4finance Holding SA

Investor Presentation for nine month 2017 results

22 November 2017

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Agenda

- Operational progress update: executing on our twin track strategy
- Review of 9M 2017 results
- Loan portfolio and asset quality
- Conclusion

Reminder: Executing a twin track strategy

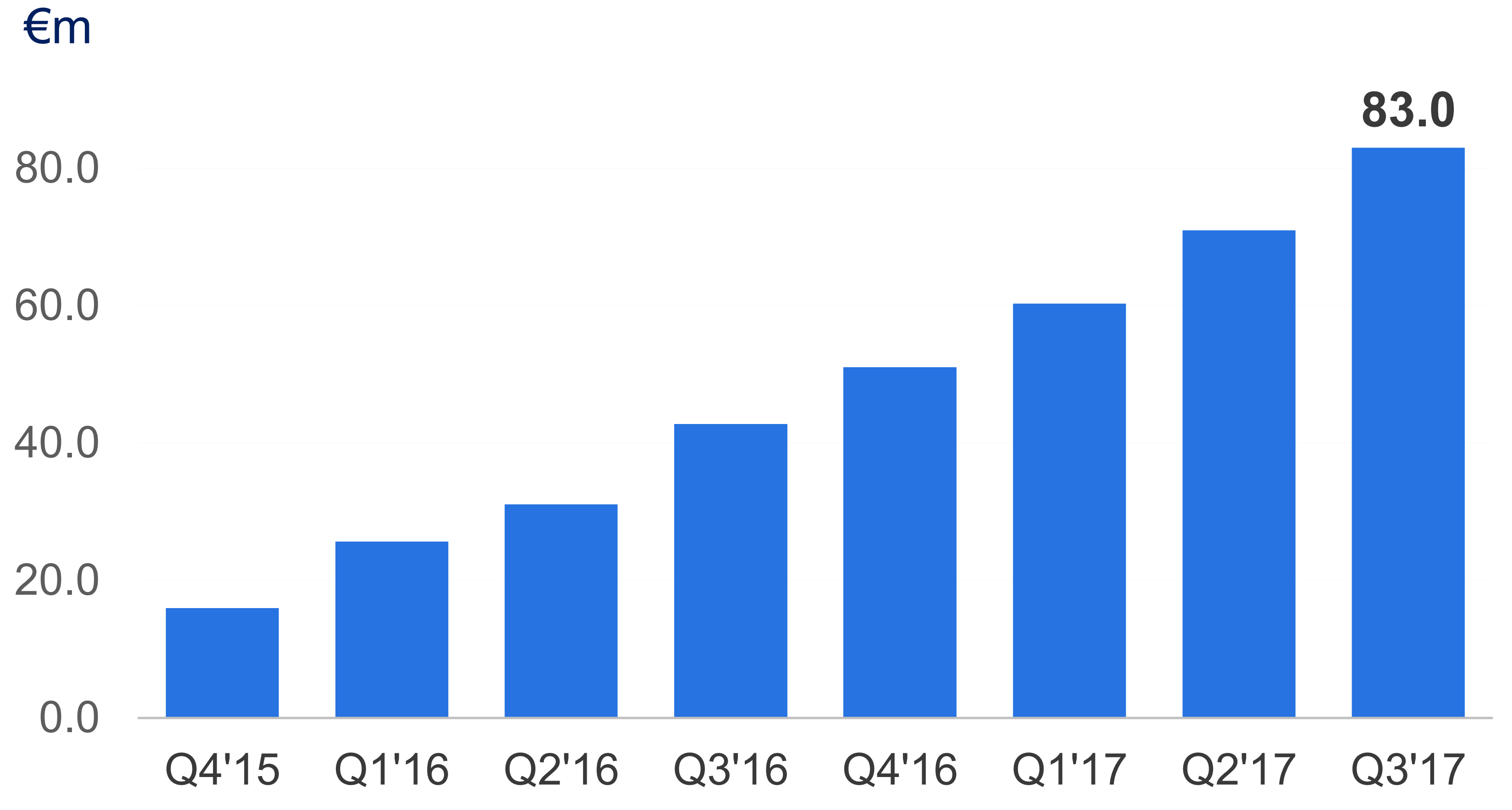
Driving **near term** performance

Rapidly laying a foundation for the **future**

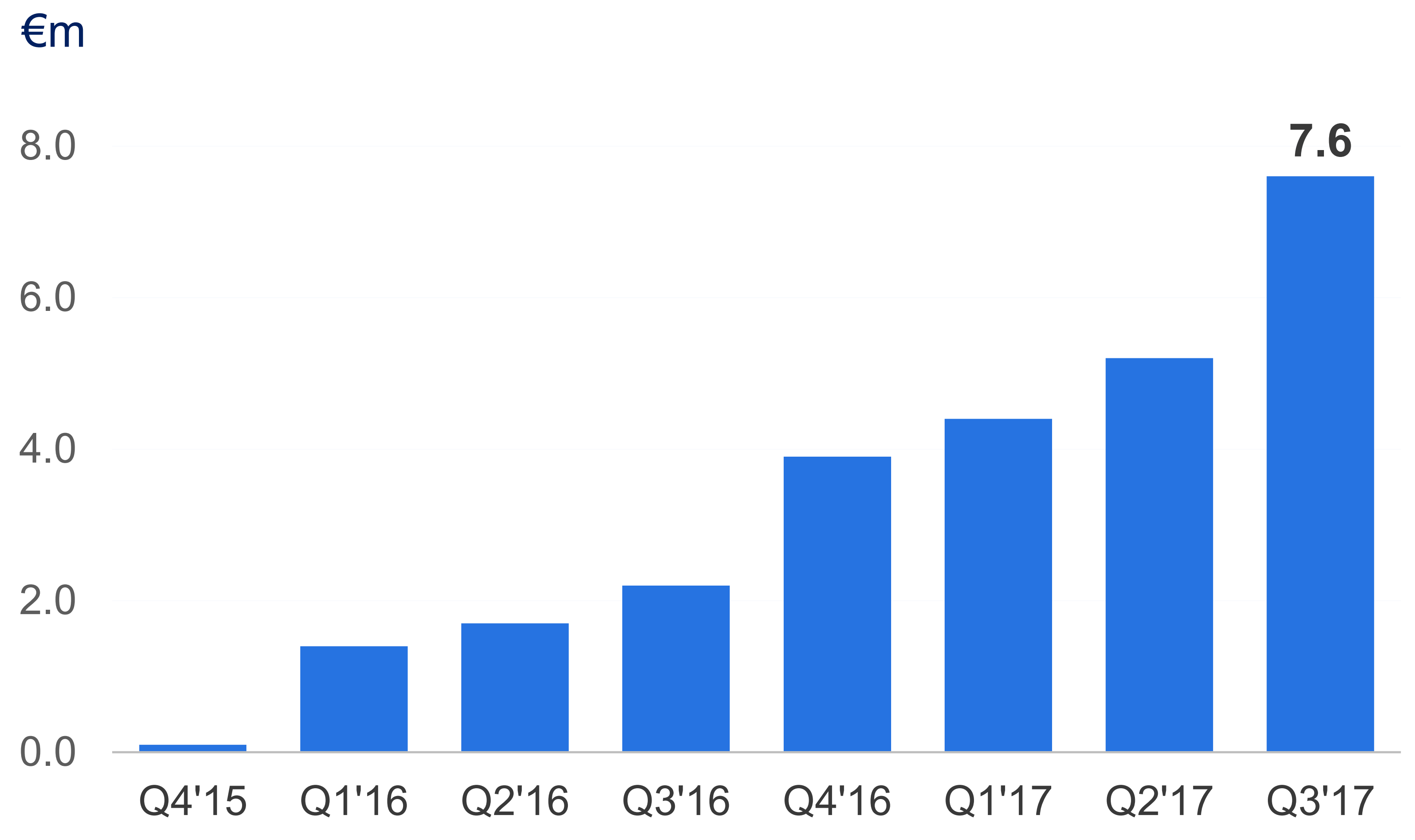
Operational progress: renewed momentum

- Executive team transformation is nearing completion
  - New regional leadership structure with our most experienced business leaders providing more responsive oversight and driving best practices across countries
  - Restructured ExCo clarifies functional accountability and includes representation from regional leaders plus TBI. Speeds up decision making and improves collaboration across group
- Enhanced growth in our existing markets
  - Best organic Quarter-on-Quarter loan issuance growth in two years
  - Solid instalment loan issuance growth (up 35% QoQ)
  - Solid Latin American growth (up 47% QoQ)
  - Launch of instalment loans in Georgia following regulatory changes
- Promising start to near prime market tests
  - Launched near prime offering in Lithuania, which is driving net loan book growth in the region for the first time in many quarters
- Enhancing NPL management and completing preparation for IFRS 9

Gross receivables from recent IL launches[1]



Quarterly Issuance (Latin America)

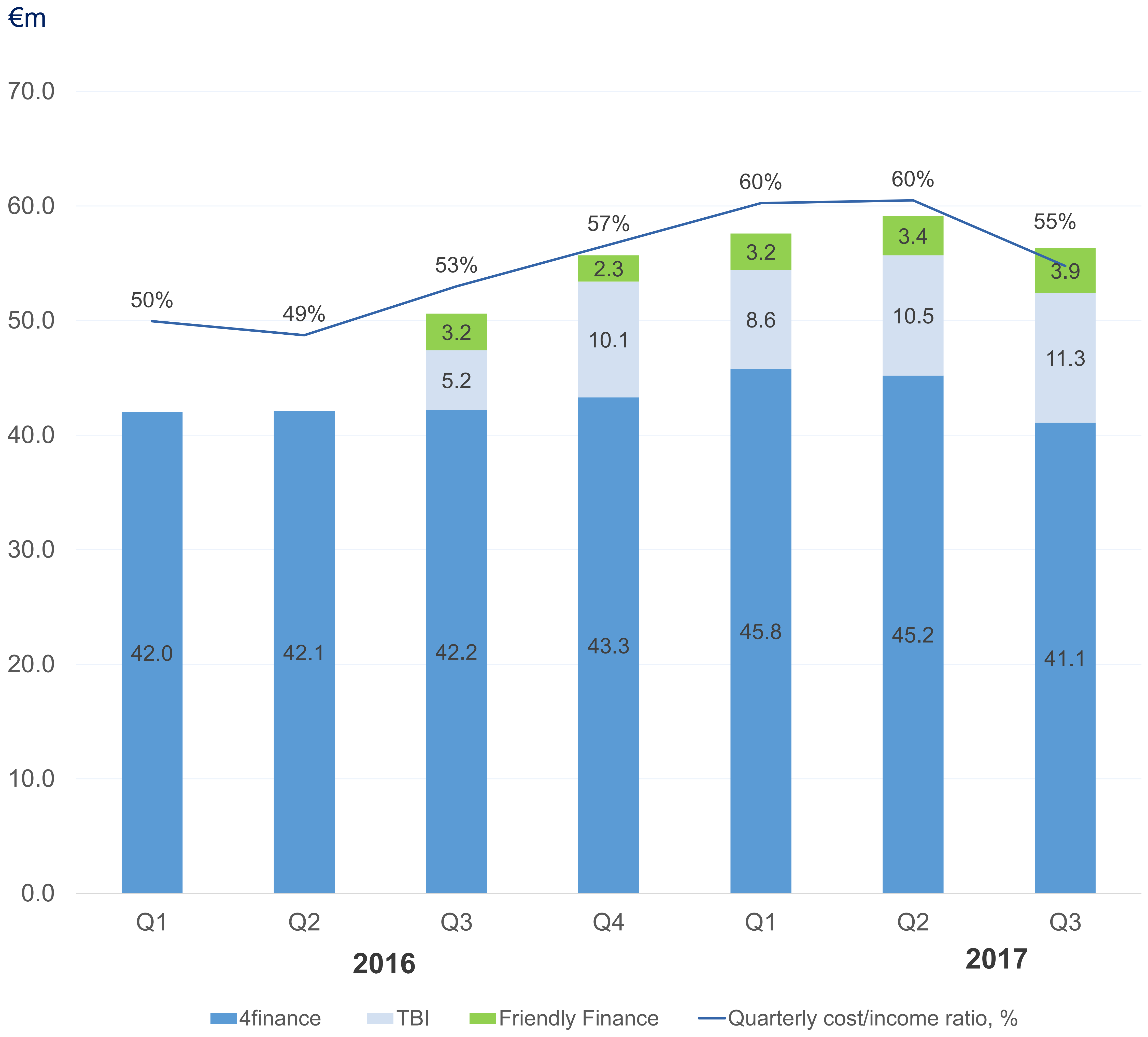


Note: (1) Includes instalment loans in Poland, Denmark, Spain, Romania and the Czech Republic

Operational progress: increasing efficiencies

- Continuing to execute cost optimisation project
  - Overall cost to income ratio a focus: operating income increase from growth in non-mature products plus cost efficiency improvements
  - Targeting annualised savings of up to 10% of costs, excluding marketing and D&A
  - Q3'2017 reduction in cost represents benefits of initial cost saving initiatives
- Executing deeper integration of Friendly Finance and deploying a multi-brand/multi-segment strategy that will use differentiated underwriting rules and pricing to grow the addressable customer base, while driving increased economies of scale
- Prioritizing and driving quick wins that will deliver near term top line and bottom line returns
  - Revamped the LOC product and will re-launch it in Latvia and Finland
  - Reduced cycle time of scorecards, allowing us to continuously improve underwriting

Total operating costs

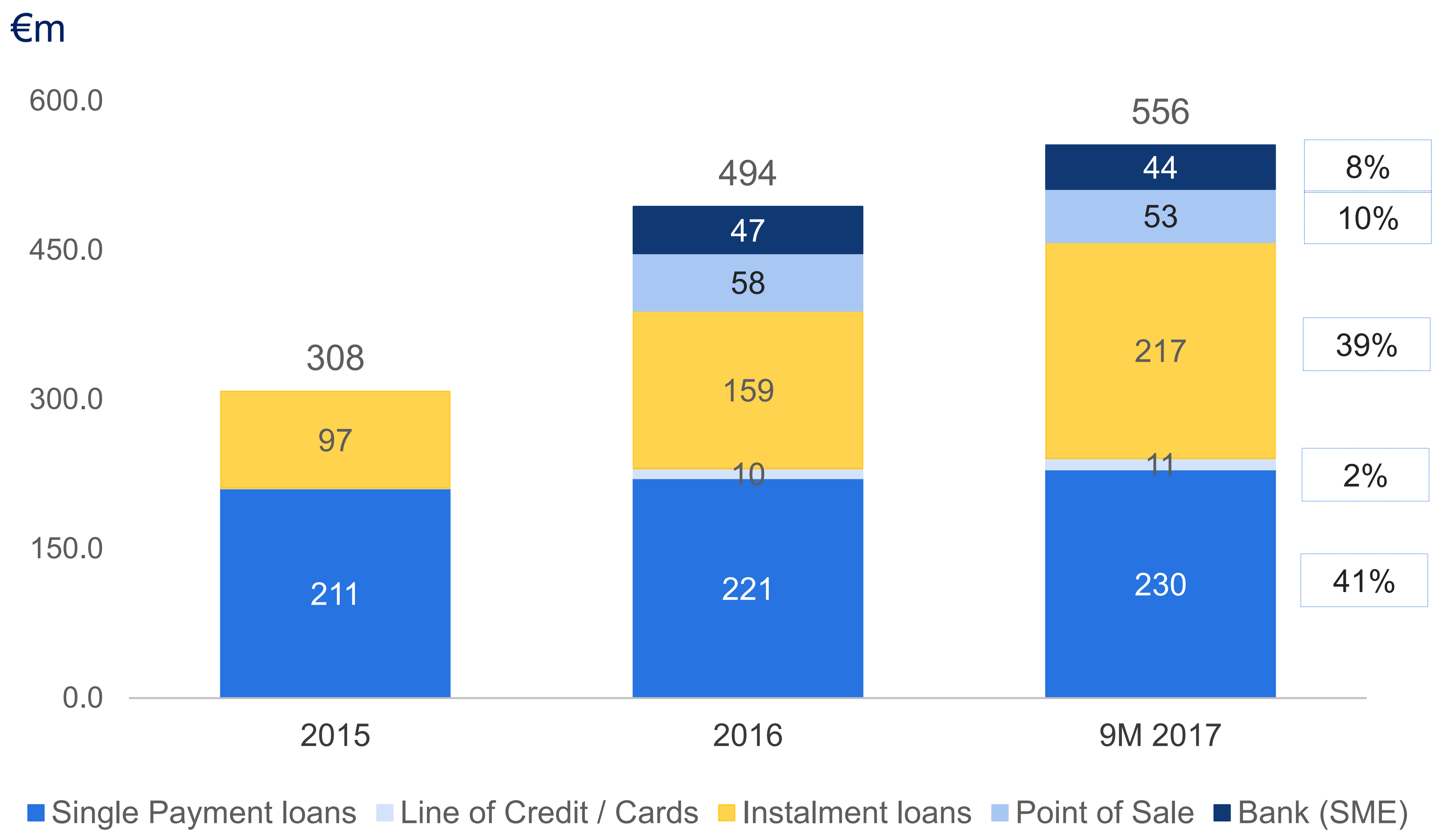


Note: Q1-3 figures reflect reported unaudited results and Q4 figures reflect balance to full year audited results

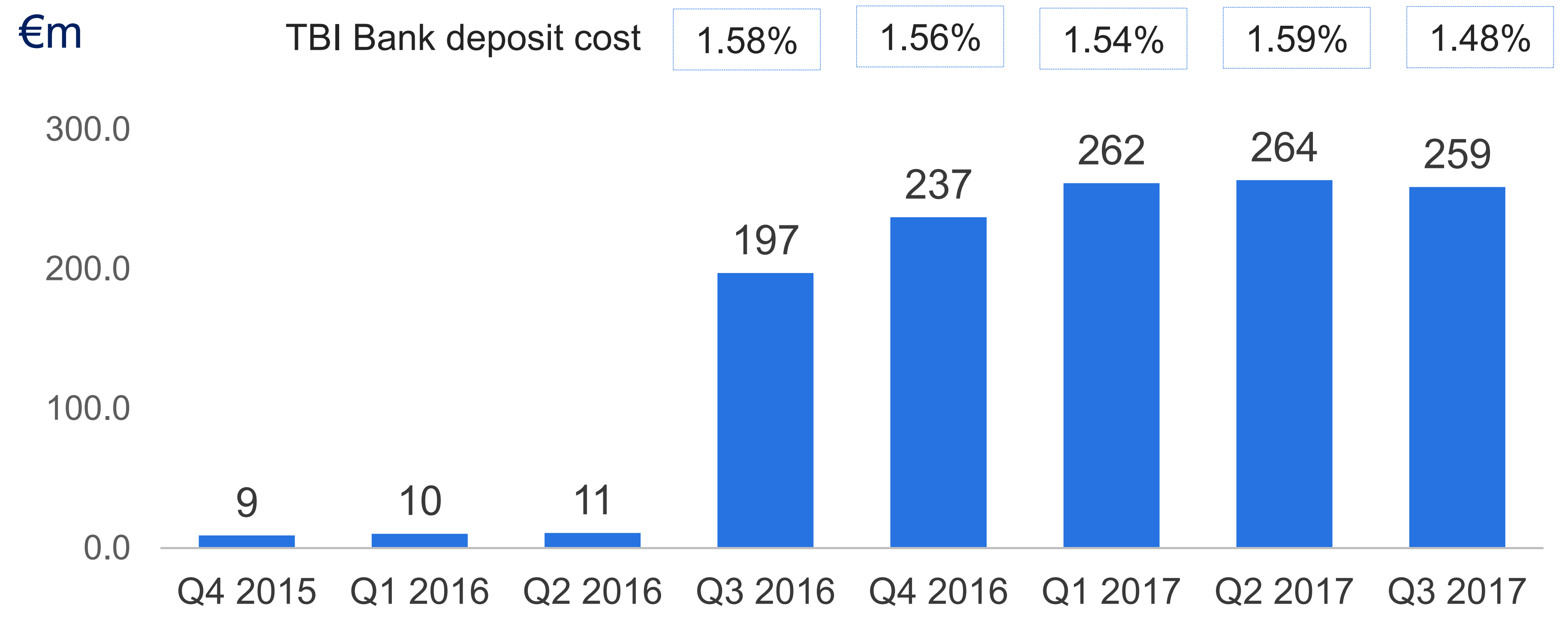
Operational progress: building a bridge to the future

- Accelerating development of new IT platform capable of powering all of our products going forward, including SPL, IL, LOC, Credit Card and Deposits, and allow faster rollout speeds at lower cost
  - Smart blend of internal (differentiating) and external (best in class) components
  - Undertaking a pragmatic review of existing IT platform
- Near prime project for Sweden on track to launch in early 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
- Partnership established for near-prime products in Poland for launch 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
- Strengthened governance, with enhanced role for Supervisory Board and new committees (ALCO, remuneration)

Net receivables by product



Deposits from customers



Responsible lending and regulatory compliance

- Putting customers first
  - Focusing on good customer outcomes
  - Delivering sustainable customer relationships

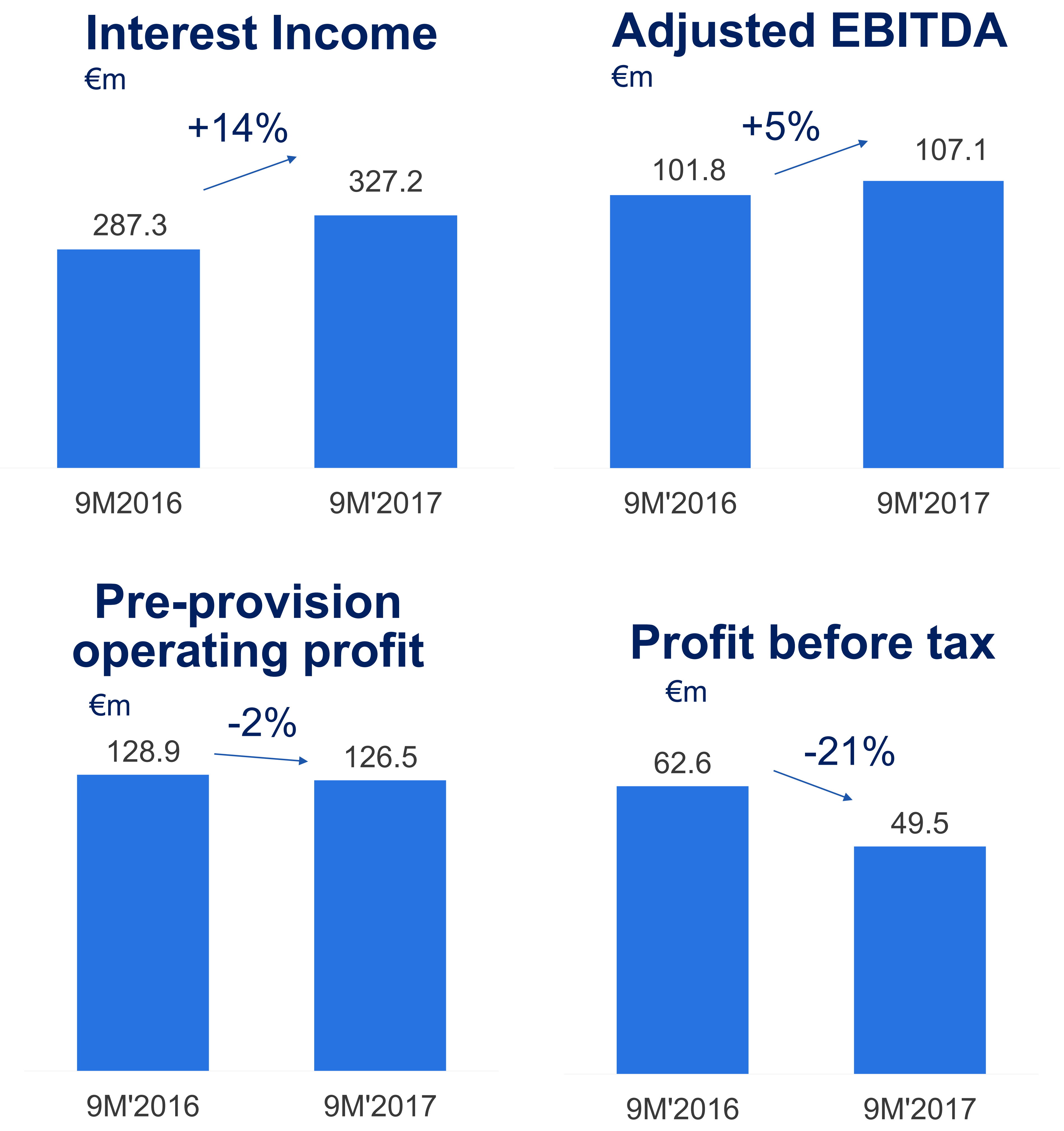
- Regulatory relationships are strategic to our business
  - Appointment of Chief Compliance Officer
  - Introducing a Customer Charter and Code of Conduct
  - Ensuring best practice throughout the business

- 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

Review of 9M results

Summary of nine month 2017 results

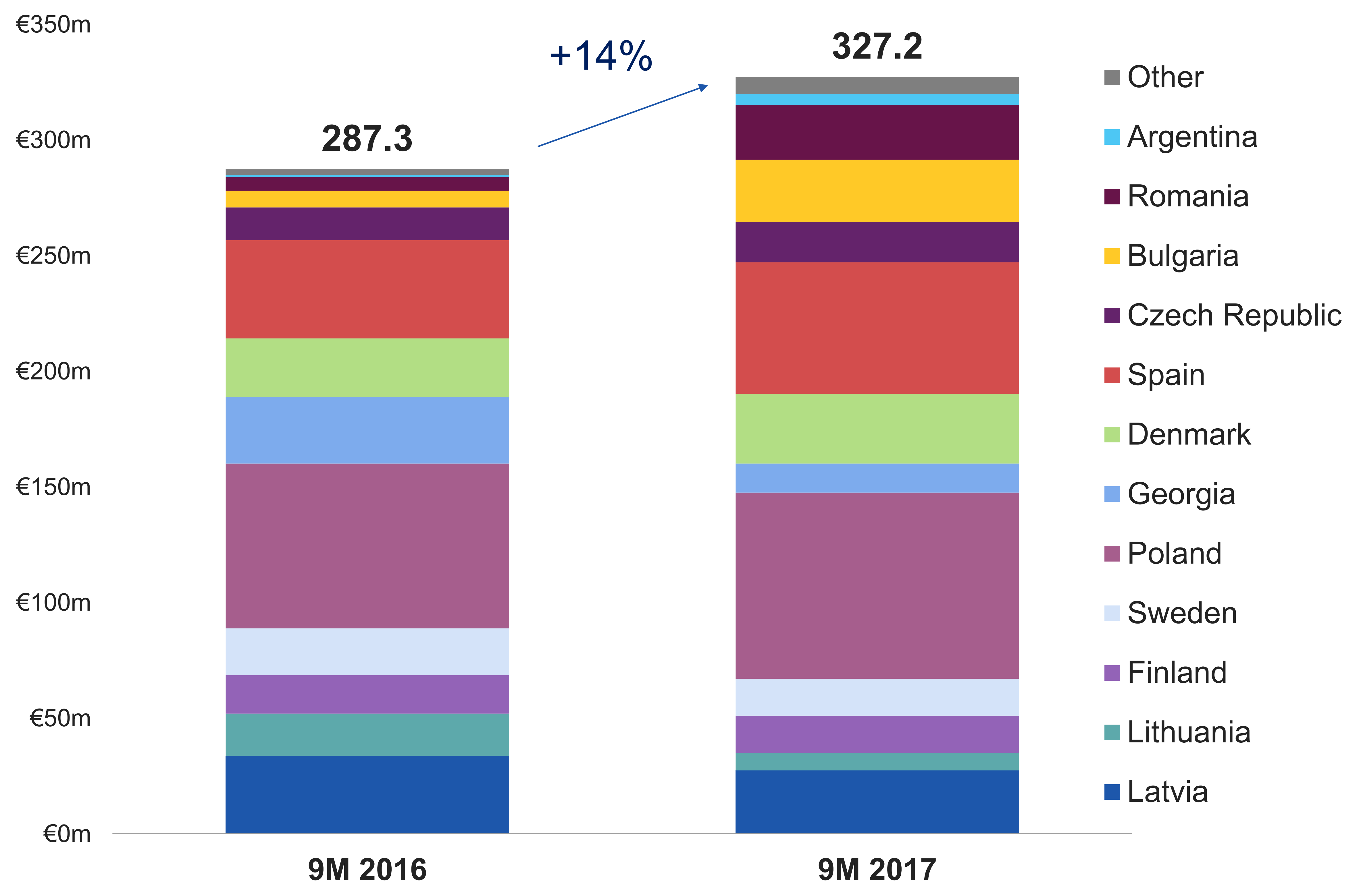
- 9M17 interest income up 14% and Adjusted EBITDA up 5% year on year
  - Record €114m quarterly interest income, up 4% from Q2
  - Adjusted EBITDA of €107m, up 5%, maintaining interest cover from Q2
  - Pre-provision operating profit of €127m, down 2% on last year
  - Profit before tax of €49m, down 21% on last year
- Interest income highlights by market and product
  - Strong growth in Poland, Spain & Denmark vs impact of Georgia and Lithuania regulatory changes (reduction of €29m in 9M17 vs 9M16)
  - Latin American growth starting to show in overall results: up 18% QoQ and 9M17 total over 3x that of 9M16
  - Instalment loan interest income up 10% QoQ (growth and visibility)
  - TBI Bank strong performance driven by retail lending growth
- Cost efficiency initiatives in evidence
  - Quarterly reduction in absolute costs and cost/income ratio
  - Strategic approach to costs with longer term view / investment where appropriate
- Continued improvement in NPL ratios, increase in Q3 net impairments
  - Gross NPL ratio and NPL/sales ratio improvement
  - Net impairment/interest income at 24% compared to 23% for 9M16
  - Net impairment increase in Q3 (higher gross impairments, lower debt sales)
- Enhancements to financial reporting and disclosure



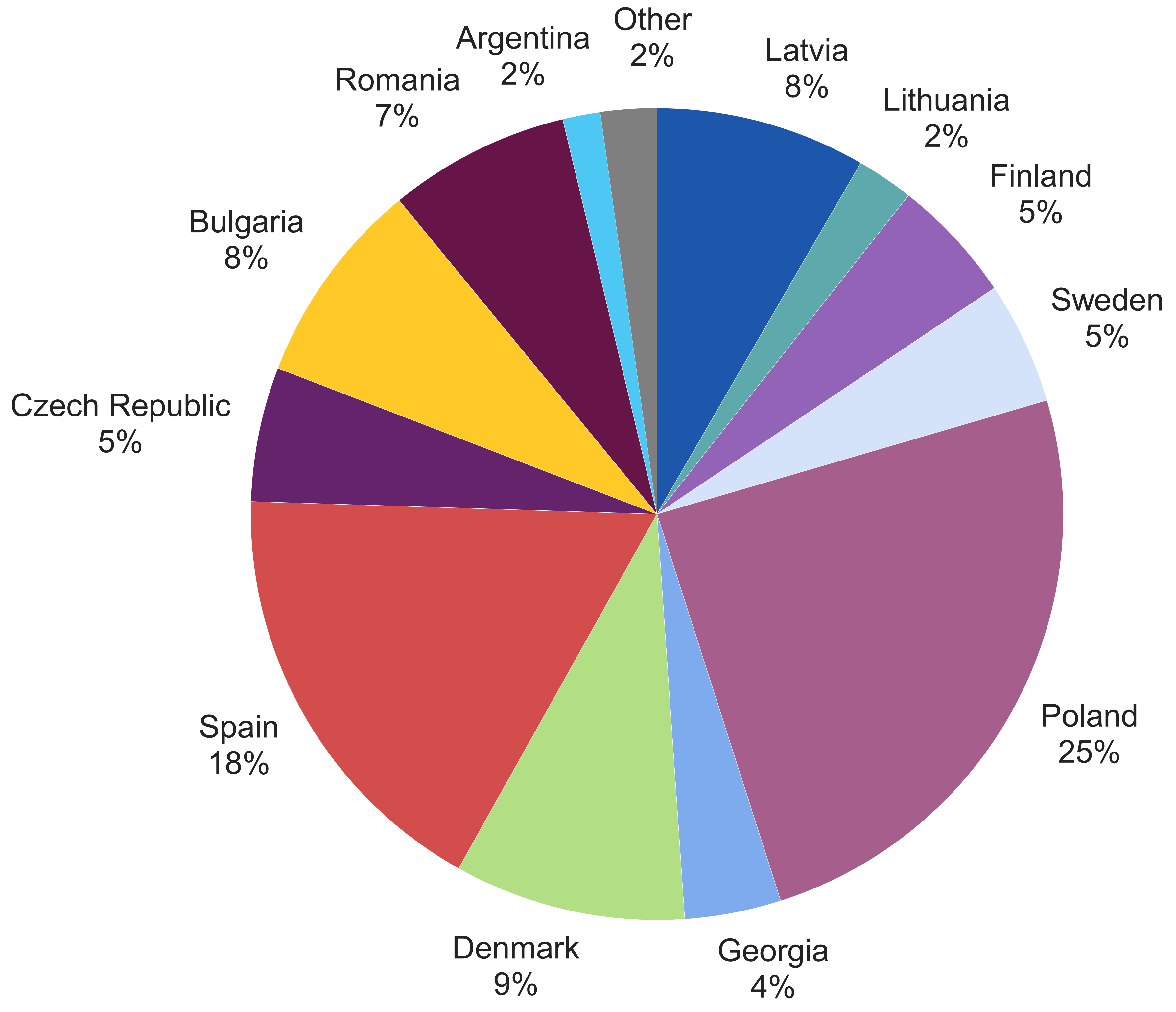
See appendix for definitions of key metrics and ratios

Interest income - growth and diversification

Interest income by country



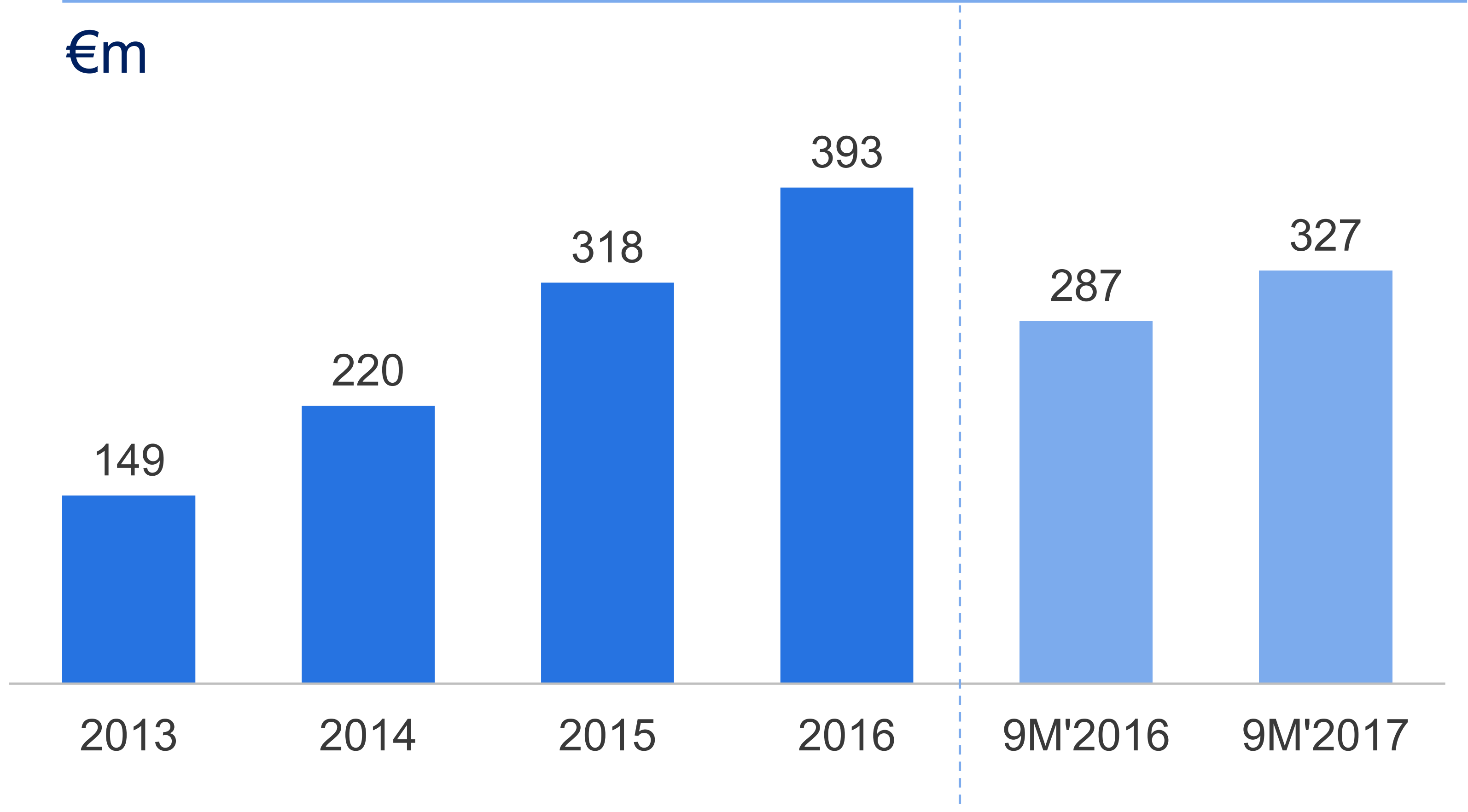
9M17 interest income: €327m



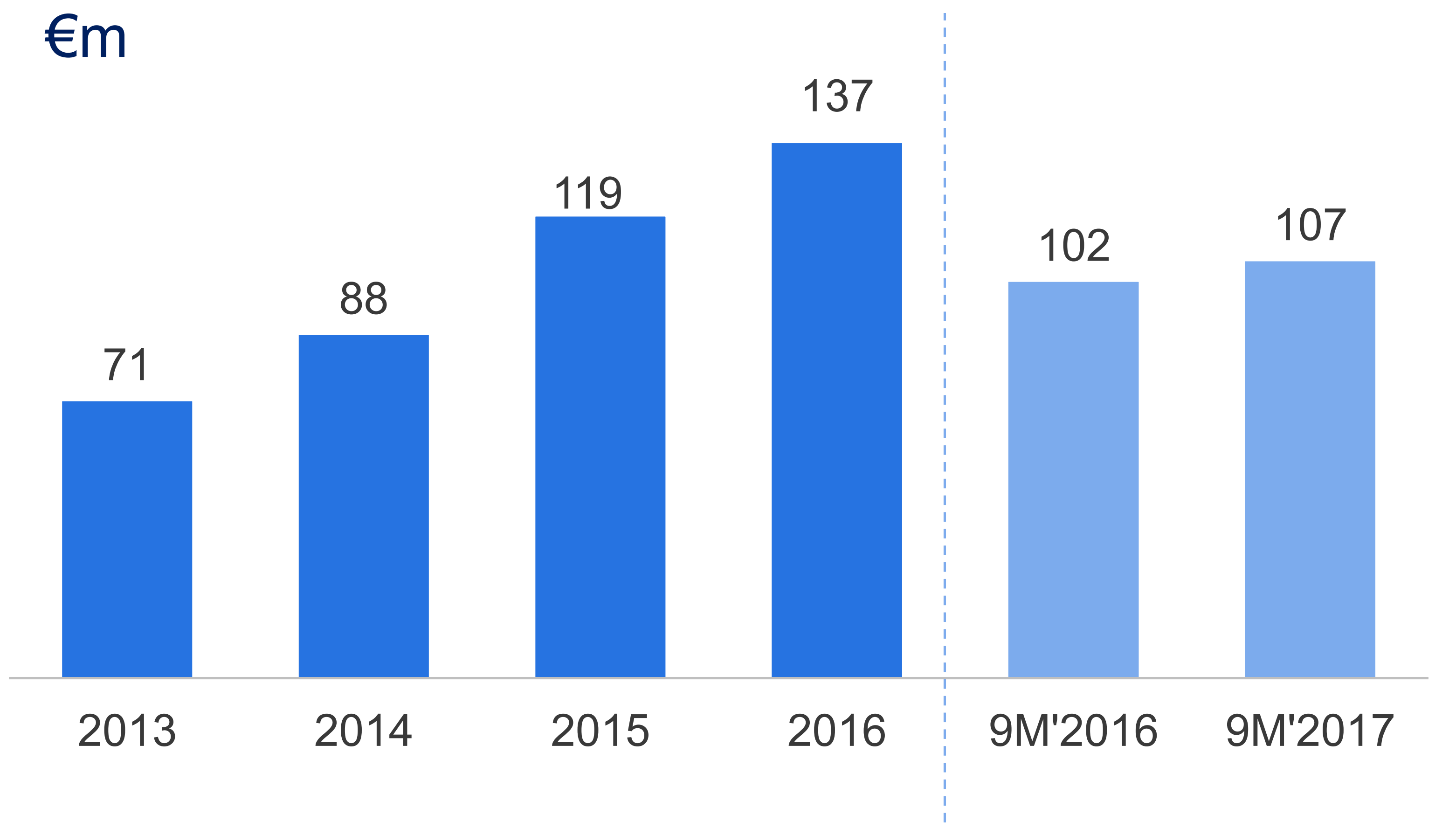
Note: Interest income from TBI Bank and Friendly Finance is allocated within the corresponding country

Financial highlights – profitable growth

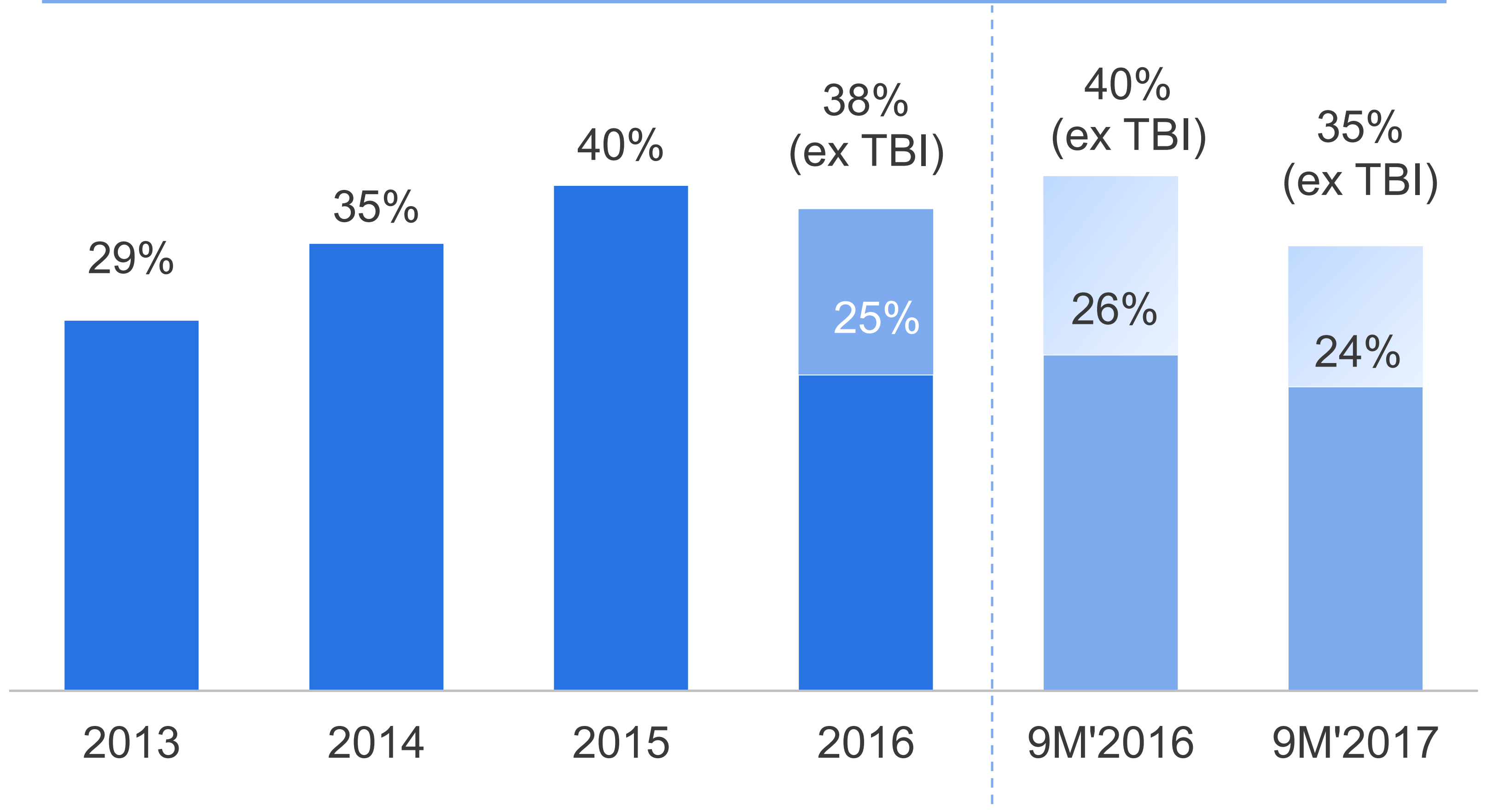
Interest income



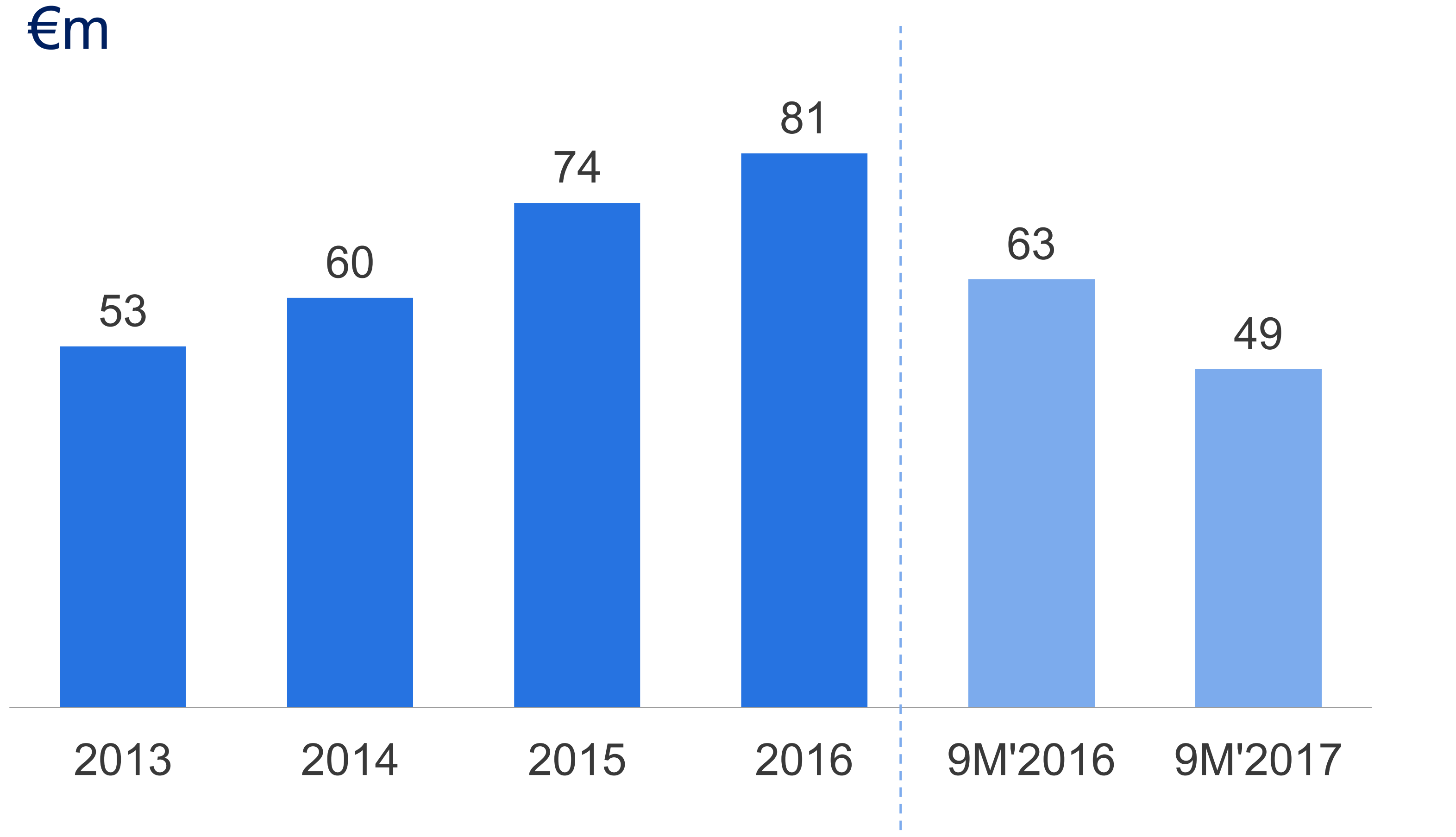
Adjusted EBITDA



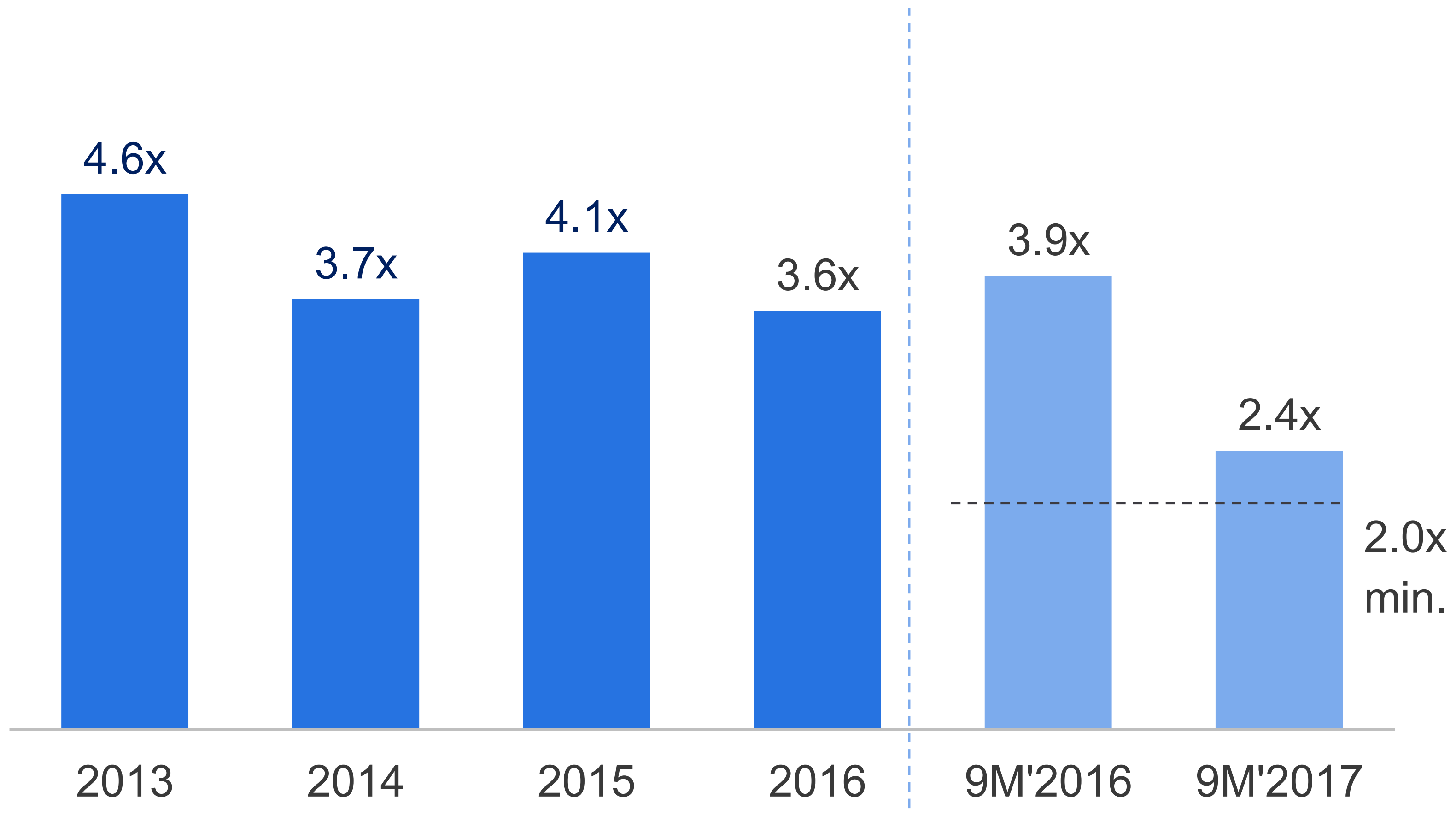
Equity to assets ratio, % [1]



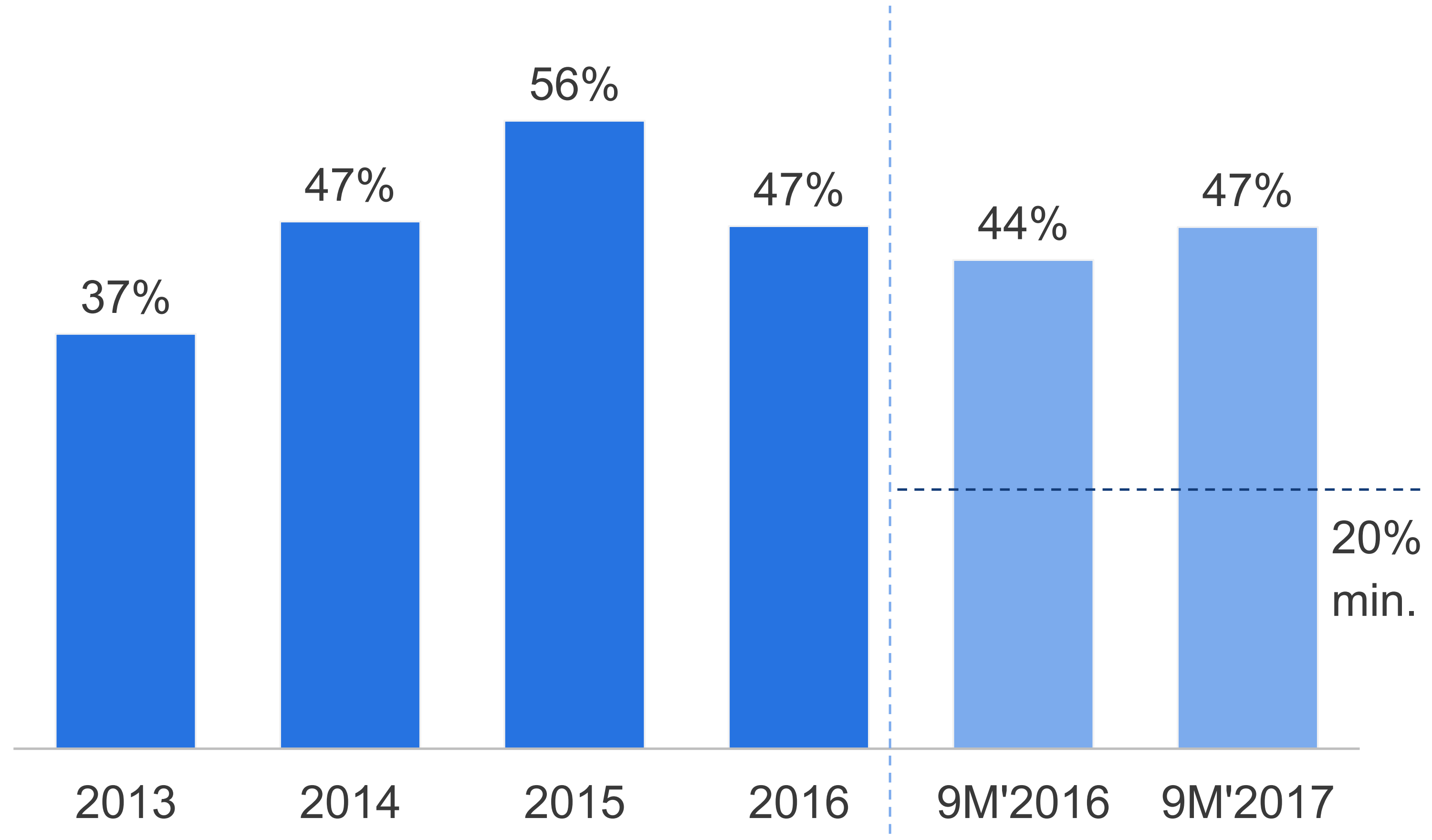
Profit before tax



Adjusted interest coverage ratio



Equity/net receivables, %



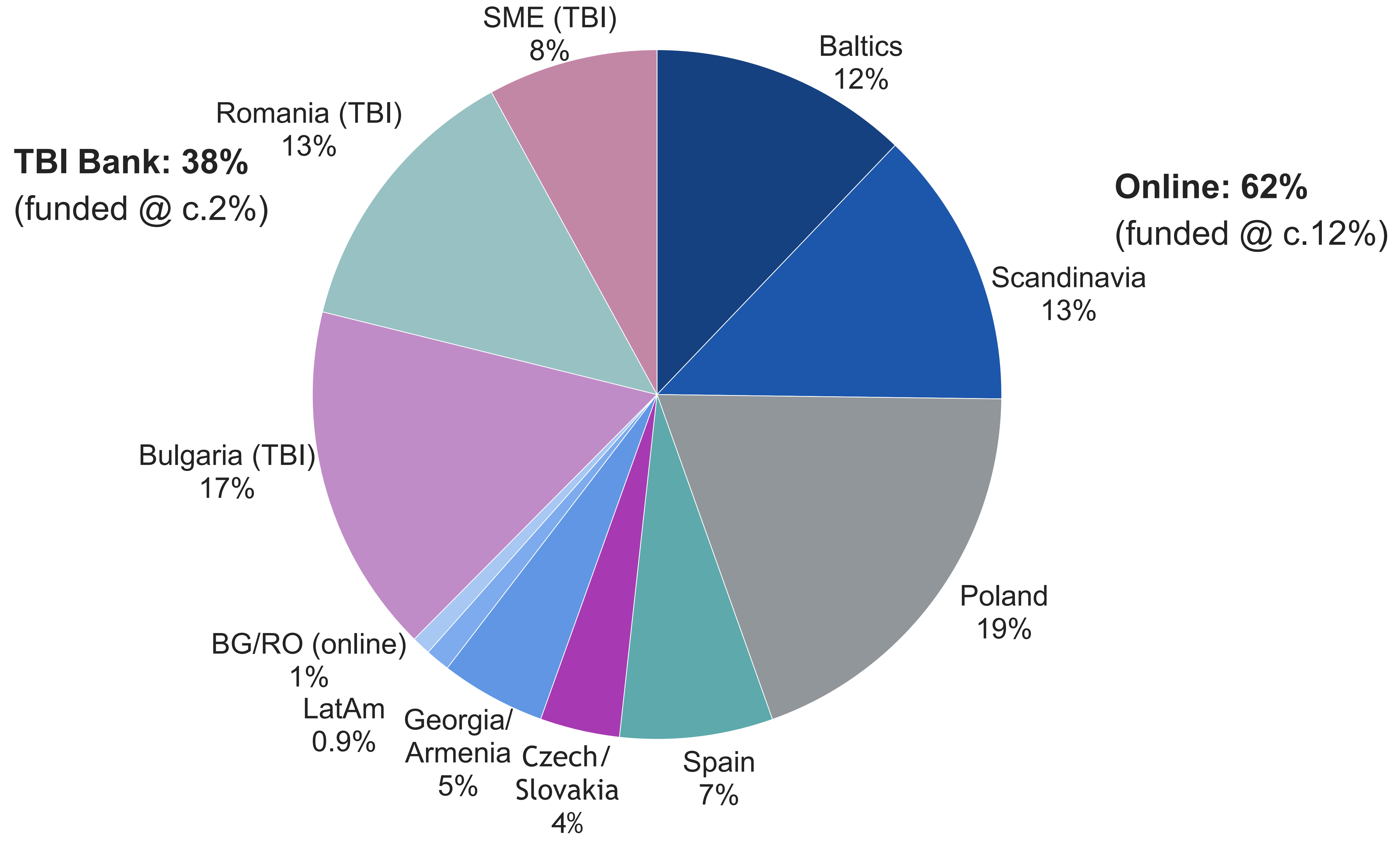
See appendix for definitions of key metrics and ratios

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

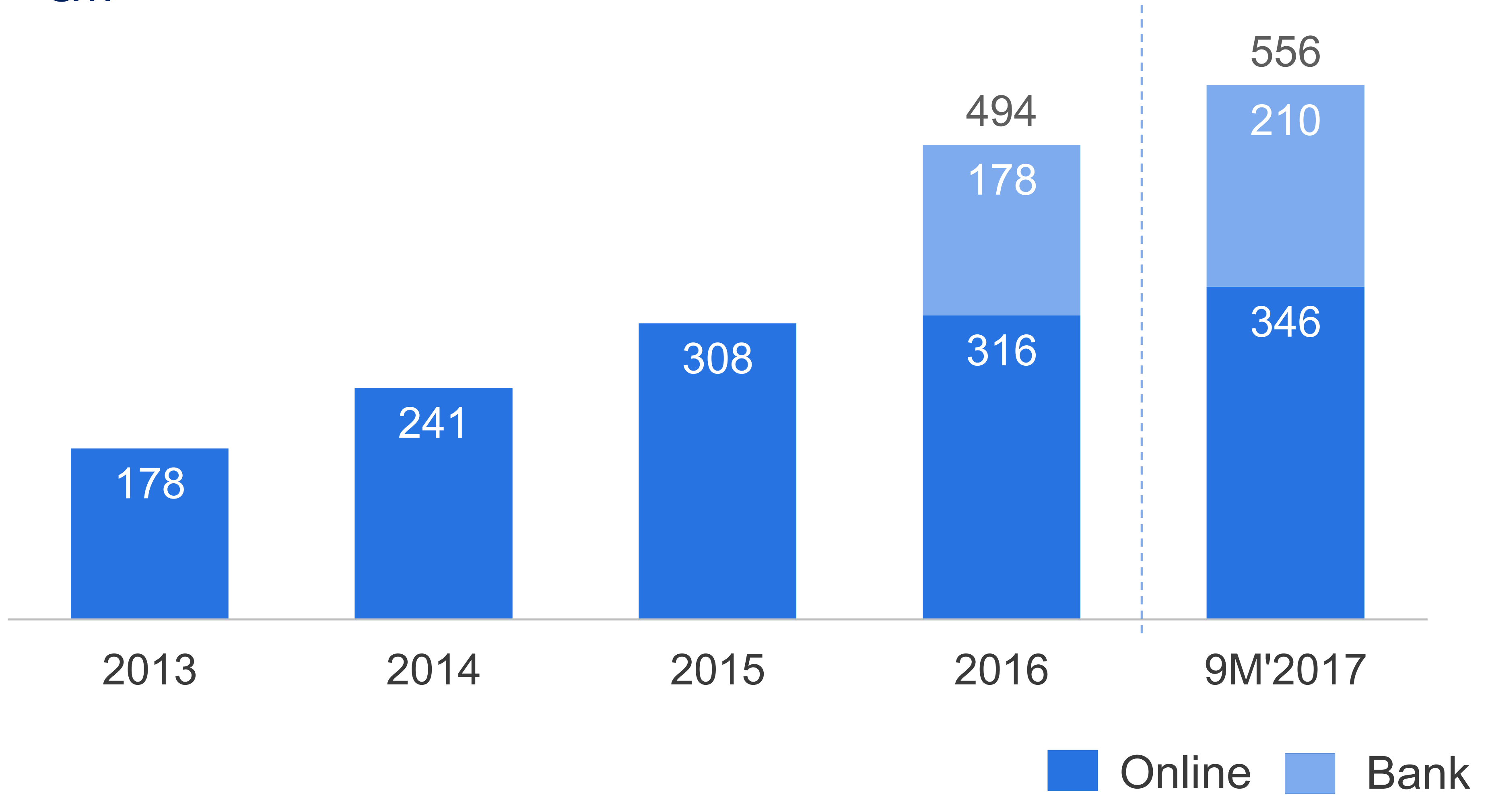
Growing and diversified loan portfolio

- 11% year-on-year growth in online loan issuance to €935m in 9M17
- Overall net receivables totals €556m
  - 13% year to date growth
  - 92% consumer loans
  - 62% online loans / 38% banking

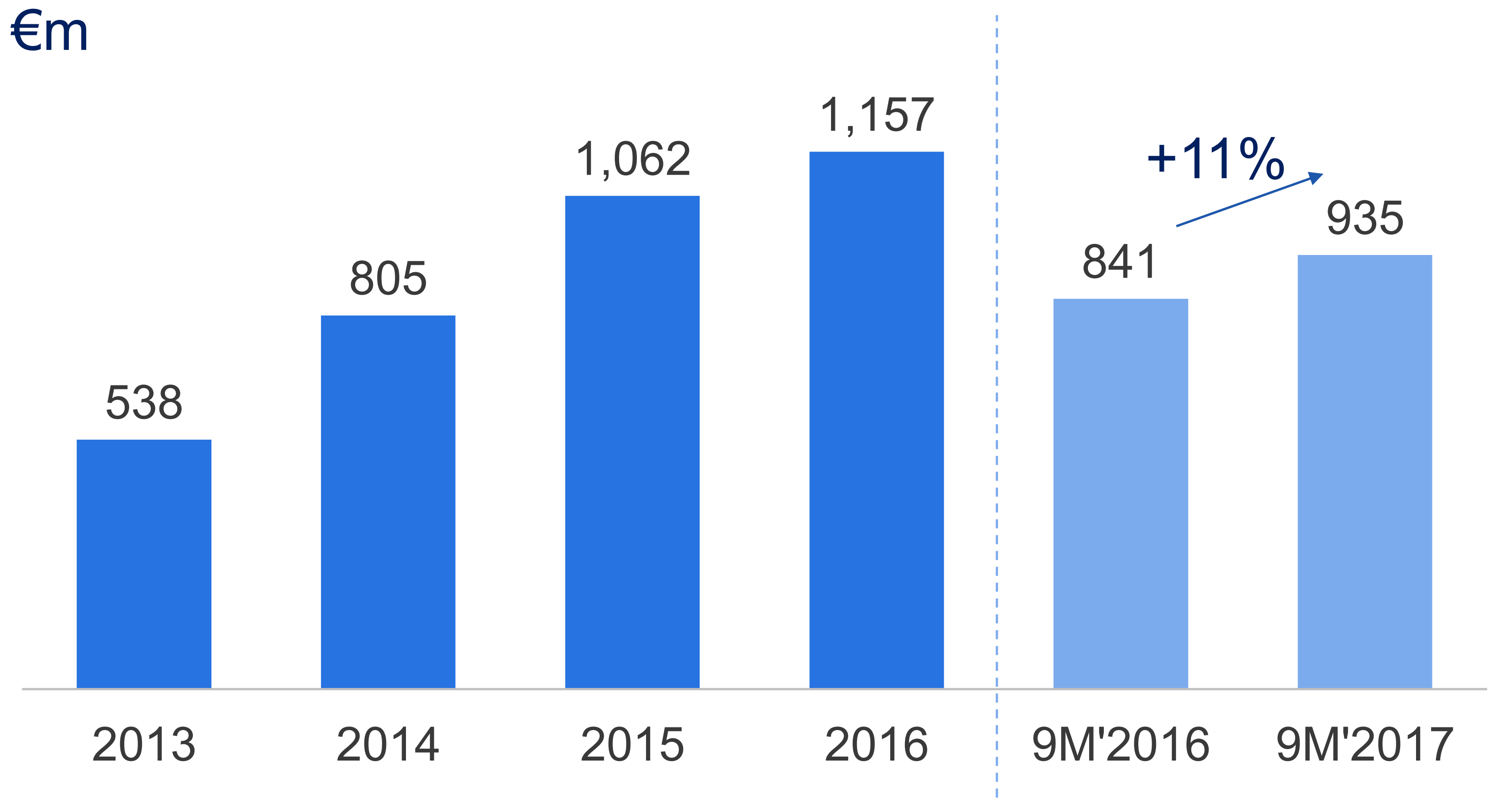
Net receivables, 30/9/2017



Net receivables(1)



Online loans issued

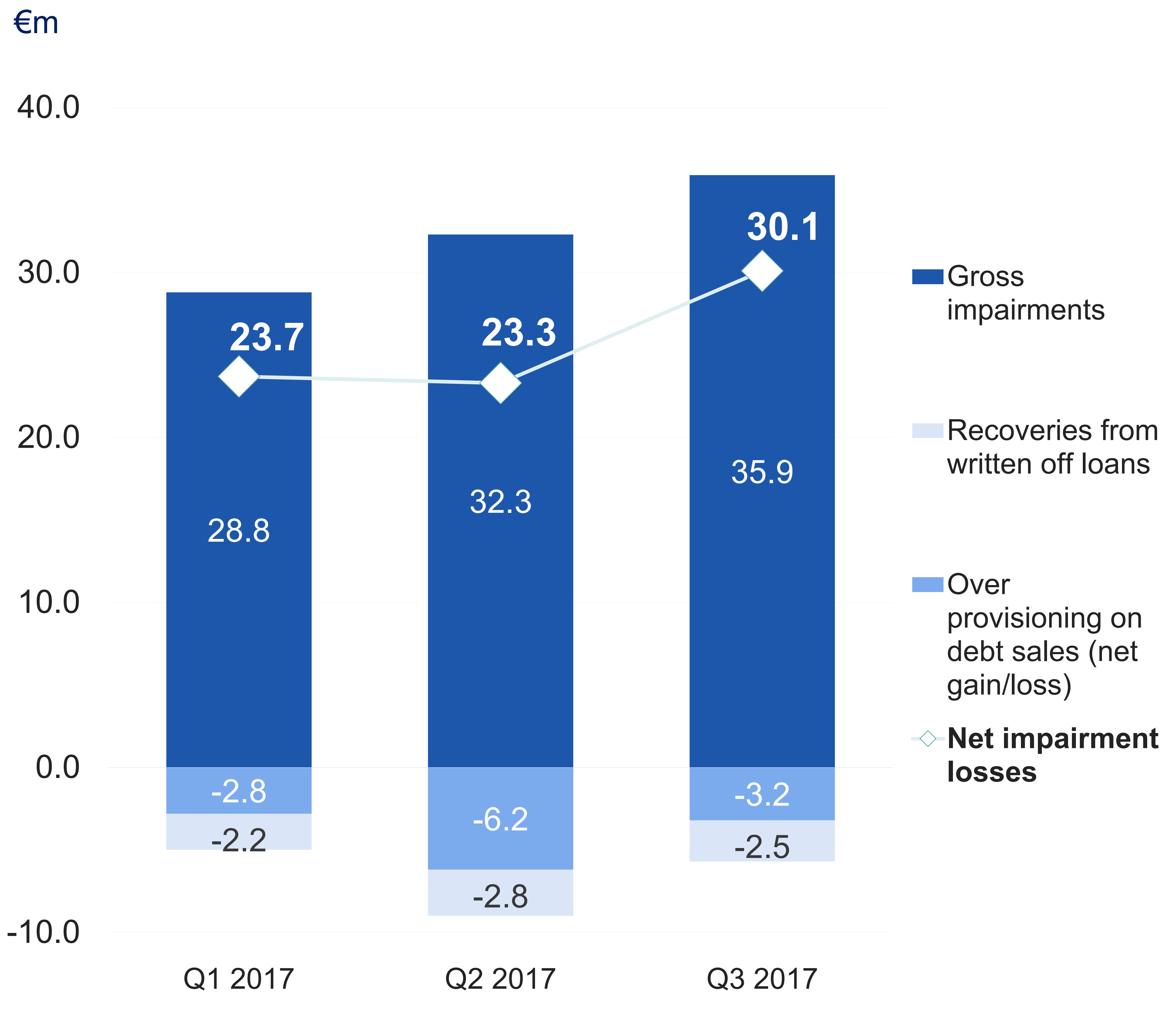


See appendix for definitions of key metrics and ratios

Note: (1) Bank receivables in 9M17 include c. €1m from pilot transfer of Swedish instalment loans

Analysis of net impairments and cost of risk

Net impairment losses by quarter



14.1%	13.6%	17.1%	Cost of risk

- Year on year increase in impairments broadly in line with business growth, plus effect of TBI Bank
  - Net impairment / interest income 24% (9M17) vs 23% (9M16)
  - Online cost of risk 18.9% (9M17) vs 19.3% (9M16)
  - Overall cost of risk 14.8% (9M17, including TBI Bank)
- Net impairment increase to €30.1m in Q3 vs €23.3m in Q2 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 Q3 vs Q2
- Focus on continuous improvement in credit underwriting
  - Integration of additional data sources
  - Faster iterations of scorecards with regular recalibration
- Preparation well underway for IFRS 9 implementation
  - Reviewing current two year collection and write-off period
  - Establishing more forward flow NPL debt sale agreements
  - **Preliminary estimate of c.7-10% year-end reduction in overall net receivables**

See appendix for definitions of key metrics and ratios

Asset quality and provisioning

- **Improvement in asset quality visible during 9M 2017**
  - Online gross NPL ratio declined by 5.1% from 42.0% as of Dec 2016 to 36.9% as of Sep 2017 (positive impact from NPL debt sales)
  - Overall gross NPL ratio now below 30%

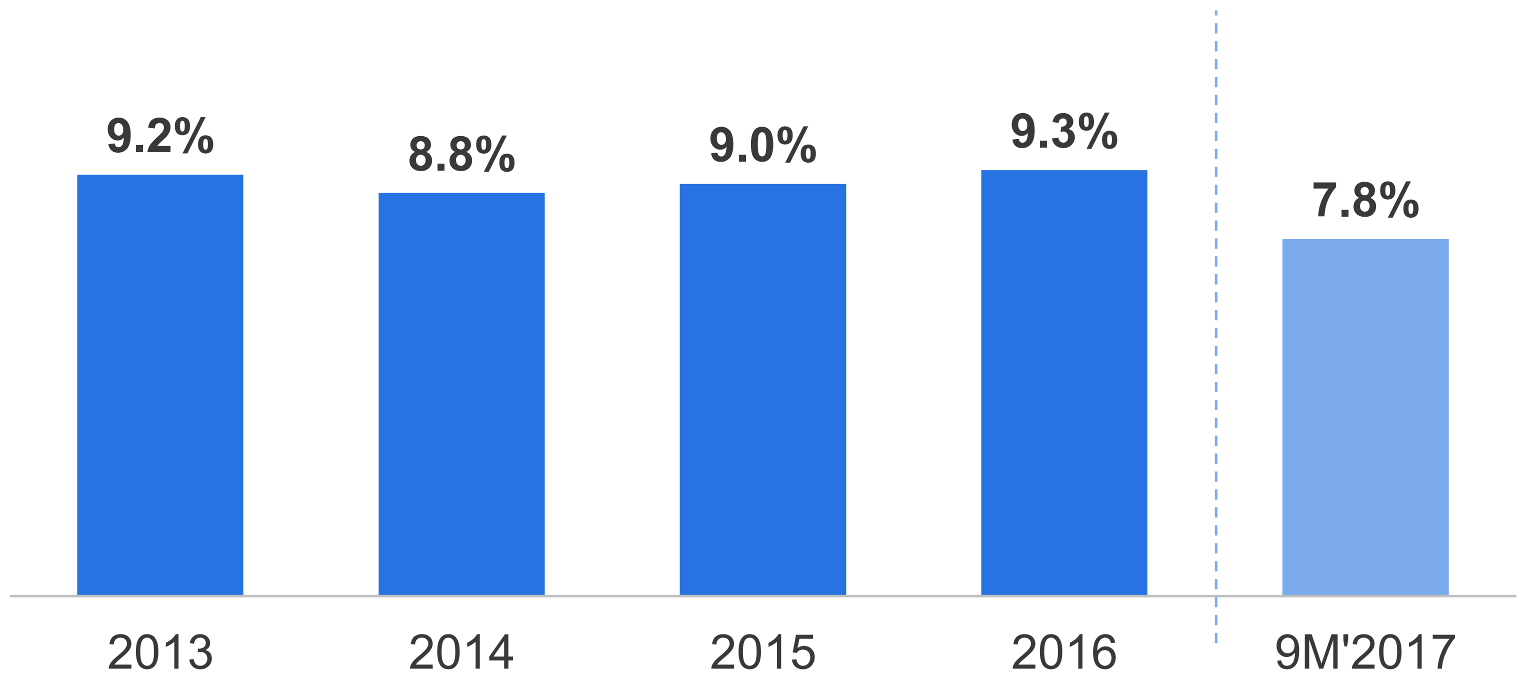
	30 September 2017					31 December 2016				
	Gross amount	% of gross	Impairment allowance	Net amount	Impairment / gross	Gross amount	% of gross	Impairment allowance	Net amount	Impairment / gross
(in millions of €, except percentages)						*(in millions of €, except percentages)*				
Online receivables										
DPD 0	*251.6*	*51.0%*	*7.3*	*244.3*	*2.9%*	*216.7*	*45.7%*	*6.3*	*210.4*	*2.9%*
DPD 1-30	*25.6*	*5.2%*	*6.8*	*18.8*	*26.5%*	*25.6*	*5.4%*	*6.2*	*19.3*	*24.4%*
DPD 31-60	*18.5*	*3.7%*	*8.0*	*10.5*	*43.3%*	*17.8*	*3.7%*	*7.8*	*10.0*	*43.8%*
DPD 61-90	*15.5*	*3.1%*	*7.4*	*8.0*	*48.0%*	*14.6*	*3.1%*	*7.3*	*7.3*	*50.1%*
Performing	311.1	63.1%	29.5	281.6	9.5%	274.7	58.0%	27.7	247.0	10.1%
DPD 91-360	*102.8*	*20.8%*	*59.1*	*43.7*	*57.5%*	*102.8*	*21.7%*	*57.0*	*45.8*	*55.5%*
DPD 361-730	*79.5*	*16.1%*	*58.8*	*20.7*	*73.9%*	*96.5*	*20.4%*	*72.9*	*23.6*	*75.6%*
Non-performing	182.3	36.9%	117.9	64.4	64.7%	199.3	42.0%	129.9	69.4	65.2%
Online total	**493.4**	**100.0%**	**147.4**	**346.0**	**29.9%**	**474.0**	**100.0%**	**157.6**	**316.4**	**33.3%**
TBI Bank receivables										
Performing	204.0	89.7%	3.9	200.1	1.9%	170.3	89.1%	1.4	168.9	0.8%
Non-performing	23.3	10.3%	13.7	9.6	58.8%	20.8	10.9%	12.2	8.6	58.5%
TBI Bank total	**227.3**	**100.0%**	**17.6**	**209.7**	**7.7%**	**191.1**	**100.0%**	**13.6**	**177.5**	**7.1%**
Overall group receivables										
Performing	515.2	71.5%	33.4	481.8	6.5%	445.0	66.9%	29.1	415.9	6.5%
Non-performing	205.6	28.5%	131.6	74.0	64.0%	220.1	33.1%	142.1	78.0	64.6%
Overall total	**720.7**	**100.0%**	**165.0**	**555.8**	**22.9%**	**665.1**	**100.0%**	**171.2**	**493.9**	**25.7%**

Performing receivables 0-90 DPD; non-performing receivables 91+ DPD

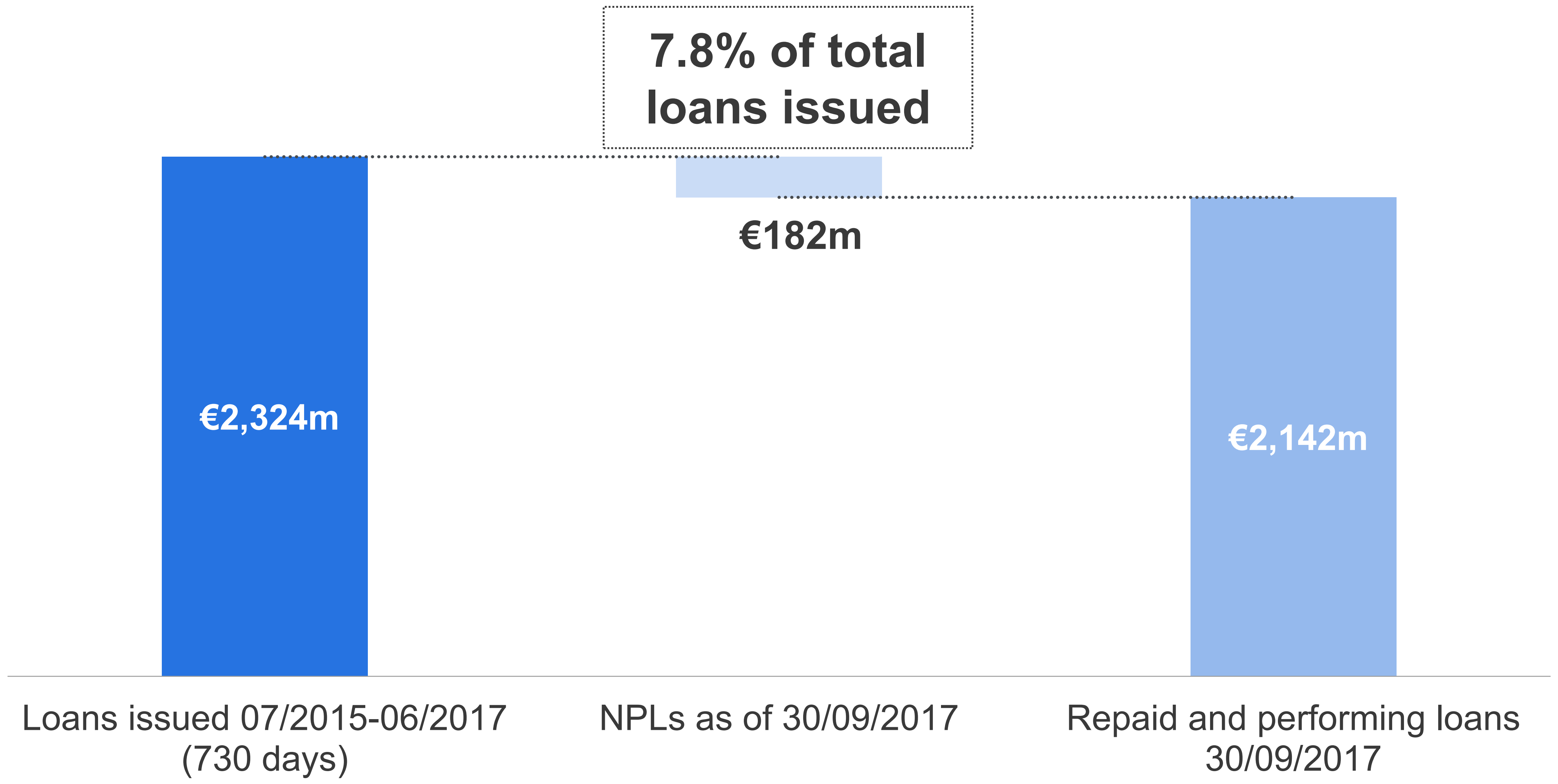
NPL / sales ratio improving, but less relevant going forward

- Loans that are overdue more than 90 days are considered as non-performing (NPLs)
- As of 30/09/2017, online NPLs represented 7.8% 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% (55% as of 30/09/2017). 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

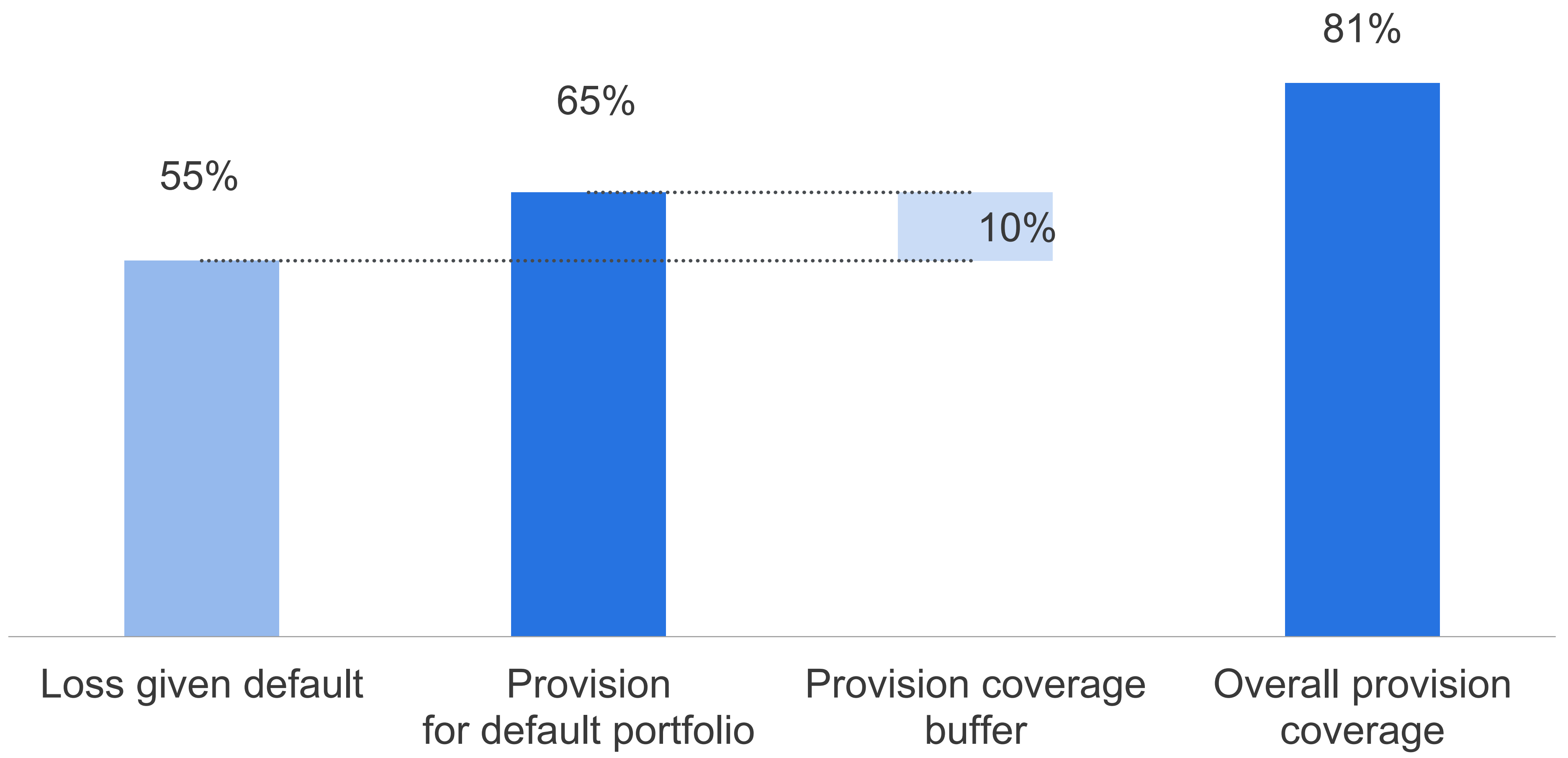
Improving NPLs to issued loans ratio[1]



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

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

- Solid 9M17 results show operational progress
  - Renewed momentum: return to loan issuance and portfolio growth
  - Increasing efficiencies: executing cost optimisation project, cost/income ratio reduced
  - Bridge to the future: developing near-prime product offering and associated new IT platform

- Partnership initiatives and funding projects to support future business growth

- Management and supervisory board team and structure in place to deliver

Thank you and Questions

Appendix

Income statement

€ m	9M 2017 (unaudited)	9M 2016 (unaudited)	% change
Interest Income	327.2	287.3	+14%
Interest Expense	(45.5)	(26.2)	+74%
Net Interest Income	**281.6**	**261.1**	**+8%**
Net F&C Income	7.7	2.1	n/m
Other operating income	6.8	4.9	+40%
Non-Interest Income	**14.5**	**7.0**	**+108%**
Operating Income	**296.1**	**268.0**	**+10%**
Total operating costs	**(173.1)**	**(134.6)**	**+29%**
Non-recurring income/(expense)	5.8	1.3	n/m
Net FX	(2.3)	(5.8)	(60)%
Pre-provision operating profit	**126.5**	**128.9**	**(2)%**
Net impairment losses	(77.1)	(66.3)	+16%
Profit before tax	**49.5**	**62.6**	**(21)%**
Income tax expense	(13.7)	(13.4)	+2%
Net profit after tax	**35.8**	**49.2**	**(27)%**

Balance sheet

€ m	9M 2017 (unaudited)	FY 2016 (audited)
Cash and cash equivalents	227.1	157.6
Placement with other banks	2.2	4.8
Gross receivables due from customers	720.7	665.1
Allowance for impairment	(165.0)	(171.2)
Net receivables due from customers	**555.8**	**493.9**
Net investments in finance leases	10.8	13.1
Loans to related parties	70.0	67.2
Property and equipment	10.6	12.3
Financial assets	8.6	10.6
Prepaid expenses	8.1	5.6
Tax assets	52.8	39.7
Intangible assets	44.0	39.8
Goodwill	43.4	43.4
Other assets	53.2	43.4
Total assets	**1,086.5**	**931.4**
Loans and borrowings	481.7	397.2
Deposits from customers	258.9	237.1
Deposits from banks	5.1	—
Corporate income tax payable	18.5	14.6
Other liabilities	63.6	47.5
Liabilities held for sale	—	4.8
Total liabilities	**827.9**	**701.2**
Share capital	35.8	35.8
Retained earnings	263.0	233.9
Reserves	(39.1)	(40.2)
Total attributable equity	**259.6**	**229.4**
Non-controlling interests	(1.0)	0.7
Total equity	**258.6**	**230.1**
Total shareholders' equity and liabilities	**1,086.5**	**931.4**

Key ratios – capitalisation and profitability

Key ratios	9M 2017 (unaudited)	9M 2016 (unaudited)	FY 2016 (audited)	FY 2015 (audited)
Capitalisation				
Net receivables (€m)	555.8	510.4	493.9	308.3
Total assets (€m)	1,086.5	846.5	931.4	438.2
Total equity (€m)	258.6	222.4	230.1	173.3
Equity / assets ratio	23.8%	26.0%	24.7%	39.5%
Equity / net receivables	46.5%	43.6%	46.6%	56.2%
Adjusted interest coverage	2.4x	3.9x	3.6x	4.1x
TBI Bank capital adequacy ratio	24.9%	24.8%	22.3%	19.5%
Profitability				
Net interest margin:				
- Online	66.2%	74.7%	74.7%	78.0%
- TBI Bank	26.3%	n/m	23.6%	—
- Overall group	54.2%	n/m	65.0%	78.0%
Cost / income ratio	58.5%	50.2%	52.2%	45.9%
Profit before tax margin	15.1%	21.8%	20.6%	23.2%
Return on average equity	19.5%	33.1%	31.3%	44.8%
Return on average assets	4.7%	10.2%	9.2%	14.4%

See appendix for definitions of key ratios

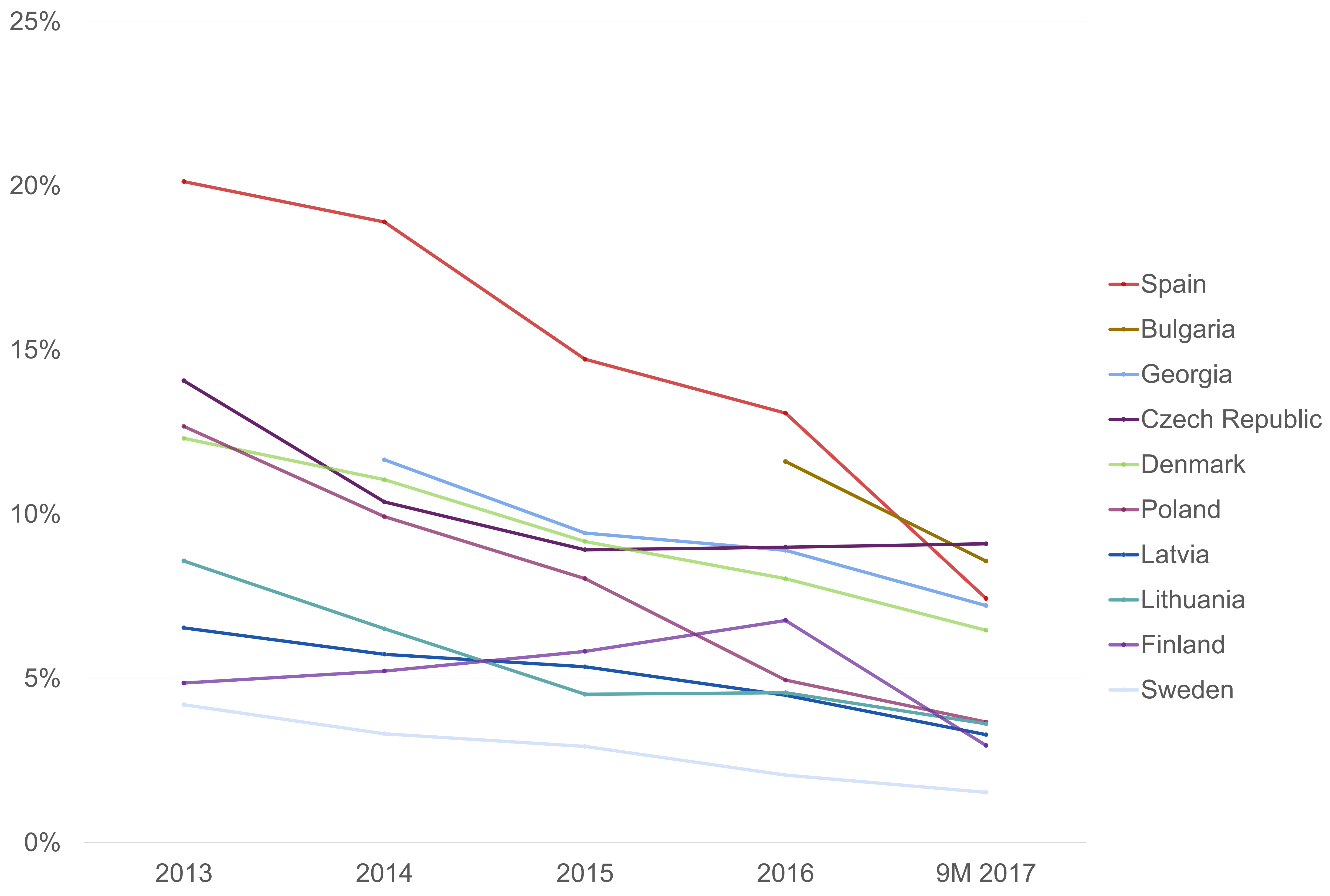
Key ratios – asset quality

Key ratios	9M 2017 (unaudited)	9M 2016 (unaudited)	FY 2016 (audited)	FY 2015 (audited)
Asset quality				
Cost of risk				
- Online	18.9%	19.3%	19.6%	20.7%
- TBI Bank (1)	5.3%	n/m	3.1%	—
- Overall group	14.8%	n/m	17.3%	20.7%
Gross NPL ratio				
- Online	36.9%	43.8%	42.0%	37.0%
- TBI Bank	10.3%	10.4%	10.9%	—
- Overall group	28.5%	34.5%	33.1%	37.0%
Net impairment / interest income	23.6%	23.1%	22.8%	24.2%
Online NPLs to loan issuance ratio	7.8%	9.6%	9.3%	9.0%

Note: (1) The TBI Bank cost of risk figure for FY 2016 refers to Q4 2016 annualised

See appendix for definitions of key ratios

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 30 September 2017: 1 July 2015 to 30 June 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 operations / 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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