



4finance Holding SA

Investor Presentation for full year 2017 results

1 March 2018

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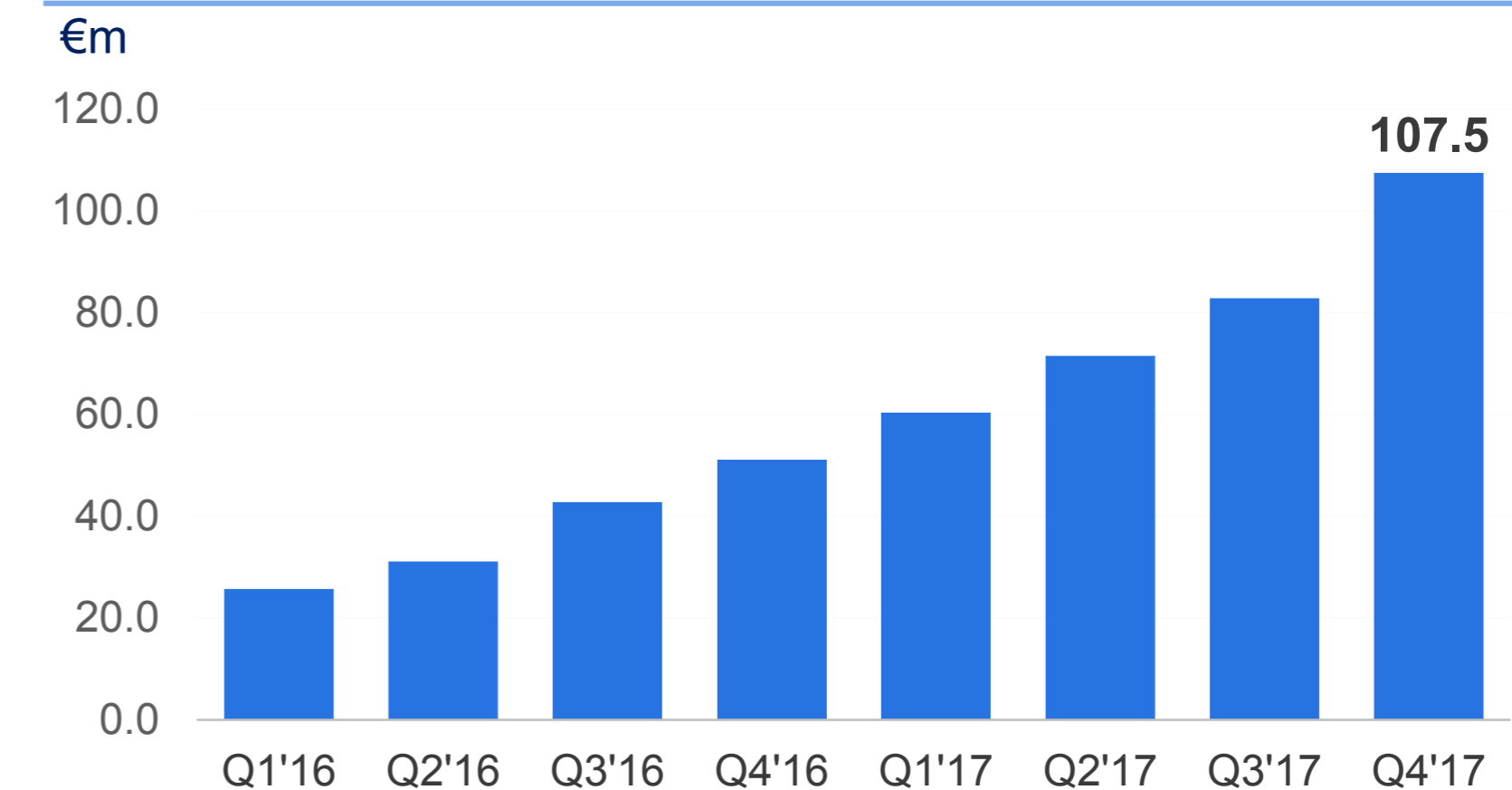
Agenda

- Year-end operational progress update
- Review of full year 2017 results
- Loan portfolio and asset quality
- Conclusion

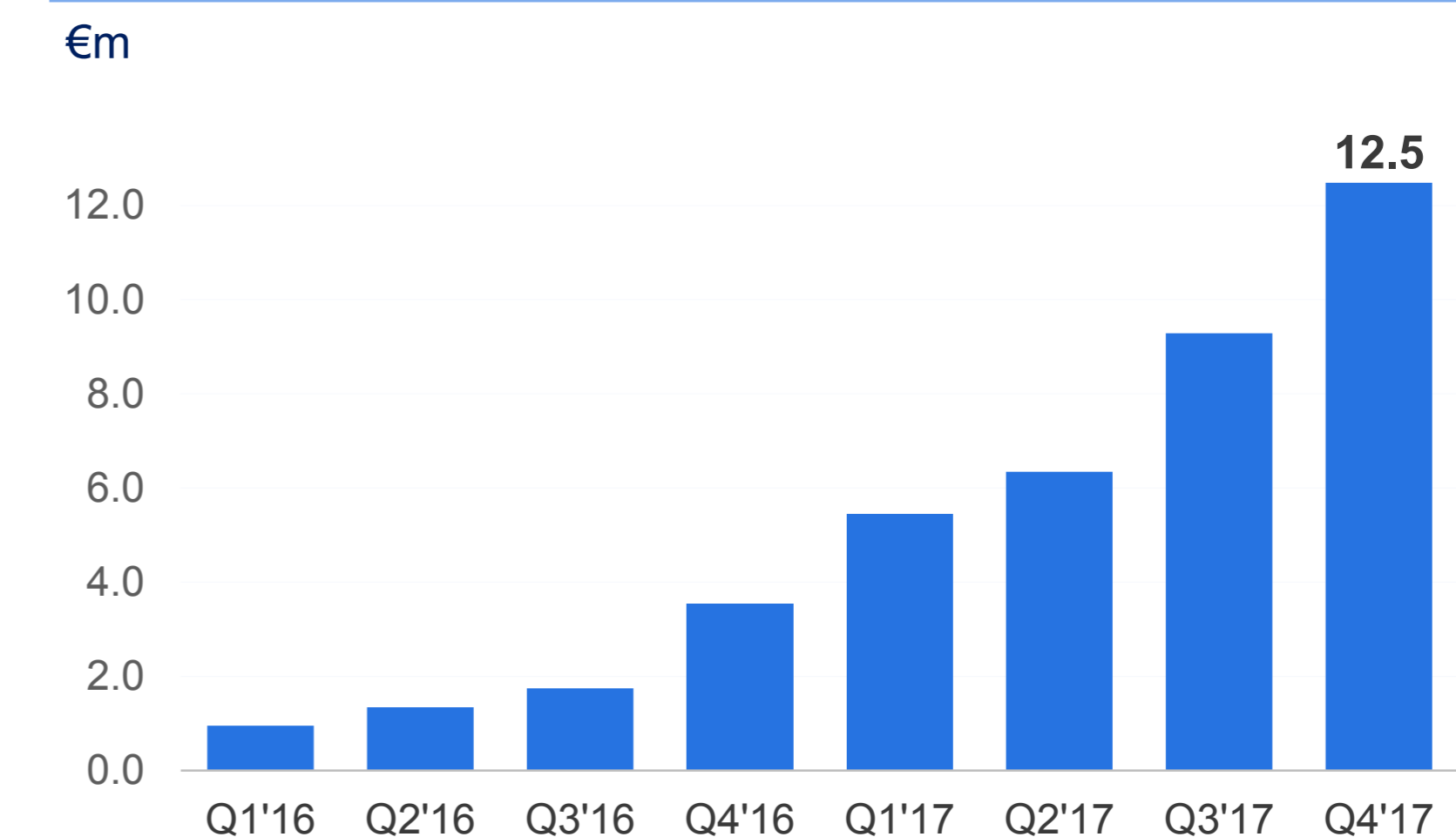
Operational progress: momentum continues

- Growth in our existing markets, complemented by continued product and market diversification
 - Accelerating quarterly growth in overall loan sales, with over 57% of applications now on mobile devices
 - Portfolio diversification continues with significant instalment loan issuance growth. A substantial portfolio building, growing visibility in future interest income
 - Market diversification continues, with Latin American growth (up 34% QoQ)
 - Robust response to regulatory changes, with launch of instalment loans in Georgia, a near prime offering in Lithuania, and the evolution of minimum-to-pay functionality in SPL products
 - TBI franchise achieving solid growth and profitability, and starting to deliver operational synergies (payment processing, and portfolio funding)
- Overall pragmatic bias continues
 - Continuing conservative underwriting policy in Mexico, monitoring closely until we develop adequate comfort in portfolio performance
 - Careful prioritisation of internal projects and resource allocation that balances short term performance with long term investments
 - Driving tighter integration of Friendly Finance, and seeking operational synergies and efficiencies
- Continued strengthening of governance model, compliance and oversight
 - More robust supervisory board involvement designed to provide appropriate checks and balances
 - Further strengthening of our AML, GDPR and other strategic compliance priorities
 - Significant development of internal reporting and analytics capabilities

Gross receivables from recent IL launches⁽¹⁾



Quarterly Issuance (Latin America)

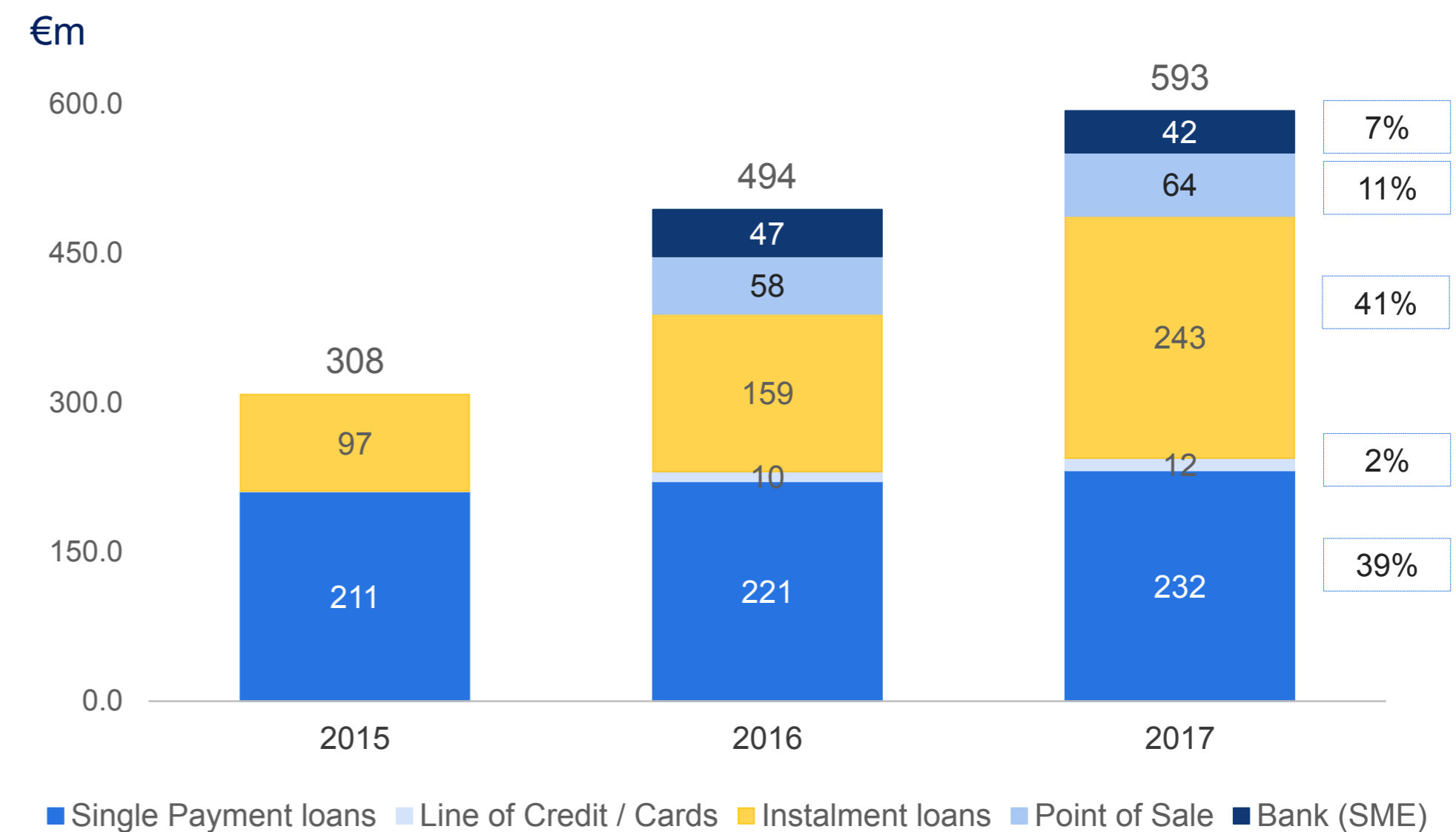


Note: (1) Includes instalment loans in Poland, Denmark, Spain, Romania and the Czech Republic

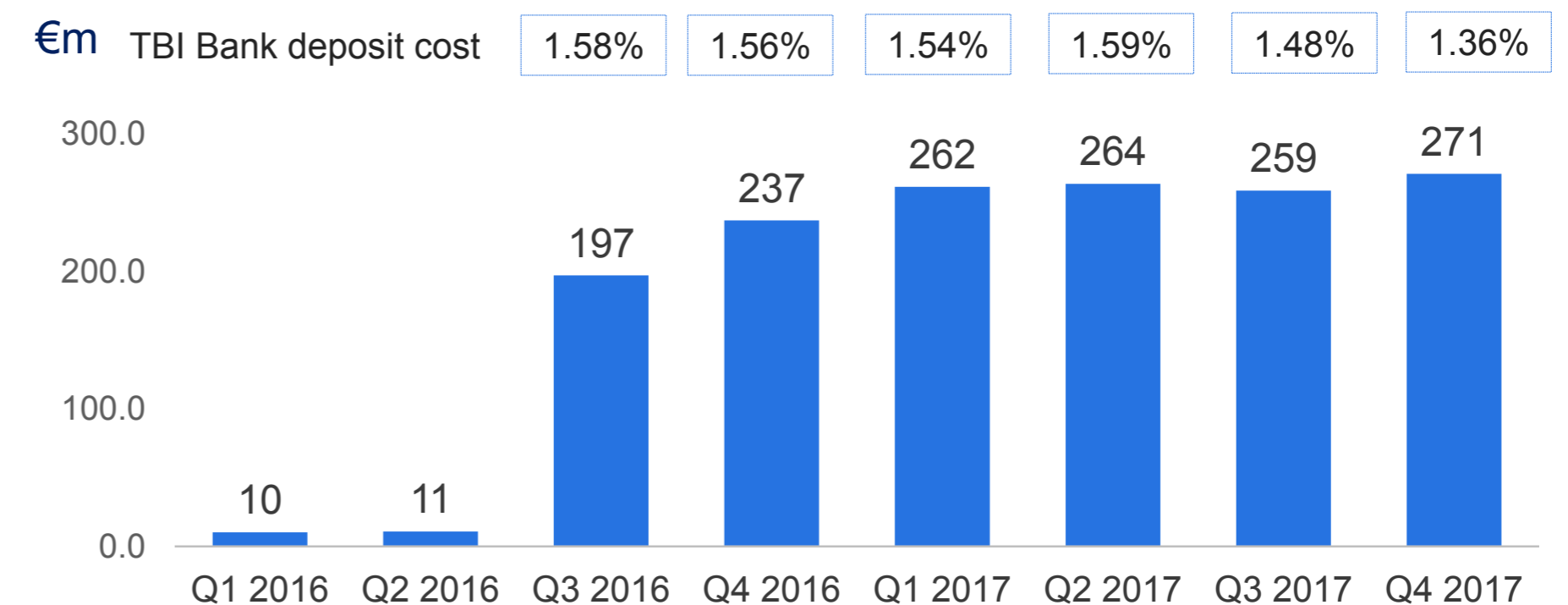
Operational progress: building a bridge to the future

- Accelerating development of new IT platform capable of powering all of our products going forward, including SPL, IL, LOC, Credit Card and Deposits, allowing faster rollout speeds at lower cost
 - Smart blend of internal (differentiating) and external (best-in-class) components
 - Pragmatic review of existing IT platform: write-down of intangible assets at year end, with limited capitalisation going forward
- Next generation project for Sweden on track to launch in closed beta in late Q1 2018 with powerful new risk based pricing functionality, risk based limits, smart/adaptive on-boarding, behavioural driven anti-fraud capabilities and a new mobile-friendly UX
- Streamlining of our brand strategy. Gradual migration of our multiple brands to a single sub-prime brand. Development of a new brand for our more near-prime customers. Designed to improve marketing efficiencies
- Partnership established for near-prime products in Poland for launch later in 2018
- Partnership established with major utility in Mexico for targeted rollout to their customers in 2018 (scoring data and authenticated customers)
- Progress on diversifying our sources of loan book funding. Several funding projects underway, both 'in house' (TBI Bank, deposits) and external secured funding

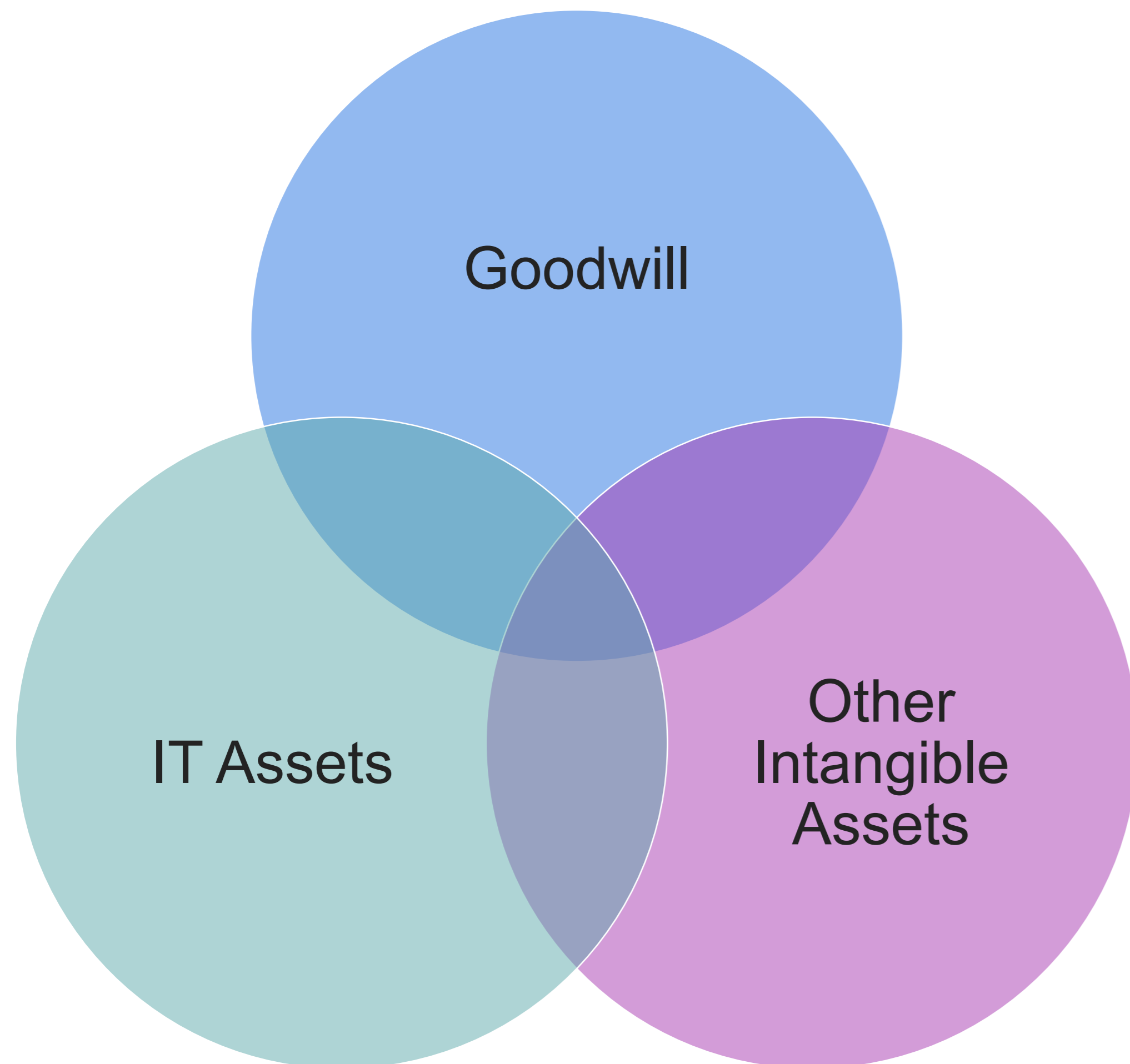
Net receivables by product



Deposits from customers



Comprehensive balance sheet review



- We looked at these assets through a thorough and dispassionate lens:
 - Reviewed a wide range of assets
 - View taken that nothing was sacred.
 - Sanity checked if it was core to the future mission, vision, strategy
 - Checked that value matched our refreshed view on the value of the asset
- Decision taken to write down **€51.1 million** in assets in order to set up a better foundation for the future
 - Friendly Finance goodwill adjustment (€22.0m)
 - Write down of some IT assets no longer deemed relevant (€15.8m in core business + €2.0m from FF)
 - Adjustment of some deferred tax assets (€5.0m) plus additional recognition for historic Polish tax
 - Deferred expenses for bonds (€6.3m)
- Decision taken to expense certain ongoing (but critical) IT development that will have a shortened useful life in advance of the new platform

Progress on responsible lending and regulatory compliance

- Taking action to put customers first, and seek to deliver good customer outcomes
 - Draft Customer Charter established
 - Firm wide Code of Conduct introduced
 - Refreshed corporate values
 - Whistle blower website introduced
- Tightening credit policies to ensure we only lend to people who can afford to pay us back
 - Broadening use of risk based lending limits
 - Additional predictive variables in our scorecards to better assess affordability
 - Working to ensure customers have safe landings when they signal difficulties.
- Ensuring deep and meaningful regulatory relationships
 - Appointment of Chief Compliance Officer
 - Ensuring best practice throughout the business
- What does responsible lending mean to 4finance?
 - **Marketing:** clear, simple and transparent products and terms
 - **Pricing:** typically 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'
 - **Repayments:** "push" payments from customer to 4finance, no automatic withdrawal from bank accounts

Growing Scale and Capability

23,000

Risk decisions
per day

16,600+

Loans issued
per day

€3,500,000+
Issued each
day

3 seconds

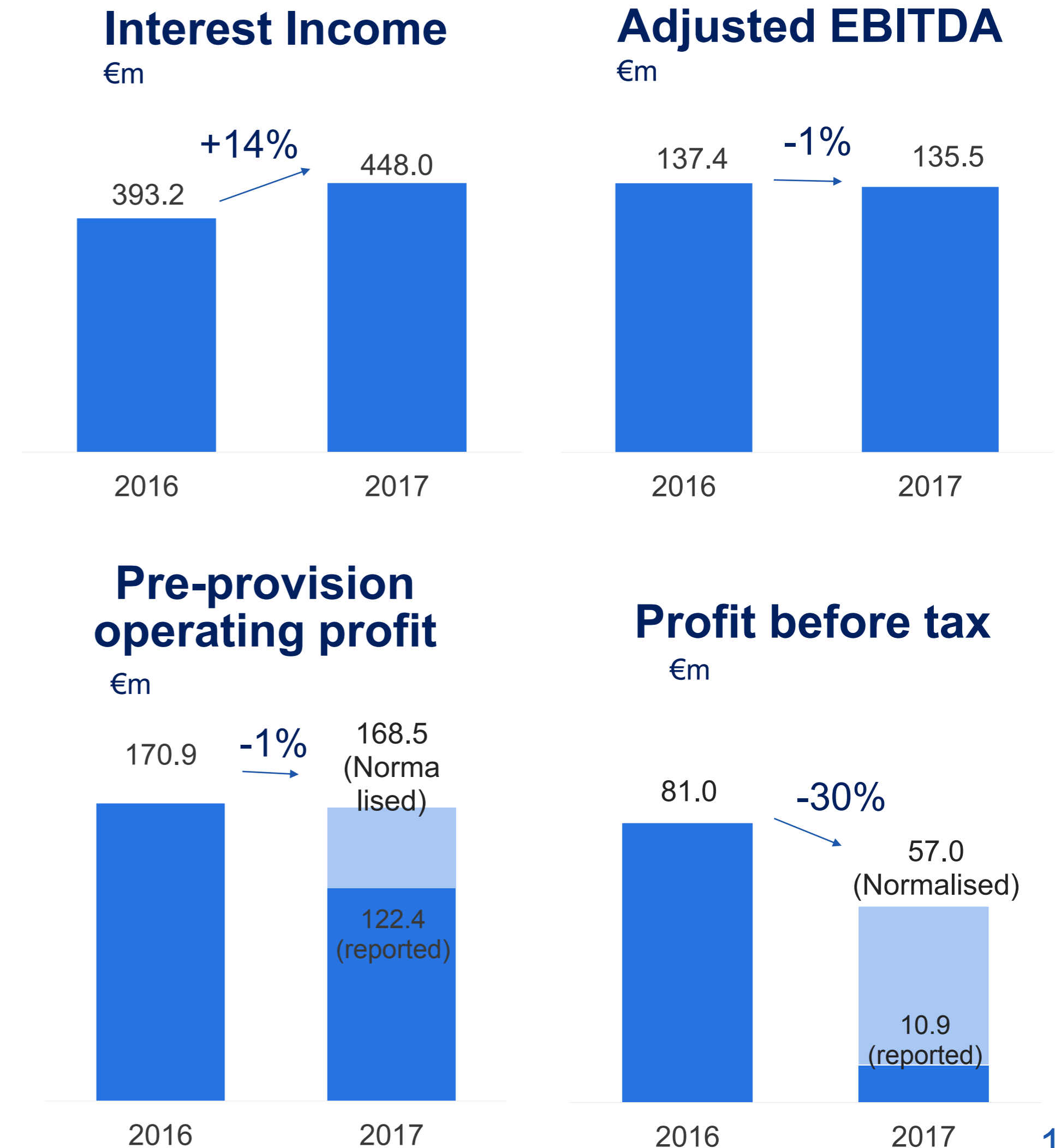
Average decision
time

92% loans
disbursed in
15 mins

Review of full year results

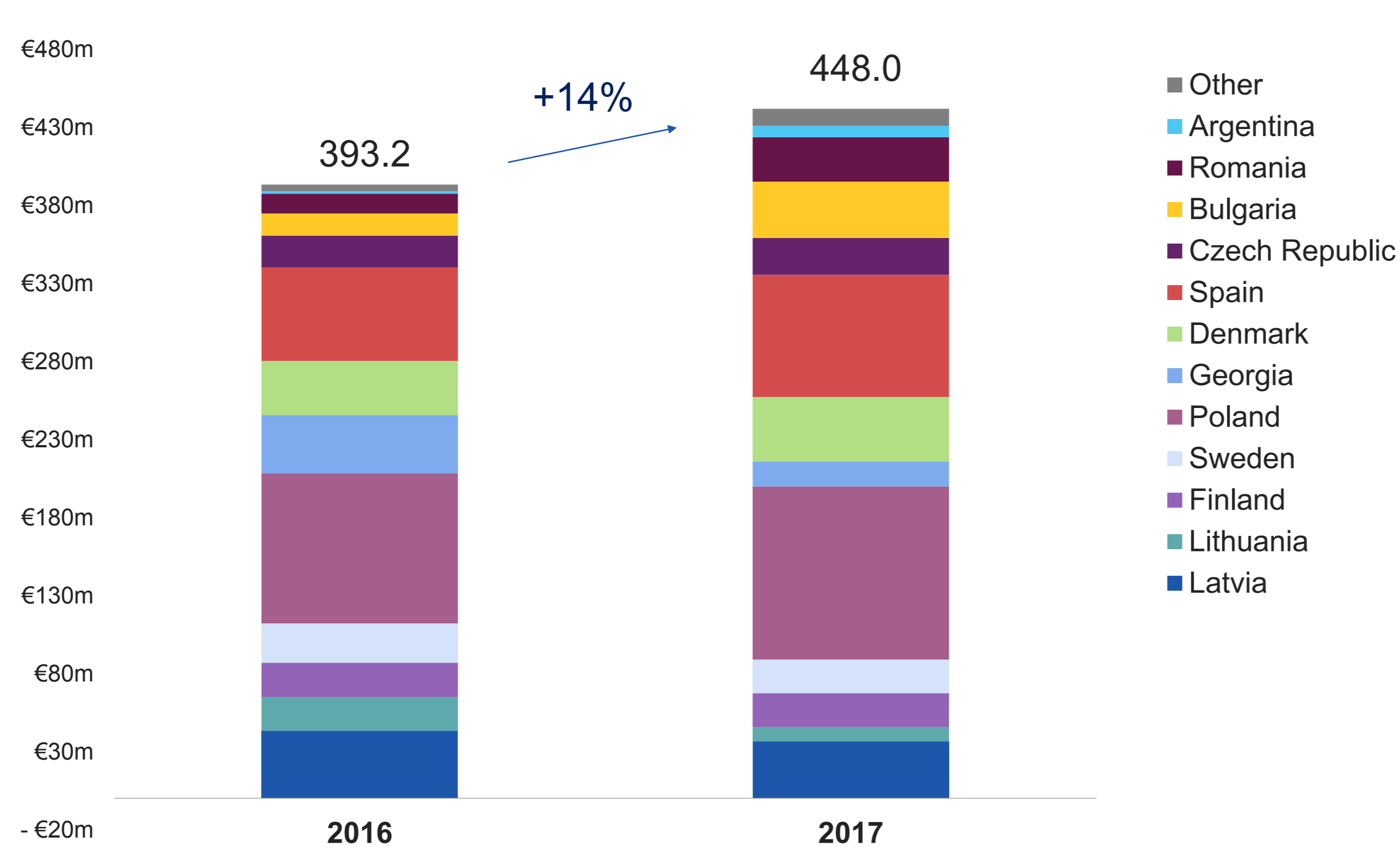
Summary of full year 2017 results

- FY17 interest income up 14% and Adjusted EBITDA down 1% year on year
 - Record €121m quarterly interest income, up 6% from Q3
 - Adjusted EBITDA of €136m, down 1%, with increased interest cost reflected in coverage
 - Normalised Pre-provision operating profit of €169m, down 1% on last year
 - Normalised Profit before tax of €57m, down 30% on last year
- One-off adjustments to intangible assets following balance sheet review
- Interest income highlights by market and product
 - Strong growth in Poland, Spain & Denmark vs impact of Georgia and Lithuania regulatory changes (reduction of €34m in 2017 vs 2016)
 - Latin American growth starting to show in overall results: up 42% QoQ
 - Instalment loan interest income up 11% QoQ (growth and visibility)
 - TBI Bank strong performance driven by retail lending growth
- Cost efficiency initiatives ongoing
 - Quarterly increase in costs and cost/income ratio due to lower capitalisation rate in Q4, consistent with new IT platform introduction and ongoing approach
 - Strategic approach to costs with longer term view / investment where appropriate
- Continued improvement in NPL ratios, increase in Q4 net impairments
 - Gross NPL ratio and NPL/sales ratio improvement
 - Net impairment/interest income at 25% compared to 23% for 2016
 - Smaller net impairment increase in Q4 (higher gross impairments, lower debt sales)
- Further enhancements to financial reporting and disclosure

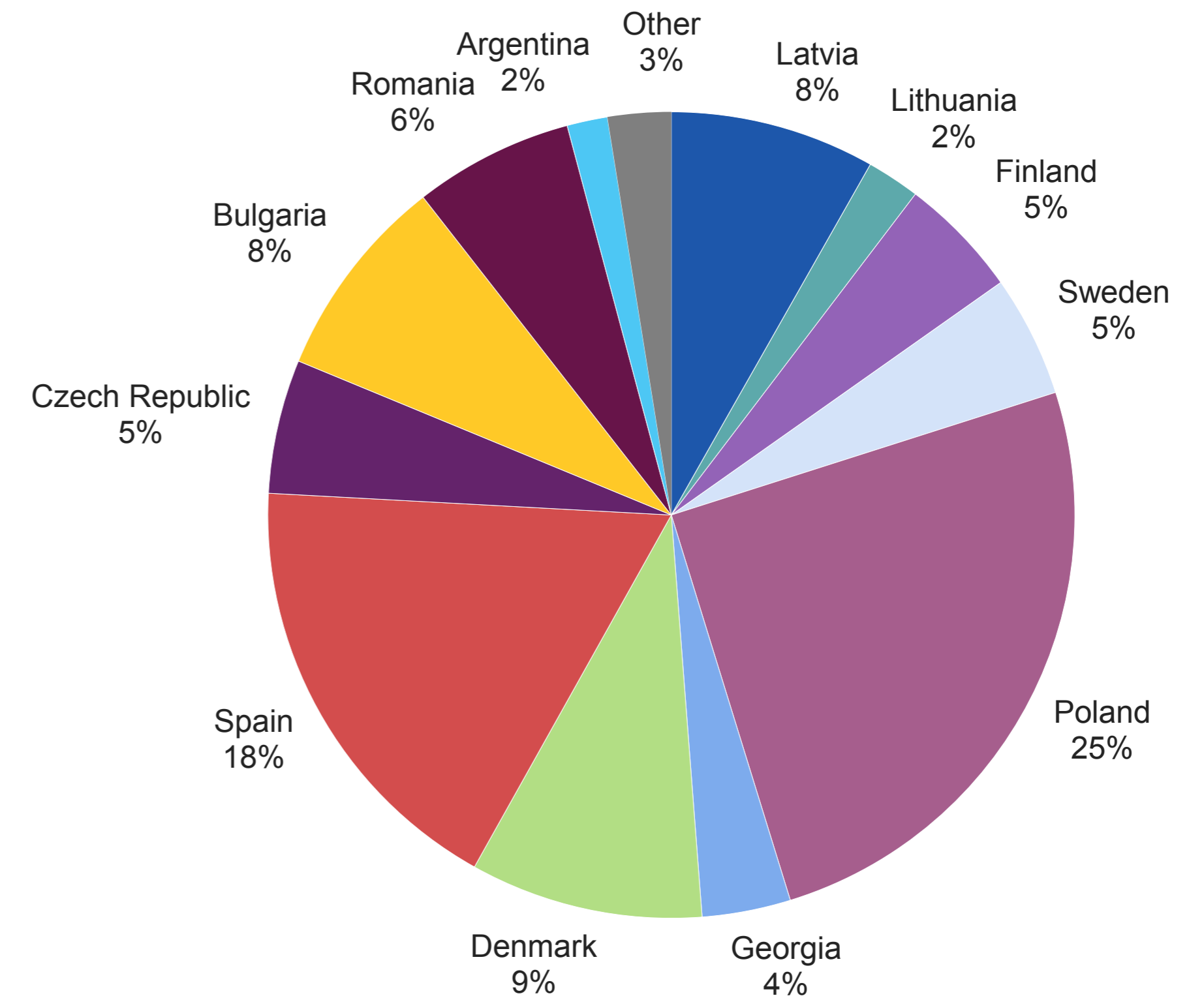


Interest income - growth and diversification

Interest income by country



FY17 interest income: €448m



Note: Interest income from TBI Bank and Friendly Finance is allocated within the corresponding country

Balance sheet review: intangible assets

- **Friendly Finance goodwill**

- Full review of Friendly Finance performance and strategy by market
- Minority acquisition in process to facilitate deeper integration
- Goodwill allocated to 4 markets (Spain, Poland, Czech, Slovakia); not able to be supported by other businesses
- €22.0m impairment plus €2.0m write-down of related IT assets

- **IT intangible assets**

- New IT platform being introduced in 2018-2020
- Detailed review of existing legacy IT assets, including 2017 capitalisation
- Adjusting approach to capitalisation & simplifying policy
- €15.8m total impact (excluding FF IT assets)

- **Deferred tax assets**

- Rule changes in Latvia and longer pathway to profitability in Mexico and Romania: prudent to de-recognise now
- €5.0m reduction in DTA
- Additional €2.6m reduction in opening balance of 2016 equity from recognition of historic potential Polish tax liability (included in 'other liabilities')

- **Additional impacts**

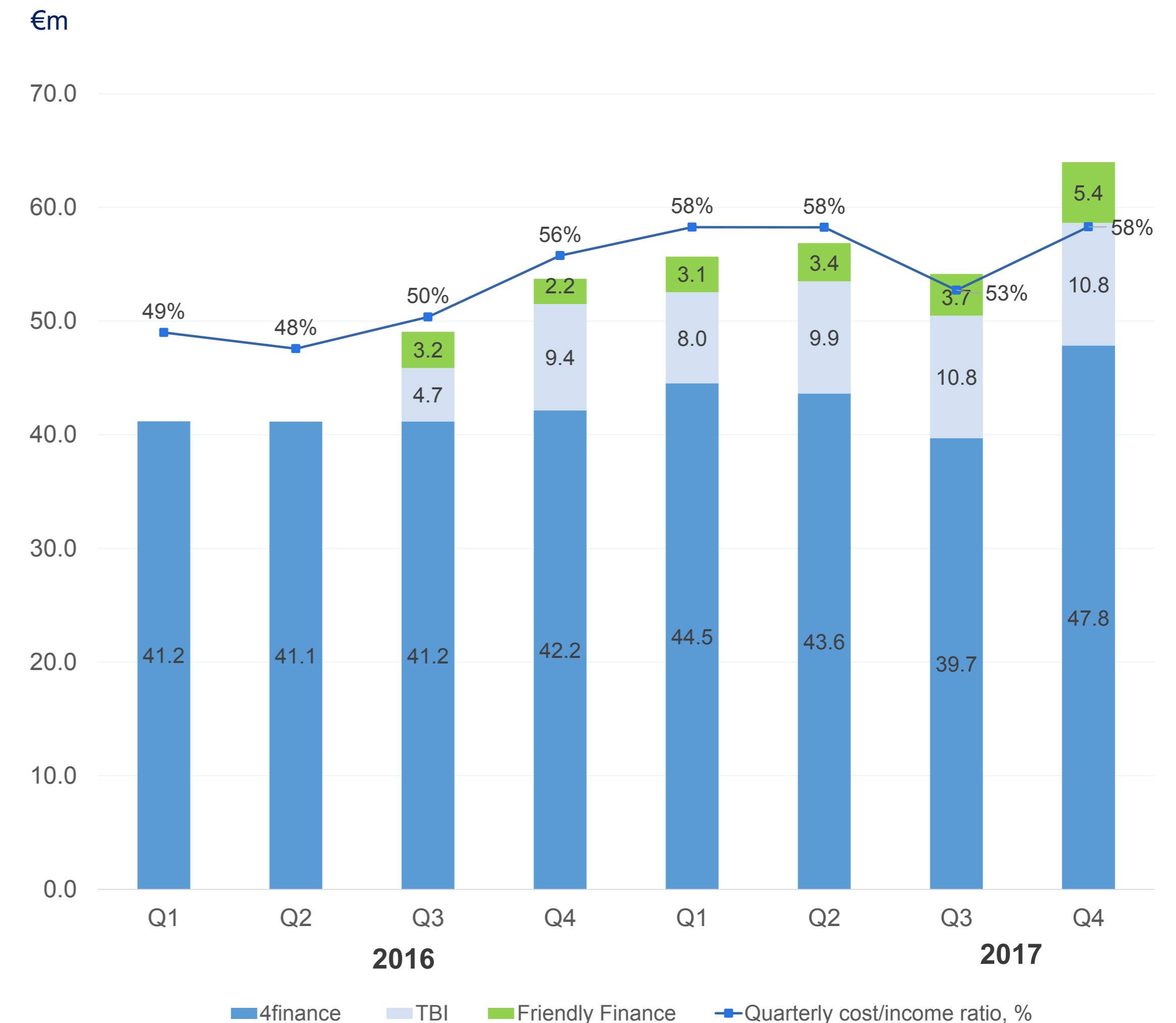
- Bond deferred expenses capitalised amount reduced by €6.3m (tender premium paid to SEK and non-participating US\$ bondholders)
- No tax benefit assumed (potential small offset from IT write-downs)
- No impact on Adjusted EBITDA for interest coverage ratio

€m	Pre- adjustment	One-off Adjustment	31-Dec-17 unaudited
Asset side - intangible assets			
IT assets	46.6	(17.8)	28.8
Deferred tax assets	35.7	(5.0)	30.7
FF goodwill	26.9	(22.0)	4.9
Other goodwill	16.5	-	16.5
Total intangibles	125.7	(44.8)	80.9
Liability side - loans and borrowings			
Bonds principal	473.2		473.2
Accrued interest	9.0		9.0
Capitalised deferred expenses	(23.0)	6.3	(16.7)
Net bonds outstanding	459.1	6.3	465.4
Impact on equity and ratios			
Total equity	141.6	51.1	192.7
Net receivables	593.0		593.0
Equity / net receivables	24%		32%

Operating cost drivers

- Year on year cost growth of only 4%, excluding acquisitions
 - Quarterly volatility in core costs due to variations in capitalisation of IT spend (higher in Q3, lower capex in Q4, consistent with ongoing policy)
 - Additional marketing investments in certain markets in Q4 with positive results
 - D&A line removed from operating costs to better show controllable cash costs
 - Q4 cost/income ratio at the same level as Q1 and Q2
- Cost efficiency projects ongoing with focus on cost/income ratio
 - Improved internal analytics and monitoring
 - Friendly Finance integration expected to yield savings later in 2018 after an increase in Q4 2017
 - New IT platform is key to unlocking this in the medium term
 - Greater 'return on investment' focus for all areas of investment (strategic, marketing, new products, etc)

Total operating costs

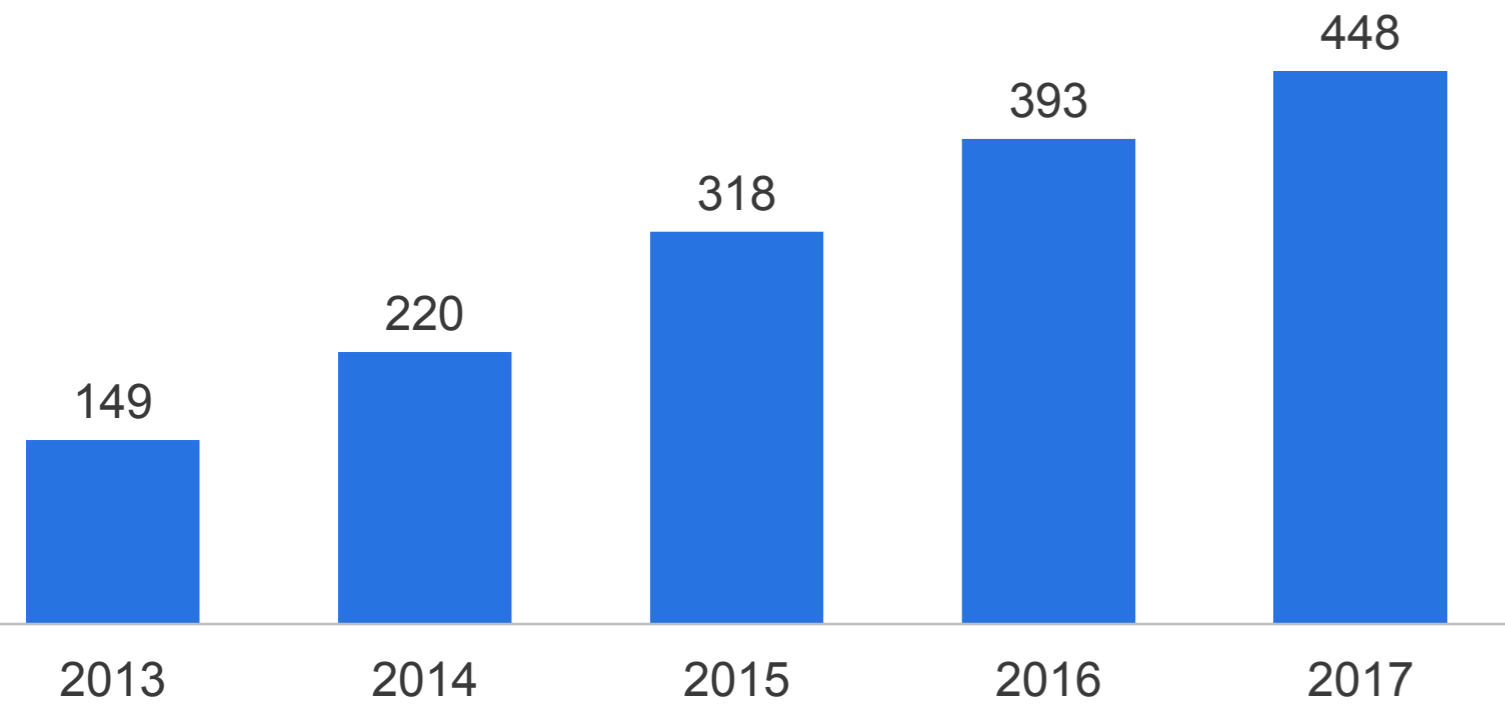


Note: Q1-3 figures reflect reported unaudited results and Q4 figures reflect balance to full year results

Financial highlights – profitable growth

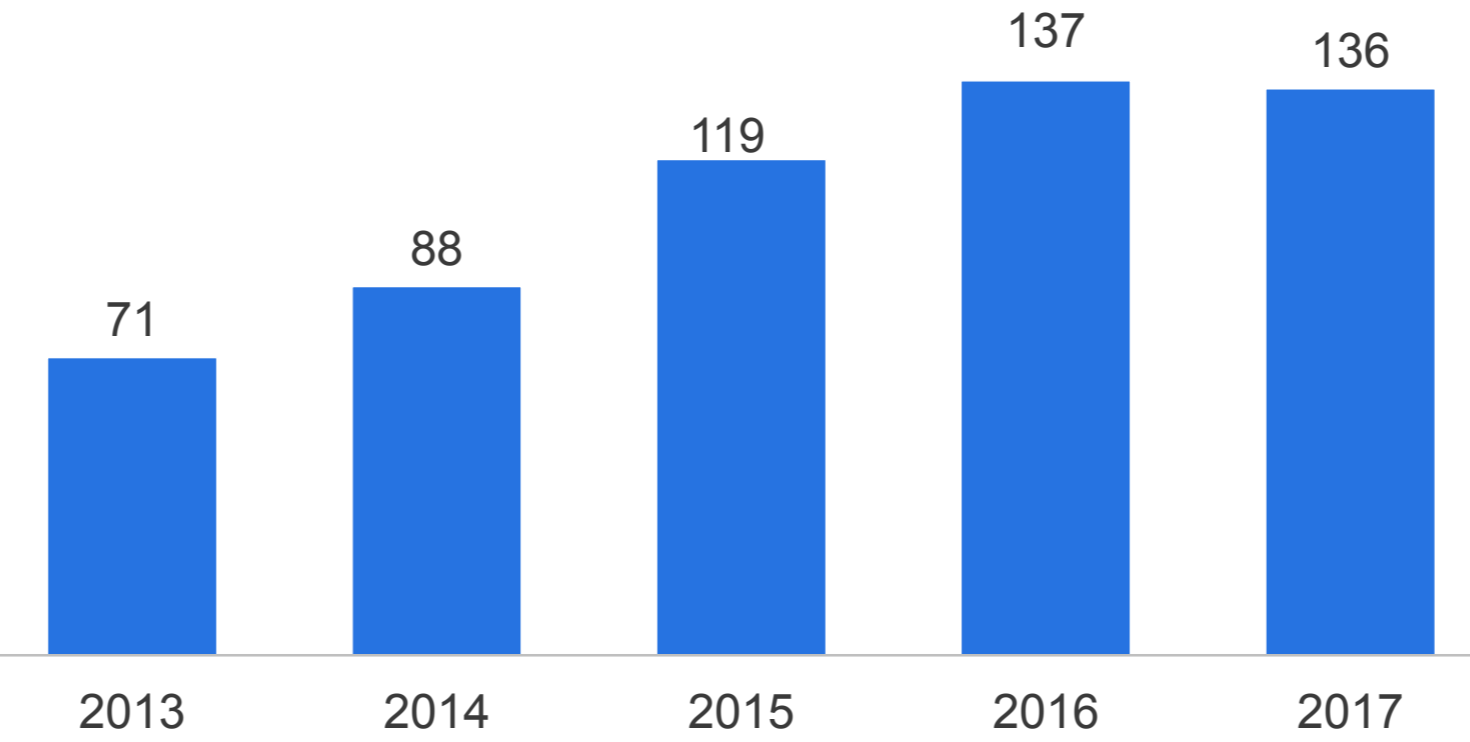
Interest income

€m

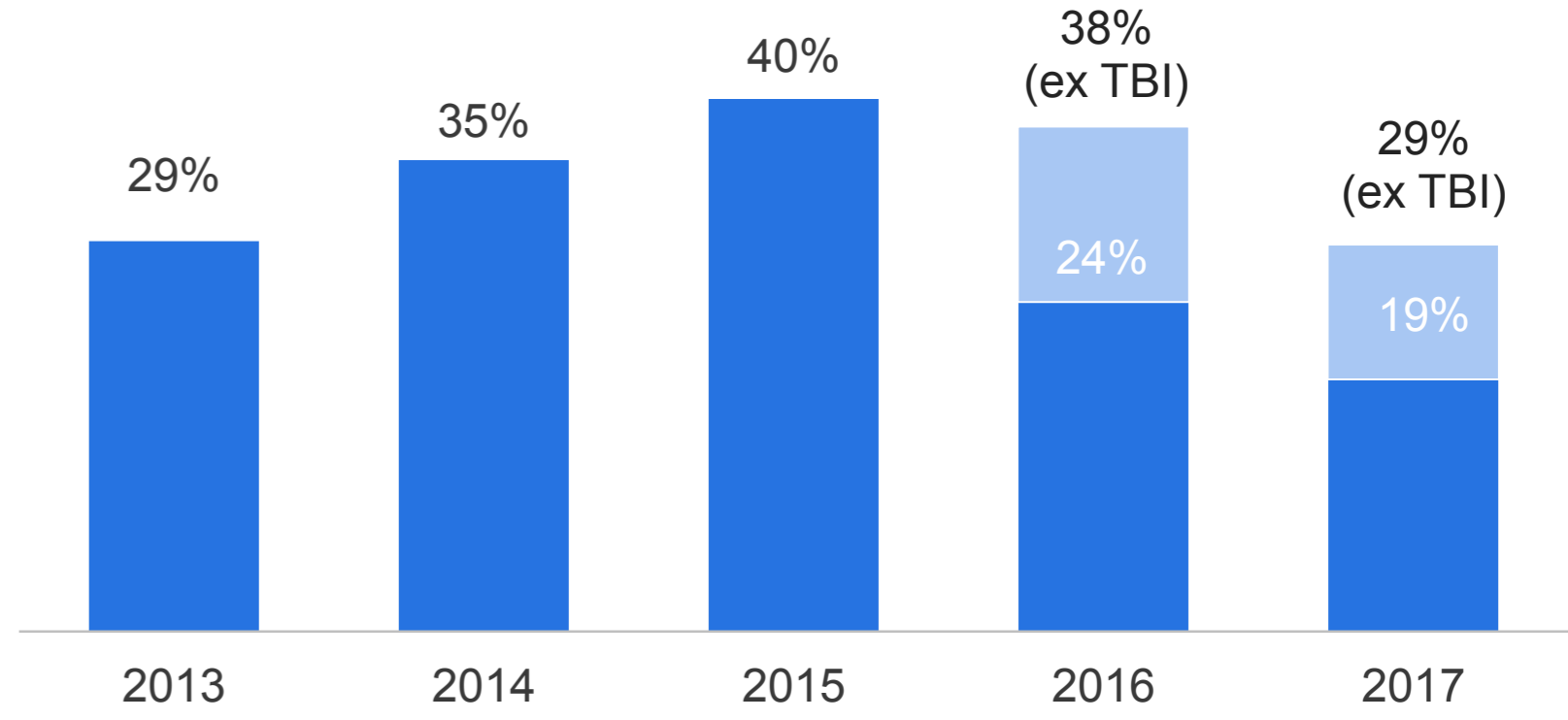


Adjusted EBITDA

€m

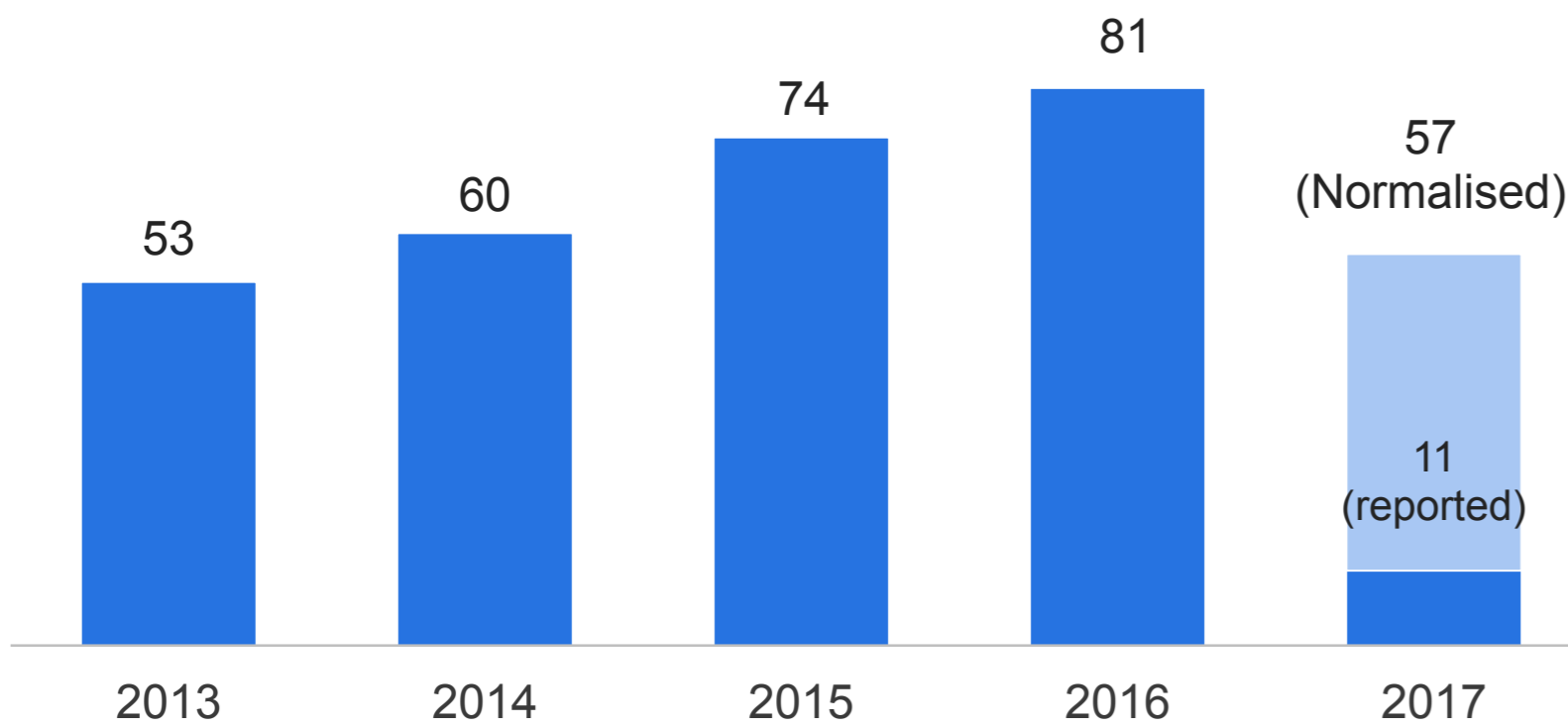


Equity to assets ratio, % (1)

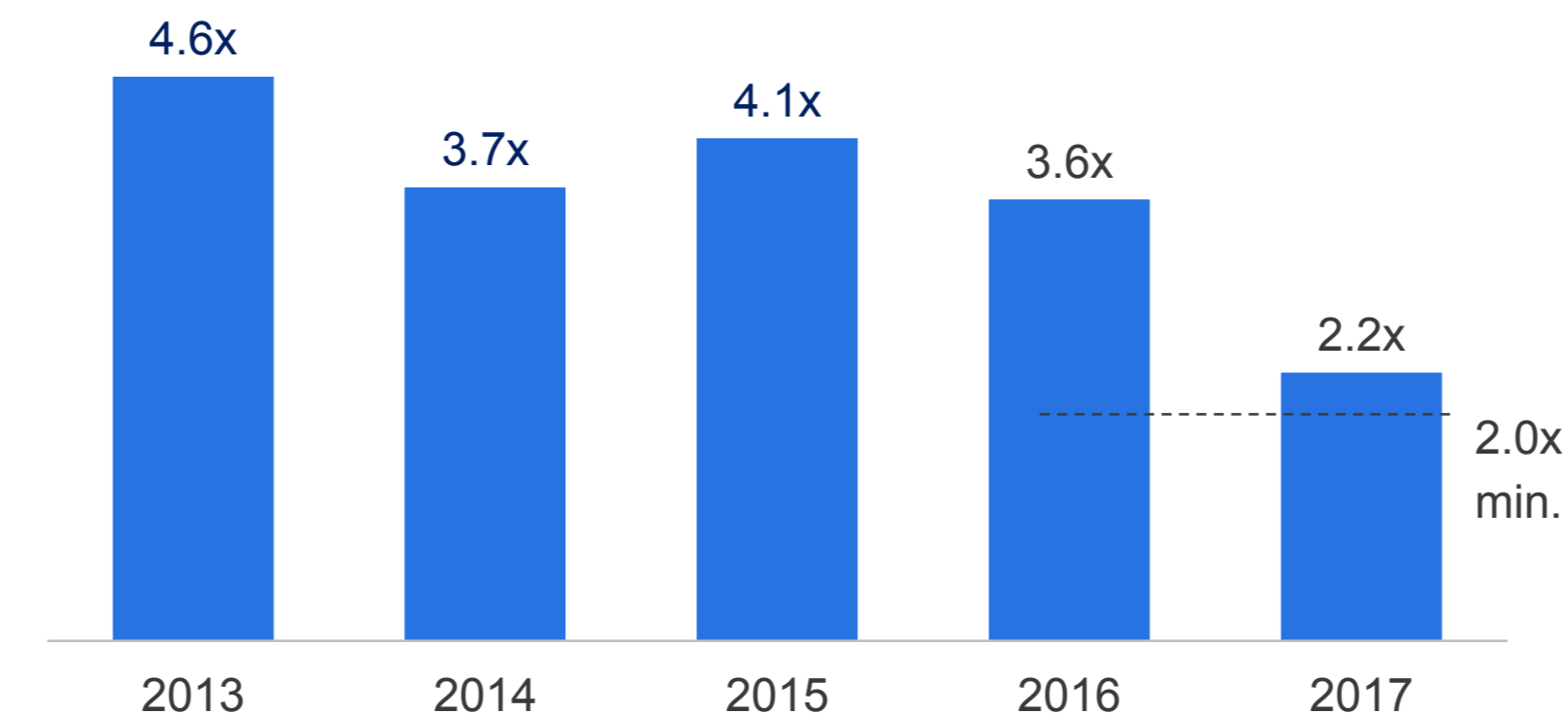


Profit before tax

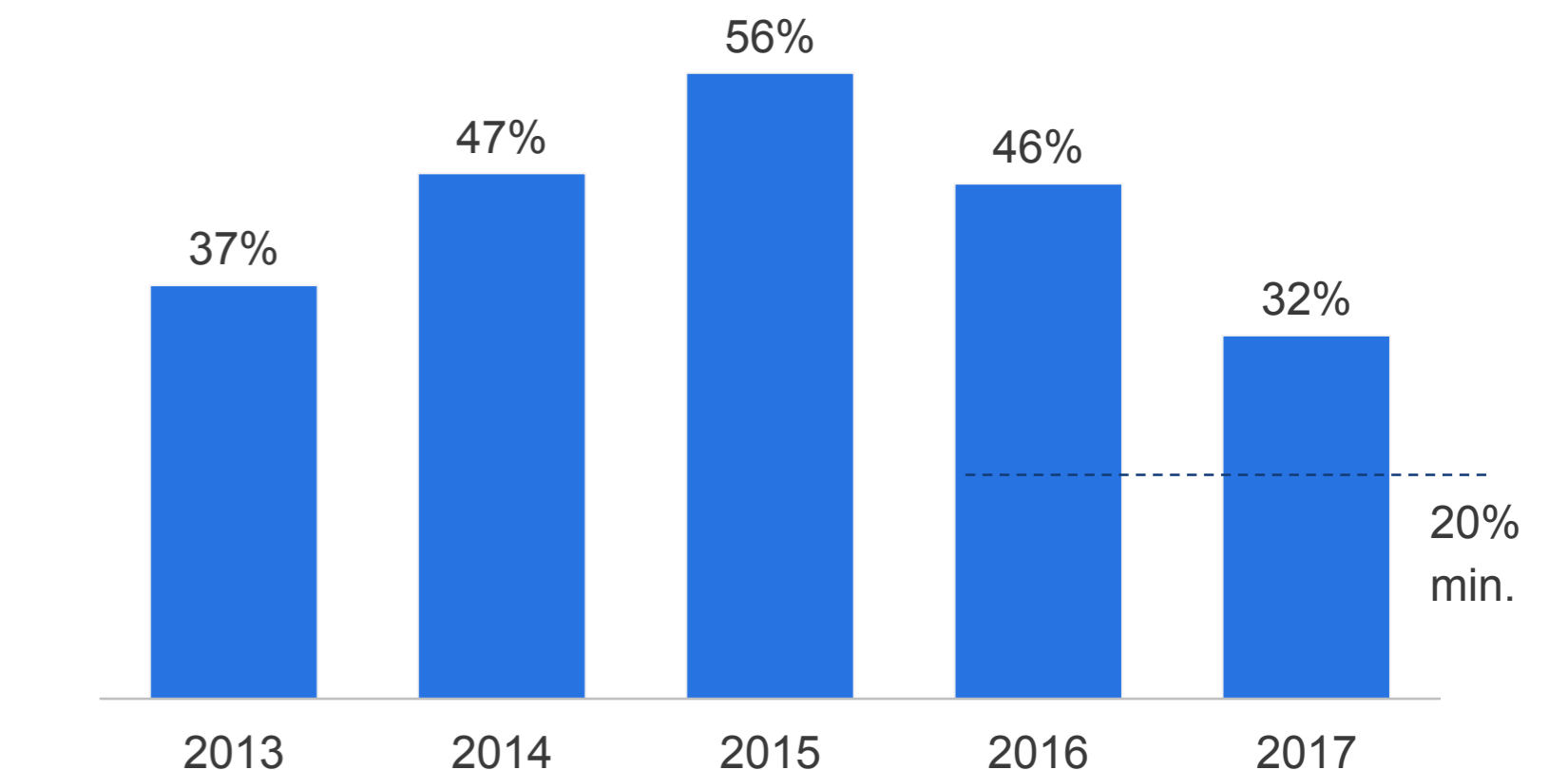
€m



Adjusted interest coverage ratio



Equity/net receivables, %



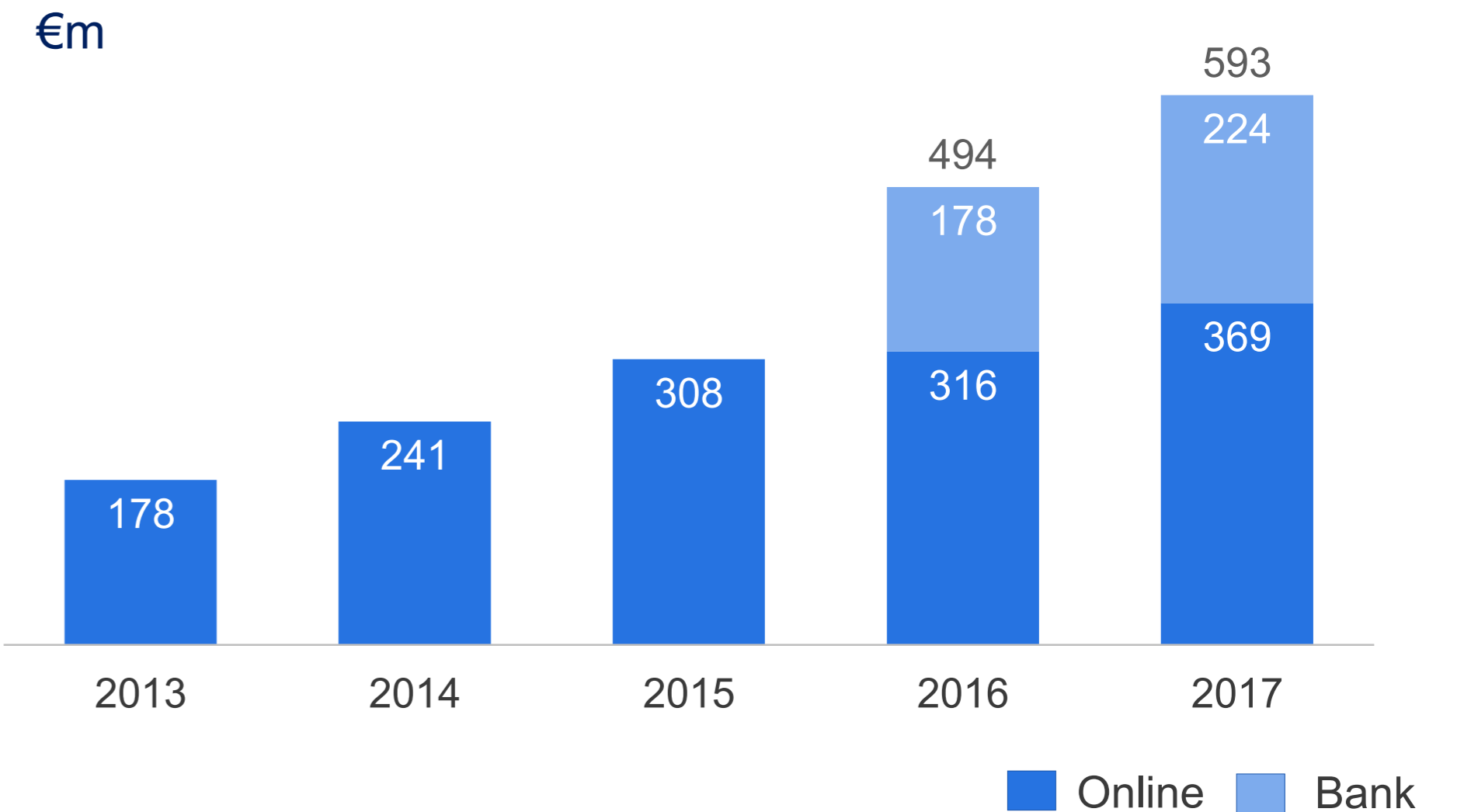
See appendix for definitions of key metrics and ratios

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

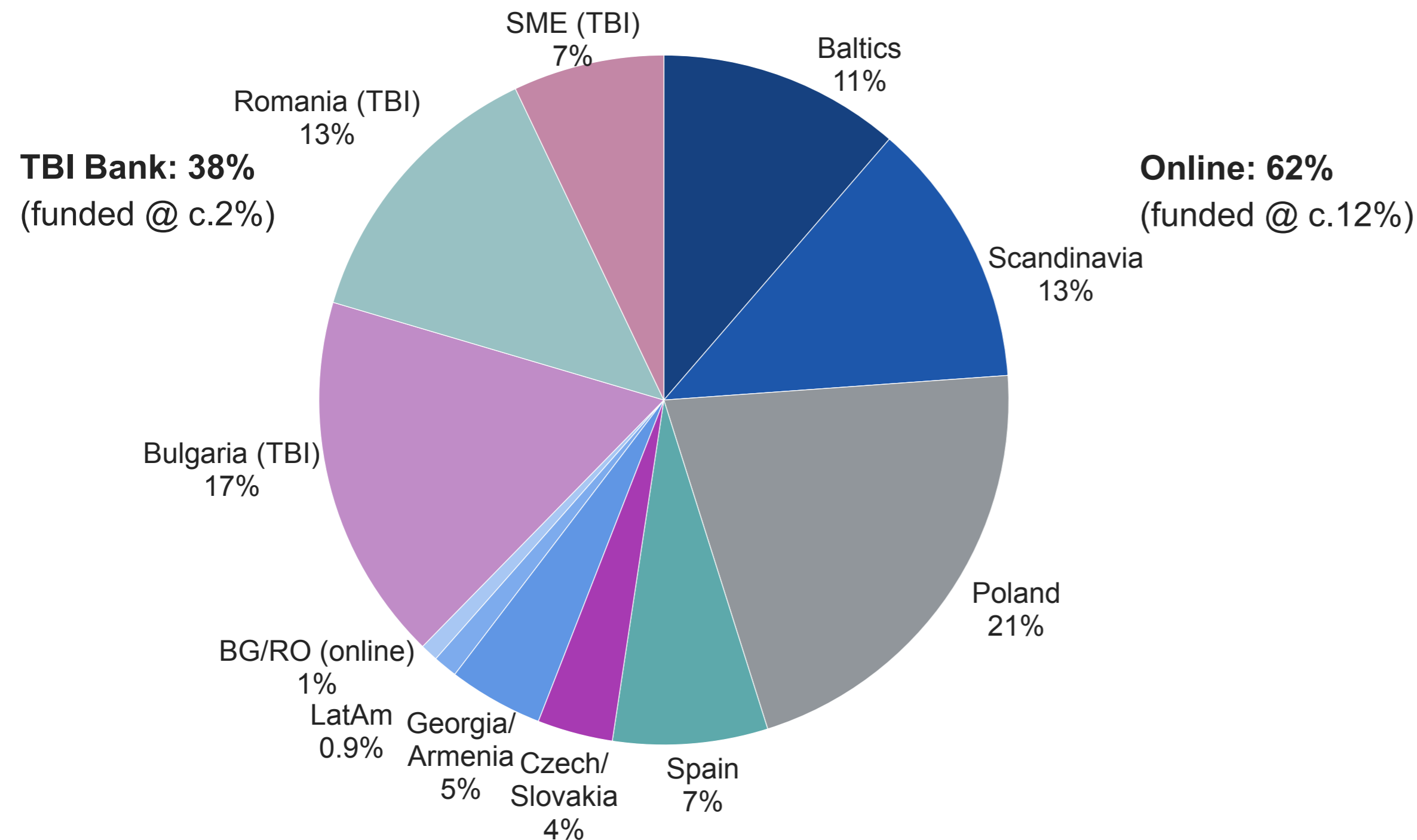
Growing and diversified loan portfolio

- 11% year-on-year growth in online loan issuance to €1.3bn in 2017
- Overall net receivables totals €593m
 - 20% growth during 2017
 - 93% consumer loans
 - 62% online loans / 38% banking

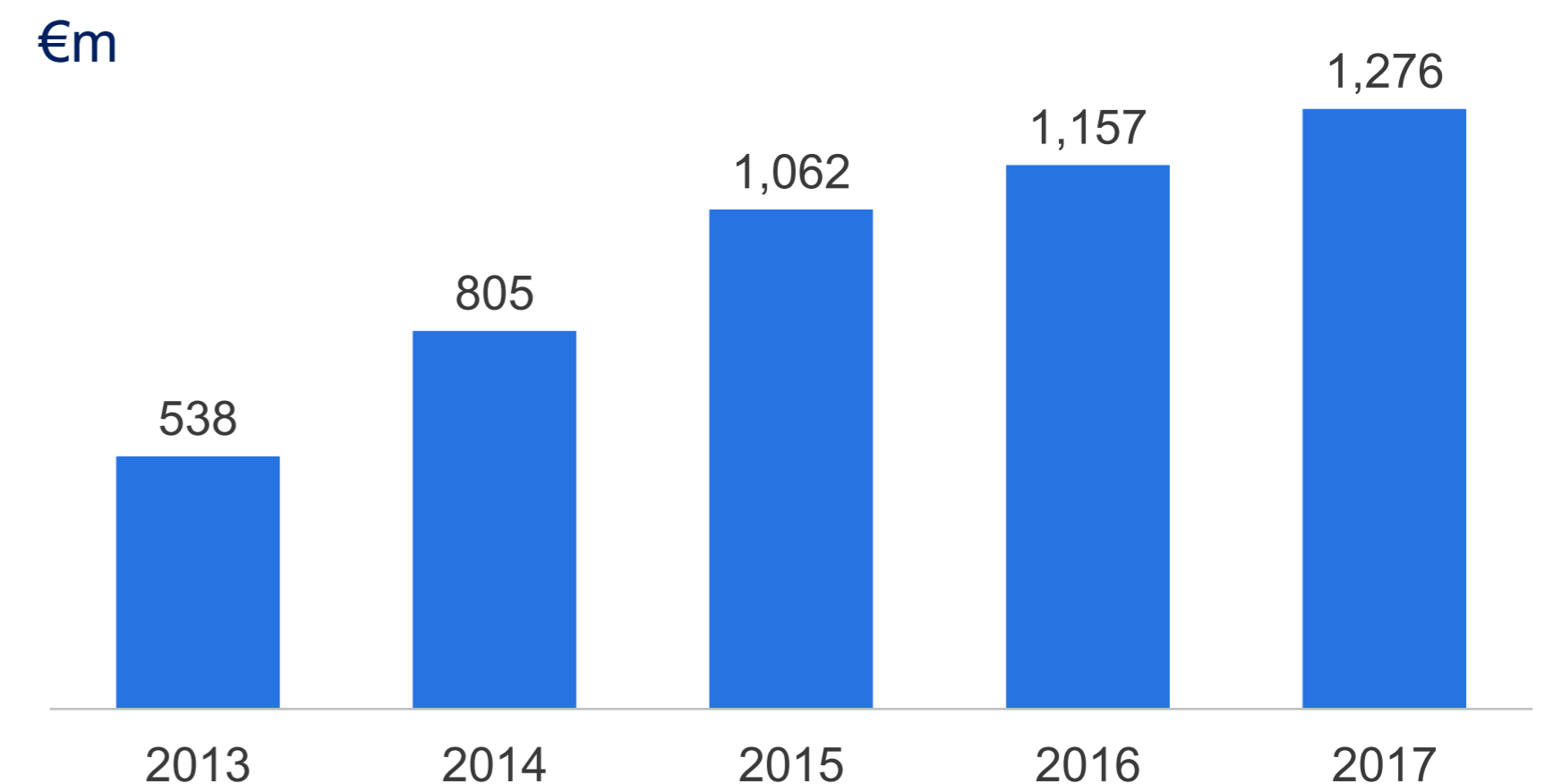
Net receivables⁽¹⁾



Net receivables, 31/12/2017

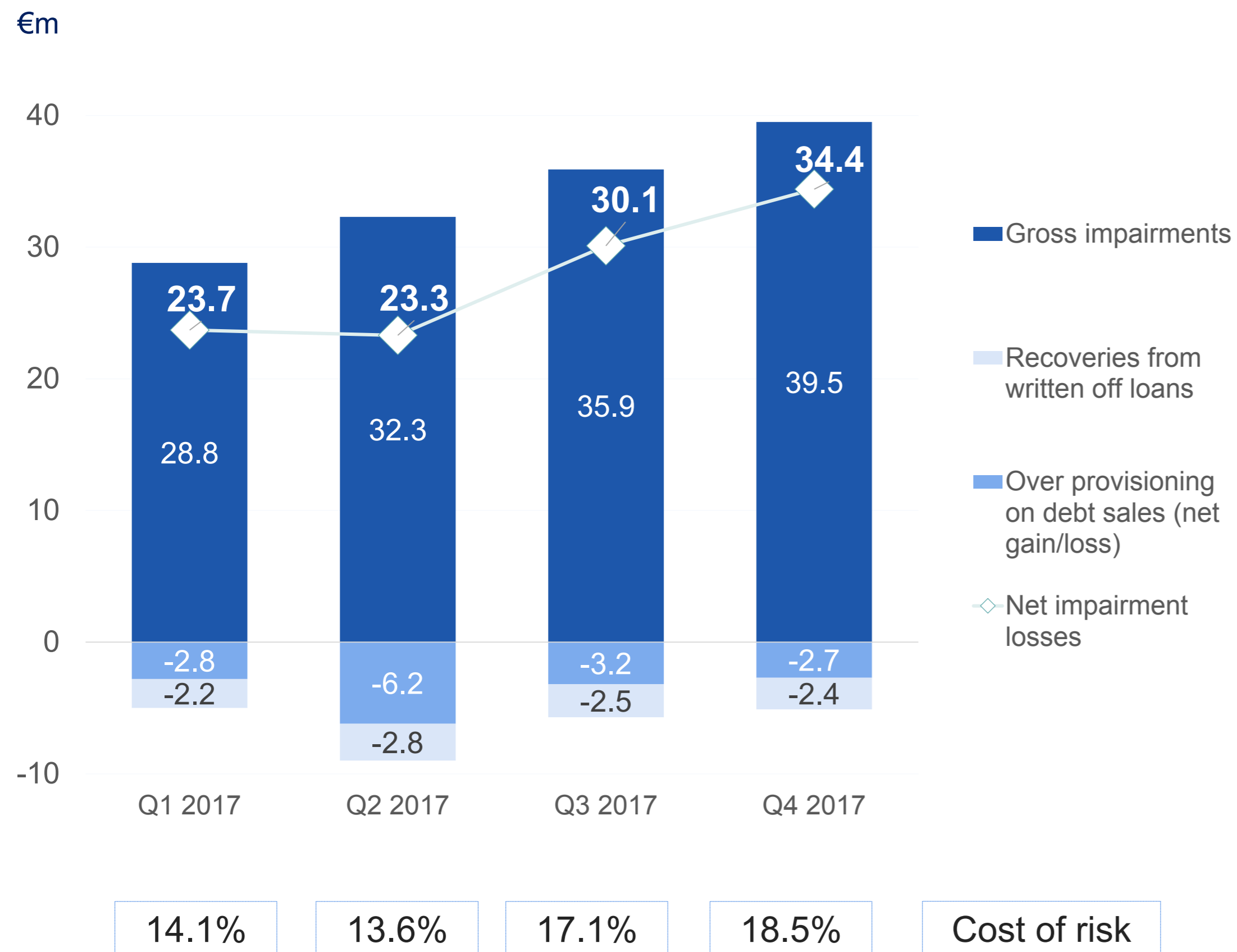


Online loans issued



Analysis of net impairments and cost of risk

Net impairment losses by quarter



- Year on year increase in impairments broadly in line with business growth, plus effect of TBI Bank
 - Net impairment / interest income 25% (2017) vs 23% (2016)
 - Online cost of risk 20.6% (2017) vs 19.6% (2016)
 - Overall cost of risk 15.6% (2017, including TBI Bank)
- Net impairment increase to €34.4m in Q4 vs €30.1m in Q3 due to a combination of factors
 - Steady increase in gross impairments, including growing and maturing instalment loan portfolio
 - Lower contribution from debt sale gains in H2 vs H1
- Focus on continuous improvement in credit underwriting
 - Integration of additional data sources
 - Faster iterations of scorecards with regular recalibration
- IFRS 9 adoption at year end
 - Increased focus on early collections and debt sales
 - Move to 360 day write-off period for past due loans (from 730 days)

Asset quality and provisioning

- Improvement in asset quality continued during Q4, extending trend of 2017
 - Online gross NPL ratio declined by 8.6% from 42.0% as of Dec 2016 to 33.4% as of Dec 2017 (positive impact from NPL debt sales)
 - Overall gross NPL ratio now 26.7%. Will be significantly improved to below 20% following move to 360 DPD write-off

	31 December 2017				
	Gross amount	% of gross	Impairment allowance	Net amount	Impairment / gross
<i>(in millions of €, except percentages)</i>					
Online receivables					
DPD 0	274.3	53.0%	8.2	266.1	3.0%
DPD 1-30	30.1	5.8%	8.0	22.1	26.5%
DPD 31-60	22.3	4.3%	9.6	12.7	42.9%
DPD 61-90	18.0	3.5%	8.8	9.1	49.1%
Performing	344.7	66.6%	34.6	310.1	10.0%
DPD 91-360	97.4	18.8%	55.8	41.6	57.3%
DPD 361-730	75.7	14.6%	58.7	17.0	77.5%
Non-performing	173.1	33.4%	114.5	58.6	66.1%
Online total	517.8	100.0%	149.1	368.7	28.8%
TBI Bank receivables					
Performing	214.3	87.4%	4.4	209.9	2.1%
Non-performing	31.0	12.6%	16.6	14.4	53.5%
TBI Bank total	245.3	100.0%	21.0	224.3	8.6%
Overall group receivables					
Performing	559.0	73.3%	39.0	520.0	7.0%
Non-performing	204.1	26.7%	131.1	73.0	64.2%
Overall total	763.1	100.0%	170.1	593.0	22.3%

	31 December 2016				
	Gross amount	% of gross	Impairment allowance	Net amount	Impairment / gross
<i>(in millions of €, except percentages)</i>					
DPD 0	216.7	45.7%	6.3	210.4	2.9%
DPD 1-30	25.6	5.4%	6.2	19.3	24.4%
DPD 31-60	17.8	3.7%	7.8	10.0	43.8%
DPD 61-90	14.6	3.1%	7.3	7.3	50.1%
Performing	274.7	58.0%	27.7	247.0	10.1%
DPD 91-360	102.8	21.7%	57.0	45.8	55.5%
DPD 361-730	96.5	20.4%	72.9	23.6	75.6%
Non-performing	199.3	42.0%	129.9	69.4	65.2%
Online total	474.0	100.0%	157.6	316.4	33.3%
TBI Bank receivables					
Performing	170.3	89.1%	1.4	168.9	0.8%
Non-performing	20.8	10.9%	12.2	8.6	58.5%
TBI Bank total	191.1	100.0%	13.6	177.5	7.1%
Overall group receivables					
Performing	445.0	66.9%	29.1	415.9	6.5%
Non-performing	220.1	33.1%	142.1	78.0	64.6%
Overall total	665.1	100.0%	171.2	493.9	25.7%

IFRS 9 – impact on balance sheet and ratios

- Adoption of IFRS 9 from 1st January 2018
 - Major new accounting standard
 - One-off adjustments booked to assets, liabilities and equity as opening balance adjustments
- Consumer loan portfolio provisioning
 - Move from IAS 39 ‘incurred loss’ to IFRS 9 ‘expected loss’ methodology
 - Earlier recognition of provisions in loan life-cycle
 - Discounting of cashflows for LGD calculation at effective interest rates (increases LGD)
 - Write-off period for loan portfolio moved from 730 days past due to 360 days past due, reflecting earlier collections focus
 - Reduction in net customer receivables is expected to be approximately €60 million (c.10% of 2017 year-end net receivables, within the guidance range of 7-10%)
 - No impact on actual customer repayment cashflows
- Other impacts
 - Increase of €5.2m in equity from revaluation at original effective interest rate of proportion of US\$ 2022 bond carried over from original US\$ 2019 bond (to be amortised over remaining life of bond via ‘interest expense’)
 - Results of full review will be published as a note to 2017 audited financials

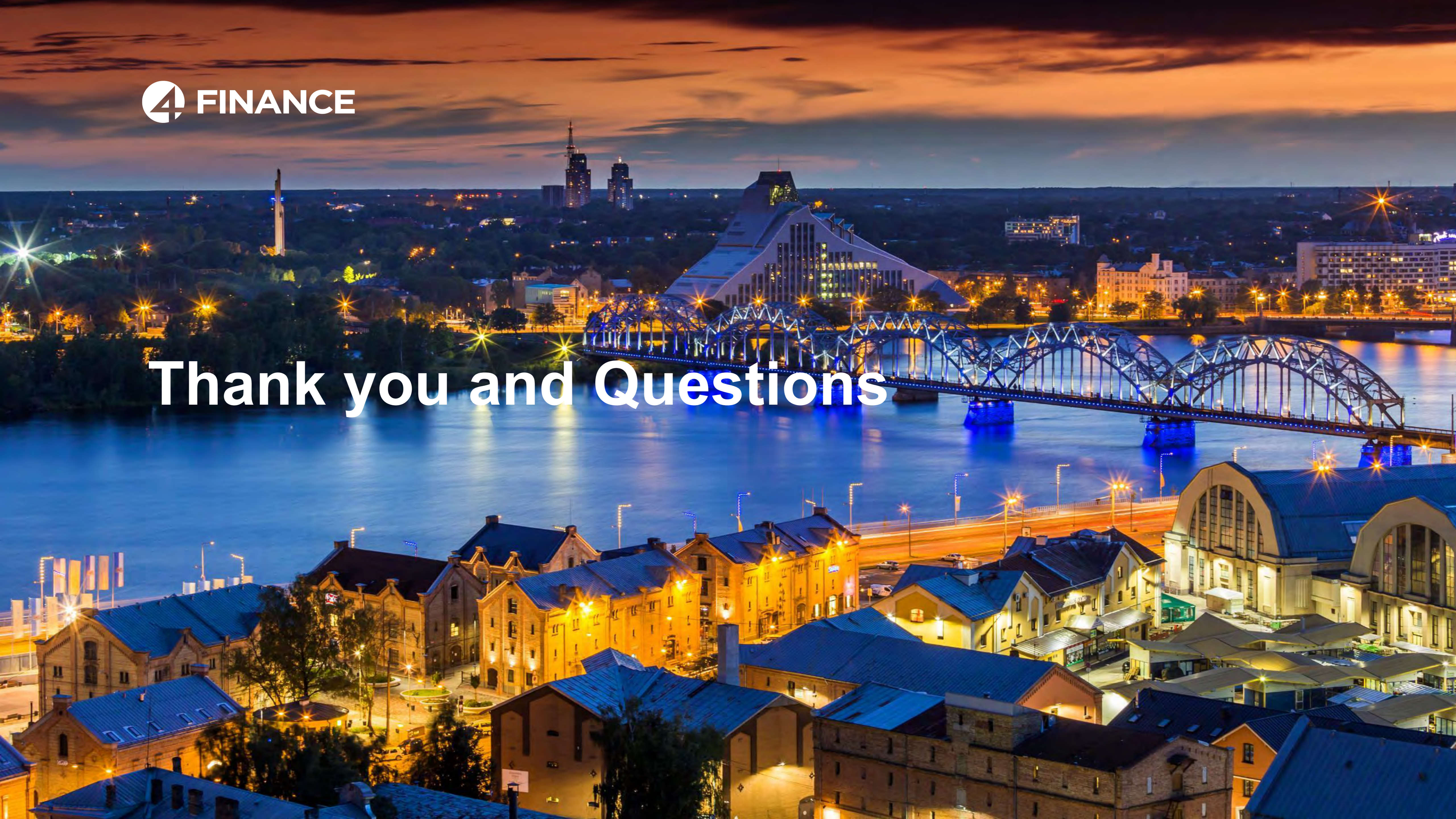
€m	31-Dec-17 unaudited	IFRS9 est. Adjustment	1-Jan-18 proforma
Asset side - loan portfolio			
Gross customer receivables	763.1	(75.7)	687.4
Allowance account for provisions	170.1	(15.4)	154.7
Net customer receivables	593.0	(60.3)	532.7
<i>as % of net receivables</i>		-10%	
Liability side - loans and borrowings			
Bonds principal	473.2		473.2
Accrued interest	9.0		9.0
Capitalised deferred expenses	(16.7)		(16.7)
IFRS 9 revaluation	-	(5.2)	(5.2)
Net bonds outstanding	465.4	(5.2)	460.2
Impact on equity and ratios			
Total equity	192.7	(55.1)	137.6
Net receivables	593.0		532.7
Equity / net receivables	32%		26%
Non-performing loans			
90-360 DPD	128.4		128.4
360-730 DPD	75.7	(75.7)	-
Total NPLs	204.1		128.4

Assumes no deferred tax impact from IFRS 9 adoption, or any impact on other assets/liabilities

Conclusion

- The opportunity for 4finance is significant
 - Clear mission and vision
 - 4finance is uniquely positioned given existing scale and experience
 - Twin track strategy: near term performance and foundation for the future
- Tough financial decisions taken in Q4 2017 put us in a more robust position for the future
 - Addressed intangible assets and set appropriate 2018 policies
 - Accelerating migration to new IT platform
- Strong operational momentum within the business
 - Instalment loan and LatAm growth continues, with careful monitoring of risk metrics
 - Pilots of next-generation products over next few months
 - Partnership initiatives and funding projects to support future business growth
- Greater supervisory board involvement in strategic development and monitoring

Thank you and Questions



Appendix

Income statement

€ m	FY 2017 (unaudited)	FY 2016 (unaudited)	% change
Interest Income	448.0	393.2	+14%
Interest Expense	(61.9)	(38.7)	+60%
Net Interest Income	386.0	354.5	+9%
Net F&C Income	10.7	3.2	n/m
Other operating income	9.2	6.7	+37%
Non-Interest Income	19.9	9.9	+102%
Operating Income	405.9	364.3	+11%
Total operating costs	(230.7)	(185.1)	+25%
Non-recurring income/(expense)	6.1	4.1	+49%
Net FX gain/(loss)	(4.0)	(7.3)	(46)%
Depreciation and amortisation	(8.9)	(5.1)	+73%
One-off adjustments to intangible assets	(46.1)	—	n/m
Pre-provision operating profit	122.4	170.9	(28)%
Net impairment charges	(111.5)	(89.8)	+24%
Profit before tax	10.9	81.0	(87)%
Income tax expense, of which:	(26.2)	(17.8)	+47%
One-off reduction in deferred tax assets	(5.0)	—	n/m
Net profit/(loss) after tax	(15.2)	63.2	n/m
Normalised profit before tax, excluding one-offs	57.0	81.0	(30)%

Balance sheet

€ m	FY 2017 (unaudited)	FY 2016 (audited)
Cash and cash equivalents, of which:	154.9	157.6
- Online	65.8	73.5
- Bank	89.2	84.2
Placement with other banks	7.0	4.8
Gross receivables due from customers	763.1	665.1
Allowance for impairment	(170.1)	(171.2)
Net receivables due from customers	593.0	493.9
Net investments in finance leases	10.3	13.1
Loans to related parties	66.6	67.2
Property and equipment	10.1	12.3
Financial assets available for sale	18.4	10.6
Prepaid expenses	10.8	5.6
Tax assets	51.4	39.7
Intangible IT assets	28.8	39.8
Goodwill	21.4	43.4
Other assets	57.7	43.4
Total assets	1,030.4	931.4
Loans and borrowings	470.2	397.2
Deposits from customers	271.0	237.1
Corporate income tax payable	19.5	14.6
Other liabilities	76.9	50.1
Liabilities held for sale	—	4.8
Total liabilities	837.7	703.8
Share capital	35.8	35.8
Retained earnings	191.0	231.3
Reserves	(32.1)	(40.2)
Total attributable equity	194.6	226.8
Non-controlling interests	(1.9)	0.7
Total equity	192.7	227.6
Total shareholders' equity and liabilities	1,030.4	931.4

Cashflow summary

€ m	FY 2017	FY 2016
Operating cash flow before movements in portfolio and deposits	210.6	177.8
Net cash flows from operating activities	24.9	106.2
Net cash flows used in investing activities	(45.6)	(150.6)
Net cash flows from financing activities	14.6	124.3
Net increase/decrease in cash and cash equivalents	(6.1)	79.9
Cash and cash equivalents at the beginning of the period	137.0	56.9
Net increase/decrease in cash and cash equivalents	(6.1)	79.9
Effect of exchange rate fluctuations on cash	1.0	0.2
Cash and cash equivalents at the end of the period	131.9	137.0
TBI Bank Minimum statutory reserve	23.0	20.6
Total cash on hand and cash at central banks	154.9	157.6

Key ratios – profitability and efficiency

Profitability	FY 2017	FY 2016	Efficiency	FY 2017	FY 2016
Return on average assets, %*	3.6%	9.2%	Cost / income ratio, %	56.8%	50.8%
Return on average equity, %*	15.2%	31.5%	Total Assets/Employee (in thousands of €)*	304	261
Interest Income/Average Interest Earning Assets, % ⁽¹⁾	62.2%	71.8%	Total Operating Income/Employee (in thousands of €)	114	102
Interest Income/Average Gross Loan Receivables, %	62.7%	72.1%	Total Recurring Operating Costs/Average Total Assets, %*	22.9%	27.0%
Interest Income/Average Net Loan Receivables, %	82.4%	98.0%	Total Operating Income/Average Total Assets, %*	40.3%	53.2%
Interest Expense/Interest Income, %	13.8%	9.8%	Total Recurring Cash Costs/Average Total Assets, % ⁽⁶⁾	22.9%	27.0%
Cost Of Funds, % ⁽²⁾	8.0%	8.0%	Net Income(Loss)/Employee (in thousands of €)*	10	18
Cost Of Interest Bearing Liabilities, % ⁽³⁾	9.0%	8.9%	Personnel Costs/Average Total Assets, %*	9.5%	10.0%
Net Spread, % ⁽⁴⁾	53.2%	62.9%	Personnel Costs/Total Recurring Operating Costs, %	41.2%	36.9%
Net interest margin, %			Personnel Costs/Total Operating Income, %	23.4%	18.8%
- Online	65.4%	74.7%	Net Operating Income/Total Operating Income, %*	41.5%	46.9%
- TBI Bank	26.7%	23.6%	Net Income(Loss)/Total Operating Income, %*	8.8%	17.3%
- Overall group	54.1%	65.0%	Profit Before Tax(Loss)/Interest Income*	12.7%	20.6%
Net Fee & Commission Income/Total Operating Income, %	2.6%	0.9%	Total Employees	3,561	3,571
Net Fee & Commission Income/Average Total Assets, %*	1.1%	0.5%			
Net Non-Interest Income/Total Operating Income, %	4.9%	2.7%			
Net Non-Interest Income/Average Total Assets, %*	2.0%	1.4%			
Recurring Earning Power, % ⁽⁵⁾	17.6%	25.9%			
Earnings Before Taxes/Average Total Assets, %*	5.7%	11.8%			

Notes:

* Normalised ratios adjusted to remove the effect of the one-off adjustments to intangible assets in Q4 2017

(1) Interest Earning Assets include: Placement with other banks and Gross Loan Receivables

(2) Interest expense of the Period/Average Total Liabilities for the same period

(3) Interest expense of the period/Average Interest Bearing Liabilities for the same period. Interest Bearing Liabilities include Loans and Borrowings and Deposits from customers and banks

(4) Interest income of the period/Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities

(5) Profit(Pre-discretionary bonus) Before Net impairment losses of the period/Average Total Assets for the same period

(6) Total Recurring Operating Costs plus Discretionary Bonus Pool less Depreciation & Amortisation of the period divided by Average Total Assets for the same period

Key ratios – asset quality, liquidity and capitalisation

Asset quality	FY 2017	FY 2016	Liquidity	FY 2017	FY 2016
Cost of risk, %			Net Loan Receivables/Total Assets, %*	54.8%	53.0%
- Online	20.6%	19.6%	Average Net Loan Receivables/Average Total Assets, %*	54.0%	58.6%
- TBI Bank ⁽¹⁾	3.9%	3.1%	Average Net Loan Receivables/Average Client Balances & Deposits, %	213.9%	325.8%
- Overall group	15.6%	16.5%	Net Loan Receivables/Total Deposits, %	218.8%	208.3%
Gross NPL ratio, %			Net Loan Receivables/Total Liabilities, %	70.8%	70.2%
- Online	33.4%	42.0%	Interest Earning Assets/Total Assets, %*	71.2%	71.9%
- TBI Bank	12.6%	10.9%	Average Interest Earning Assets/Average Total Assets, %*	71.5%	80.0%
- Overall group	26.7%	33.1%	Liquid Assets/Total Assets, % ⁽²⁾	15.0%	17.4%
Net impairment / interest income, %	24.9%	22.8%	Liquid Assets/Total Liabilities, %	19.3%	23.1%
Online NPLs to loan issuance ratio, %	7.3%	9.3%	Total Deposits/Total Assets, %*	25.1%	25.5%
Loan Loss Reserve/Gross Receivables from Clients, %	22.3%	25.7%	Total Deposits/Total Liabilities, %	32.4%	33.7%
Average Loan Loss Reserve/Average Gross Receivables from Clients, %	23.9%	26.4%	Total Deposits/Shareholders' Equity (Times)*	1.11x	1.04x
			Leverage (Total Liabilities/Equity), Times*	3.44x	3.09x
			Tangible Common Equity/Tangible Assets, % ⁽³⁾	22.9%	27.2%
			Net Loan Receivables/Equity (Times)*	2.43x	2.17x
			Capitalisation and ICR	FY 2017	FY 2016
			Equity/Assets ratio, %	18.7%	24.4%
			Equity/Net receivables, %	32.5%	46.1%
			TBI Bank capital adequacy ratio, %	23.2%	24.0%
			Adjusted interest coverage (Times)	2.2x	3.6x

Notes:

* Normalised ratios adjusted to remove the effect of the one-off adjustments to intangible assets in Q4 2017

(1) The TBI Bank Cost of Risk figure for FY2016 refers to Q4 2016 annualised

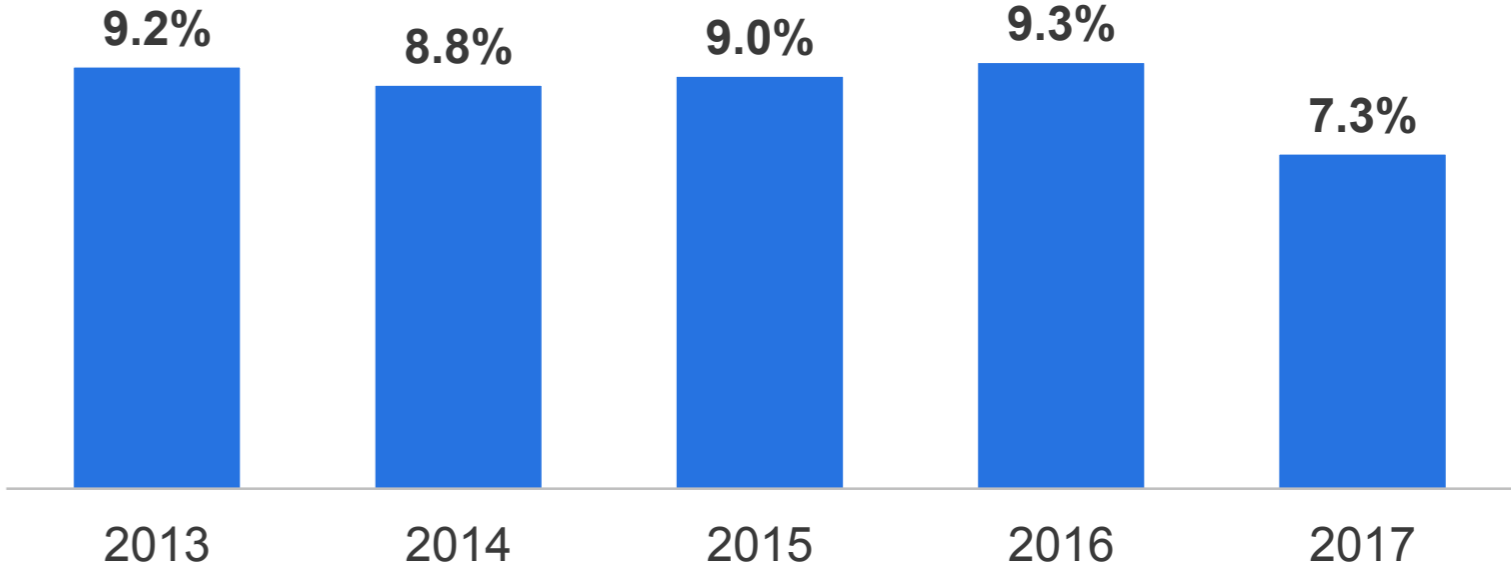
(2) Liquid Assets include Cash and Cash Equivalents and Placements with other banks

(3) Tangible Equity is Total Equity less Goodwill and Intangible Assets. Tangible Assets are Total Assets less Goodwill and Intangible Assets

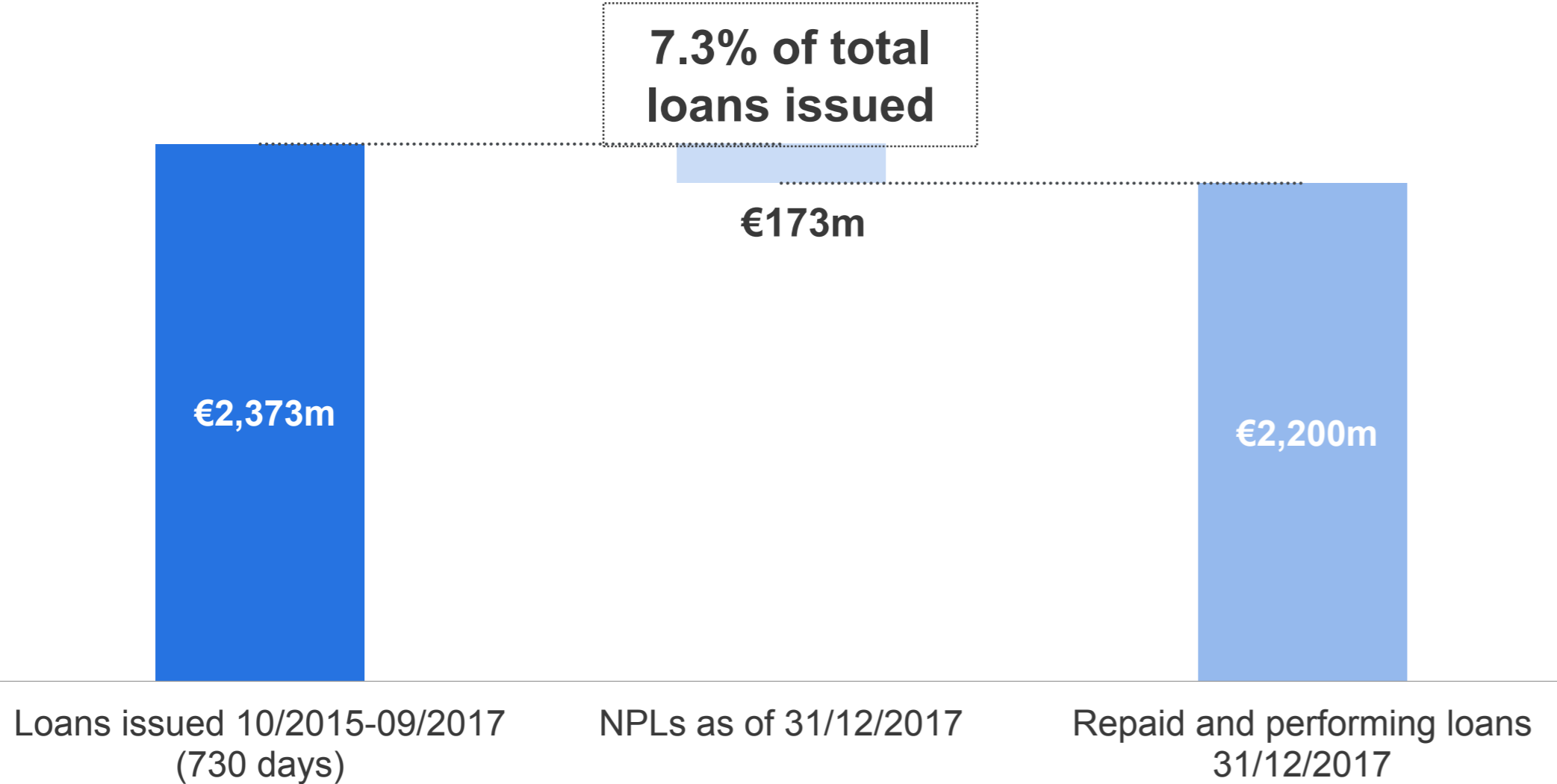
NPL / sales ratio improving, but less relevant going forward

- Loans that are overdue more than 90 days are considered as non-performing (NPLs)
- As of 31/12/2017, online NPLs represented 7.3% of total online issued loans over the last 730 days (ie the period most NPLs remain on balance sheet)
- Actual loss experienced on NPLs is approximately 50%-60% (54% as of 31/12/2017). Provisions for default are typically 5-10 p.p. higher
- NPL/issued loans metric becomes less relevant as proportion of longer term instalment loans increases and debt sales volumes increase

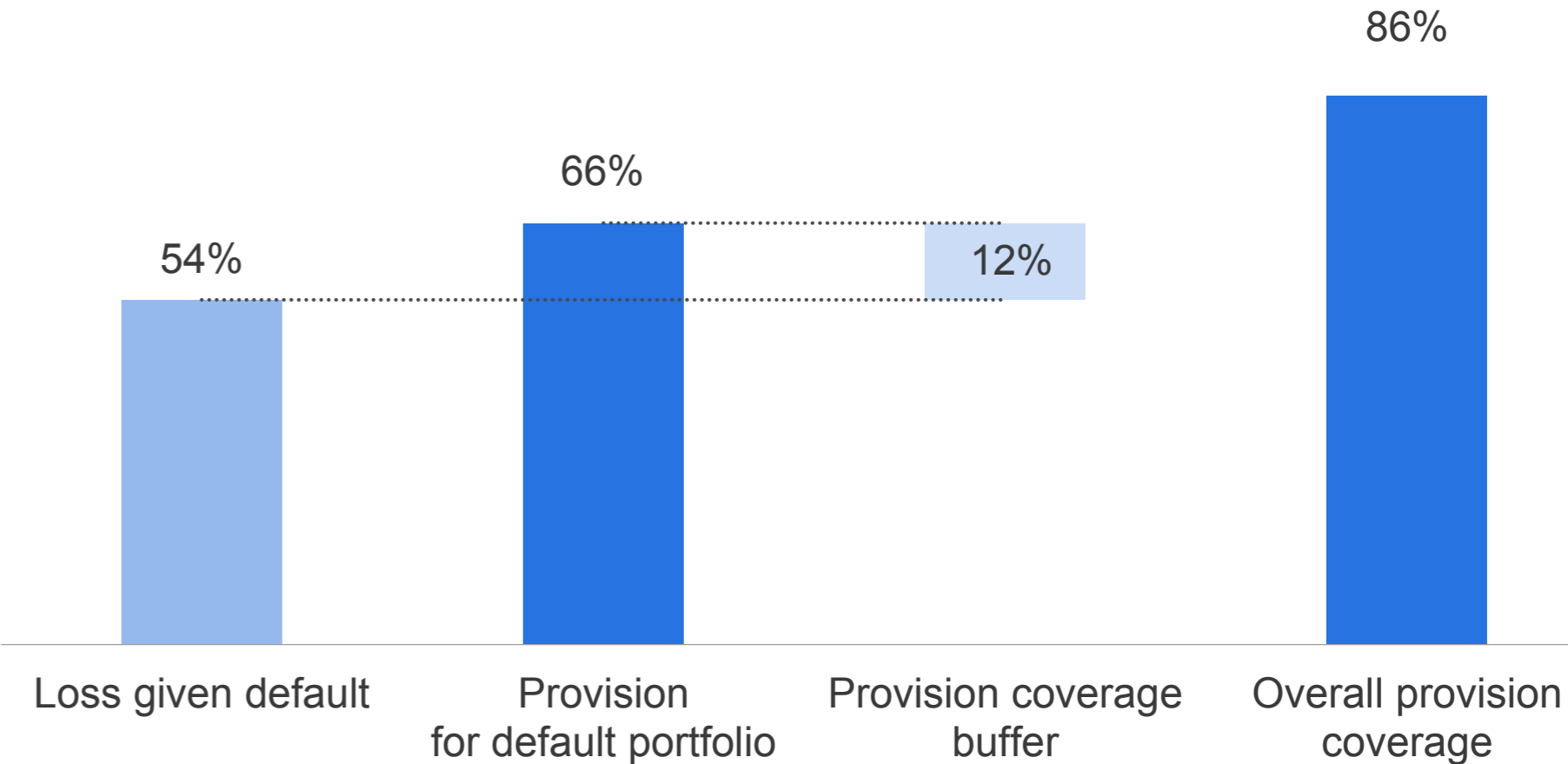
Improving NPLs to issued loans ratio⁽¹⁾



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

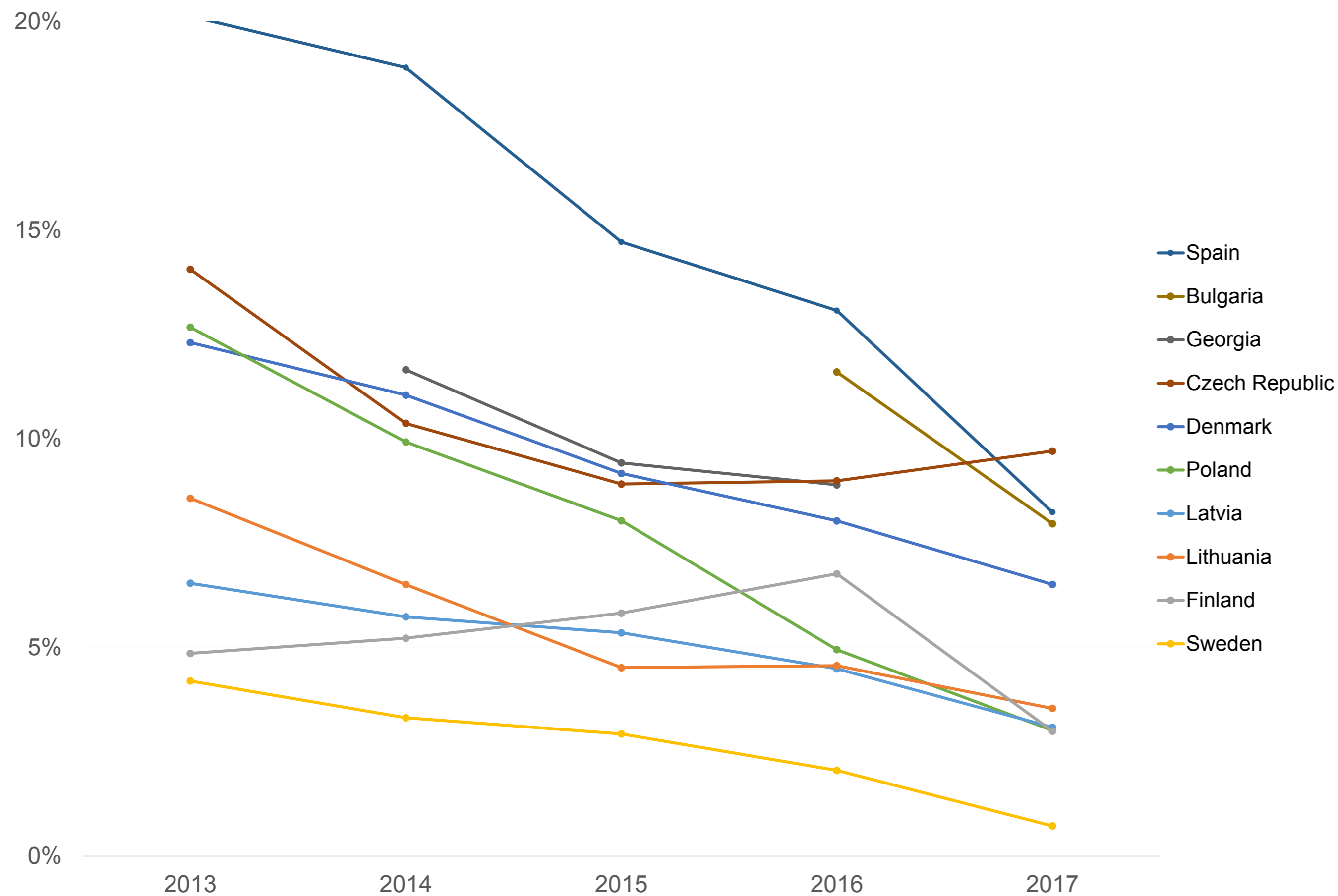


Conservative online loan provision coverage



Note: (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. See appendix for further definitions

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 (eg Poland, Spain, Sweden, Finland)
- Higher NPL ratio countries also have higher interest rates
 - Impairment / interest income ratio stable

Glossary/Definitions

- **Adjusted EBITDA** – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented here, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Further details of covenant adjustments can be found in the relevant bond prospectuses, available on our website
- **Adjusted interest coverage** – Adjusted EBITDA / interest expense
- **Cost of risk** – Annualised net impairment loss / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income
- **Equity / assets ratio** – Total equity / total assets
- **Equity / net receivables** – Total equity / net customer receivables (including accrued interest)
- **Gross NPL ratio** – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
- **Gross receivables** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income
- **Interest income** – Interest and similar income generated from our customer loan portfolio
- **Loss given default** – Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries on 21/36 month window for single payment/instalment loans, reduced by costs of collection, discounted at weighted average cost of capital
- **Net impairment to interest income ratio** – Net impairment losses on loans and receivables / interest income
- **Net interest margin** – Annualised net interest income / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Net receivables** – Gross receivables (including accrued interest) less impairment provisions
- **Non-performing receivables (NPLs)** – Receivables that are over 90 days past due
- **Non-performing receivables to loan issuance ratio** – Non-performing online receivables / value of online loans issued. The value of loans issued represents online loans issued for the two-year period before commencement of the 90 day past-due period, eg for 31 December 2017: 1 October 2015 to 30 September 2017
- **Normalised** – Adjusted to remove the effect of the one-off adjustments to intangible assets in Q4 2017
- **Overall provision coverage** – Allowance account for provisions / non-performing receivables
- **Profit before tax margin** – Profit before tax / interest income
- **Return on Average Assets** – Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
- **Return on Average Equity** – Annualised profit from continuing operates/ average equity (total equity as of the start and end of each period divided by two)
- **TBI Bank Capital adequacy ratio** – (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)



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