4finance Holding SA

Investor Presentation for 3 month 2017 results

31 May, 2017

4finance: an active start to 2017

- **Q1 revenue up 16% and adjusted EBITDA up 18% year on year**
  - EUR 105m revenue, maintaining level from Q4 2016 despite regulatory changes in Georgia
  - Adjusted EBITDA of EUR 35m, slightly above 2016 run rate
  - Profit before tax of EUR 17m, down 15% on last year given regulatory driven yield reduction in certain markets and faster growth in costs and interest expense

- **Continue to deliver on multi-product, multi-market strategy**
  - Online loan issuance growth of 17% year on year
  - TBI Bank strategic initiatives to enable credit cards and lower funding costs
  - Pilot of online Point of Sale product in Spain
  - Instalment loan rollout (Poland, Spain, Romania, Czech Republic) now in 9 markets
  - Latin America market entry showing good indications (Argentina, Mexico)

- **Improvement in asset quality and effective NPL management**
  - NPL management programme, both on underwriting and collections, including active debt sale process
  - NPL/sales ratio at 8.9%, improved from 9.3% at year end
  - Impairment/revenue at 22% compared to 24% for Q1 2016

- **Cost efficiency drive well underway**
  - Focus on cost efficiency across the lending cycle
  - Results expected to show during remainder of 2017

- **Closed significant refinancing transactions in April, including USD 325 million new 5 year bond issue**

Highlights of USD bond issue and refinancings

Fully removed near-term liquidity risks

- August 2017 Put option fully removed from USD 200m 2019 bonds
- March 2018 maturity SEK bonds fully redeemed at end of May 2017

Raised additional funding to support growth

- Issued USD 325m new 5 year bond issue
- Net new money of circa EUR 120m

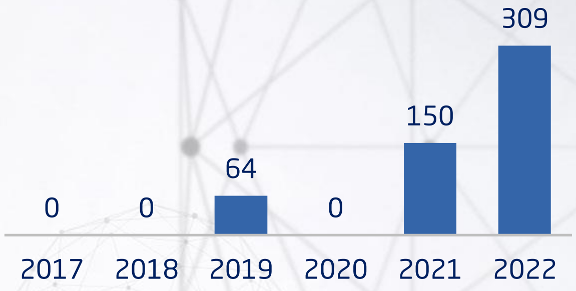
Extended maturity profile with improved terms

- 5 year maturity extends debt maturity profile to 2022 with no Put option
- Improved coupon (10.75%), interest coverage aligned to EUR bonds (2.0x ICR) and updated covenant package

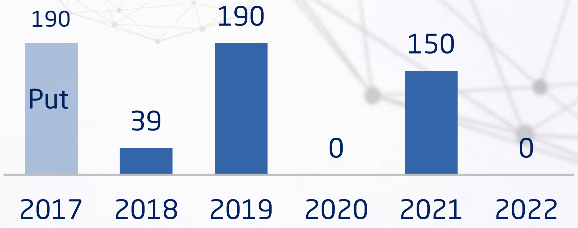
Broadened investor base and benchmark listed issue

- 50+ investors in order book including 'blue chip' UK/US institutions
- Issue size designed to achieve index inclusion and improved trading liquidity

NEW maturity profile, m EUR



Old maturity profile, m EUR

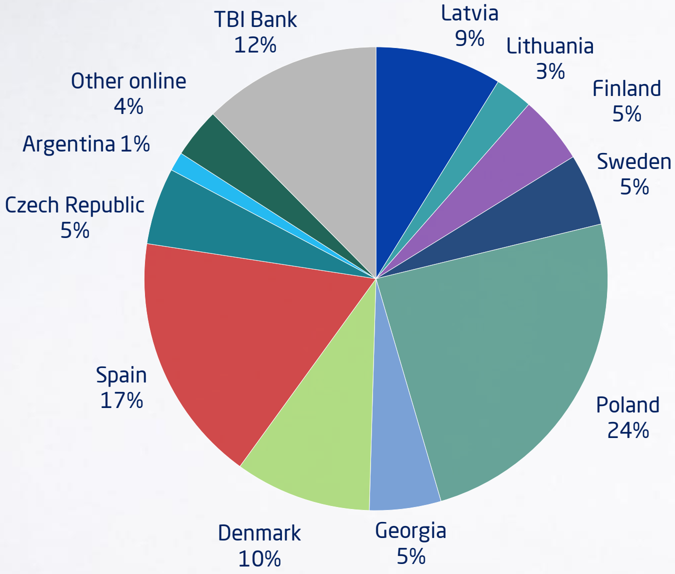


4FINANCE

Diversification by geography and product

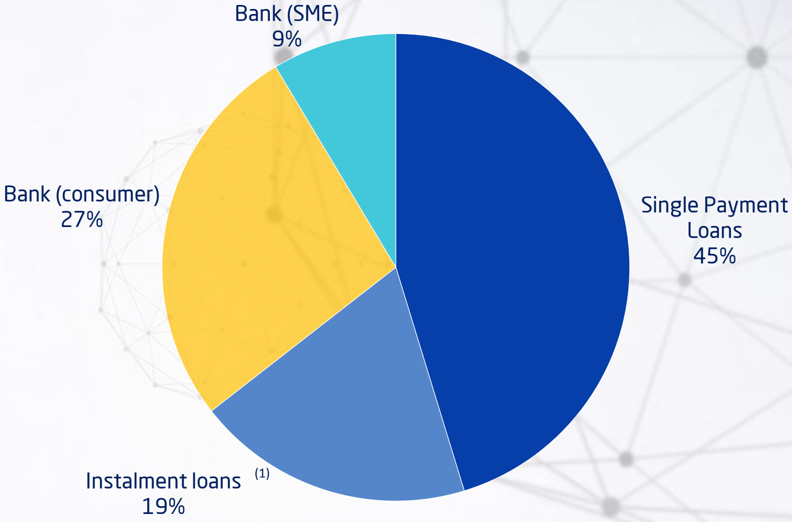
Q1'2017 Revenue: EUR 104.7m

88% online / 12% banking



Q1'2017 Net portfolio: 508.5m

64% online / 36% banking



Note: (1) Instalment loans includes Line of Credit product

Future growth: instalment loans and Latin America

Only half of our product 'instances' are mature

- 33 online product sites live
- 15 launched in Q3 2015 onwards

Instalment loan roll out

- Recent instalment launches in larger markets Denmark (Q3 '15), Poland (relaunch Q4 '15), Spain (Q2 '16) & Romania (Q3 '16)
- Czech Republic launched in December

Latin American expansion update

- Argentina: targeting monthly break-even by end of 2017
- Mexico: unit economics on track
- Focus on getting run-rate profitability in major two markets prior to further expansion

zaplo.pl

zaplo.dk

zaplo.es

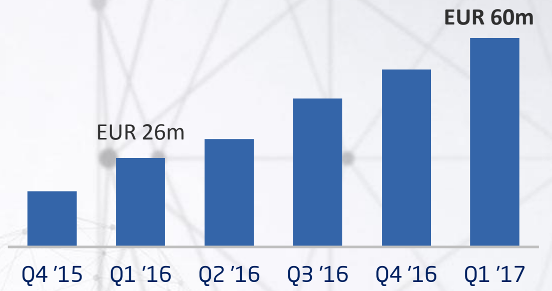
onnen.ro

vivus.com.ar

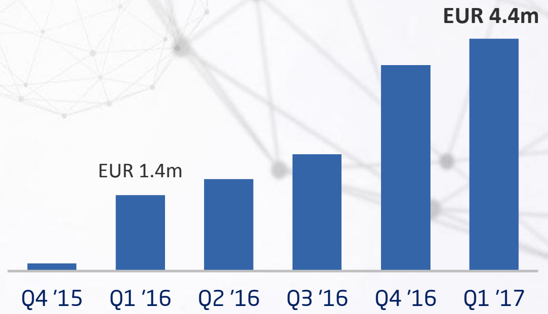
vivus.com.mx

vivus.com.do

Total gross portfolio (recent IL launches)



Quarterly Issuance (Latin America)



4 FINANCE

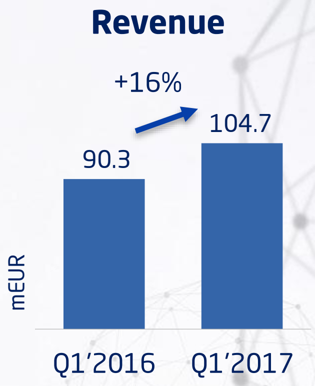
Highlights of First Quarter 2017 results

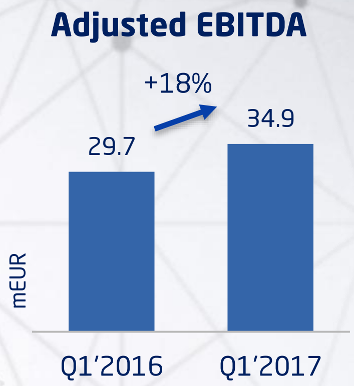
Results show benefits of diversification

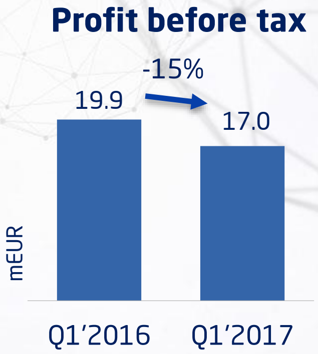
- Online loan issuance up 17% to EUR 313m, revenue up 16% to EUR 104.7 million, adjusted EBITDA up 18%
- Cost to income ratio of 56% reflects increased costs (significant increase in staff numbers during 2016, acquisitions and investment for future growth) and lower revenue in countries which are undergoing adjustment to product set due to regulatory changes (eg Georgia and Lithuania, combined reduction of EUR 11m revenue from Q1 2016 to Q1 2017)
- Actions taken in Georgia: tighter risk cut-offs given lower pricing and already developing IL product to better suit pricing environment
- TBI Bank: EUR 13m revenue, strong deposit growth again in Q1

Asset quality trends positive

- Improving online NPL/sales ratio of 8.9% and impairment/revenue ratio 22%
- Pro-active portfolio management via debt sales (net proceeds demonstrate prudent provisioning)
- TBI Bank asset quality stable (NPL/gross loans ratio 11.6% with 97% provision coverage on consumer loans & strong SME collateral coverage)



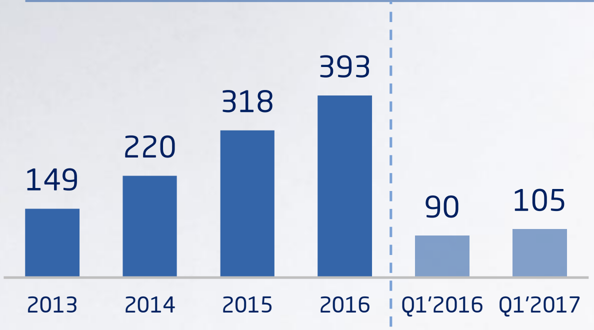




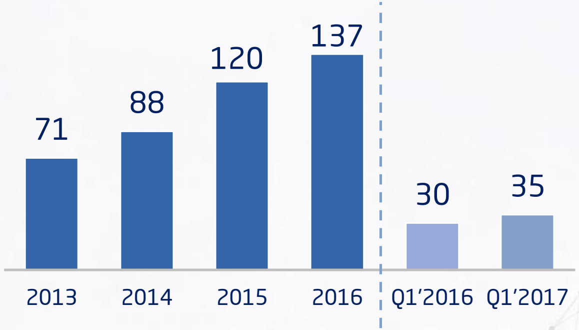
4 FINANCE

Financial highlights - profitable growth

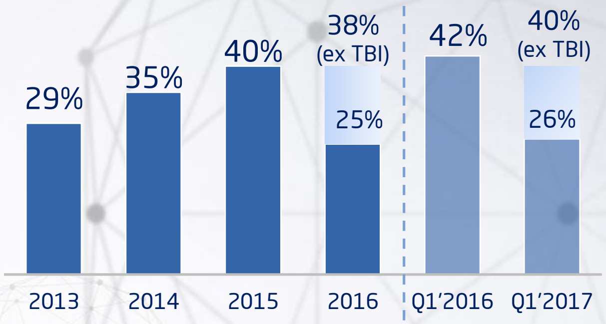
Revenue, m EUR



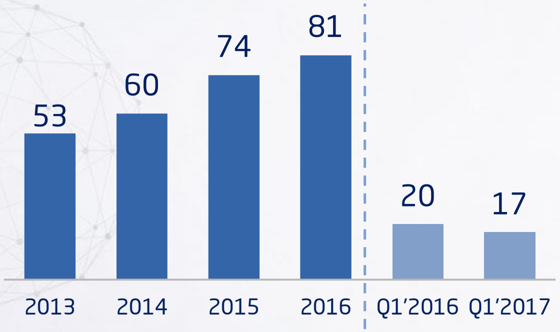
Adjusted EBITDA, m EUR



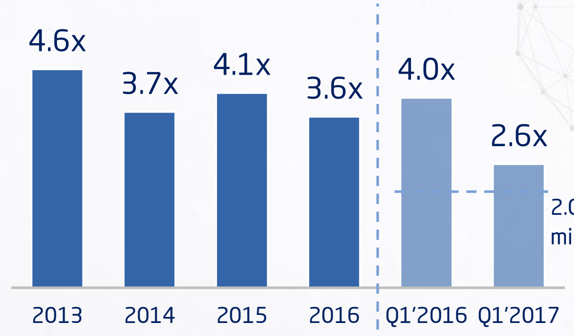
Capital to assets ratio, % (1)



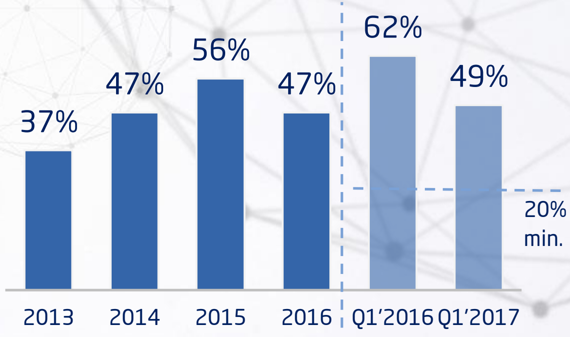
Profit before tax, m EUR



Adjusted interest coverage ratio



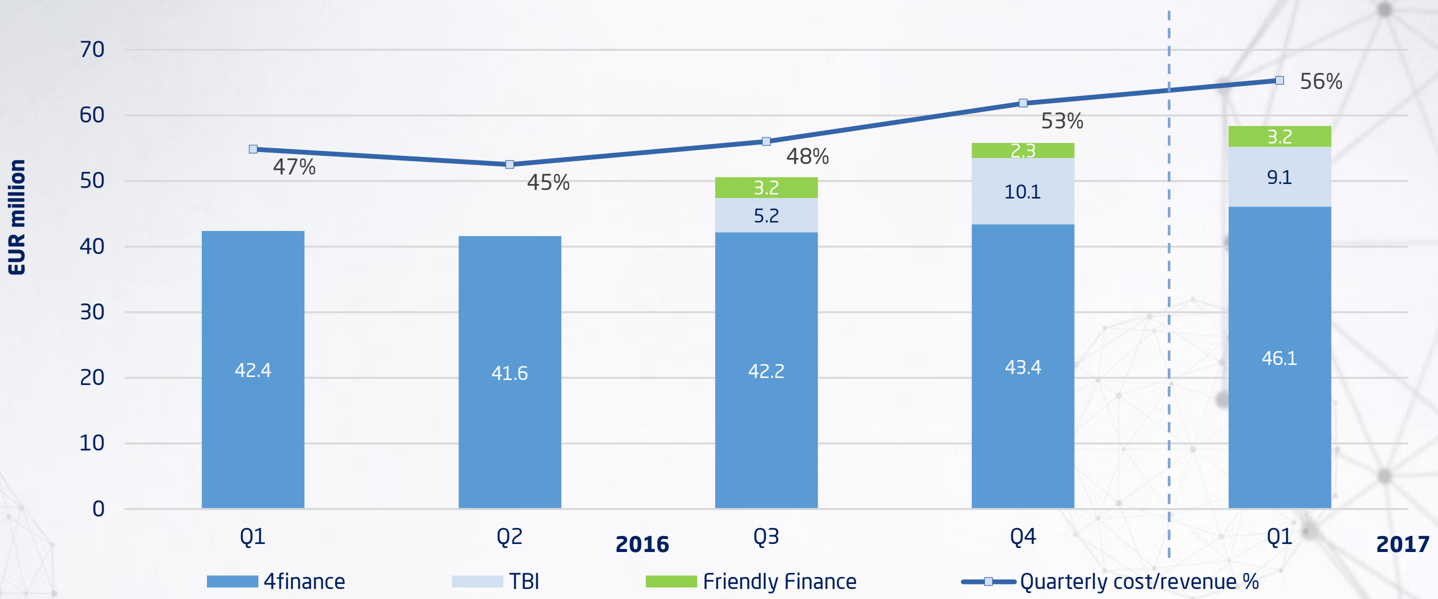
Capital/net loans, %



4FINANCE

(1) Total assets figure for 2014 adjusted for the effect of bonds defeasance

Quarterly expenses breakdown



- Limited growth in costs excluding impact of acquired businesses
- Overall cost/income ratio a focus: revenue increase from growth in non-mature products plus cost efficiency improvements

Note: Q1-3 figures reflect reported unaudited results and Q4 figures reflect balance to full year audited results

Efficiency initiatives across the lending cycle

Marketing

- Already reduced marketing/ revenue
- Continue media buying audits

Apply

- Regional IT approach to deliver changes to product sites more efficiently
- Migration of product websites to fully responsive mobile friendly technology

Underwrite

- Experian roll-out allowing new scorecards to be implemented without additional coding

Accept and Fund

- Payments automations
- Payment Hub using TBI Bank capabilities

Service

- Greater 'self-service' options to reduce workload for customer care teams
- Rollout of improved IVR (interactive voice) functionality
- PCI DSS compliant IVR to allow payments via cards

Collection

- Continuing rollout of CMC collections management system and collections scorecards
- Greater 'self-service' options to improve collections effectiveness and efficiency

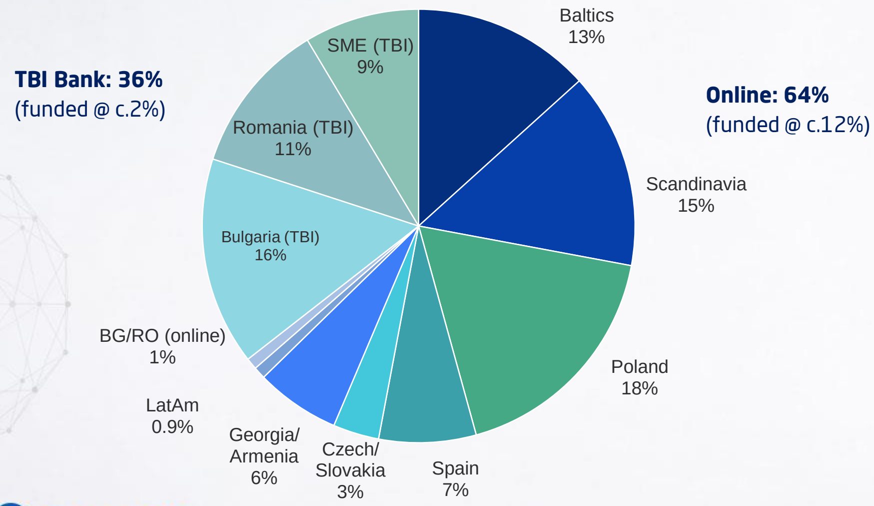
Targeting annualised savings of up to 10% of costs, excluding marketing and D&A

4 FINANCE

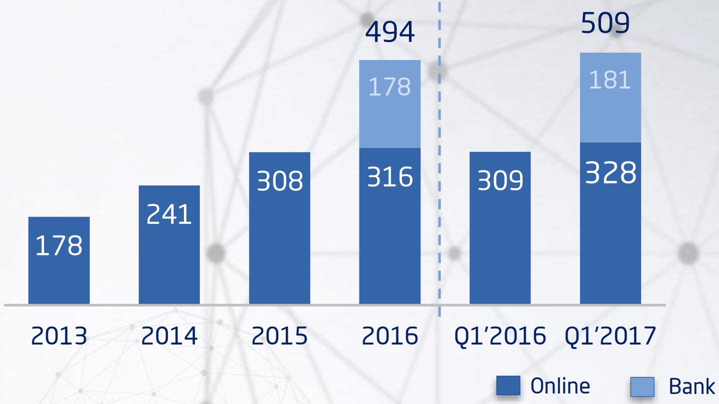
Diversified overall loan portfolio

- **17% year-on-year growth in online loan issuance to EUR 313m in Q1 '17**
- **3.6% quarter-on-quarter growth in online net portfolio to EUR 328m**
- **Overall net loan portfolio totals EUR 509m**
    - 91% consumer loans
    - 64% online loans / 36% banking

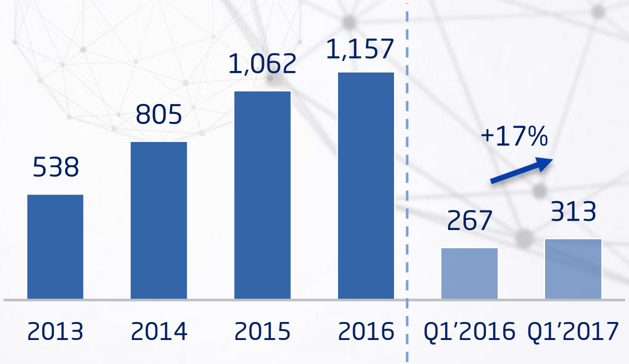
Net loan portfolio, 31/3/2017



Net loan portfolio[1], m EUR



Online loans issued[2], m EUR



4 FINANCE

(1) Gross loan portfolio less provisions for bad debts (2) Continuing operations only

Focus on active management of risk across the credit cycle

Underwriting stage

- **Continual improvements in underwriting**
  - Integration of additional data sources
  - New and refined scorecards

- **Adapting acceptance criteria in response to regulatory changes**
  - Pricing limitations introduced in certain markets
  - Acceptance criteria and cut-offs tightened to maintain risk/reward and impairment/revenue metrics
  - Also results in lower NPL formation

Collections / Sale stage

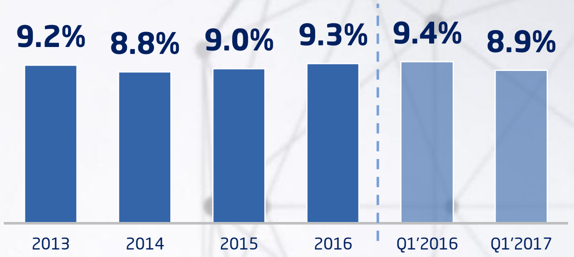
- **Strengthen in-house collection strategies**
  - Greater segmentation and risk-based scorecards for collections
  - Focus on LatAm now volumes are increasing

- **Increasing NPL debt sales**
  - Continual assessment of in-house recoveries vs potential sale price
  - SPL product has attractive, granular characteristics for purchasers
  - Increasing maturity of countries, eg Spain, Poland, gives greater portfolio sale opportunities

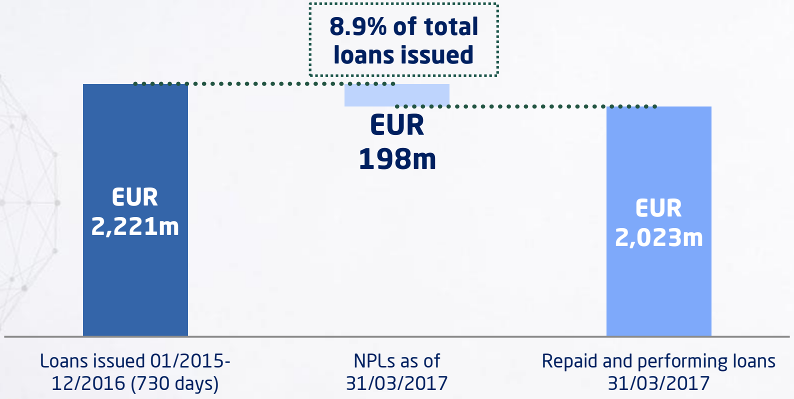
Online: non-performing loans and provisioning stable

- Loans that are overdue more than 90 days are considered as non-performing (NPLs)
- As of 31/03/2017, NPLs represented 8.9% of total online issued loans over the last 730 days (ie the period NPLs remain on balance sheet)
- Actual loss experienced on NPLs is approximately 50%-60% (56% as of 31/03/2017)
- Provisions for default are typically 5-10 p.p. higher

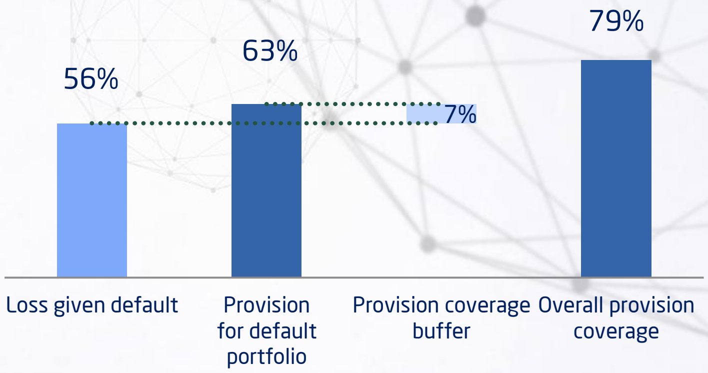
Stable NPLs to issued loans ratio(1)



Non-performing loans (NPLs) as % of total loans issued(1)

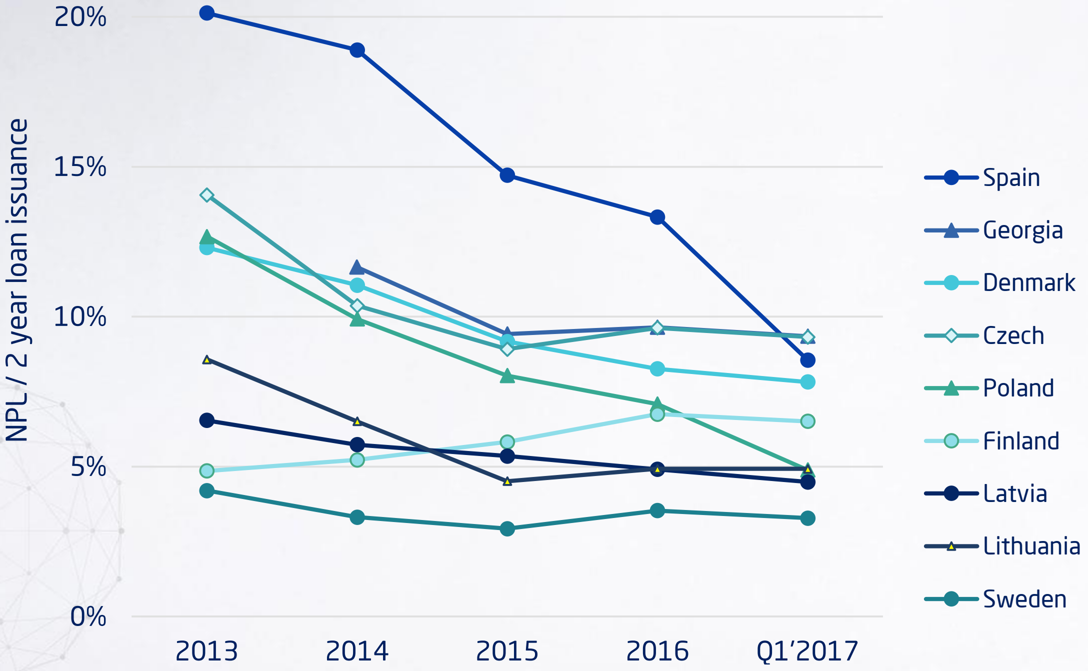


Conservative online loan provision coverage



(1) Total issued loans include the amount of online loans issued, excluding TBI Bank, during 730 days ending 90 days prior to the end of period

Online: asset quality trends for single payment loans



- Non-performing loans to loan issuance ratio tends to improve over time in each market
  - More data: better scorecards
  - More experience: better debt collection
  - More returning customers
- Different characteristics for each market
  - Portfolio mix shift drives overall Group NPL/sales ratio (eg growth in Spain)
  - Impact of debt sales in certain markets (Poland and Spain in Q1 2017)
- Higher NPL ratio countries also have higher interest rates and revenue
  - Impairment / revenue ratio stable

4 FINANCE

4finance adapts successfully to market changes

- **Q1 2017 results reflect impact of regulatory changes in certain markets**
  - Poland, Latvia, Lithuania all saw regulatory changes implemented in Q1 2016
  - Google ban on Ads for loans with <60 days maturity in July 2016
  - Latvia: additional pricing regulations in Q4 2016
  - Romania: affordability regulations introduced at start of 2017
  - Georgia: interest rate cap introduced in mid January 2017

- **How are we adapting in Georgia?**
  - Quick implementation of 100% interest rate cap by regulator in mid-January 2017
  - Average one month loan pricing reduced from c.13% to c.6%
  - Immediate actions: withdraw 'first loan for free', tighten risk cut-offs (applications up, acceptance rate reduced)
  - Subsequent actions: review appropriate product structure for both brands and develop instalment loan

- **Upcoming changes being pro-actively addressed**
  - Poland: consultation process ongoing
  - Finland and Sweden: consultation processes underway with clear timeframe (mid 2018 implementation)
  - Product diversification and Instalment product rollout continues successfully

4finance is a responsible lender and supports regulation

- **What does responsible lending mean to 4finance?**
  - **Marketing:** clear, simple and transparent products and terms
  - **Pricing:** position rates at lower end of market to 'self select' responsible borrowers who 'shop around'
  - **Underwriting:** credit check and underwriting for ALL loans, including returning, with 30% average new customer acceptance
  - **Customer care:** local language, well staffed and responsive teams
  - **Extensions:** no ballooning interest (interest paid for prior month) or 'cycle of debt'
  - **Collections:** "push" payments from customer to 4finance, no automatic withdrawal from bank accounts

    … these are practices common to mainstream bank lending … only common characteristic with "payday" lending is 30 day term

- **As a responsible lender, we welcome appropriate regulation**
  - Active in regulatory / legislative consultations through industry associations and at top Group level including Group CEO
  - Supportive of clear regulatory frameworks
  - Clear, transparent products and pricing with IT/development resources to adapt products where needed
  - Launch of **'responsible borrowing'** global website (www.responsibleborrowing.com) with local sites in 9 markets
  - Secured Consumer Credit company license from Finansinspektionen in Sweden in September, Microfinance organisation registration from National Bank in Georgia in December, Czech license application underway
  - Active preparation / monitoring of upcoming regulatory changes and proposals

Conclusion

- First quarter revenue up 16% and adjusted EBITDA up 18%
- Continuing to deliver on multi-product, multi-market strategy
- Improving asset quality metrics following active NPL management programme
- Focus on cost efficiency across the business
- Strong funding profile with no significant debt maturities until summer 2019

4finance continues to deliver

Appendix

4 FINANCE

Income statement

M EUR	FY'2016 audited	Q1'2016	Q1'2017
Interest income	**393.2**	**90.3**	**104.7**
Interest expense	(38.7)	(7.5)	(13.3)
Net interest income	**354.5**	**82.8**	**91.4**
Net fee and commission income	2.1	-	2.0
Net impairment losses on loans and receivables	(89.7)	(22.0)	(23.0)
General administrative expenses	(190.4)	(42.4)	(58.4)
Other income/(expense)	(14.3)	1.5	4.9
Profit before tax	**81.0**	**19.9**	**17.0**
Tax	(17.8)	(3.2)	(4.6)
Profit for the period	**63.2**	**16.7**	**12.4**
Net impairment to revenue ratio %	23%	24%	22%
Cost to income ratio %	48%	47%	56%
Profit before tax margin %	21%	22%	16%

4 FINANCE

Balance sheet

M EUR	FY'2016 audited	Q1'2017
Loans and advances	**493.9**	**508.5**
Cash and cash equivalents	157.6	157.8
Assets held for sale	8.6	8.9
Property and equipment	12.3	12.1
Intangible assets (IT platform)	39.8	42.0
Goodwill	43.4	43.4
All other assets	175.8	190.8
Total assets	**931.4**	**963.5**
Loans and borrowings	397.2	389.3
Deposits from customers	237.1	261.6
All other liabilities	66.9	64.1
Total liabilities	**701.2**	**715.0**
Total equity	**230.1**	**248.5**
Total equity and liabilities	**931.3**	**963.5**

KEY RATIOS	FY'2016 audited	Q1'2017
Capital/assets ratio	25%	26%
Capital/net loan portfolio	47%	49%
Adjusted interest coverage ratio	3.6x	2.6x
Return on average equity(1)	31%	21%
Return on average assets(1)	9%	5%

(1) RoAE and RoAA based on net profit and start-and-end-of-period averages