4FINANCE FY 2018 UNAUDITED RESULTS CONFERENCE CALL

Moderator: Oyvind Oanes
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OPERATOR: This is Conference #: 5898643.

Operator: Good afternoon, ladies and gentlemen, and thank you for standing by. Welcome to today's 4finance Unaudited Full Year 2018 Results Conference Call.

At this time, all participants are in a listen-only mode. There will be a presentation followed by a question and answer session. At which time, if you wish to ask a question, you will need to press star one on your telephone and wait for your name to be announced. And I must advise you that this conference is being recorded today, Thursday, 28th of February 2019.

And I would now like to hand the conference over to your speaker today, Mr. Oyvind Oanes. Please go ahead.

Oyvind Oanes: Thank you, Ron, and welcome everyone to the 4finance full year 2018 results call. This is Oyvind Oanes speaking, I'm the CEO of 4finance Group. And with me today are as usual, our CFO, Paul Goldfinch, our CRO, Julija Lebedinska-Litvinova, and James Etherington, our Head of Investor Relations.

We would like to start the call today with a short review of our business in 2018 including the key financial highlights as well as a recap and update on our strategic roadmap, before going into a deeper review of the full year results and the loan portfolio.

So, if you could all now please turn to Page 4 of the presentation, you will see that we continue to improve across all key financial indicators. Paul will talk more about these in a few minutes but I believe it's worth pointing out our continued strong growth on interest income, up 6 percent year-over-year driven by a 36 percent year-over-year growth in interest income from our growing instalment loan book in our online business, as well as at TBI Bank where we have seen around 20 percent increase in interest income year-over-year.

The interest income from instalment loans and line of credit is now contributing to over 40 percent of the group's total interest income of above €475 million for the period. The strong growth on interest income coupled with our continued focus on controlling costs translates into post-provision operating profit of €83 million for the year, up 30 percent year-over-year.

We also continue to see strong performance on Adjusted EBITDA throughout the year, totalling almost €148 million for the year, up 9 percent versus 2017.

If you could now please turn to the next page, Page 5. I would like to walk you through a short review of the year 2018. Looking at our operating markets, we're happy to report a strong growth performance of our largest online markets, Poland, Spain and Denmark. Our new loan origination in these countries increased between 7 percent and 12 percent in 2018 and we saw revenue growth in all three markets.

TBI Bank also saw great growth, especially in the second half of the year, and actually grew their net receivables by more than 16 percent year-over-year. We're expecting to see further growth at the bank in 2019.

As a result of regulatory changes in some of our Nordic and Baltic markets, we continue to evolve our product strategy in the region. And as described on previous calls, we had to make some adjustments to our subprime product *Vivus* in Sweden, and we also launched a new near-prime product in the market. We're now in the process of adapting our products to upcoming changes in both Latvia and Finland, expected in the second half of this year.

We worked on preparing some exciting growth plans for our mid-size and smaller businesses in Europe as well as in LatAm for this year and we will talk more about these on the next calls.

Lastly, we also demonstrated that we are able to make some tough decisions and exit sub-optimal markets when required, and decided to exit online business in Dominican Republic, Romania and Georgia.

In terms of the groupwide initiatives in 2018 to the right side of this page, we had a lot of focus, especially in the first half of the year, to make sure that we were in compliance with GDPR requirements by the time this new regulation came into force in May. The implementation of IFRS 9 also required significant efforts as we've talked about on several calls in the past.

Cost efficiency continued to be a topic throughout the year with an aim to bring the cost/income ratio comfortably below 50 percent over time. We had a specific focus on marketing spend efficiency. The total marketing spend was actually reduced by more than 20 percent in the year with no significant impact on volume on a like-for-like basis.

As we continue to evolve our portfolio towards longer-term products, instalment loan issuance was up 21 percent in the year, and now represents more than 50 percent of net receivables, if you also include line of credit products. We talked about a few of our near-prime pilots on the last call, including an encouraging and growing partnership with Fintonic in Spain, as well as our own new Swedish instalment loan product *Friia* that we brought to a soft-launch in early December.

Although we did manage to launch our first product on our new IT platform at the end of the year, we had to realise that we had been underestimating to a certain extent the scale and magnitude of such a significant project, and therefore progressed slower than initially planned.

We believe we have learned a lot from this first phase of the critical transformation project, and I'm making some structural changes to accelerate delivery going forward. And despite the fact that the various funding initiatives are proving to be somewhat more complex than expected, we made good progress and implemented a technical solution (a platform) for securitisation in Q4.

And a significant amount of work was done on preparing a range of processes around legal, accounting, et cetera, to be able to finally launch various pilots in Q2 of this year.

So, that pretty much sums up 2018. If you please now turn to Page 6 of the presentation. This slide is actually a recap and is a high-level illustration of how we evolve and broaden our business model into new segment and products and pursue our strategy of becoming a multi-segment, multi-product consumer credit specialist.

We continue to optimise and adapt our strategy in the sub-prime business by moving away from the historic focus on short-term lending to more longer-term lending products, like instalment loans and line of credit products. Still serving a need in the underbanked and underserved segments in a fair and transparent way.

We're also making progress on the second pillar of the strategy, moving into the near-prime segment and, as already mentioned, we are seeing encouraging results with our repositioning in Lithuania, a partnership model with Fintonic in Spain and recently with a new product in Sweden.

If you turn to next page, Page 7, you will see that the strategic focus areas in 2019 are consistent with this two-pillar strategy. In terms of optimising existing business, we continue our relentless focus on execution across the online businesses, including cost optimisation and efficiency gains.

We're also planning to further carefully grow and develop our instalment loan and credit line business across selected markets in our network. We do believe we have found a good path to growing our business in both Argentina and in Mexico, which focus on partnerships with major distribution networks like the one we're about to pilot in Mexico in the first quarter of this year.

And as already indicated, there would be further adjustments to our product in Latvia and Finland driven by regulatory changes.

In terms of the ‘diversify and grow’ agenda on the right side of this page, we will continue the ongoing near-prime pilots and prepare to scale up, as well as assessing opportunities in this space in other markets.

We also continue our plan to migrate further countries onto the new IT platform, and have already started the preparation work for the next country. As indicated on Page 5, we are getting ready to launch pilots of both our internal funding project with TBI Bank as well as the external project with a larger investor, based on our new securitisation platform.

TBI Bank also falls into the category of ‘diversify and grow’. And if we all move to the next page, which is Page 8 of the presentation, we have included this time a dedicated page on the bank.

On the left-hand side, we have highlighted some of the key achievements in 2018, including the strong financial performance with interest income of 19 percent and a strong growth of the net loan portfolio of 16 percent year-over-year. It is also worth to mention that the bank continues to be very well capitalised and could further reduce its cost of funds by about 40 basis points compared to the year before.

Several strategic initiatives were implemented, including a very innovative e-Commerce product and platform enabling a fully online end-to-end application and onboarding process of new customers. In 2019, the bank’s team will continue to execute on their ‘Next Gen Digital Lender’ strategy with focus on expanding the online POS offering and launching an active Mobile App with the goal to ultimately convert more lending customers into ‘daily banking’ customers.

The bank also plays an important role in the broader context of the group. As described before, we are aiming to leverage the strong TBI balance sheet and low cost of funds for our online business in selected markets.

Based on all the experience and capabilities built up around POS lending, we'll be using the bank as a Group competence centre and also expand the use of the bank's improving payment capabilities for the broader benefit of the group.

Last but not the least, we're also expecting the bank to start paying a dividend to the group this year.

Now, turning to the next page, Page 9, and before handing it over to Paul, I wanted to give a brief update on some of the upcoming regulatory changes.

The first part of the regulatory changes in Latvia came into force in January, and we have made the necessary adjustments to our products to make sure we stay compliant. Our core SPL product has been transformed into a so-called ‘minimum-to-pay’ credit line. More changes will come into force in July, and we are preparing our business model accordingly.

The approved changes to regulation in Romania are expected to come into force this summer, but these will have minimal impact on our business as we now only operate with TBI Bank in that market.

We continue to follow the situation in Finland closely. A proposal that includes an APR cap of about 30 percent was submitted to the parliament back in November and we expect that there would be a voting in March ahead of the upcoming parliamentary elections in mid-April in Finland.

As for Poland, the Ministry of Justice actually published a new proposal a couple of weeks ago suggesting to bring non-bank lending under the supervision of the Polish FSA, and also make some adjustments to the current pricing caps which are actually less aggressive than a previous proposal from a couple of years back suggesting to go to 10 percent plus 10 percent. However, discussions and consultations are now ongoing which we're actually taking part in. But in our opinion, it's too early to say something about the final outcome and potential timing of an implementation of the new regulation.

All in all, we keep following the situation very closely in all relevant markets and continue to be confident (based on past experience) that we would be able to adjust and adopt our products and business model when and if that would be required.

With that, I will now hand it over to Paul who will talk you through next few pages reviewing the financial performance for the period in more detail.

Paul Goldfinch: Thanks, Oyvind, and greetings to everybody on the call today. If we move now to Slide 11.

I'm happy to present another further solid set of financial results for the final quarter of 2018 as we continue to execute on our key strategic decisions we have made throughout the course of the year. We can report another stable quarter of interest income in which we generated slightly over €114 million, and while this represents a 2 percent decrease in income from the prior quarter, that's fully in line with our expectations and also reflects the results of market exits made in Q2 and Q3, being Georgia and Romania.

Excluding exited markets, the adjusted year-on-year increase in interest income was 12 percent, with the Q4 increase being 2 percent. The reported €34 million in quarterly adjusted EBITDA, while below of the prior quarter, is 18 percent up from the prior year comparative. We're very satisfied with the €148 million full year result which is 9 percent above the 2017 and a record result in the history of the company.

Similarly, both our post-provision operating profit and our normalised profit before tax results have grown strongly in 2019 to €83 million and €71 million respectively. And as you heard me say throughout the course of 2018, our key European markets of Poland, Spain and Denmark continued to perform very well with interest income in these three markets alone up 16 percent year-on-year.

We also continue to be very pleased with the results from TBI Bank with over €20 million in interest income reported in Q4, the bank's eighth successive quarter of income growth.

And we're also pleased to report a year-on-year reduction in our operating costs, and we'll cover this in more detail on Slide 13. In Q4, we made some one-off adjustments to intangible assets. This is a combination of a goodwill write-off of just under €4 million and IT asset adjustments of €2.8 million with the majority of these adjustments relating to products from markets that we decided to close or optimise over the year.

The goodwill write-off relates to Friendly Finance in the Czech Republic and Poland where during the year we decided to fully integrate our online operations in those markets, and no longer operate separate brands. As a result, the acquisition goodwill that was originally allocated to those markets has been written-off.

The residual Friendly Finance goodwill is only €1 million for Slovakia, which is a market we continue to operate profitably under the Friendly Finance brand. Additionally, €2.8 million of IT assets were written-off or impaired in Q4, mainly due to decisions to discontinue or de-emphasise certain products in Georgia and Latvia.

In the fourth quarter, we reflected an FX gain of just over €5 million, reducing the full year FX losses to just under €13 million, with a reported €51 million in profit before tax, obviously being negatively impacted by these losses.

The Group continues to generate strong operating cash flow, particularly within the online business. We go into 2019 with a strong liquidity position and do not need to tap the capital markets this year to meet our business plans.

We have over €100 million of cash in the online business and we also hold $25 million of the U.S. dollar 2022 bonds that we repurchased during last year. And we intend to repay the remaining $68 million of August 2019 bonds which mature out of cash on hand.

Strategically, we continue to work on funding diversification projects both in-house (with TBI Bank) and external securitisation, to reduce our reliance on bond funding in the future. Additionally, we expect to start a dividend flow from TBI Bank in the first half of this year, with about €8 million already reserved from the bank's prior year capital.

A number of you on the call would have seen the recent announcement that we appointed PKF as our group auditors, replacing KPMG who've been the auditors for the last 10 years. We were considering putting the audit out to tender as a matter of good practice. This decision was accelerated in the third quarter as we understood from KPMG that their global risk view on privately owned Eastern European banks had changed. So we felt it was appropriate to tender the audit.

We reviewed a range of firms from the top 15 globally, and we're happy with our selection of PKF, who have a broad international network which matches our footprint, and strong depth of resource available.

We turn now to Slide 12, which depicts the country level breakdown of the Group's interest income. Interest income is up 6 percent year-on-year, and there's very little change in the composition of the graphs in the final quarter of the year.

Poland is our largest market generating upwards of 28 percent of the Group's income across our SPL and IL products, with Spain and Denmark also significant contributors across multiple products.

Despite the market exits in the year, we continue to be very well diversified in terms of geographies, increasingly so in terms of our product mix. We have not touched on our two LatAm countries, Mexico and Argentina, for quite some time. And while the growth on these markets has not been as much as we targeted in 2018, we've invested considerable time on refining the product, our client acquisition strategies and risk scorecards in both markets and we have been pleased with their improvements in performance over both Q3 and Q4. We look forward to seeing strong growth in LatAm, together with other growth markets such as Bulgaria and Armenia, in 2019.

We turn now to Slide 13, we're pleased with the overall progress in reducing our cost base. While operating costs increased by just under €3 million in Q4, about half of that is related to a planned seasonal boost in marketing spend, and our overall cost to income ratio of 52 percent is a significant year-on-year improvement.

And while we didn't hit our internal 50 percent target as yet, we feel the future impact of the efficiencies and savings we've made throughout 2018 will see us hit this target in 2019. And with a further small reduction in headcount in the final quarter, we finished 2018 with 600 employees less than what we started the year with, which represents a 17 percent reduction over the period.

And as highlighted on prior quarterly calls, the changes we made to our policies towards IT capitalisation have impacted our year-on-year comparatives, particularly in personnel costs. The full-year impact on our operating costs compared to the prior year is slightly higher than €2.5 million.

And lastly, Friendly Finance costs will no longer be reported separately from 2019, now that the integration as a business is complete, with Slovakia now reported within the online business and the various remaining teams, particularly IT, are fully aligned within their respective functions and supporting the broader online businesses.

Turning now to Slide 14, which depicts six of our quarterly key performance indicators. We finished 2018 with record levels of both interest income and Adjusted EBITDA. Then in turn we've seen the adjusted interest coverage metric at 2.4 times for the full year. We continue to have very good headroom in both our key bond covenant metrics and our overall equity position has continued to improve over the course of the year.

Turning now to Slide 15, our online loan issuance in Q4 totalled €277 million and while this is down 4 percent from the prior quarter, it was entirely due to market exits in Romania and Georgia. We now expect the overall level of issuance to stabilise and grow over the course of 2019 now that these exits are complete.

Our overall issuance has been relatively stable with the prior year comparative. The product mix is clearly pivoted towards instalment lines where issuance is up 21 percent year-on-year. In addition, we are seeing 12 percent growth in LOC issuance against the prior year and growth in both of these two products will be a key priority for the group in 2019.

TBI loan issuance also hit a record high of €87 million in Q4, an 18 percent increase over Q3, and a strong growth in the last two quarters will underpin further development in interest income in 2019. And as we can see, the overall mix of the portfolio remains well balanced between online and TBI.

I'll now ask Julija, our Chief Risk Officer for the Group to take you through the following more detailed slides on our asset quality and the dynamics of our impairment charge.

Julija Lebedinska-Litvinova: Thank you, Paul. Good morning, good afternoon, everyone who's on the call.

I now turn to Page 16, analysis of net impairments and cost of risk. Q4 net impairments is €29.6 million, and this is similar to Q3 level. Total net impairments for the year on the IFRS 9 regime is €123.4million. It is 15 percent year-on-year increase and it is on the lower border of the range communicated at the beginning of the last year.

Debt sale income for the last quarter was €9.3 million, and it is historically the second best quarterly result. And with that, we completed challenging plan for debt sales in 2018 which was definitely aligned with IFRS 9 requirements.

Total debt sale income for the year is €38.1 million. We continue to have good demand for all our portfolios in different geographies. As a result, we have deals in 14 countries. Almost all of our deals were executed with positive gain to P&L. It indicates the quality of the sold portfolios but also the strength of our provisioning methodology.

Credit quality remains stable in majority of our products throughout the year. We experienced a bit of quality problem in TBI Romanian cash loan portfolio in the first half of the last year but this was immediately addressed through underwriting and collection strategies.

Withdrawals from some markets and changes of the scale and others caused the shift in portfolio mix. But due to constant monitoring and fast reaction through underwriting policies, we managed to maintain good level of credit risk.

In total, we made more than 300 changes to our underwriting policies in 2018, we also expanded the variety of machine learning techniques used in modelling, and as a result, cost of risk for the Group in 2018 is 17.7 percent.

I'll now turn to the next slide, Slide 17, asset quality and provisioning. NPL level at the end of 2018 was 19.5 percent for the Group. It is 15.9 percent for the bank and 22.2 percent for online operations. Online NPL level remains absolutely flat throughout the year just slightly fluctuating around 23 percent.

TBI NPL experienced adverse increase in Q1 and Q2 following quality deterioration in Romanian cash loan portfolio. But then, as was mentioned before, the problem was addressed and we started to see improvements already in Q3 and we got convinced in Q4 that problem is under control.

Q4 NPL level in TBI is similar to Q3 level, and this reflects measures we took to stabilise the portfolio. We may expect further insignificant increase in TBI NPL, given growth of retail portfolio recently. However, it is related only to specifics of maturity for the long-term products and it's not related to credit quality. We are convinced as we can judge based on their early risk indicators and vintage metrics.

Coverage level for the Group at the end of the year was 22 percent. NPL coverage remains very solid, well above 100 percent – 111 percent and it just reflects prudent provisioning approach.

That's it on risk management from my side today. Thank you very much. I'll pass it back to Oyvind.

Oyvind Oanes: Thank you, Julija. So, before we open it up for questions, let me try and summarise the key takeaways from today's presentation.

The key financial performance indicators for the full year 2018 show a strong top-line growth, improving our interest income by 6 percent year-over-year and generating a solid Adjusted EBITDA of almost €148 million for the year, up 9 percent on the previous year. Our cost/income ratio keeps going in the right direction and we will continue to focus on bringing this further down over time.

Although some of the key initiatives have taken a little longer to execute than initially expected, we have gained a lot of experience and we're confident that we'll be able to deliver according to plan in 2019.

We continue to believe that the opportunity for our company is significant. We have a strong platform and we believe that we're in a unique position to address the needs of current and new customer segments.

Many thanks for your time and your attention and we will now open it up for questions.

Operator: Thank you. Ladies and gentlemen, we will now begin our question-and-answer session. As a reminder, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced and if you wish to cancel your request, you may press the hash key. Once again, star and one if you wish to ask a question.

We'll now take our first question, comes from the line of Simon Ascher. Please ask your question.

Simon Ascher: Hi, guys. Thank you for your time. Much appreciated. Just maybe a couple of questions. The first one just on this change of auditors and you mentioned the view that your former auditors have taken on Eastern Europe banks, et cetera. Can you give us some data points maybe or just your view on the risk that you guys have about money laundering, et cetera, especially for TBI Bank or any of your Baltics operation?

The second question just on some guidance, as you mentioned, you've exited some businesses. You also referred to a challenging year ahead in your earnings report. So, any sort of guidance maybe on cash flow or income or EBITDA would be welcome.

And then if you could just talk a little bit more into detail as to what the issues have been and how you're sorting these issues for the securitisation project.

Paul Goldfinch: OK. Thank you very much for your questions. I think Julija will tackle the first question for you on AML in the bank and then we will go through the remaining questions.

Julija Lebedinska-Litvinova: Yes. Simon, thank you very much for your question, and AML is obviously very important area for us. So, the bank, being regulated company already, had established these processes for some time. So, basically, we did not do many significant changes in this area in the bank.

However, for online operations, we pretty much started to pay significant attention to AML only after the IV Directive was adopted, and basically now, beside the fact that not in all geographies we are bank/fully regulated entities, the AML regulation is pretty much similar between banking and non-banking organisation in the majority of geographies we operate.

That’s why we made decision not to distinguish and not to compromise around this area. We implemented one technological solution throughout the Group's online operations and now we are fully compliant with AML IV Directive and local interpretations in all markets.

Paul Goldfinch: OK. Thanks. And then I think I'll just cover the points on funding and then Oyvind can talk a little bit in terms of strategic direction for the Group this year.

I think in terms of securitisation, we have two major pillars that we're focusing on, the internal securitisation where we're looking to utilise TBI's balance sheet and its source of consumer deposits.

Without wanting to blame my colleagues in IT, which I won’t, I think the major issue there is really the connectivity between the two IT platforms. I think these issues have predominantly been resolved now.

TBI and our online business in Poland are working very hard together in terms of looking at finalising that project where we would look to sell a portfolio of instalment loans from Poland onto the balance sheet of TBI. We're looking to do a pilot of that in second quarter and then, provided that pilot goes well, we then would look to ramp up the volumes between those two businesses.

In terms of the external securitisation, again, I think we are very close to finally going live with that. We have about 30 people actually in a building down the road from us doing UAT today. The results of day one have gone well and then tomorrow, there is a further day of UAT testing and then we're looking at doing a very soft launch of that slightly before the end of Q1.

So, there were a whole variety of things which have made those projects go probably longer than we anticipated but we're getting very close to doing both.

Oyvind Oanes: OK. Thanks, Paul. I mean, I think in terms of sort of outlook for the year, I guess I alluded to quite a few of those things throughout the presentation. But we continue to focus on the key things the we did a lot of focus on last year, namely growing and continuing to grow and optimise our key European markets being Poland, Spain and Denmark and we'll see both top-line and bottom-line growth from these markets in 2019.

Cost continues to be a topic and as we've heard both from Paul and I mentioned as well, we do have a goal to ultimately come down below 50 percent on our cost/income ratio. So, there is a continued focus on that.

And more strategically, I guess, the near-prime pilots that we have been talking about over the last few calls are showing some very encouraging results and we're looking to scale those up, but actually also evaluate similar near-prime projects or strategies in a couple of other markets in the European network.

And as I said also, we think we have found a way that we can finally start growing our LatAm businesses. So, it's a range of things and no change of strategy per se. It's kind of bit more of the same.

But we have learned a lot and what we're seeing from the various pilots is encouraging and makes us comfortable that we will be able to grow those initiatives throughout the year.

Operator: Thank you. And now our next question comes from the line of Daniel Wasserman. Please ask your question.

Daniel Wasserman: Hi. Good afternoon. Thank you. Actually, I have two questions, one is answered. The second question is what are the sources for your debt repayments after 2019?

Paul Goldfinch: Thank you, Daniel. From my understanding, you're asking about the two bond issues that will mature in 2021 and 2022.

Daniel Wasserman: Correct.

Paul Goldfinch: At this stage, we don't have any definitive plans in terms of what we want to do with those two bond issues. The Euro bonds are obviously callable now, at 104, and I believe in May this year, the U.S. dollar bonds also become callable. At this stage, we have no immediate plans to do that and refinance them. But I think we'll continue to evaluate our options over the course of 2019.

Daniel Wasserman: OK. OK. I guess we'll leave it at that. Thank you.

Operator: Our next question comes from the line of Rumen Ivanov. Please ask your question.

Rumen Ivanov: Hello. Good afternoon and thank you very much for the presentation. My first question is about the comment, Oyvind, you made in the earnings release. You said, “we know this coming year will be challenging”. What are the key challenges for 4finance in 2019?

Oyvind Oanes: Yes. Thanks for the question. I think this business is continuing to be challenging. There's a lot of movements in the various markets, whether it's regulation, whether it's the competition moving on, et cetera.

I think key challenges for us, in addition to continuing internally to optimise our business, will be to reposition our businesses in the Nordics further as a result of what came in on regulation in Sweden in the second half of last year, what we expect will come in Finland later this year and Latvia as well in the middle of this year.

So, that's, of course, a challenge that we're working on and trying to sort of find a viable strong business model for continuing to grow in those markets. So, I'd say that's a challenge that we're facing.

Now, another challenge is what we're doing around funding and making sure we now get that finally up and running and hopefully see some good results out of the pilots that we are about to launch. And I guess also as I alluded to in my presentation, it is challenging per se for any business to go through a transformation of the IT platform and that is something that we will continue to view as a challenge overall as we go through this year.

But we're confident that we have found a way to be more confident around the planning on how we bring in the new platform and we'll start to have good results in terms of implementation and ultimately the benefits of that platform coming towards the end of this year.

Rumen Ivanov: Thank you. I wanted to ask if you have estimated the potential impact on revenue from the proposed changes in Polish regulation.

Oyvind Oanes: No, I think what we said is, first of all, this is something that has been known to us for about 10-12 days and so it's very early. Now, we're not very scared about what is proposed in terms of coming down from the current 25-30% to 20-25%. As I said, there was a much more aggressive proposal a couple of years ago.

But, of course, there will be some impact if this now finally goes through, but it's too early for us to kind of give an estimate in terms of how much that would be. And we'll first need to see how these various discussions and consultations go and whether this ultimately even becomes something that the regulator or the politicians would agree to put into force in the market. So, I think when we have our next call, we'll know what the outcome has been, and we can probably talk more about the impacts then.

Rumen Ivanov: Yes. And your business mix is changing. It's shifting towards more instalment loans and lines of credit due to the changes in the regulatory environment. But there is not much change in the cost of risk, it stays around 20 percent. Should we expect to see that decline, or go up, in 2019 as you continue to de-emphasise the legacy single payment loan product and kind of move towards other products as you adapt your businesses to new regulations. How should the key variables of interest income and provision expense should move in this new environment?

Julija Lebedinska-Litvinova: Yes. Rumen, thank you very much for this question. Let me try to address the first part of that. So, basically, the cost of risk is flat but it's not easily comparable to the previous year because of the changes related to IFRS 9. But that's true, throughout the year, it's been flat.

If you look on our instalment book now, especially within the online operations, it still is predominantly sub-prime instalment loans, which are extremely difficult to manage from a risk management perspective. When we speak about expectations, then we cannot share specific numbers, but what is clear for us in risk management is that with a growing scale of near-prime products, we definitely should see cost of risk on a downward trajectory.

So, as Oyvind mentioned several times throughout the presentation that we're going to scale, and then we will see like what will be the product mix and depending on that, the cost of risk will, expectedly, move down.

Rumen Ivanov: OK. Thank you.

Operator: Thank you. And there are no further questions. Please continue.

Oyvind Oanes: OK. So, if there are no further questions, again, thank you for your time and attention and we look forward to speaking again to you in about three months from now. Thank you. Have a good evening.

Operator: That does conclude our conference for today. Thank you all for participating. You may all disconnect.

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