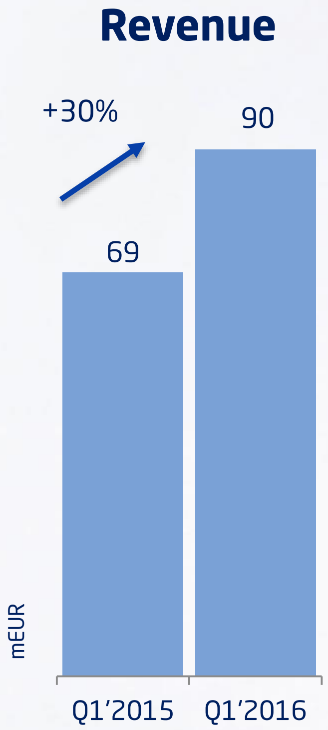
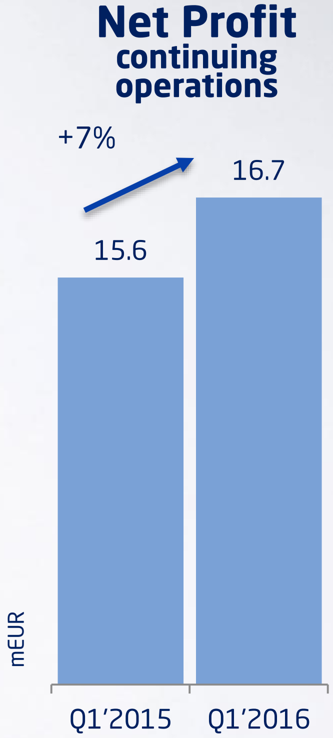
4finance investor presentation for 3 month 2016 results

2 June, 2016

Highlights of First Quarter 2016

- **Solid results delivered**
  - Revenue up 30% to EUR 90.3 million
  - Regulatory changes implemented in 4 key markets
  - Record quarterly profit of EUR 16.7m
- **Seeing benefits of new platforms and technology**
  - Mobile applications up to 32% of total (13% in Q1 ‘15)
  - Marketing expense/revenue down to 15.4% (16.8% in Q1 ‘15)
- **Diversification into new markets and products is on track**
  - Preparations for Dominican Republic launch in June
  - Instalment loans launched in Spain in May
- **Capitalisation continues to build**
  - 42% capital / assets ratio
  - 62% capital / net loans ratio
- **Cost/revenue and asset quality trends are in line with expectations**





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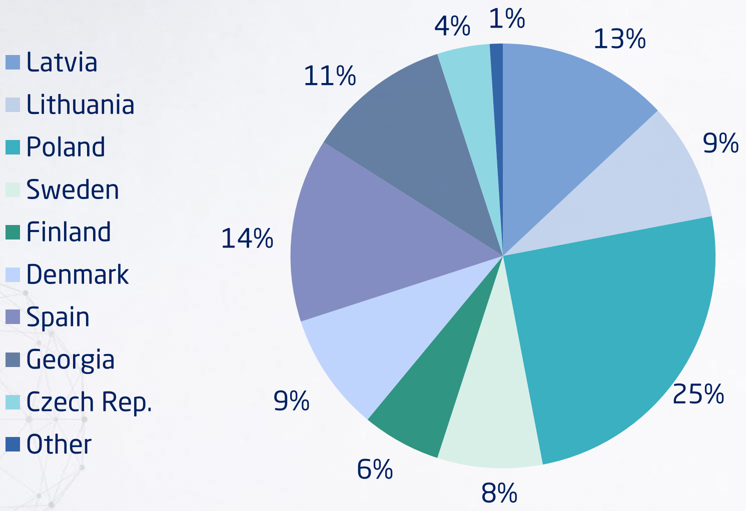
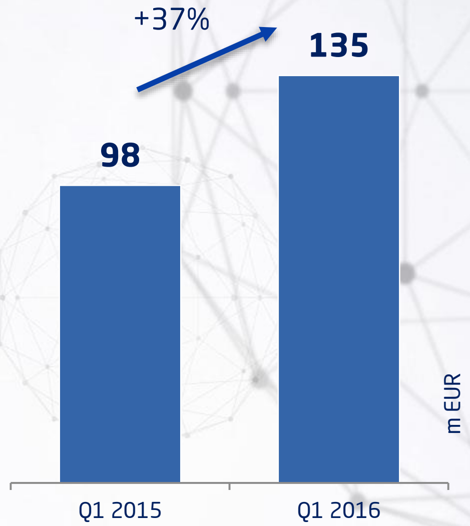
Diversification by geography and product

Q1'2016 Revenue: EUR 90.3m



Instalment Loan Portfolio (Gross)



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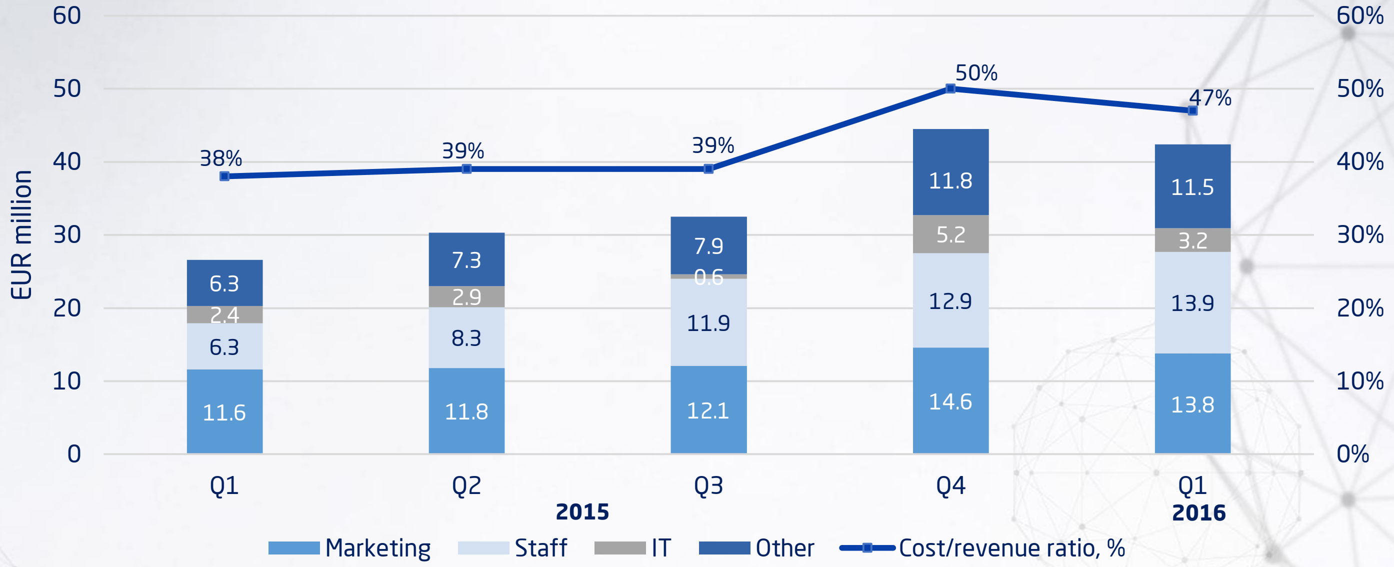
Quarterly expenses breakdown



- Marketing efficiency improving: marketing expense / revenue decreased to 15.4% (1Q16) from 16.8% (1Q15)
- Staff expenses account for 6 percentage points of cost / revenue ratio increase

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Note: Other includes debt collection, legal and consulting, application inspection costs, communications, bank expenses, travel, rent and utilities, depreciation & amortisation and other expenses
Q1-3 figures reflect reported unaudited results and Q4 figures reflect balance to FY 2015 audited results

Investing in staff to support future growth

Country	March 31, 2015	March 31, 2016
HQ (Latvia, UK)	199	304
Latvia	114	145
Lithuania	85	108
Finland	37	36
Sweden	34	40
Poland	243	350
Denmark	24	35
Spain	84	135
Czech Republic	75	135
Georgia	128	165
Bulgaria	19	52
Romania	10	37
Armenia		26
Argentina		32
Mexico		36
Miami		7
Dominican Republic		3
Total	**1,052**	**1,646**

Functions	March 31, 2015	March 31, 2016
Management	33	58
Administration	23	36
Finance	74	117
Risk management	38	72
Customer care	396	676
Debt collection	234	256
IT and Product development	145	260
HR	32	42
Internal audit	6	7
Legal & Compliance	14	43
Marketing	52	73
Lean Management	5	6
Total	**1,052**	**1,646**

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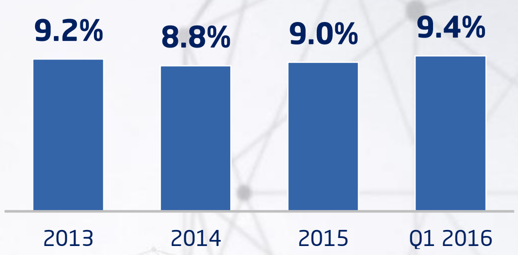
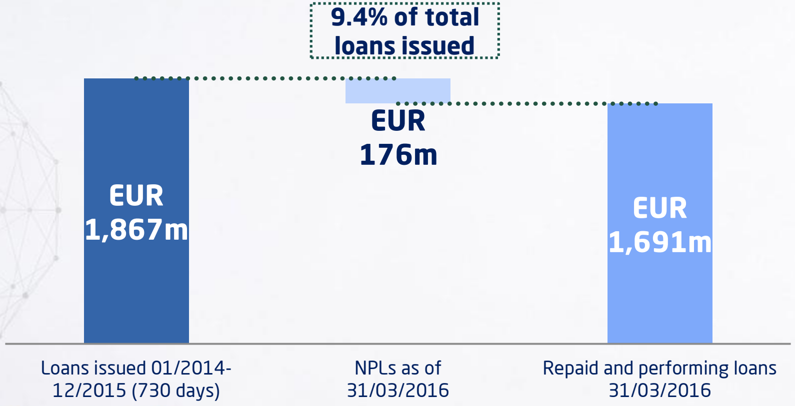
Non-performing loans and provisioning

- Loans that are overdue more than 90 days are considered as non-performing (NPLs)
- At the end of Q1 2016 NPLs represented 9.4% of total issued loans over the last 730 days
- Actual loss experienced on NPLs is approximately 50% (51% as of 31/03/2016)
- Provisions for default are typically 5-10 p.p. higher

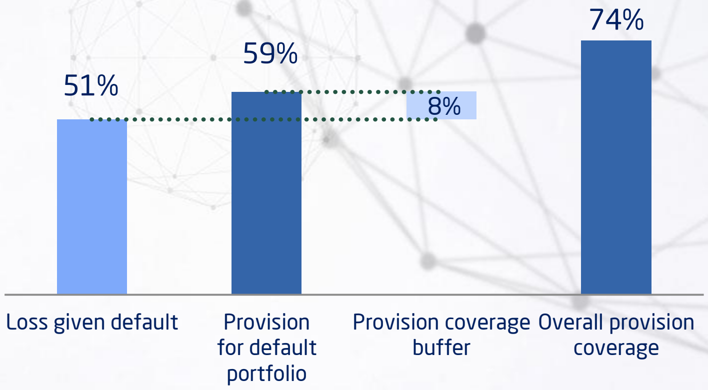
Stable NPLs to issued loans ratio[1]



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



Conservative provision coverage



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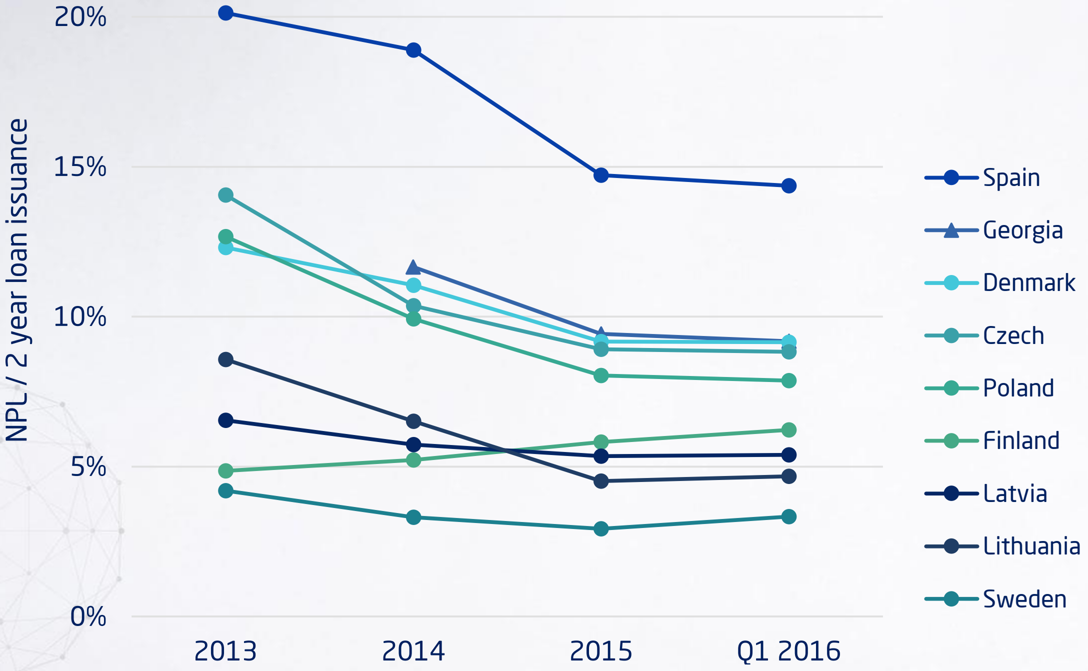
(1) Total issued loans include the amount of loans issued during 730 days ending 90 days prior to the end of period

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)
  - Current trend is in line with expectations
- Higher NPL ratio countries also have higher interest rates and revenue
  - Impairment / revenue ratio stable

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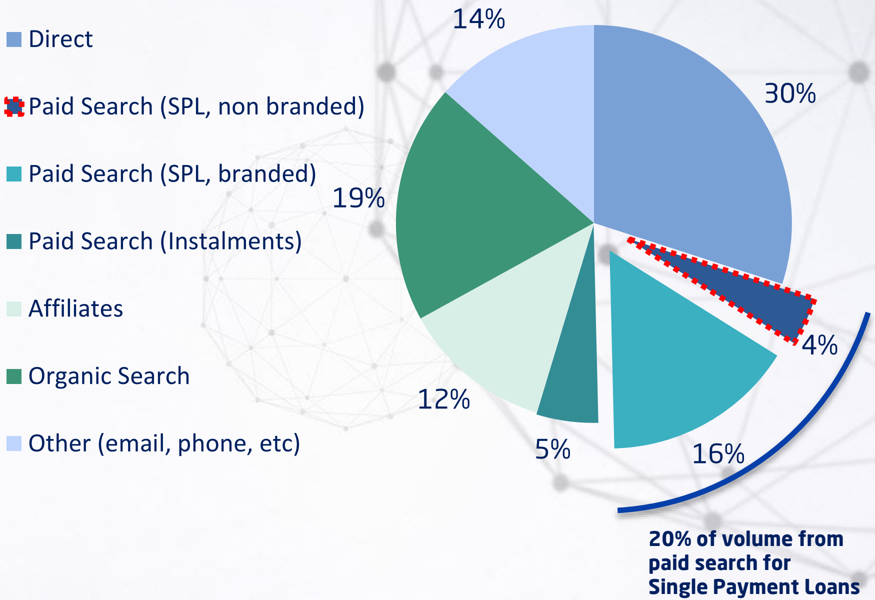
Google policy changes

- **Applies to entire industry**
  - Global policy update from Google
  - Final restrictions not yet clear, expected in July

  ...but does not reduce the underlying customer demand
- **4finance is well positioned**
  - Diversified multi-channel marketing strategy
  - Reduced emphasis on Google (drives <20% of lending volumes vs c.40% 18 months ago)
  - Significant scale and resources to deploy
- **Strong brand recognition is critical**
  - Searches using our brand names make up c.80% of paid search
  - Organic search rankings will drive traffic
- **Challenges we are addressing**
  - Reviewing possible changes to product profile
  - Marketing approach for early phase of new markets

Lending volume by marketing channel, 2015



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Intended acquisition of TBI Bank

TBI acquisition at a glance

- **Small, profitable, consumer-focused bank in existing markets (Bulgaria and Romania)**
- **Track record of profitability**
  - EUR 4 million net profit in Q1 2016
  - RoA of 6%, RoE of 27%
- **Strong capitalization**
  - 26% Tier 1 ratio (8.5% minimum)
- **Simple, deposit funded balance sheet**
  - EUR 168 million net customer loans
  - EUR 58 million cash
  - EUR 279 million total assets
  - EUR 178 million customer deposits
- Purchase price approx. EUR 75 million (c.1.25x price/book)
- Closing expected in July 2016, subject to conditions

Rationale for acquiring a European bank

- **Potential to offer consumer loans in all European markets**
  - Certain EU countries require a banking license for consumer lending
  - Gives greater flexibility in responding to changes in licensing / regulatory regimes for non-bank lenders
- **Potential to develop deposit funding**
  - Lower funding costs
  - Diversify funding beyond capital markets
- **Potential to enhance credit card offering**
  - New product development already underway
  - Ability to control more of credit card value chain
  - Attractive market volume

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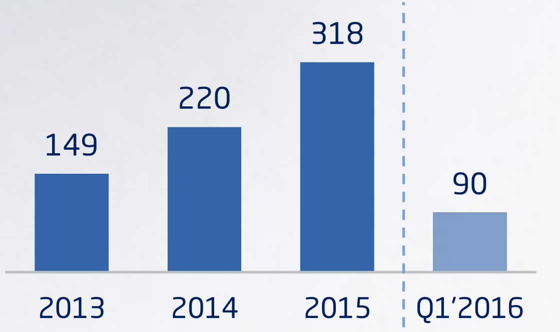
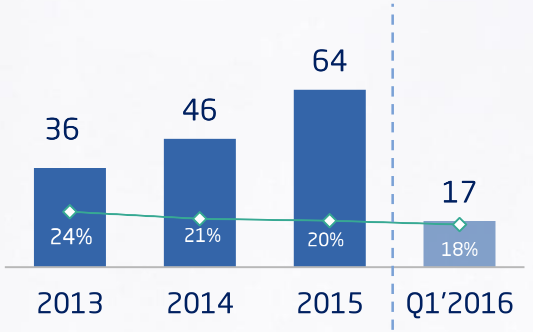
Financial Review

Financial highlights

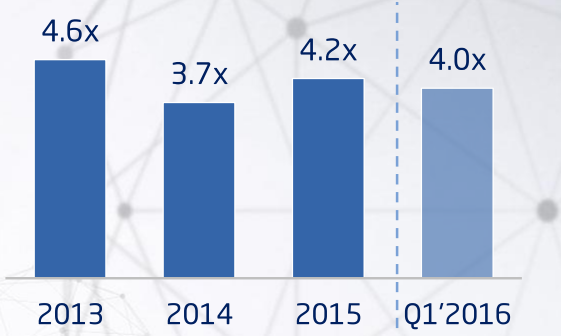
Revenue, m EUR



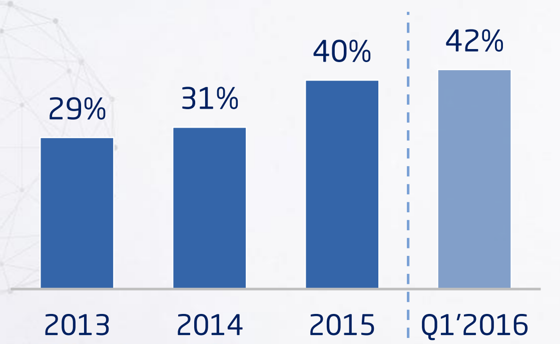
Net profit (m EUR) and net margin



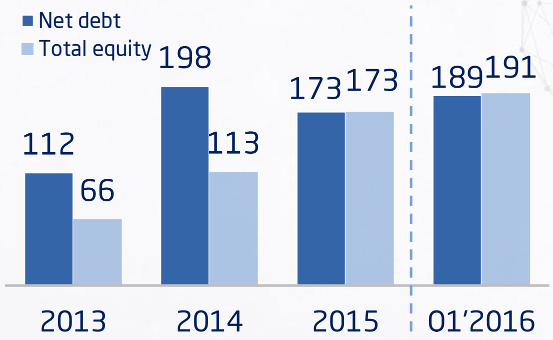
Adjusted interest coverage ratio



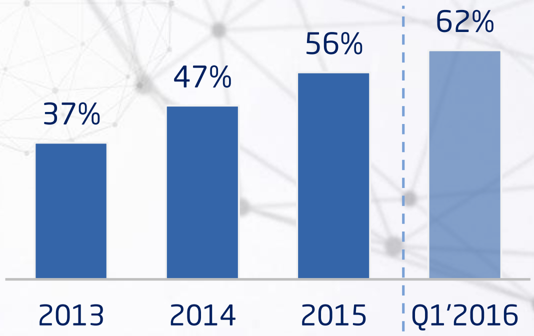
Capital to assets ratio, % (1)



Net debt(1) and total equity, m EUR



Capital/net loans, %



(1) Assets and debt figures for 2014 adjusted for the effect of 2015 Notes' defeasance

Income statement

INCOME STATEMENT, M EUR	Q1'2015	Q1'2016	% Change
Interest income	**69.2**	**90.3**	**30%**
Interest expense	(7.1)	(7.5)	6%
Net interest income	62.1	82.8	33%
Net impairment losses on loans and receivables	(17.2)	(22.3)	30%
General administrative expenses	(26.6)	(42.4)	59%
Other (expense)/income	1.3	1.8	38%
Profit before tax	**19.6**	**20.0**	**2%**
Tax	(4.0)	(3.2)	(20)%
Profit from continuing operations	**15.6**	**16.7**	**7%**
Discontinued operations, net of tax	5.1	-	
Net profit	20.7	16.7	(19)%
Net impairment to revenue ratio %	25%	25%	
Cost to income ratio %	38%	47%	
Net profit margin, %	30%	18%	

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Balance sheet

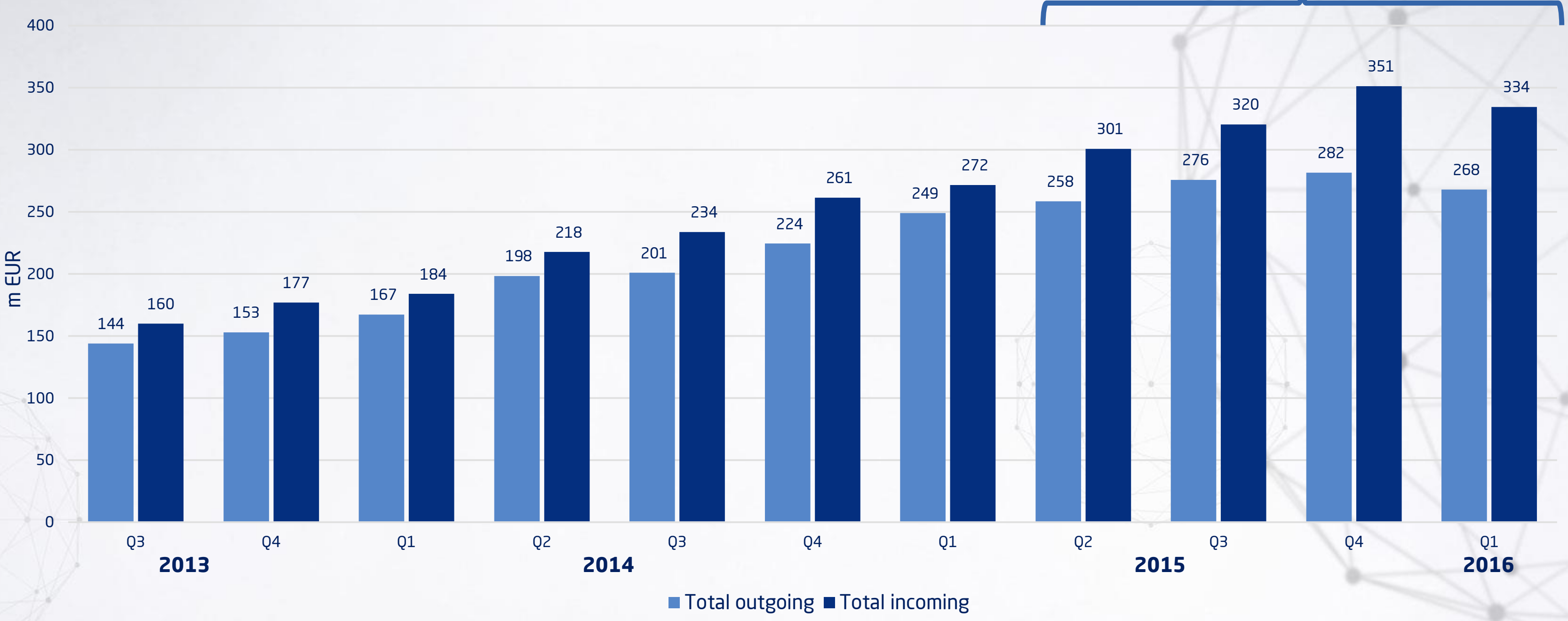
BALANCE SHEET, M EUR	Q1'2015	Q1'2016	% Change
Loans and advances	**271.2**	**309.1**	**14%**
Cash and cash equivalents	46.3	30.5	(34)%
Intangible assets (IT platform)	4.6	21.6	370%
All other assets	57.2	92.4	62%
Total assets	**379.3**	**453.6**	**20%**
Loans and borrowings	227.8	219.7	(4)%
All other liabilities	19.6	42.7	118%
Total liabilities	**247.4**	**262.4**	**6%**
Total equity	**131.9**	**191.2**	**45%**
Total equity and liabilities	**379.3**	**453.6**	**20%**

KEY RATIOS	Q1'2015	Q1'2016
Capital/assets ratio	35%	42%
Capital/net loan portfolio	49%	62%
Adjusted interest coverage ratio	3.4x	4.0x
Return on average equity[1]	51%	37%
Return on average assets[1]	16.7%	15.0%

(1) RoAE and RoAA based on net profit from continuing operations

Loan portfolio cash flow

Last 12 months net incoming cash* EUR 223m



* From continuing operations

Summary

Summary

- **Solid first quarter results**
  - Strong revenue growth and record quarterly profitability
  - Delivered alongside regulatory changes
  - Trends in expenses and risk in line with expectations

- **Laying the foundations for future growth**
  - Investment in people & technology
  - Diversification: new markets on track, Instalment Loans on track
  - Funding: 5 year EUR 100 million bond

- **Strategic & corporate governance progress**
  - Attractive bank acquisition with multiple potential business benefits
  - Separation of Chairman and CEO roles
  - Strengthening management team: George Georgakopoulos joins as CEO