and national holidays of the Republic of Latvia.

**Buyback Obligation:** the obligation, if any payment under any of the relevant Loans is delayed by more than 60 days, for the Lending Company or any other person specified in the Transaction Documents to repurchase the relevant Loan Receivables from the Issuer, provided that the Buyback Obligation is stated as being applicable in the Final Terms.

**Collateral:** the pledge rights of the Lending Company over the real estate, movable property, or

aggregation of property, third party guarantee or title to a vehicle, or any other legally permissible means of securing the fulfilment of the Borrower's obligations under the Series Specific Loan as specified in the Final Terms (if any).

**Cooperation Agreement:** the cooperation agreement between the Issuer, the Lending Company and Mintos in relation to the Notes.

**Final Terms:** the final terms of the Notes.

**Finclusion Group:** the Guarantors and any of its subsidiaries.

**Grace Period:** the number of days specified in the Final Terms relating to any grace period in the Series Specific Loans for bank-to-bank payments, national holidays and specific debt collection policies of the Lending Company.

**Guarantee Agreements:** the Guarantee Agreements by the Guarantors to guarantee the obligations of the Lending Company to the Issuer. Each one separately shall refer to as the "Guarantee Agreement" as the context may require.

**Guarantors:** Finclusion Africa Holdings Limited, a limited liability company existing under the laws of the Republic of Mauritius, registration number 168807GBC, having its registered address at C/o Imara Trust Company (Mauritius) Limited, Level 2 Alexander House, Silicon Avenue, Ebene Cybercity, 72201, Republic of Mauritius, and Finclusion Group Limited, a limited liability company existing under the laws of the Republic of Mauritius, registration number 180294 GBC, having its registered address at C/o Imara Trust Company (Mauritius) Limited, Level 2 Alexander House, Silicon Avenue, Ebene Cybercity, 72201, Republic of Mauritius. Each one separately shall refer to as the "Guarantor" as the context may require.

**Interest:** the interest under the Notes or the Series Specific Loans.

**Interest Accrual Periods:** the periods during which Interest accrues on the Notes as specified in the Final Terms.

**Interest Payment Date:** each date on which Interest is payable under the Notes as specified in the Final Terms.

**Interest Rate:** the rate at which Interest accrues on the Notes as specified in the Final Terms.

**Investment Accounts:** the financial instruments account and the cash account of the Investor opened with Mintos.

**Issue Date:** the issue date of the Notes being the date on which the Notes are first made available for subscription as specified in the Final Terms.

**Issuer:** SIA Mintos Finance No.4, incorporated as a limited liability company and registered in the Republic of Latvia with registration number 40203387707 on 18 March 2022, a special purpose entity whose principal purpose is the issue of Notes.

**Issuer's Account:** the cash funds account of the Issuer opened by Mintos which is used solely for settling payments with the Lending Company, the Backup Servicer (if any), the Guarantors and the Noteholders.

**Late Payment Interest:** the Interest on any principal amount due but not paid under any Series Specific Loan which is calculated at the rate (the **Late Payment Interest Rate**) specified in the Final Terms on the principal amount due (if any).

**Lending Company:** TrustGro Sca Limited, a private company limited by shares existing under the laws of the Republic of Kenya, registration number C54186, was founded in 1993 as Emu-Inya enterprises Limited which was later acquired by GetBucks limited in 2012.



**Loan Final Repayment Date:** the scheduled final repayment date of the Series Specific Loans as specified in the Final Terms.

**Loan Interest Payment Date:** each date on which Interest is payable under the Series Specific Loans as specified in the Final Terms.

**Loan Interest Rate:** the rate at which Interest accrues on principal amount outstanding of the Series Specific Loans as specified in the Final Terms.

**Loan Receivables:** the receivables of the Lending Company under the Series Specific Loans which have been assigned to the Issuer, being 95% of the principal amount outstanding of the relevant Series Specific Loan.

**Loan Repayment Date:** each date on which the Series Specific Loans are redeemed as specified in the Final Terms.

**Maturity Date:** the scheduled maturity date of the Notes as specified in the Final Terms.

**Mintos:** AS Mintos Marketplace, a joint stock company registered in the Commercial Register of the Register of Enterprises of the Republic of Latvia under unified registration number 40103903643 on 1 June 2015, having registered address: 50 Skanstes Street, Riga, LV-1013, Latvia.

**Noteholder:** each person who appears as a holder of any Note from time to time in the electronic register maintained by Mintos.

**Notes:** notes issued or to be issued by the Issuer.

**Payment Event:** the date on which (a) information on the Borrower's Payments received by the Lending Company is communicated to the Issuer and Mintos through API in accordance with the Transaction Documents, (b) the right or obligation arises under the Buyback Obligation or Repurchase, (c) any full or partial repayment of any of the Series Specific Loans occurs, (d) any breach of the repayment schedule of any of the Series Specific Loans occurs, (e) any extension of the repayment schedule of any of the Series Specific Loans pursuant to Condition 11.4 occurs and (f) any change to any of the Loan Interest Payment Date, the Loan Repayment Date and/or the Loan Final Repayment Date of one or more Series Specific Loan occurs.

**Pending Payments Penalty Fee:** the fee on any amounts due to the Issuer from the Lending Company under any of the Transaction Documents at the interest rate specified in the Final Terms (if any).

**Pledge Agreement:** the pledge agreement by a pledgor.

**Principal Amount Outstanding:** the Aggregate Nominal Amount multiplied by the Sink Factor.

**Priority of Payments:** the priority of payments set out in Condition 7.

**Purchase Agreement:** part of the Cooperation Agreement relating to the purchase by the Issuer and sale by the Lending Company of the Series Specific Loan.

**Redemption Date:** each date on which the Notes are redeemed as specified in the Final Terms.

**Repurchase:** the right or obligation for the Lending Company to repurchase the relevant Loan Receivables from the Issuer on the occurrence of certain events specified in the Cooperation Agreement (as outlined in the section entitled '4. TRANSACTION OVERVIEW – THE DESCRIPTION OF THE TRANSACTIONS IN RELATION TO THE NOTES – Exercising of Repurchase' of the Base Prospectus).

**Series:** Notes with the same Issue Date and the same Terms and Conditions (including as to the Series Specific Loans) and identified in the relevant Final Terms as forming a series.

**Series Specific Loan:** each electronic debt agreement between the Lending Company and the Borrower as specified in the applicable Final Terms.

**Sink Factor:** a fractional number between 0 to 1 (inclusive) up to 16 decimal figures as determined by the Issuer from time to time which reflects the then Principal Amount Outstanding taking into account any partial redemptions of the Notes.

**Specified Currency:** the currency of the Notes as specified in the Final Terms.

**Specified Denominations:** the specified denominations of the Notes as specified in the Final Terms.

**Transaction Documents:** the Cooperation Agreement, the Transfer Document, the Guarantee Agreements and the Pledge Agreement.

**Transfer Document:** the document generated by Mintos evidencing the transfer of Loan Receivables from the Lending Company to the Issuer in accordance with the Purchase Agreement.

## **1. UNDERTAKINGS OF THE ISSUER**

The undertakings in this Condition 1 remain in force for so long as any of the Notes are outstanding.

### **1.1 *Authorisations and compliance with laws***

The Issuer will promptly obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation required under any law or regulation of Latvia to enable it to perform its obligations under the Notes or own title in the Loan Receivables, and carry on its business as it is being conducted. The Issuer will comply in all respects with all laws to which it is subject.

### **1.2 *Negative covenants***

Other than in connection with the Notes or as provided in the Base Prospectus, the Issuer will not:

- (a) sell, transfer, create any security over or otherwise dispose of any of the Loan Receivables;
- (b) incur or permit to be outstanding any financial indebtedness;
- (c) be the creditor in respect of any loan or any form of a credit to any person, other than the Lending Company or as permitted under the Transaction Documents;
- (d) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person;
- (e) carry on any business other than as a special-purpose pass-through undertaking established for the purpose of issuing and offering Notes, which are backed by the Loan Receivables, to Investors on the Platform; or
- (f) use the Issuer's Account for any purpose other than as provided in these Terms and Conditions and the Transaction Documents.

These provisions are without prejudice to the Issuer's right to have transactions with other lending companies of the Finclusion Group, with the aim of approving prospectuses and issuing loans' backed and contingent notes.

## **2. GENERAL**

- 2.1 The Issuer under these Terms and Conditions together with the corresponding Final Terms has authorised the creation, issue and sale of the Notes to provide funds to the Issuer to purchase Loan Receivables in accordance with the Purchase Agreement. The issue of Notes on the Issue Date specified in the Final Terms will correspond to the Issuer obtaining title to the Loan Receivables with a total amount equal to the Aggregate Nominal Amount.
- 2.2 Subject to Condition 25, the Issuer will obtain the title to the Loan Receivables on the condition that Mintos has determined that it has all the data it requires in relation to the Loan Receivables in accordance with the Purchase Agreement and the Transfer Document. The condition in no case implies either the Issuer or Mintos has any obligation to examine, verify or assess such data, including, through the use of any documentary evidence.
- 2.3 In each case where amounts of principal, Interest, other return and additional amounts (if any) are payable in respect of the Notes, the obligations of the Issuer to make any such payment will constitute an obligation only to account to the Noteholders on each date on which such amounts are due, for an amount equal to amounts of principal, Interest, other return and additional amounts (if any) actually received by the Issuer in relation to the Series Specific Loans.
- 2.4 Neither the Issuer nor Mintos are liable to make any payments in respect of the Notes other than as expressly provided in these Terms and Conditions.
- 2.5 Save for any fees payable to the Lending Company, Mintos and the Backup Servicer (if any), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer of the Notes.

## **3. STATUS**

- 3.1 The Notes constitute direct, general, unsubordinated and limited recourse debt obligations of the Issuer, which rank *pari passu* among themselves; and at all times these obligations rank at least *pari passu* with all other present and future direct, general, unsubordinated and limited recourse obligations of the Issuer arising from the present and further Series, except for those obligations as may be preferred by applicable law.
- 3.2 No proprietary or other direct interest in the Issuer's rights under or in respect of any of the Transaction Documents, the Purchase Agreement, the Transfer Document, the Guarantee Agreements, the Pledge Agreement and the Loan Receivables, exists for the benefit of the Noteholders. Subject to these Terms and Conditions, no Noteholder will and will have any right to enforce any of the Transaction Documents and the Loan Receivables, or any direct recourse to any of the Lending Company, the Borrowers, the Guarantors and the pledgor under the Pledge Agreement.

## **4. FORM**

The Notes are issued by the Issuer in registered form which are deposited and held as book-entry with Mintos.

## **5. ISSUE OF NOTES**

The Notes are issued on the Issue Date in the Aggregate Nominal Amount, the Specified

Denominations and the Specified Currency as specified in the Final Terms.

## **6. REGISTER, TITLE AND TRANSFERS**

- 6.1 Mintos maintains an electronic register of Noteholders in accordance with the Cooperation Agreement. No certificates will be issued to any Noteholder in respect of its holding.
- 6.2 Each Noteholder will (except as otherwise required by law) be treated as the absolute owner of any relevant Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust, nominee ship or any other interest in the Note), and no person will be liable for so treating the Noteholder.
- 6.3 The Notes are held and freely transferred only between the financial instrument accounts at Mintos of Noteholders. No application has been or will be made to trade the Notes on any regulated market or any other trading venue, other than the Platform.
- 6.4 A transfer of any Note between the Noteholders may be affected by Mintos which may require as conditions to the transfer of (a) provision of documents and information, (b) payment of any transfer fee and (c) payment of any tax or other governmental charges, in each case, by the relevant Noteholder in accordance with terms and conditions of the Platform.

## **7. PRIORITY OF PAYMENTS**

All funds received by the Issuer in relation to the Series Specific Loans, irrespective whether indicated as corresponding to the relevant Series Specific Loan or not, to the extent legally permitted, will be applied by the Issuer in the following order of priority:

- (a) *first*, in or towards payment of any amounts owed by the Issuer to any tax authority and required to be paid by the Issuer under or pursuant to the Notes;
- (b) *second*, in payment or satisfaction of all fees and penalty fees then due and unpaid to Mintos by the Lending Company under the Cooperation Agreement;
- (c) *third*, in or towards payment or satisfaction of all amounts then due and unpaid as commissions, fees, costs, charges, expenses and liabilities incurred or payable for servicing of the Loan Receivables if (i) the Issuer or any person designated by the Issuer has taken over the servicing of the Loan Receivables or (ii) any event of default of the Lending Company has occurred under any of the Transaction Documents and the Issuer acts for the purposes of recovery of funds includes filing a claim in the liquidation, insolvency or other administrative proceedings of the Lending Company, or enforcing any legal rights;
- (d) *fourth*, in or towards payment or satisfaction of any costs, including legal fees, for any action to recover funds, collect or restructure payment obligations, or taking any other actions to receive the Loan Receivables;
- (e) *fifth*, in or towards payment or discharge of all amounts which are due to the Backup Servicer, if any;
- (f) *sixth*, to the Noteholders in or towards the payment or discharge of all amounts of Interest and principal (Late Payment Interest or penalty fee or other assigned claim, if any, in the order that is set forth with respect to the particular Loan Receivable) then

due and payable under or in respect of Series, Repurchase prices and/or Buyback Obligation prices, unless the Buyback Obligation price is discharged next according to 7(g). below. Such payment/discharge being done by placing Series Specific Loans of all Series outstanding in the chronological order from the Series Specific Loan having oldest Payment Event to the Series Specific Loan having newest Payment Event, and then applying pro rata approach on each particular Series level; and

- (g) *seventh*, to the Noteholders in or towards the payment of the Buyback Obligation price, if the Lending Company is late in making payments due to the Issuer for 14 (fourteen) days or another period that the Issuer finds material. Such payment/discharge being done by placing Series Specific Loans of all Series outstanding in the chronological order from the Series Specific Loan having oldest buyback related Payment Event to the Series Specific Loan having newest buyback related Payment Event, and then applying pro rata approach on each particular Series level; and
- (h) *eight*, to the Noteholders in or towards the payment of Notes' pro-rata portion of the Pending Payments Penalty Fee (if any). Such pro-rata portion shall be applied towards all impacted Series.

Neither the Issuer nor Mintos will be liable for applying the Priority of Payments, including for any minor errors, pursuant to Condition 25.

## **8. INTEREST**

### **8.1 *Payment of Interest***

Each Note bears Interest from (and including) the date on which the Note is subscribed by the Noteholder. Interest will be calculated in accordance with Conditions 8.2 and 8.3, and payable in the Specified Currency in arrears on each Interest Payment Date.

### **8.2 *Accrual of Interest***

The Interest payable on any Interest Payment Date in respect of each Note is as follows:

Loan Interest Rate X Series Specific Loan Principal Amount Outstanding X Day Count

Where:

**Series Specific Loan Principal Amount Outstanding**, is the principal amount of the Series Specific Loans which is scheduled to be outstanding (even if the principal amount is redeemed later) on the day immediately before the Loan Interest Payment Date which is immediately before the Interest Payment Date.

**Day Count**, unless otherwise specified in the Final Terms, the actual number of days in the immediately preceding Interest Accrual Period, divided by 360.

### **8.3 *Accrual of Late Payment Interest***

The Late Payment Interest (if specified as being applicable in the Final Terms) payable on any day on which the Issuer receives the Principal Amount Due in respect of each Note is as follows:

Late Payment Interest Rate X Principal Amount Due X Day Count

Where:

**Principal Amount Due**, is the principal amount of a Series Specific Loan which was due on the Loan Repayment Date but not paid under the relevant Series Specific Loan provided that there will be no Principal Amount Due if paid within the Grace Period; and

**Day Count**, unless otherwise specified in the applicable Final Terms, the actual number of days from (but excluding) the day on which the Principal Amount Due becomes due to (but excluding) the day on which the Issuer receives the Principal Amount Due or, if the Buyback Obligation or Repurchase applies, the relevant Payment Event, divided by 360.

**Any payment of Interest or Late Payment Interest will be made only in accordance with Conditions 7, 11 and 25, and will be subject to the relevant Payment Event having occurred and the Issuer having actually received the corresponding payment under the Series Specific Loans.**

## **9. PRINCIPAL REDEMPTION**

### **9.1 *Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified in these Terms and Conditions, each Note will be redeemed at the then Principal Amount Outstanding on the Maturity Date.

### **9.2 *Early Redemption***

A proportion of the Principal Amount Outstanding of the Notes will be redeemed *pro rata* on each Redemption Date and at any other time any principal payment from any of the Series Specific Loans is received by the Issuer, without any prior notice to Noteholders. The Principal Amount Outstanding of the Notes redeemed will be in the same proportion as the proportion that the principal payment received by the Issuer has to the total principal amount outstanding of all the Series Specific Loans immediately before the principal payment. Any accrued but unpaid Interest associated to that proportion of the Principal Amount Outstanding of the Notes being redeemed will be paid at the same time.

**Any repayment of the Principal Amount Outstanding will be made only in accordance with Conditions 7, 11 and 25, and will be subject to the relevant Payment Event having occurred and the Issuer having actually received the corresponding payment under the Series Specific Loans.**

## **10. INTEREST AND PRINCIPAL DETERMINATION**

10.1 Mintos determines (a) the amount of Interest and the Late Payment Interest (if any) payable in accordance with Condition 8 for each Interest Payment Date and (b) the amount of principal payable in accordance with Condition 9 on each Redemption Date and the Maturity Date, on its review of the following information:

- (i) the Payment Events which have arisen;
- (ii) aggregate payment amounts paid by the Borrowers which have been received from the Lending Company;
- (iii) the Buyback Obligation and Repurchase which have arisen; and

- (iv) the amounts then due and owed by the Issuer according to the Priority of Payments on the Interest Payment Date, the Redemption Date or the Maturity Date.
- 10.2 On each Interest Payment Date, each Redemption Date and the Maturity Date, Mintos on the Issuer's behalf will direct the payment of Interest and principal amounts to the Noteholders in accordance with Condition 11.
- 10.3 If after application of the Priority of Payments the Issuer has insufficient funds on any Interest Payment Date, any Redemption Date or the Maturity Date to make a payment of Interest or principal in full as required by Conditions 8 and 9, on behalf of the Issuer, Mintos at its sole discretion may decide that the Issuer pays part of the amount due or defers the payment until the full amount due is available, and such partial payment or deferral will not constitute an Event of Default under these Terms and Conditions.
- 10.4 All determinations, calculations and adjustments made by Mintos will be made in conjunction with the Issuer and will, in the absence of manifest error, be conclusive in all respects and binding upon the Issuer and all Noteholders.

## **11. PAYMENTS**

### **11.1 *Payments of Interest and principal***

Subject to Conditions 7 and 12, the Issuer will, from any Available Distribution Amount:

- (a) pay the Interest on the Notes in accordance with Condition 8 on each Interest Payment Date; and
- (b) redeem the Notes in accordance with Condition 9 on each Redemption Date and the Maturity Date.

### **11.2 *Notes contingent payments***

All payments of Interest and principal by the Issuer under the Notes are dependent on the Issuer having received information on the Payment Event and the Available Distribution Amount being sufficient to make the relevant payments in accordance with the Priority of Payments. The Notes will not give rise to the Issuer having any payment obligation in excess of the foregoing.

Any overdue payment of Interest or principal under any of the Series Specific Loans that have been collected by the Lending Company (including by its external debt collection agency) will be paid to the Issuer as an Available Distribution Amount which will be paid in accordance with the Priority of Payments on the date determined by the Issuer at its sole discretion.

### **11.3 *Pending Payments Penalty Fee***

If, following any Payment Event, the Lending Company delays any payments due to the Issuer under any of the Transaction Documents by more than 10 days, the Lending Company will pay to the Issuer the Pending Payments Penalty Fee.

### **11.4 *Loan extension***

The Lending Company may modify any of the Series Specific Loans without approval of the Issuer and the Noteholders, provided that payments from the relevant Borrower remain unchanged.

If 'Extension possibility' is provided in the Final Terms, the Lending Company may extend the repayment schedule of one or more Series Specific Loans by changing the Loan Interest Payment Date, the Loan Repayment Date and/or the Loan Final Repayment Date without the consent of the Issuer or the Noteholders provided that (a) there is no event of default under any of the Series Specific Loans, (b) any change is restricted by 'Limit on the number of Extensions' and 'Total maximum time limit of Extensions' as specified in the Final Terms and (c) any change is notified on the Platform to the Noteholders.

The Lending Company may also extend the repayment schedule of one or more Series Specific Loans by changing the Loan Interest Payment Date, the Loan Repayment Date and/or the Loan Final Repayment Date without the consent of the Issuer or the Noteholders to comply with any new law or regulation, amendment of any existing law or regulation, or any decision of any government or municipal provided that any change is notified on the Platform to the Noteholders

#### 11.5 *Loan Receivables subject to Buyback Obligation or Repurchase*

Any Loan Receivable subject to the Buyback Obligation or Repurchase will be repurchased by the Lending Company at a price equal to the outstanding principal amount of the Loan Receivable together with any accrued but unpaid Interest and any Late Payment Interest up to (but excluding) the repurchase date.

#### 11.6 *Insufficient funds on the Maturity Date*

If any amounts on the Notes are outstanding on the Maturity Date, the Maturity Date will be automatically postponed to the date that is the earlier of (a) the date on which all amounts due and payable under the Notes are paid and (b) the date referred to in Condition 11.7, and Interest will not accrue on the Notes (other than Pending Payments Penalty Fee, if applicable) and any Available Distribution Amount will be paid to the Noteholders on a date as reasonably determined by the Issuer in accordance with the Priority of Payments.

#### 11.7 *After the Maturity Date*

If on any date following the Maturity Date:

- (a) Mintos concludes following notification in writing from the Lending Company to the Issuer and Mintos and by API that the Lending Company has determined in good faith that there is no realistic prospect of collecting any further funds in accordance with its loan management and collection policies from the Series Specific Loans which are not subject to the Buyback Obligation nor Repurchase; or
- (b) the Issuer and Mintos determines in good faith that there is no realistic prospect of collecting any further funds from the Lending Company if the Series Specific Loans are subject to the Buyback Obligation and/or Repurchase but the Issuer has not received the full amount due from the Buyback Obligation or Repurchase or, if earlier, on the 10th anniversary of the Maturity Date,

as of that date (i) all the Notes outstanding will be cancelled in full, (ii) the Issuer will be deemed to have fulfilled all its payment and other obligations to each of the Noteholders and (iii) no Noteholder will have any right in respect of any of the Notes.

#### 11.8 *Payments to the Noteholders*

Any payments of Interest and redemption amounts in respect of the Notes will be made to the relevant Investment Account.



## 11.9 Taxes

All payments and/or deliveries in respect of the Notes made by or on behalf of the Issuer will be made subject to any withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature which may be required to be withheld or deducted.

The Issuer or Mintos will:

- (a) not be liable as a result for, or otherwise obliged to pay, any additional amount to any of the Noteholders in respect of, or compensation for, any such withholding or deduction or any other amounts withheld or deducted;
- (b) not be liable for or otherwise obliged to pay, and the relevant Noteholder will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer (or agreement to transfer), any payment and/or any delivery (or any agreement for delivery) in respect of the Notes held by such Noteholder; and
- (c) have the right but will not be obliged (unless required by law), to withhold or deduct from any amount payable or, as the case may be, any delivery due to the relevant Noteholder, such amount or portion as will be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

The Noteholders will agree to provide the Issuer and/or Mintos with all information and documentation required by the Issuer and/or Mintos, as the case may be, to satisfy any Latvian or other country tax or regulatory obligations at any time.

## 11.10 Payments on Business Days

If the due date for payment of any amount in respect of any Notes is not a Business Day, the Noteholder will not be entitled to payment of the amount due until the next succeeding Business Day in such place and will not be entitled to any further interest or other payment in respect of any such delay.

## 12. LIMITED RECOURSE AND NON-PETITION

- 12.1 Notwithstanding anything in the Base Prospectus, the obligations of the Issuer in respect of the Notes are limited recourse obligations which are payable solely from the sums of principal, Interest, other return and additional amounts (if any) actually received (and identified as such) in relation to the Series Specific Loans.
- 12.2 All payments to be made by the Issuer in respect of the Notes will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer under the Series Specific Loans, subject always to the Priority of Payments.
- 12.3 In relation to any sums received or recovered, the Issuer (or Mintos on its behalf) will follow these Terms and Conditions in determining to which Series of Notes such sums relate and such determination will be binding on Noteholders of all Series in the absence of manifest error.
- 12.4 To the extent that the sums referred to in Condition 12.1 are less than the amount which the Noteholders may have expected and been entitled to receive (such difference being referred to as the **shortfall**), the shortfall will be borne by the Noteholders.
- 12.5 Each Noteholder, on subscribing or buying any Note directly, through a strategy of the Platform

or any other way, irrevocably accept and acknowledge that it is fully aware that:

- (a) only the sums referred to in this Condition 12, and Conditions 7 and 11 will be available for any payments to be made by the Issuer in respect of the Notes;
- (b) the sums which are attributable to another Series of Notes are only available in satisfaction of the obligations of the Issuer to such Noteholders;
- (c) the obligations of the Issuer to make payments in respect of the Notes will be limited to the sums and the Noteholders will have no recourse to the Issuer, Mintos or their respective shareholders, directors, officers, employees, affiliates, successors or assigns in respect of the Notes for the shortfall;
- (d) no Noteholder is entitled to proceed against the Issuer or Mintos for the shortfall;
- (e) following the realisation and distribution of the net proceeds from the Loan Receivable corresponding to the Series Specific Loan in accordance with the Priority of Payments, the Noteholders or anyone acting on behalf of any of them will not be entitled to take any further steps against the Issuer or Mintos to recover any further sum and the right to receive any such further sum will be deemed as fulfilled; and
- (f) no Noteholder will be entitled to petition or take any other step or join with any other person in bringing, instituting or joining, insolvency, winding-up, liquidation or bankruptcy proceedings (whether court-based or otherwise), or for the appointment of an examiner, liquidator or analogous person in relation to the Issuer, nor will it have any claim to, or in respect of any sum arising in respect of any assets of the Issuer.

12.6 Non-payment of the shortfall referred to in this Condition 12 will not constitute an Event of Default.

12.7 None of the shareholders of the Issuer, Mintos, the Lending Company, the Guarantors or the Backup Servicer (if any) has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes.

12.8 The provisions of this Condition 12 will survive redemption of the Notes.

### **13. PURCHASE**

13.1 The Issuer may at any time purchase Notes at any price in the open market or otherwise.

13.2 Any Note purchased by the Issuer on the sole discretion of the Issuer may be either cancelled or sold to any investor on behalf of the Issuer by Mintos.

### **14. CANCELLATION**

All Notes which are redeemed or cancelled may not be re-issued or resold.

### **15. PRESCRIPTION**

Any and all claims against the Issuer for payment in respect of the Notes will be prescribed and become void unless made within 10 years from the date on which payment in respect of the Notes first becomes due.

## 16. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further Series and further tranches of existing Series of Notes. A further tranche of an existing Series will:

- (a) be fungible with the Notes of that existing Series;
- (b) have the same terms and conditions as the Notes of that Series except for the Aggregate Nominal Amount, the Issue Date, the Issue Price, the Interest Accrual Periods, the first Interest Payment Date and the first Redemption Date; and
- (c) be consolidated and form a single Series with that existing Series of Notes, and references in these Terms and Conditions to Notes will be construed accordingly.

The right of the Issuer from time to time without the consent of the Noteholders to create and issue further Series, includes also the Issuer's right to issue loans' backed and contingent notes according to the Base Prospectuses and transaction documents for other lending companies of the Finclusion group.

## 17. EVENTS OF DEFAULT

17.1 Any of the following events will constitute an event of default under the Notes (each, an **Event of Default**):

- (a) if any order is made by any competent court or any resolution passed for the winding-up or dissolution (including any bankruptcy, insolvency, voluntary, forced or judicial liquidation, composition with creditors, a reprieve from payment, controlled management, fraudulent conveyance, general settlement with creditors or reorganisation proceedings or similar proceedings affecting the rights of creditors generally) of the Issuer (save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements); or
- (b) formal notice is given of an appointment an administrator (including any receiver, liquidator, auditor, verifier), provisional administrator; or
- (c) any application is made, or petition is lodged, or documents are filed with the court or administrator in relation to the Issuer for the actions, proceeding or procedures specified in paragraphs (a) or (b) above, unless such proceedings or petitions are disputed in good faith and are discharged, stayed or dismissed within 90 calendar days of commencement.

17.2 The Issuer is obliged to inform Mintos immediately if any Event of Default should occur. Should Mintos not receive such information, Mintos is entitled to assume that no Event of Default exists or can be expected to occur, provided that Mintos does not have knowledge of any Event of Default. Mintos is under no obligation to make any investigations relating to any Event of Default. The Issuer will, at the request of Mintos, provide Mintos with details of any Event of Default and provide Mintos with all documents that may be of significance for the application of this Condition 17.

17.3 If Mintos has been notified by the Issuer or has otherwise determined that there is an Event of Default, Mintos will, within 20 Business Days of the day of notification or determination, notify the Noteholders according to Condition 20.

- 17.4 Upon the occurrence of an Event of Default, Notes are repaid according to the terms and conditions stipulated by this Base Prospectus and relevant Series Final Terms, unless otherwise required by a rule of the law.
- 17.5 Mintos, subject to the Noteholders indemnifying and holding Mintos harmless from any reasonable expenses, loss or liability, will take every reasonable measure necessary to recover the amounts outstanding under the Notes according to their terms and conditions and Transaction Documents. Mintos will in each case inform the Noteholders about the costs which should be compensated prior to requesting any indemnification. In any case Mintos will charge this compensation of costs only up to the recovered amount. Mintos will not ask for compensation of costs for its in-house staff and resources.
- 17.6 For the avoidance of doubt, if any payment is not made by the Issuer because the Issuer has not received the relevant amounts under the Series Specific Loans so that the Available Distribution Amount after application of the Priority of Payments is not enough to make payments due under the Notes in full, the occurrence of such event will, as such, not constitute an Event of Default.

## **18. MEETING OF NOTEHOLDERS**

### **18.1** *General provisions*

The Issuer from time to time may convene a meeting of the Noteholders (the **Noteholders Meeting**) to adopt resolutions on certain matters. The Issuer at its own discretion decides which matters will be reserved for passing at the Noteholders Meeting.

These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the Noteholders Meeting or in respect of the relevant resolution and Noteholders who voted in a manner contrary to the majority. As a result, Noteholders may be bound by a change to these Terms and Conditions or by some other decision that affects Noteholders' investment in the Notes even though they have not agreed to such change.

The Noteholders Meeting may adopt its resolutions in one of the two forms as chosen by the Issuer:

- (a) at a meeting held by attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote using ballots provided; or
- (b) by absentee voting (without attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote).

The Noteholders Meeting will be chaired, and minutes taken by a representative of Mintos.

### **18.2** *Resolutions of the Noteholders Meeting*

Matters put to the vote at a Noteholders Meeting and its agenda will be decided by the Issuer.

The Noteholders may neither pass resolutions on the matters not included in its agenda nor amend the agenda.

Resolutions passed by the Noteholders Meeting and voting results will be provided to the persons eligible to participate in the Noteholders Meeting in a report, which will be disclosed to the Noteholders as per the procedure prescribed with regard to sending notices of the Noteholders Meeting, within 5 Business Days after the closing date of the meeting or the final

date for submitting the voting ballots in case of absentee voting. However, the failure to do so will not invalidate the resolution.

The resolution will be binding on all the Noteholders, whether or not present at the Noteholders Meeting and each of them will be bound to give effect to it accordingly.

### 18.3 *Information on holding a Noteholders Meeting*

The Issuer will notify the Noteholders about the Noteholders Meeting in accordance with the procedure below.

A notice of the Noteholders Meeting (the **Notice**) will be given according to Condition 20 no later than 10 days in advance.

The Notice will be given to the Noteholders registered on the date of the Notice in the electronic register of Noteholders maintained by Mintos.

The Issuer may decide not to publish the Notice on the Platform. In such a case within the time specified in this Condition 18.3 the Issuer will send the Notice to the Noteholders by email.

The Issuer may at its own discretion make available information to the Noteholders entitled to participate in the Noteholders Meeting as part of preparations for the Noteholders Meeting.

### 18.4 *Quorum at a Noteholders Meeting*

A Noteholders Meeting will be deemed quorate if attended by Noteholders aggregately holding more than 50% of:

- (a) the aggregate Principal Amount Outstanding of all Series of Notes towards the Lending Company on the date of the Notice if the decision is related towards all Series of Notes outstanding; or
- (b) the aggregate Principal Amount Outstanding of the relevant Series of Notes on the date of the Notice if the decision is related towards the relevant Series of Notes outstanding.

The number of votes for each Noteholder equals the Principal Amount Outstanding in the respective Series on the date of the Notice.

When a Noteholders Meeting is held by attendance of the Noteholders to discuss the items on the agenda and pass resolutions on the matters put to the vote, the Noteholders registered to participate in the Noteholders Meeting and the Noteholders whose ballots have been received no later than 2 days before the meeting will be deemed to have participated in the meeting.

When a Noteholders Meeting is held in the form of absentee voting, the Noteholders whose ballots have been received before the final date for submitting the ballots will be deemed to have participated in the meeting.

Where there is no quorum for a Noteholders Meeting, a second Noteholders Meeting will be held with the same agenda. Such second Noteholders Meeting will be deemed quorate if attended by Noteholders aggregately holding more than 30% of:

- (a) the aggregate Principal Amount Outstanding of all Series of Notes towards the Lending Company on the date of the Notice if the decision is related towards all Series of Notes outstanding; or

- (b) the aggregate Principal Amount Outstanding of the relevant Series of Notes on the date of the Notice if the decision is related towards the relevant Series of Notes outstanding.

Subject to the quorum being present, the decisions on the Noteholders Meeting agenda will be adopted per each item of the agenda by the majority from the total amount of votes provided.

#### 18.5 *Voting ballots*

Ballots for voting at a Noteholders Meeting will be sent together with the Notice according to Condition 18.3.

Ballots for voting will be in the English language.

Voting could be convened as an e-voting through filling-out an electronic voting ballot through the interface of the Platform.

Noteholders included in the list of those entitled to participate in the Noteholders Meeting other than the Noteholders Meeting held in the form of absentee voting, or their representatives, may register to participate or forward their completed ballots to the Issuer. Voting ballots will be counted towards the calculation of the quorum and voting results if received by the company no later than 2 days before the Noteholders Meeting.

The voting ballot will contain the information about the Noteholders Meeting including but not limited to:

- information about the Issuer, including address and contact person;
- details identifying the Series of Notes;
- form of the Noteholders Meeting (attendance or by absentee voting);
- date, place and time of the Noteholders Meeting if it is held in the form of attendance of the Noteholders;
- Principal Amount Outstanding; and
- voting options for each item on the agenda, expressed as “for”, “against”, or “abstained”, and the indication that the voting ballot must be signed by a person entitled to participate in the Noteholders Meeting or its representative unless convened by e-voting.

When voting by ballots, only those voting ballots are counted where for each item only one voting option is selected. The voting ballots completed in breach of the aforementioned requirement will be deemed invalid. However, if there are several items put to the vote on the voting ballot, breach of the aforementioned requirement with respect to one or several items will not affect the validity of the remaining ballot. If a voting ballot is rendered invalid with respect to voting on one, several or all items included in such ballot, the votes so cast in such ballot will not be excluded from the calculation of the quorum. If a voting ballot is rendered invalid, the votes on the items contained in the voting ballot will not be counted.

#### 18.6 *Counting*

The counting functions will be performed by Mintos, which will check the powers of, and register the participants in a Noteholders Meeting, determine the quorum at a Noteholders Meeting,

count the votes and determine the voting results, draw up the voting minutes and hand over the voting ballots to the archive.

## **19. SUBSTITUTION**

- 19.1 The Issuer or any previous substitute company may be substituted by any other company as principal obligor under all of the Notes then outstanding provided that such substitution would not be materially prejudicial to the interests of the Noteholders and subject to the other Terms and Conditions being complied with, including with provisions of the Transaction Documents, and further provided that the Financial and Capital Market Commission has given its prior consent to such substitution if any needed according to the applicable law.
- 19.2 By subscribing to, or otherwise acquiring, the Notes, the Noteholders expressly consent to the substitution of the Issuer and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences of such substitution.
- 19.3 Any such substitution will be notified to Noteholders in accordance with Condition 20.

## **20. NOTICES AND PROVISION OF INFORMATION**

- 20.1 Notices to the Noteholders will be given upon sole discretion of the Issuer in the English language and/or any other language the Issuer deems fit for such purposes and will be given by using one or several communication channels:
- (a) emailed to respective email addresses in the register of Noteholders and deemed to have been given within 24 hours after the dispatch; and
  - (b) delivered to Mintos for further communication to the Noteholder according to the services provision agreement between Mintos and the Noteholder (including times when deemed to have been duly given).
- 20.2 Any notices, demands, claims or other communication to the Issuer by any Noteholder will be in the English language and will be given by using one of the following communication channels:
- (a) delivered by hand or courier and deemed to have been given on the same day of delivery; and
  - (b) delivered by registered mail and deemed to have been given on the 10th calendar day following the date indicated on the stamp by the postal service provider on the acceptance of a registered letter.
- 20.3. For the purposes of Condition 20.2 notices or other communications addressed to the Issuer will be given to Mintos, serving as an agent for this purpose:

AS Mintos Marketplace  
50 Skanstes Street, Riga, LV-1013, Latvia  
For the attention of SIA Mintos Finance No.4

## **21. AGENTS**

- 21.1 Mintos acts solely as an agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, any Noteholder.

- 21.2 The Issuer subject to the provisions of the Transaction Documents reserves the right at any time to vary or terminate the appointment of Mintos, the Lending Company and any other party to any of the Transaction Documents.

## **22. FORCE MAJEURE**

Neither the Issuer nor Mintos will be responsible for any failure to perform any of its respective obligations under these Terms and Conditions which is due to any reason that is independent on that person's will and has resulted from a *force majeure* event. A *force majeure* event will apply only and solely if that person has taken all steps that depend on it in order to perform the obligation. Once the *force majeure* event has finished, that person must immediately resume the performance of the obligation. The following circumstances will be considered as *force majeure* events:

- (a) extraordinary and unavoidable circumstances including natural disasters, fire, flood, earthquake, warfare, terror acts, riots and strikes;
- (b) technical failures, delays or malfunctions; failure of computers, communications systems, hardware and/or software; power supply malfunctions; or other critical infrastructure malfunctions, which neither the Issuer nor Mintos could have prevented or predicted;
- (c) decisions and/or activities of local and/or foreign public authorities, and/or international organisations;
- (d) entry into force, amendments and/or suspension of a statutory act binding on either the issuer or Mintos affecting the performance of obligations under these Terms and Conditions; and
- (e) any circumstance defined as a *force majeure* circumstance in any of the Transaction Documents.

## **23. GOVERNING LAW AND JURISDICTION**

- 23.1 The Notes (and any non-contractual obligations arising out of or in connection with the Notes) are governed by, and will be construed in accordance with the law of the Republic of Latvia.
- 23.2 The courts of the Republic of Latvia are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes (including any disputes relating to any non-contractual obligations arising out of or in connection with the Notes) and accordingly any legal action or proceedings arising out of or in conjunction with the Notes may be brought in such courts. The Issuer and each of the Noteholders irrevocably submits to the jurisdiction of such courts.

## **24. AMENDMENTS AND MODIFICATIONS**

To comply with any applicable law, the Issuer may validly amend or supplement these Terms and Conditions by publishing the changed Terms and Conditions on the Platform without the consent of the Noteholders.

## **25. LIMITATION OF LIABILITY, AND REPRESENTATION AND WARRANTIES OF THE NOTEHOLDER**

- 25.1 Notwithstanding anything in the Base Prospectus, other than with respect to gross negligence



or wilful misconduct by the Issuer and/or Mintos, neither the Issuer nor Mintos will be held liable by any Noteholder for:

- (a) any material error, misrepresentation, omission or fraud by the Lending Company;
- (b) failure of the Lending Company for whatever reason to inform the Issuer and/or Mintos of the Payment Event having occurred or for the information being inaccurate or wrong;
- (c) the Loan Receivables; or
- (d) determinations and decisions when distributing amounts under the Notes, including, when applying the Priority of Payments, deciding whether to defer payment or make a partial payment, relying upon or deciding if and when there is no realistic prospect of collecting further funds under a Series Specific Loan, including in the event of default of the Lending Company.

25.2 In any and all cases liability of the Issuer and/or Mintos to any Noteholder under these Terms and Conditions will be limited to the amount invested in the impacted Notes by the Noteholder.

25.3 Each Noteholder, on subscribing or buying any Note directly, through a strategy of the Platform or any other way, irrevocably accept and acknowledge that it is fully aware that:

- (a) the Issuer and Mintos do not make any representation or warranty in respect of, or will not at any time have any responsibility for, or, save as otherwise expressly provided in these Terms and Conditions, liability or obligation in respect of the performance and observance by any Borrower of its obligations under the relevant Series Specific Loan, the Lending Company of its obligations under the Cooperation Agreement, the Guarantors of its obligations under the Guarantee Agreements and/or by the pledgor of its obligations under the pledge agreement, or the recoverability of any sum of the principal, Interest, other return or any additional amounts due or to become due from any Borrower, the Lending Company, the Guarantors and/or the pledgor;
- (b) the Issuer and Mintos will not at any time have any responsibility for, or obligation or liability in respect of, the condition, financial or otherwise, covenant, creditworthiness, affairs, status or nature of any Borrower, the Lending Company, the Guarantors, the pledgor or any other person;
- (c) the Issuer and Mintos will not at any time be liable for any representation or warranty, or any act, default or omission of any Borrower, the Lending Company, the Guarantors, the pledgor or other person;
- (d) the Issuer will not at any time have any responsibility for, or liability or obligation in respect of, the performance and observance by Mintos of its obligations under the Transaction Documents or any other agreement entered or to be entered into by and between the Noteholders and Mintos;
- (e) financial servicing and performance of the terms of the Notes depend upon both the performance by each Borrower of its obligations under the Series Specific Loan, its duties to make payments under the Series Specific Loan and its credit and financial standing, and the performance by the Lending Company, the Guarantors and/or the pledgor of their respective contractual obligations towards the Issuer and Mintos as well as their respective credit and financial standing;
- (f) the Notes, which the Noteholder has or will acquire, reflect the performance of the

relevant Series Specific Loans. The Noteholder has no direct recourse to any of the Series Specific Loans or the corresponding Loan Receivables. Once the Loan Receivables have been realised according to these Terms and Conditions, the Noteholder is not entitled to take any further steps against the Issuer or Mintos to recover any further sums due and the right to receive any such sum will be extinguished. The Noteholder accepts not to attach or otherwise seize any of the assets of the Issuer. In particular, the Noteholder will not be entitled to petition or take any step for the winding-up, the liquidation or the bankruptcy of the Issuer or any similar insolvency-related proceedings and such petition or action will be treated as null and void as from its initiation time; and

- (g) the Investment Accounts will be opened and be held by the Noteholder fully operational with Mintos while the Noteholder holds any Notes.

## 11. TAXATION

*The information provided in this section will not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Notes applicable to their particular circumstances. The following is a general summary of certain tax considerations in the Republic of Latvia in relation to the Notes. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Notes, as well as does not take into account or discuss the tax implications of any country other than the Republic of Latvia.*

***Tax laws of the Noteholder's country of residence for taxation purposes and of the Issuer's country of residence may have an impact on the income received from the Notes.***

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in the law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation (hereinafter - DTT), which may provide a more favourable taxation regime. Therefore, if there is a valid DTT between Latvia and the country of tax residence of a prospective Noteholder, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion", adopted on 30 April 2001.

### **Taxation of the Issuer**

Issuer is a corporate income tax payer in Latvia. According to the Latvian tax law, the annual profit earned by entities in Latvia is not taxed. Instead, Corporate income tax is paid on dividends, fringe benefits, gifts, donations, representation costs, non-business related disbursements and transfer pricing adjustments. The tax rate applicable is 20%, however, the taxable base is divided by the coefficient 0.8, thus the effective Corporate income tax rate is 25%.

### **Taxation of the Noteholders individuals**

#### *Resident individuals*

An individual will be considered as a resident of Latvia for taxation purposes, if at least one of the following requirements is met:

- the declared place of residence of this person is in Latvia;
- the person stays in Latvia for at least 183 days over the course of a period of 12 consecutive calendar months;
- the person is a Latvian citizen who is employed by the government of Latvia in a foreign country.

In accordance with the Latvian tax laws the interest income received by the individual tax resident in Latvia is subject to tax at the rate of 20%. The interest income from the Notes for resident individuals will be subject to 20 % personal income tax that will be withheld by the Issuer before the Interest payment is made by the Issuer to the Noteholder. The tax withheld by the Issuer is a final tax liability on the interest income received.

The income from the sale of the Notes is treated as an income similar to the interest income for the Latvian personal income tax purposes and will be subject to 20% personal income tax and the tax is payable by the individual him/herself.

#### *Non-resident individuals*

An individual would be considered as a non-resident of Latvia for taxation purposes in all cases unless he/she is a tax resident of Latvia. Interest income from the Notes received by the non-resident individual will be subject to personal income tax in Latvia according to the rate set forth by law, which is currently 20% in Latvia. According to the general practice, the tax withheld in Latvia might be deducted from the tax payable by the investor in his/her residence country (as tax paid abroad). However, we recommend

consulting with the respective country's tax administration or tax adviser to clarify the procedure and documents required to perform such a deduction (if any).

The tax rate might be reduced based on the Double Tax Treaty between Latvia and the respective country. The list of the Double Tax Treaties concluded by Latvia is available here: [https://www.vid.gov.lv/sites/default/files/tax\\_treaties\\_28032018.pdf](https://www.vid.gov.lv/sites/default/files/tax_treaties_28032018.pdf)

The income from the sale of the Notes will be subject to 20% tax and the tax would be payable by the individual him/herself, if the buyer of the Notes is an individual or legal entity non-resident of Latvia. If the buyer is a legal entity - resident of Latvia, the tax at the rate of 3% will be withheld by the buyer.

### **Taxation of the Noteholders - legal entities**

#### *Resident legal entities*

A legal entity would be considered as a resident of Latvia for tax purposes, if it is established pursuant to Latvian law. Interest payments on the Notes and proceeds from the disposal of the Notes received by Latvian resident legal entities will not be subject to withholding tax in Latvia. Under the Latvian tax law retained earnings are exempt from corporate income tax and only profit distributions are taxed. Distributed gross profits are subject to the 20% profit tax. Corporate income tax on net amount of profit distribution is determined by dividing net amount with a coefficient of 0.8 (i.e., effective tax rate on net distributed profit is 25%).

#### *Non-resident legal entities*

A legal entity would be considered as a non-resident of Latvia for taxation purposes in all cases unless it is a tax resident of Latvia. The interest income and capital gains from the sale of the Notes for non-resident legal entities will not be taxable in Latvia (i.e. gross income will be paid), except if the income recipient is located, registered or incorporated in a no-tax or low-tax country (so called "*tax havens*"; if this is the case - 20% tax will be withheld by the Issuer in Latvia). The list of "*tax havens*" according to the Latvian law includes US Guam, US Samoa, US Virgin Islands, Republic of Fiji, Republic of Palau, Republic of Panama, Independent State of Samoa, Republic of Trinidad and Tobago, Republic of Vanuatu. The list of mentioned countries and territories may be amended from time to time.

## 12. APPLICABLE FINAL TERMS

*The form of Final Terms that will be issued in respect of each Series, subject only to the deletion of non-applicable provisions, is set out below. The completed Final Terms for each Series, which are described in this Base Prospectus as the "Final Terms" will be published on the website: [www.mintos.com](http://www.mintos.com).*

Final Terms dated [...] [...] [...]

### **SIA Mintos Finance No.4 (the "Issuer")**

(incorporated as a limited liability company and registered in the Republic of Latvia with registration number Reg. No: 402033877070)  
LEI: 984500O64A003E6IBB78

### **Series [...] EUR [...] Notes**

relating to the Loans with the reference numbers:

[...]

issued by TrustGro Sca Limited (Kenya) (the Lending Company)

Terms used herein will be deemed to be as defined in the Base Prospectus dated 27.04.2022. for the purposes of the Prospectus Regulation, in respect of Notes issued by the Issuer. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8.4 of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of Notes is only available on the basis of a combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplements, if any] is available for viewing on the website [[www.mintos.com](http://www.mintos.com)/\*\*]. The summary of the individual issue of the Notes is annexed to these Final Terms as Appendix 1.

### **Part 1 - Contractual terms**

#### **1.1. Information concerning the Notes to be offered to the public:**

Number	Disclosure requirement	Details
1.1.1.	Series:	[...]
1.1.2.	ISIN Code:	LV[...]
1.1.3.	Specified Currency:	[...]
1.1.4.	Aggregate Nominal Amount:	[...]
1.1.5.	Specified Denominations:	The Series Aggregate Nominal Amount is divided into [...] Notes.  Nominal amount of the Note is [...].
1.1.6.	Issue Price:	100% of the Notes nominal amount
1.1.7.	Offer Price of one Note:	[...] or Principal Amount Outstanding of one Note

1.1.8.	Issue Date:	[...]
1.1.9.	Maturity Date:	[...]
1.1.10.	Interest Rate:	[...] % per annum
1.1.11.	Interest Accrual Periods:	From the Notes purchase date up to, but not including the Loan Interest Payment Date for the first Interest payment. From the previous Loan Interest Payment Date up to, but not including the next Loan Interest Payment Date or Loan Repayment Date for the last Interest payment
1.1.12.	Interest Payment Date (s):	Up to 10 Business Days after the corresponding Loan Interest Payment Date (1.2.20.) and subject to the actual receipt by the Issuer of the relevant payment in relation to the Loan from the Lending Company
1.1.13.	Redemption Date (s):	Up to 10 Business Days after the corresponding Loan Repayment Date (1.2.20.) and subject to the actual receipt by the Issuer of the relevant payment in relation to the Loan from the Lending Company
1.1.14.	Indication of Yield:	[...] % per annum
1.1.15.	Buyback Obligation:	[...]
1.1.16.	Pending Payments Penalty Fee:	[...] %

## 1.2. Information relating to the Series Specific Loans

### Information relevant to the pool of Series Specific Loans

Number	Disclosure requirement	Details
1.2.1.	Loan type:	[...]
1.2.2.	Loan disbursement currency:	[...]
1.2.3.	Total outstanding principal amount of Series Specific Loans transferred to the Issuer:	[...]
1.2.4.	Series Specific Loans Interest rate (%):	[...]
1.2.5.	Late Payment Interest (%):	[...]
1.2.6.	Grace Period:	[...] days
1.2.7.	Amortization method:	[...]
1.2.8.	Extension possibility:	[...]
1.2.9.	Limit on the number of Extensions:	[...]
1.2.10.	Total maximum time limit of Extensions:	[...] calendar days as of the Loan Final Repayment Date
1.2.11.	Skin in the game retained by the Lending Company (%):	Lending Company retains the skin in the game in the amount of [...] % from the Loan outstanding principal amount.

### Information on the Series Specific Loans

1.2.12.Loan ID:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.13. Outstanding principal amount:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.14. Final Repayment Date*:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.15. Initial Loan-to-Value (LTV) (%):	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.16. Current Loan-to-Value (LTV) (%):	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.17. Borrower' s details:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]



1.2.18. Collateral provided by the Borrower to the Lending Company:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
1.2.19. Collateral description:	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]

\*Unless the early Loan repayment and/or the Loan term extension takes place. For more information, please see Section 10 “Terms and Conditions of the Notes” in the Base Prospectus

#### 1.2.20. Loan Interest Payment Dates and Loan Repayment Dates and amounts

Loan ID	[...]	[...][...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Loan Repayment Date and Loan Interest Payment Date	Principal / Interest	Principal / Interest	Principal / interest	Principal / Interest	Principal / Interest	Principal / Interest	Principal / Interest	Principal / Interest	Principal /Interest	Principal /Interest
[...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]	[...] / [...]

## Part 2 - Responsibility and authorisation

The Management Board of the Issuer:

Title Name, surname
Chairman of the Management Board Martins Sulte
Member of the Management Board Martins Valters

accepts responsibility for the information contained in these Final Terms which, when read together with the Base Prospectus referred to above, contains all information that is material to the issue of the Notes.

The information provided in the elements 1.2. above has been sourced from the TrustGro Sca Limited (the "Lending Company"). Hereby the Issuer confirms that this information has been accurately reproduced according to the process of information exchange via API, provided in the Transaction Documents and that as far as the Issuer is aware and is able to ascertain from information provided by the Lending Company, no facts have been omitted which would render the reproduced information inaccurate or misleading. For the aforesaid limitation of the Issuer's and Mintos liability provided in the Subsection 10.25. "Limitation of a Liability" in the Base Prospectus applies.

This Notes Series issue is authorised by [...] of the Issuer, Minutes No. [...] as of [...] 2021.