

auxmoney

December
2024

Social Bond Report 2024

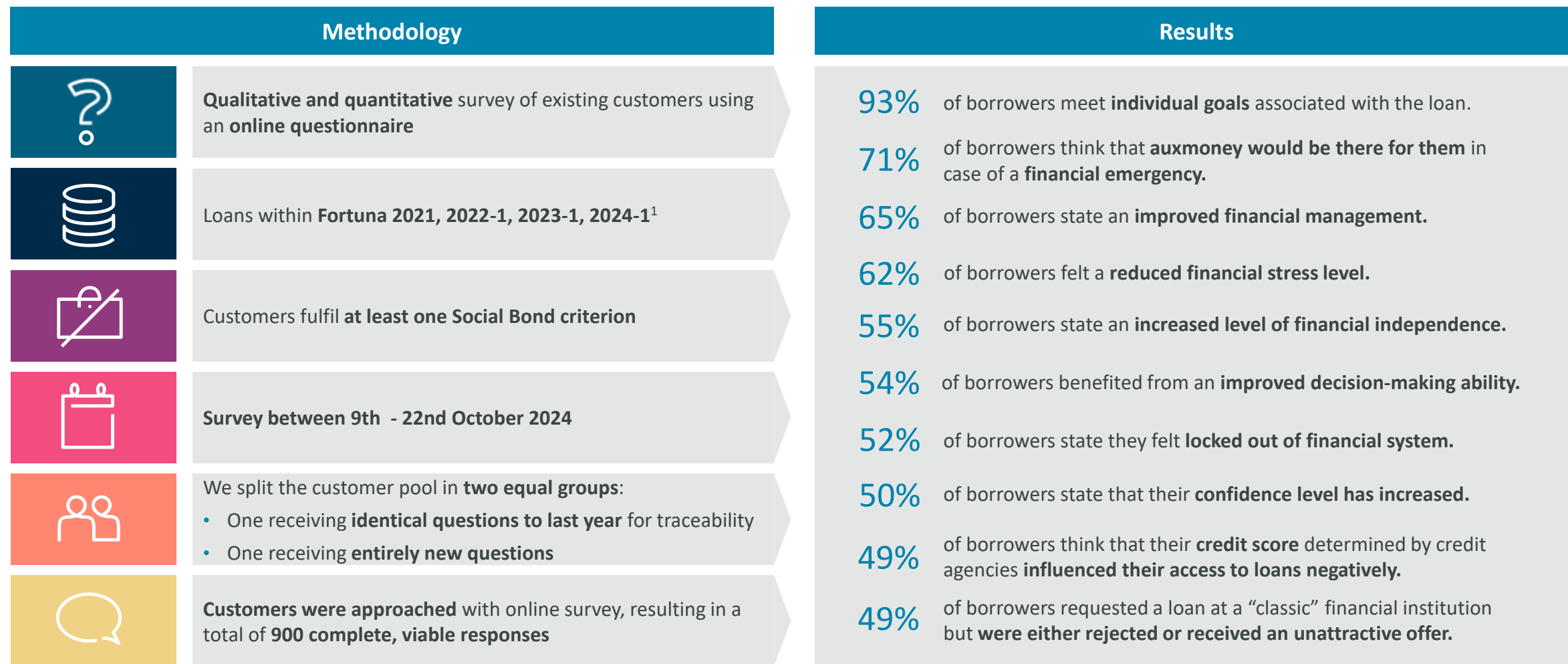
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1. Key Facts

auxmoney has a positive impact on financial inclusion, financial competencies and mental health of its customers





2. Social Bond Framework

Social Bond Framework (1/3): Fostering financial inclusion

auxmoney provides consumers that are underserved by traditional lenders with access to credit. Among others, auxmoney serves segments of borrowers that banks are unwilling or unable to underwrite (e.g., due to inadequate scoring models, high capital requirements and/or costly and cumbersome legacy-processes).

The lending activities constitute Eligible Social Projects and are aligned with the ICMA Social Bond Principles (2023 edition). They contribute to the achievement of the United Nations Sustainable Development Goals: #8 (“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”), #9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”) and #10 (“Reduce inequality within and among countries”).

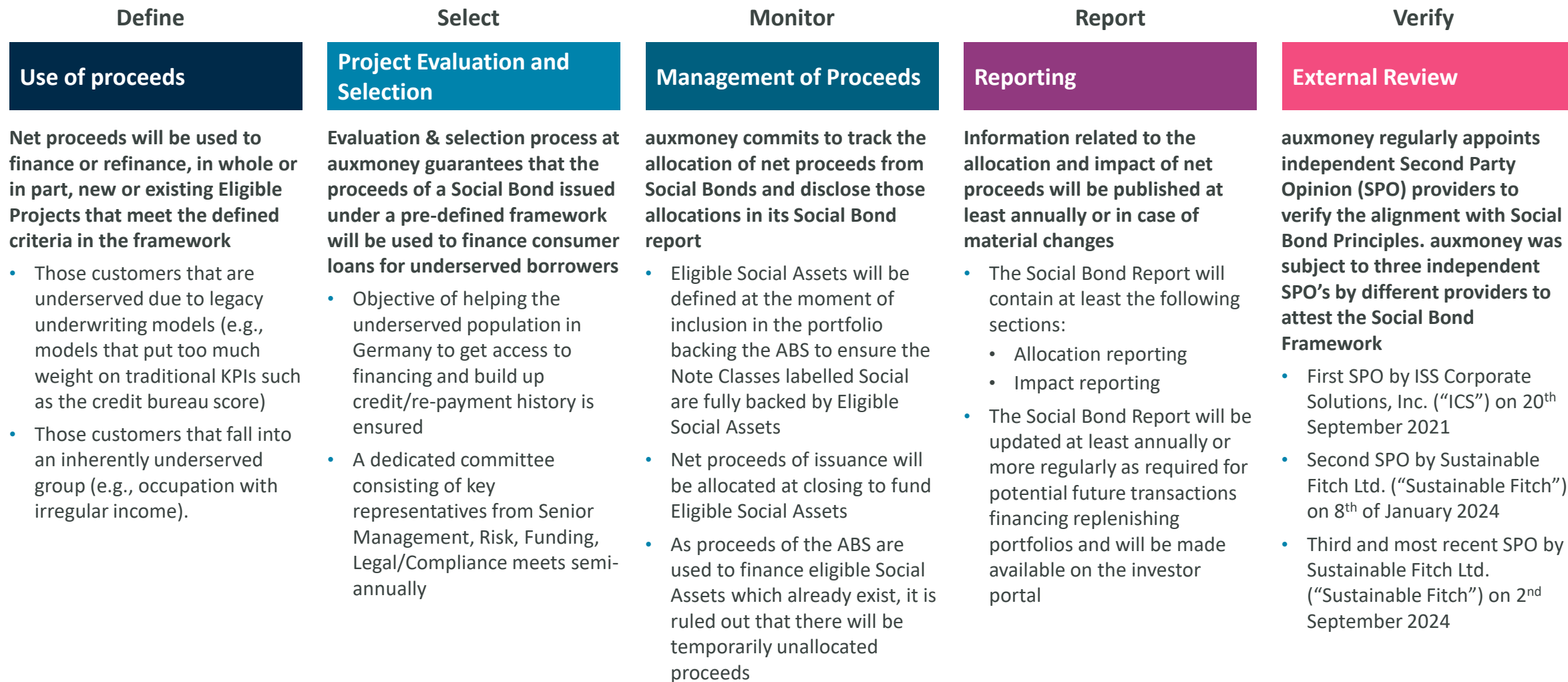
To reflect changes in the market and in the ICMA Social Bond Principles, auxmoney has updated its Social Bond Framework (SBF) already twice this in 2024, in January and September respectively. Through these updates, auxmoney’s SBF keeps pace with the most recent developments and ensures high quality of its Social Bonds issuances.

auxmoney appointed the independent second-party opinion (SPO) provider, Sustainable Fitch Limited (Sustainable Fitch), to review the framework and verify its alignment with the ICMA Social Bond Principles 2023. After the completion of the SPO in September 2024, Sustainable Fitch considered the bonds issued under the framework as aligned with the four core pillars of the ICMA Social Bonds Principles 2023. The Social Bond Framework’s alignment was evaluated as “Good”. Furthermore, three out of five pillars were evaluated as “Excellent”, namely “Use of Proceeds – Other information”, “Evaluation and Selection” and “Management of Proceeds”.



Social Bond Framework (2/3): Methodology

auxmoney has developed its Social Bond Framework under which the issuer, a special purpose vehicle (SPV), will be able to issue Social Bond transactions to finance its purchase of consumer loans



Social Bond Framework (3/3): Overview of Social Bonds (Fortuna 2021, 2022-1, 2023-1, 2024-1 and 2024-2)

	Fortuna 2021	Fortuna 2022-1	Fortuna 2023-1	Fortuna 2024-1	Fortuna 2024-2
Originator	auxmoney Investments Limited				
Asset Class	Consumer loans				
Transaction Type	Public ABS				
Jurisdiction	Germany				
Transaction Name	Fortuna Consumer Loan ABS 2021 DAC	Fortuna Consumer Loan ABS 2022-1 DAC	Fortuna Consumer Loan ABS 2023-1 DAC	Fortuna Consumer Loan ABS 2024-1 DAC	Fortuna Consumer Loan ABS 2024-2 DAC
Deal size	€250m	€225m	€350m	€500m	€500m
Date of issuance	7 th October 2021	25 th May 2022	2 nd March 2023	7 th February 2024	8 th October 2024
Final SVI-Verification Report	Fortuna 2021 has been terminated in January 2024	Final Verification Report 2022	Final Verification Report 2023	Final Verification Report 2024-1	Final Verification Report 2024-2
Final Prospectus		Final Prospectus 2022	Final Prospectus 2023	Final Prospectus 2024-1	Final Prospectus 2024-2
Fitch Rating (ESG Relevance)	<p>ESG RELEVANCE</p> <p>1 2 3 4 5</p>				

Our awards



Securitization Awards

auxmoney's outstanding securitisations have been recognised by several awards so far:

- “Most Innovative Securitization Deal of the Year” for Fortuna 2021 by GlobalCapital
- “ESG Securitisation of the Year Award” for Fortuna 2022 by Structured Credit Investor



Company awards

auxmoney has received various company awards for efforts to increase financial inclusion:

- “FinTech of the Year” award from Payment & Banking
- “FinTech Provider of the Year 2024” award from GlobalCapital
- “Global FinTech Award” in the category Financial Services from FinTech Magazine

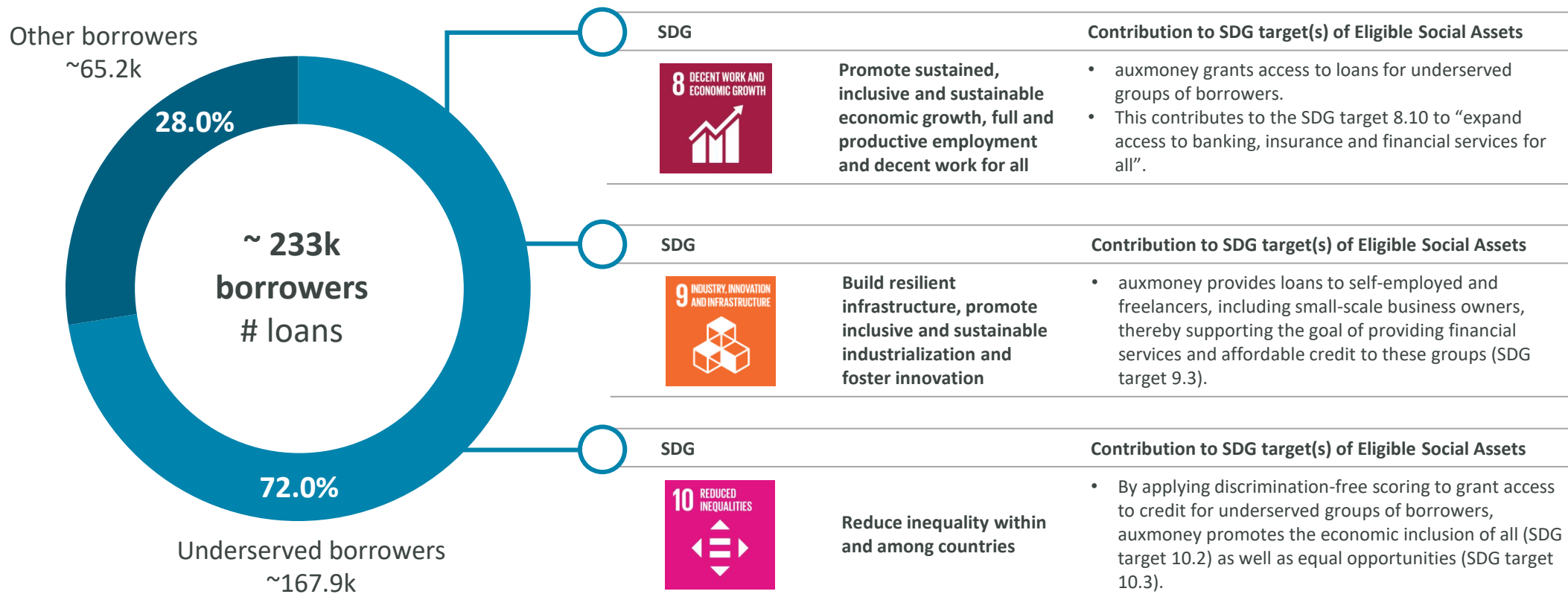




3. Allocation Report

Use of proceeds (Fortuna 2021, 2022-1, 2023-1, 2024-1 and 2024-2)

auxmoney has selected projects that meet Eligibility Criteria regarding certain Sustainable Development Goals (SDG 8, SDG 9, SDG 10), as identified in auxmoney's Social Bond Framework. Allocation of proceeds by SDG has been as follows:



ICMA SBP Category: Access to essential services

Eligible projects include consumer loans to underserved borrowers. Two different forms of underserved customers can be distinguished:

- Those customers that fall into an inherently underserved group (e.g., occupation with irregular income).
- Those customers that are underserved due to legacy underwriting models (e.g., models that put too much weight on traditional KPIs such as the credit bureau score)



Breakdowns of loans (Fortuna 2021, 2022-1, 2023-1, 2024-1 and 2024-2)

Underserved segments of Fortuna 2021, 2022-1, 2023-1, 2024-1 and 2024-2 (as of October 31st and as of date of issuance)

Share of underserved borrowers complying with Social Bond criteria

	Fortuna 2021	Fortuna 2022-1		Fortuna 2023-1		Fortuna 2024-1		Fortuna 2024-2		Fortuna 2022-1, 2023-1, 2024-1 and 2024-2		Fortuna 2021, 2022-1, 2023-1, 2024-1 and 2024-2		
	As of 31 st Oct 2024	As of 31 st Oct 2024		As of 31 st Oct 2024		As of 31 st Oct 2024		As of 31 st Oct 2024		As of 31 st Oct 2024		As of date of issuance		
		In %	In # loans	In %	In # loans	In %	In # loans	In %	In # loans	In %	In # loans	In %	In # loans	
Total														
At least one criterion		77.7%	5,750	71.9%	24,926	69.6%	48,185	74.6%	49,628	72.2%	128,489	72.0%	167,924	
Underserved due to customer group														
Self-employed, freelancers and entrepreneurs		8.9%	657	9.1%	3,168	7.7%	4,926	6.7%	4,435	7.4%	13,186	6.8%	15,935	
Employment in probation or fixed term employment		5.5%	406	6.4%	2,227	7.6%	5,266	8.1%	5,408	7.5%	13,307	7.2%	16,732	
Non-Germans	Fortuna 2021 has been terminated in January 2024	10.2%	756	9.4%	3,242	8.5%	5,896	9.0%	5,994	8.9%	15,888	8.7%	20,167	
Pensioners		8.7%	647	6.6%	2,297	5.3%	3,650	5.7%	3,767	5.8%	10,361	6.5%	15,028	
Elderly people (>=65 years)		4.5%	332	3.9%	1,334	3.0%	2,089	3.0%	2,004	3.2%	5,759	2.7%	6,349	
Young people (<=25 years)		11.0%	814	10.9%	3,779	12.0%	8,312	12.4%	8,215	11.9%	21,120	10.1%	23,630	
Students and trainees		5.9%	437	4.2%	1,467	3.5%	2,453	3.5%	2,337	3.8%	6,694	4.6%	10,685	
Underserved due to traditional underwriting models														
Net household income below €1,700 per month ²			29.4%	2,172	19.3%	6,682	13.2%	9,147	18.1%	12,030	16.9%	30,031	17.3%	40,336
Low Credit Bureau score (i.e. SCHUFA E or lower)			49.5%	3,660	47.9%	16,608	49.0%	33,939	50.0%	33,263	49.2%	87,470	49.9%	116,242





4. Impact Report

Customer Lending Survey

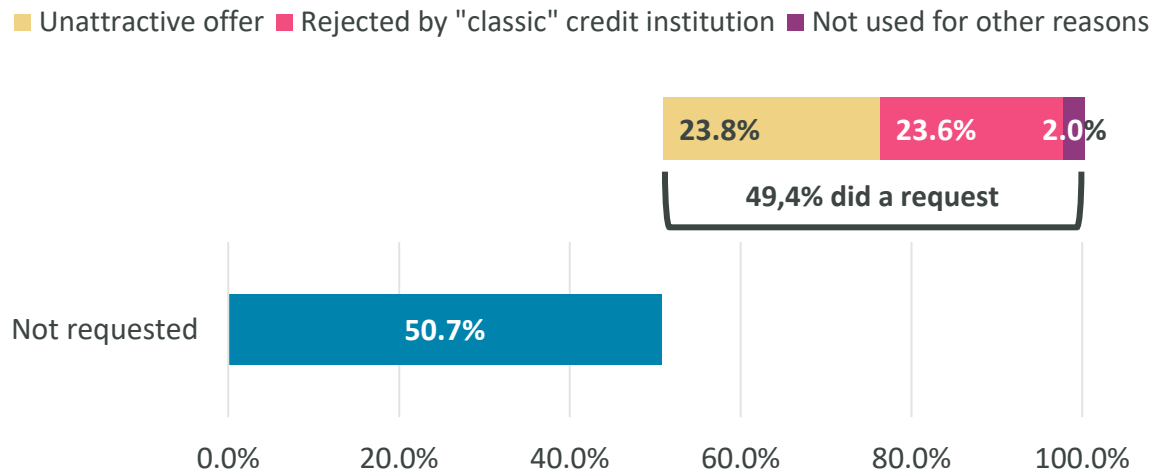
Financial inclusion (1/2)



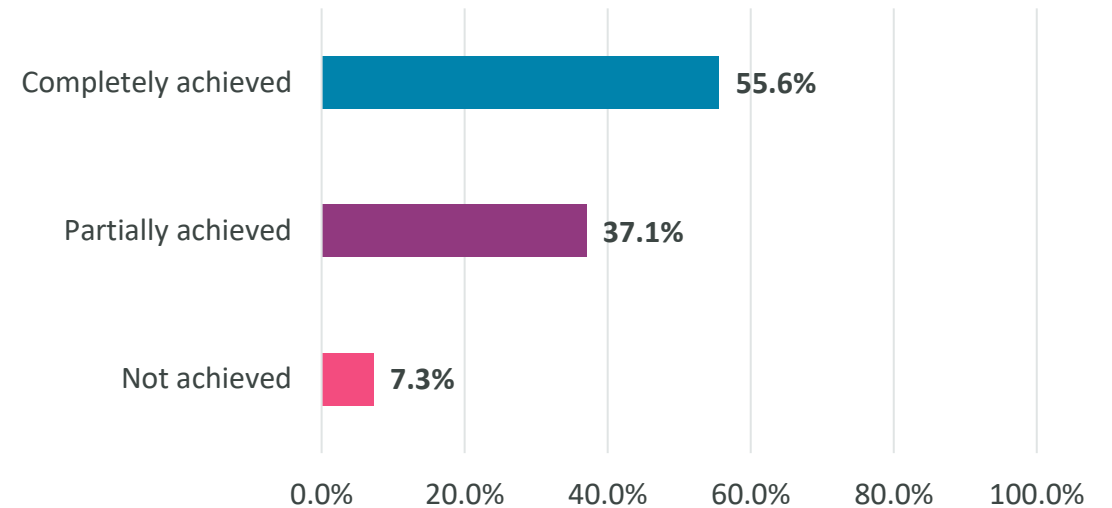
Borrowers are inadequately served by credit institutions, but able to meet individual goals through auxmoney loan

Other loan requests of borrowers before the auxmoney loan & achievement of goals by means of loan

Loan requests from "classic" credit institutions



Achievement of objectives with the loan

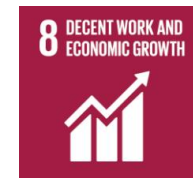


More than one in five borrowers would demonstrably not have been able to access capital without auxmoney. A further ~24% would only have been able to borrow under significantly worse conditions. Many more borrowers did not ask for alternative offers.

~93% of borrowers were able to at least partially achieve their targets, thereof ~56% were able to completely achieve their targets.



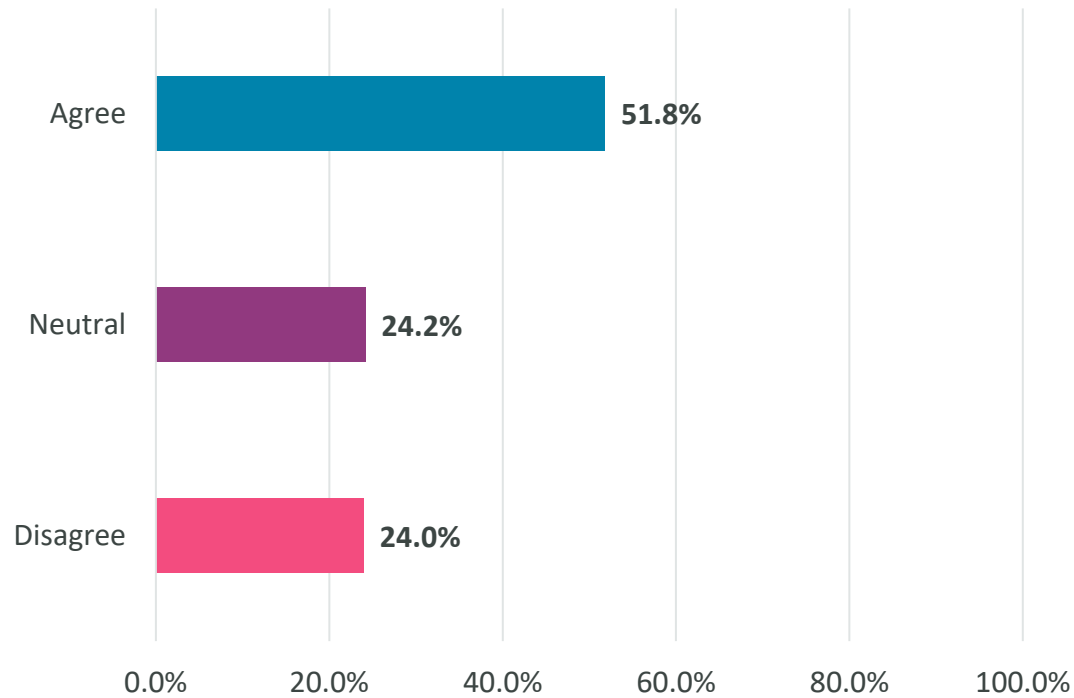
Financial inclusion (2/2)



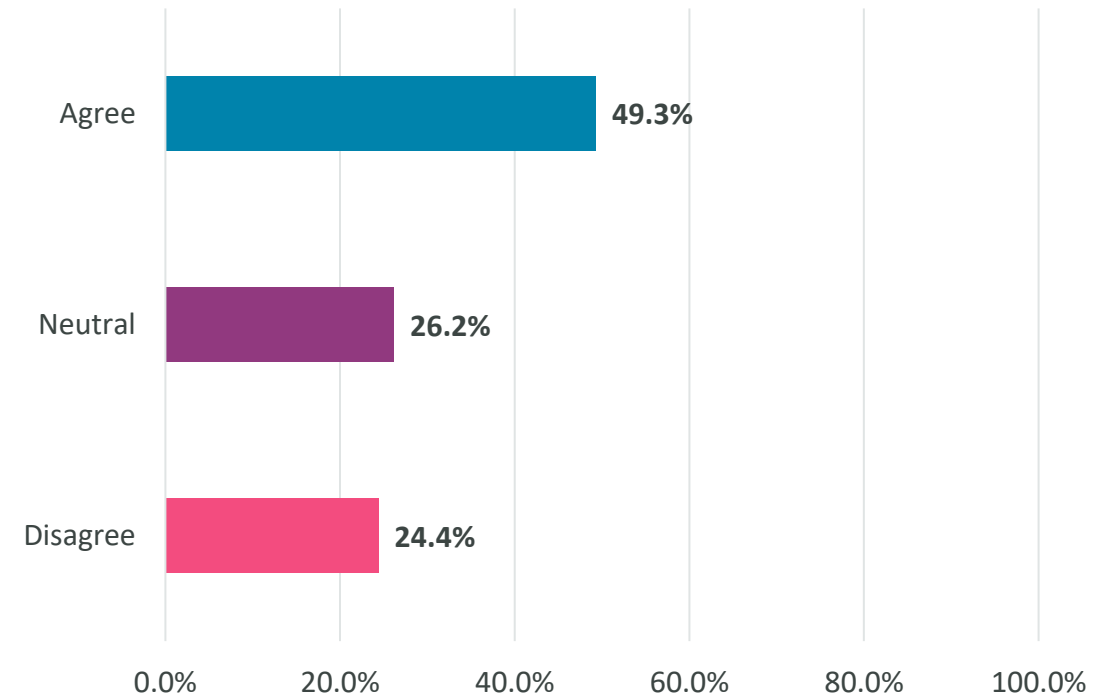
Borrowers mostly felt locked out of the financial system and negatively influenced by their credit scores

Access to loans before the auxmoney loan & perceived influence of credit scores on access to loans for borrowers

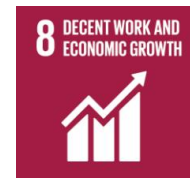
Exclusion from the financial system prior to loan



Influence of credit scores on access to loans perceived negatively



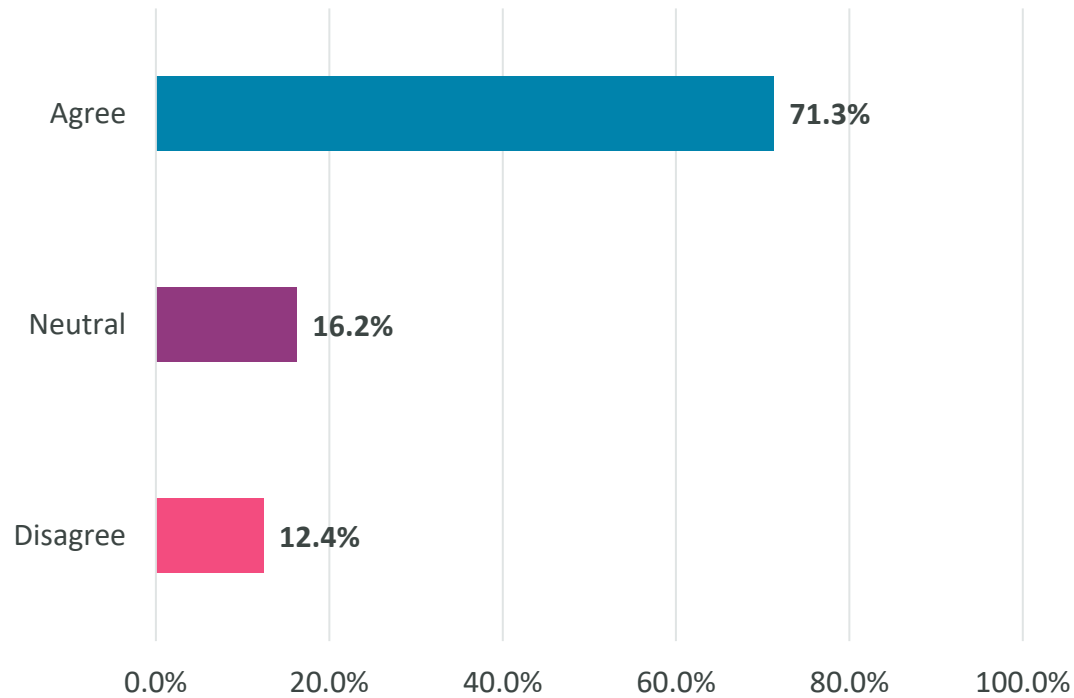
Financial emergencies and competencies



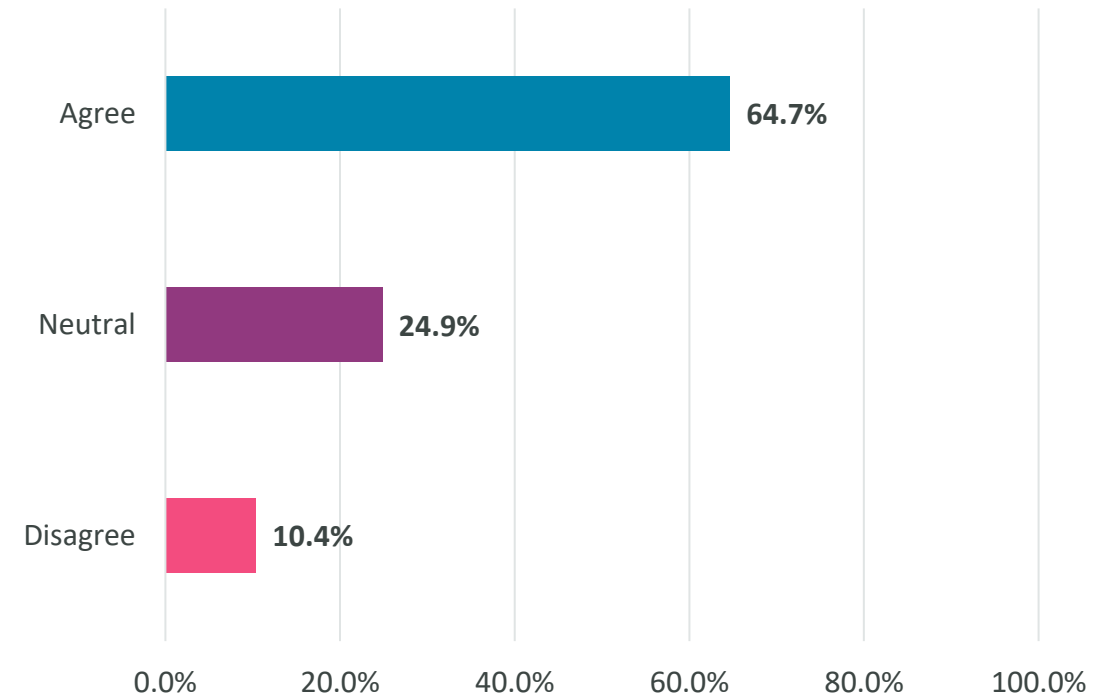
auxmoney is widely trusted in case of financial emergencies and helps to improve borrower's financial management

Perceived reliability of auxmoney in case of a personal financial emergency & influence of loans on the financial management of borrowers

Reliability on auxmoney in the event of financial emergency



Improvement of financial management after loan



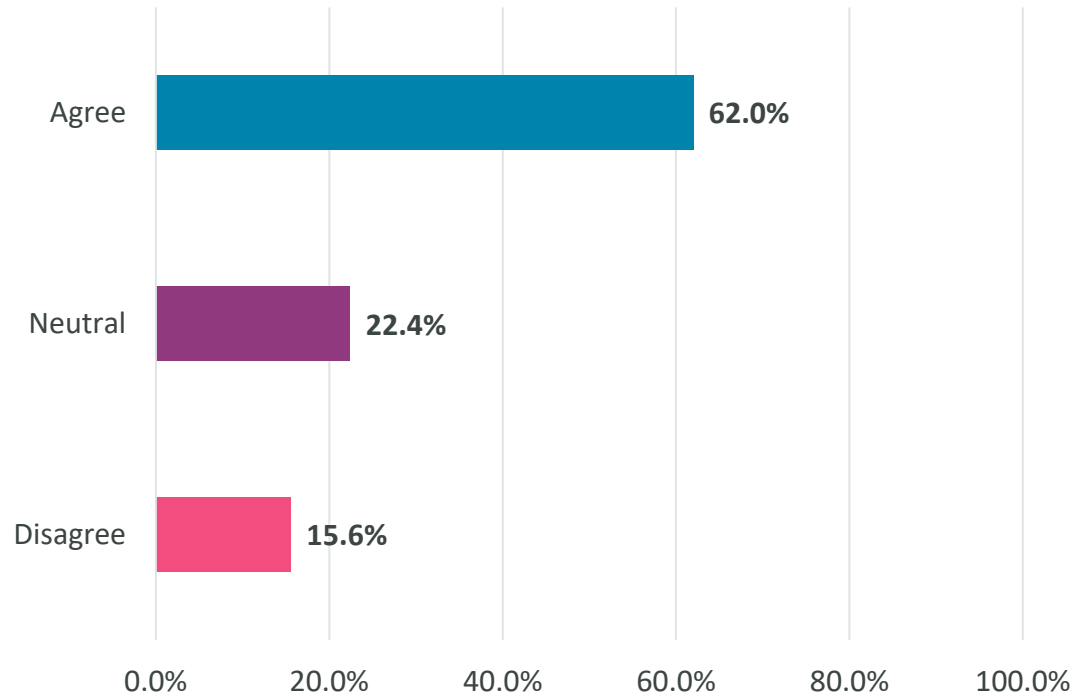
Mental health impacts on borrowers (1/2)



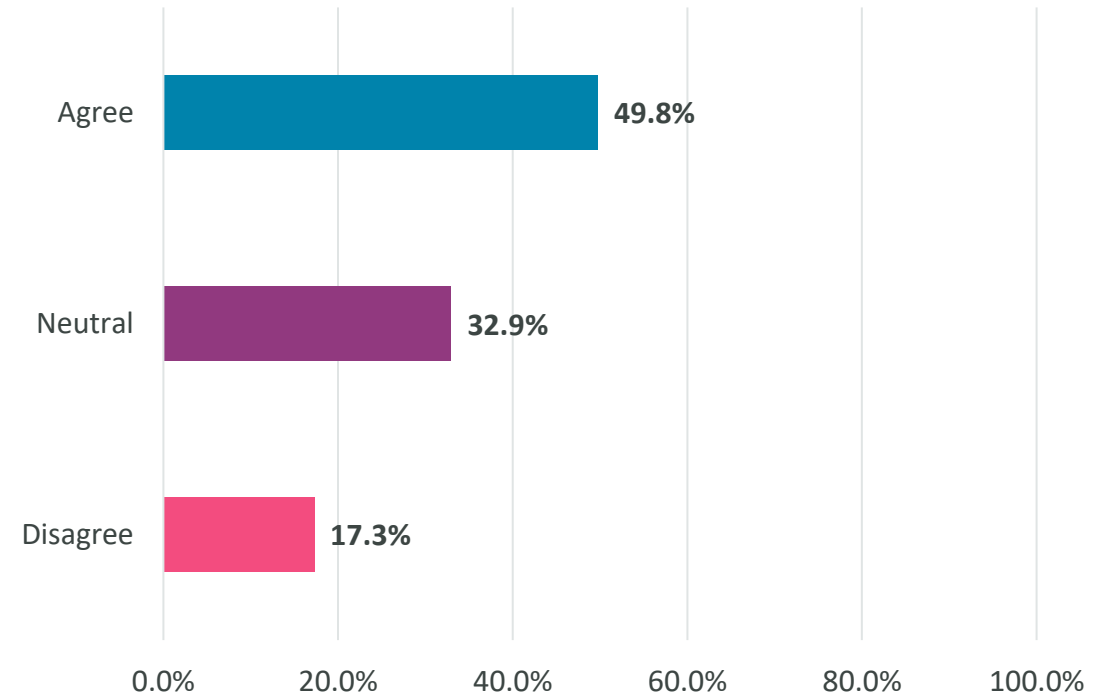
auxmoney helps to reduce the financial stress level and increase the confidence level of the majority of borrowers

Influence of the auxmoney loan on financial stress level & confidence level of borrowers

Reduction of financial stress level after loan



Increase of confidence level after loan



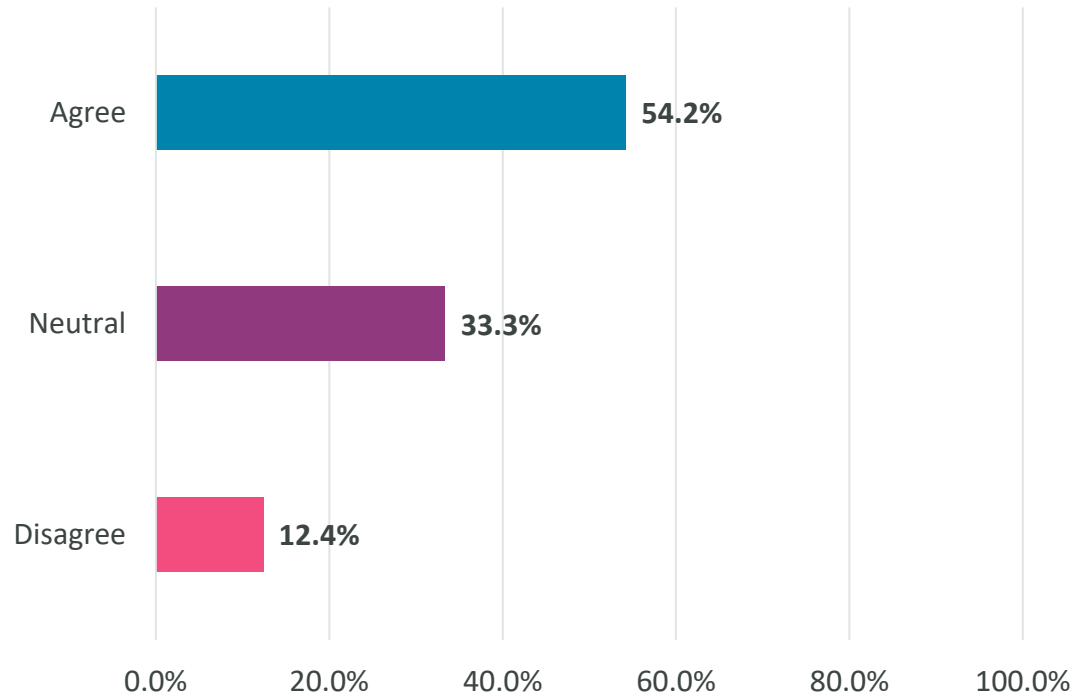
Mental health impacts on borrowers (2/2)



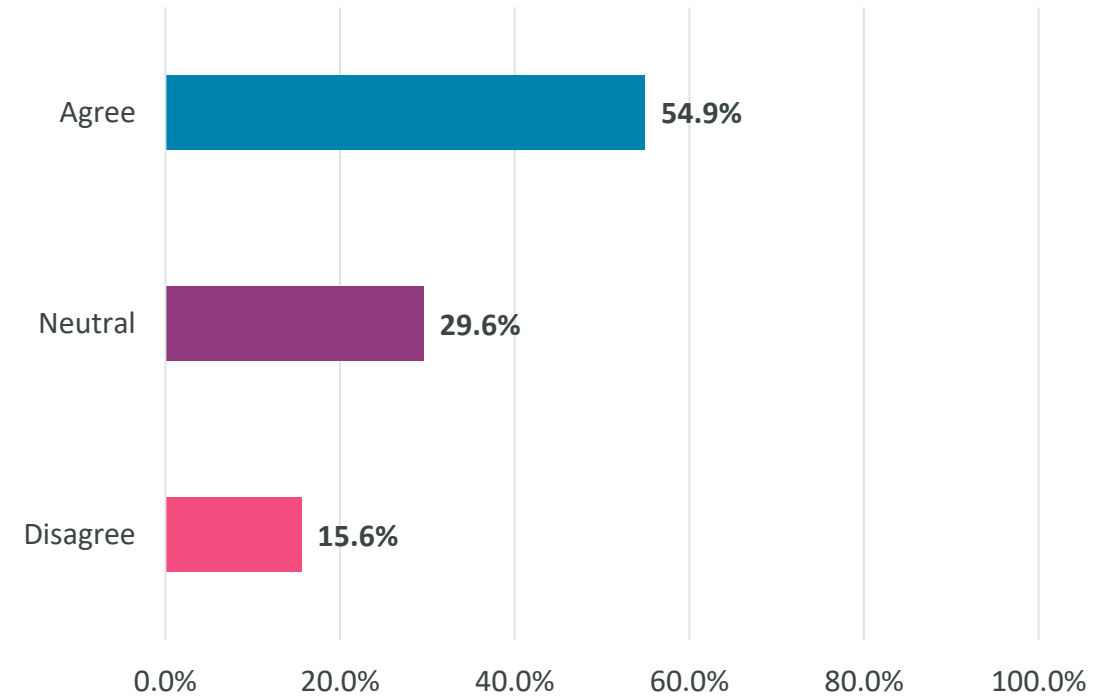
auxmoney helps to improve the decision-making ability and increase the financial independence of most borrowers

Influence of the auxmoney loan on decision-making ability & level of financial independence of borrowers

Improvement of decision-making ability after loan



Increase of financial independence level after loan





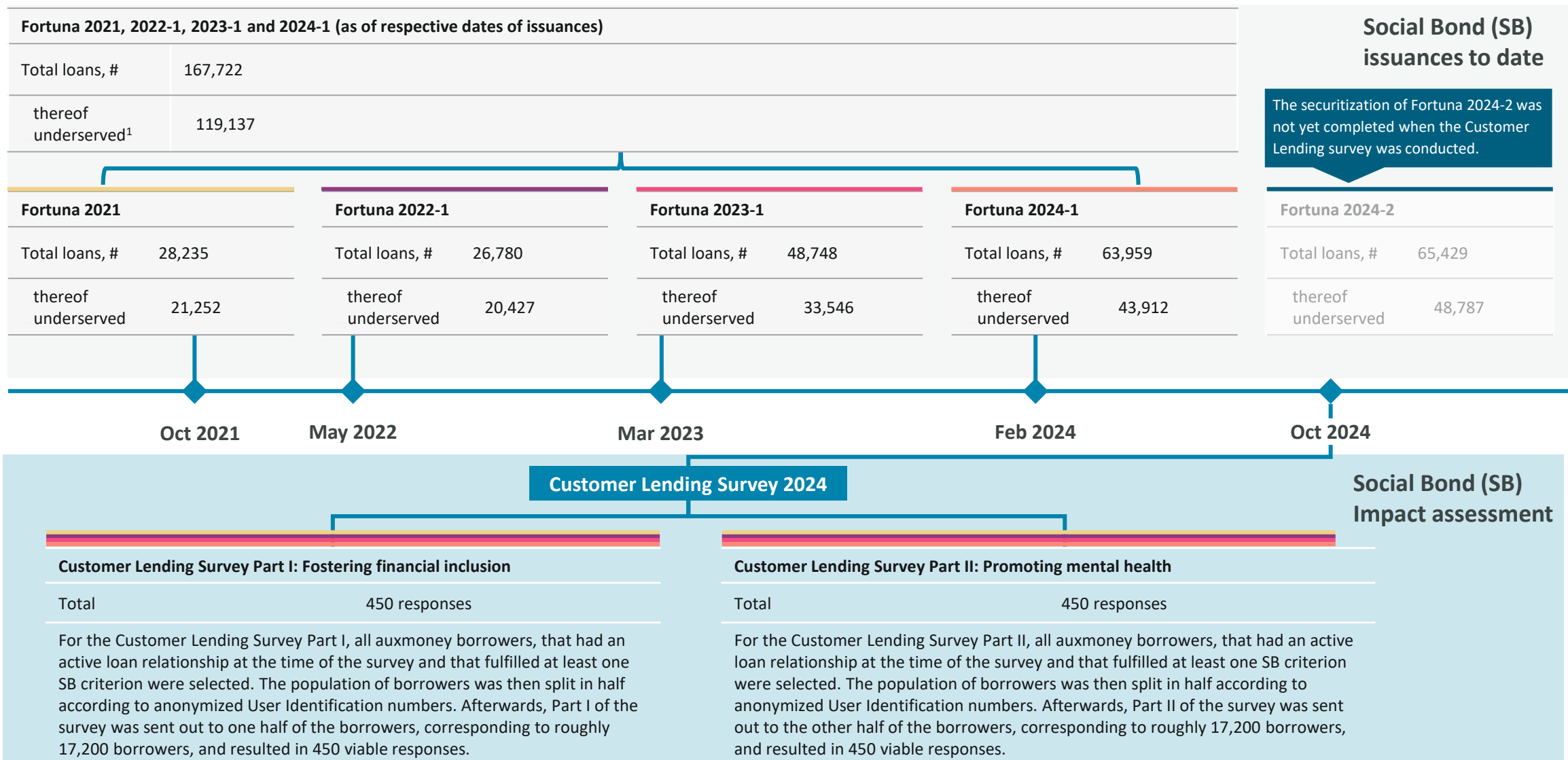
5. Appendix

Methodology & Survey Questionnaires



5a. Methodology

Data basis for Social Bond impact assessment



Customer Lending Survey Part I: Methodology



Set-up

- Qualitative and quantitative survey of existing customers using an online questionnaire. The survey covered the objectives of the loan, achievement of objectives, and perceived changes to the customer's own financial situation and wellbeing¹.

Criteria for underlying assets

- First loan within Fortuna 2021, 2022-1, 2023-1, 2024-1 as of date of issuance.
- Customers fulfil at least one Social Bond Criterion.
- Survey between 9th - 22nd October 2024.
- Loans for which there is payment default were excluded.
- Incomplete answers were excluded.
- ➔ **Overall, 450 unique responses**

Hypothesis

auxmoney borrowers perceive noticeable improvements in their quality of life and financial situation following their loan.

Impact indicators

- Financial inclusion
- Financial wellbeing
- Financial health

Note: Survey questions in Customer Lending Survey (CLS) Part I are identical to CLS 2023 (for traceability) and displayed in the hereby report partially (to avoid repetition). Upon request full analysis of all CLS Part I questions can be provided



Customer Lending Survey Part II: Methodology



Set-up

- Qualitative and quantitative survey of existing customers using an online questionnaire. The survey covered the access to loans, perceived influence of credit scores, financial emergencies, and perceived changes to the customer's financial management and mental health.

Criteria for underlying assets

- First loan within Fortuna 2021, 2022-1, 2023-1, 2024-1 as of date of issuance.
- Customers fulfil at least one Social Bond Criterion.
- Survey between 9th - 22nd October 2024.
- Loans for which there is payment default were excluded.
- Incomplete answers were excluded.
- ➔ **Overall, 450 unique responses**

Hypothesis

auxmoney borrowers perceive noticeable improvements in their access to loans, financial competencies, as well as in their mental health following their loan.

Impact indicators

- Access to loans
- Financial competencies
- Mental health





5b. Customer Lending Survey Part I: Fostering financial inclusion – Questionnaire

Customer Lending Survey Part I: Questionnaire Design (1/5)

Question 1 - Wellbeing



Question: What impact does/has this loan had on your wellbeing?



Methodology: Single select, fixed order



Response possibilities / scale

- It has grown a lot
- It has grown a little
- None, it has remained the same
- It has deteriorated a little
- It has deteriorated a lot

Question 2 – Loan purpose



Question: What did you need this loan for?



Methodology: Open ended



Response possibilities / scale

- Business startup
- Car / Motorcycle
- Electric vehicle
- Education financing
- Debt rescheduling / Loan redemption
- Renovation / Modernization / Relocation
- Energetic renovation
- Vacation
- Other (specified in comment field; keyword is sufficient)



Customer Lending Survey Part I: Questionnaire Design (2/5)

Question 3 – Loan applications



Question: Had you already applied for a loan for the above purpose elsewhere before you came to auxmoney?



Methodology: Single select, fixed order



Response possibilities / scale

- Yes, but I was rejected
- Yes, but I did not like the offer
- No
- Other (specified in comment field)

Question 4 – Loan achievements



Question: Did you achieve what you wanted with this loan?



Methodology: Single select, fixed order



Response possibilities / scale

- Yes, absolutely
- Yes, but only partially
- No

Customer Lending Survey Part I: Questionnaire Design (3/5)

Question 5 – Self-Employment



Question: Are you self-employed and did you take out this loan for your business?



Methodology: Single select, fixed order



Response possibilities / scale

- Yes
- No
- If the answer is “No”, question No. 6 is being skipped

Question 6 – Business effect



Question: How did the loan affect your business?



Methodology: Single select, fixed order



Response possibilities / scale

- My company has become stronger
- Not at all, my company has remained the same
- My company has become weaker
- Other (specified in comment field)

Customer Lending Survey Part I: Questionnaire Design (4/5)

Question 7 – Unforeseen problems



Question: How did the loan affect your ability to deal with unforeseen financial problems?



Methodology: Single select, fixed order



Response possibilities / scale

- It has improved a lot
- It has improved a little
- It has remained the same
- It has worsened a little
- It has worsened a lot

Question 8 – Ability to save money



Question: How has your ability to save changed since you received the loan?



Methodology: Single select, fixed order



Response possibilities / scale

- It has improved
- It has remained the same
- It has worsened

Customer Lending Survey Part I: Questionnaire Design (5/5)

Question 9 – Quality of life



Question: What impact has this loan had on your quality of life?



Methodology: Single select, fixed order



Response possibilities / scale

- It has improved a lot
- It has improved a little
- It has remained the same
- It has worsened a little
- It has worsened a lot

Question 10 – Impact summary



Question: What story/anecdote can you share with us that describes the impact of the auxmoney loan on your life?



Methodology: Open ended



Response possibilities / scale

- None: Free text input





5c. Customer Lending Survey Part II: Promoting mental health - Questionnaire

Customer Lending Survey Part II: Questionnaire Design (1/5)

Statement 1 – Access to loans



Statement: I felt locked out of the financial system before my auxmoney loan because I did not have access to loans in the way I wanted.



Methodology: Single select, fixed order



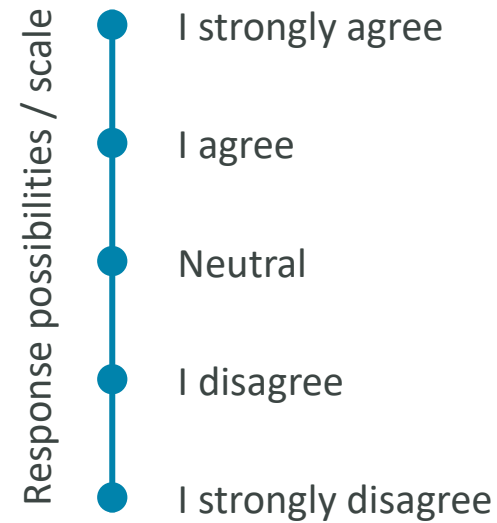
Statement 2 – Access to loans



Statement: I think that my credit score determined by relevant credit agencies (e.g. Schufa) influenced my access to loans negatively.



Methodology: Single select, fixed order



Customer Lending Survey Part II: Questionnaire Design (2/5)

Statement 3 – Financial emergency



Statement: I believe that auxmoney would be there for me in case of a financial emergency.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree

Statement 4 – Financial management



Statement: My financial management has overall improved after I received a loan from auxmoney.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree



Customer Lending Survey Part II: Questionnaire Design (3/5)

Statement 5 – Financial stress level



Statement: My financial stress level has overall decreased after I received a loan from auxmoney.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree

Statement 6 – Confidence level



Statement: My confidence level has overall increased after I received a loan from auxmoney.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree

Customer Lending Survey Part II: Questionnaire Design (4/5)

Statement 7 – Decision-making



Statement: My financial decision-making ability has overall improved after I received a loan from auxmoney.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree

Statement 8 – Financial independence



Statement: My level of financial independence has overall increased after I received a loan from auxmoney.



Methodology: Single select, fixed order



- Response possibilities / scale
- I strongly agree
 - I agree
 - Neutral
 - I disagree
 - I strongly disagree

Customer Lending Survey Part II: Questionnaire Design (5/5)

Question 9 – Loan purpose



Question: What did you need this loan for?



Methodology: Open ended



Response possibilities / scale

- Business startup
- Car / Motorcycle
- Electric vehicle
- Education financing
- Debt rescheduling / Loan redemption
- Renovation / Modernization / Relocation
- Energetic renovation
- Vacation
- Other (specified in comment field; keyword is sufficient)

Question 10 – Impact summary



Question: What story/anecdote can you share with us that describes the impact of the auxmoney loan on your life?



Methodology: Open ended



Response possibilities / scale

- None: Free text input



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All descriptions, examples and calculations contained in this presentation are for illustrative purposes only.

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