

Q2 2017 Presentation

Avida Holding AB

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Oslo, 4th September 2017

AVIDA
FINANS

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All figures presented in this Presentation is unaudited at the time of edit.

Q2 2017 highlights

Group results

- Continued growth in loan book, up 197% YoY to SEK2,052m
- Revenues increased to SEK74.4m in Q2 vs SEK37.4m in Q2 2016
- Net profit of SEK12.3m vs loss of SEK3.4m last year
- Equity funding increased by of SEK30m

Consumer Finance

- Continued strong growth in consumer loans across all markets, with total net loans growing close to 200% since Q2 last year. The growth reflects a shift in strategy with growth primarily occurring in lower risk segments, reducing both the net interest margin from 18.2% to 13.2% and the loan loss provisions ratio from 3.5% to 1.0% (2.6% without gains from portfolio sales in Norway)
- In April a portfolio of NOK35m of nonperforming consumer loans was sold in Norway with a positive effect of NOK7m in Q2 2017.
- A new products was launched in Finland towards the end of the period increasing growth in Finland going forward.

Business Finance

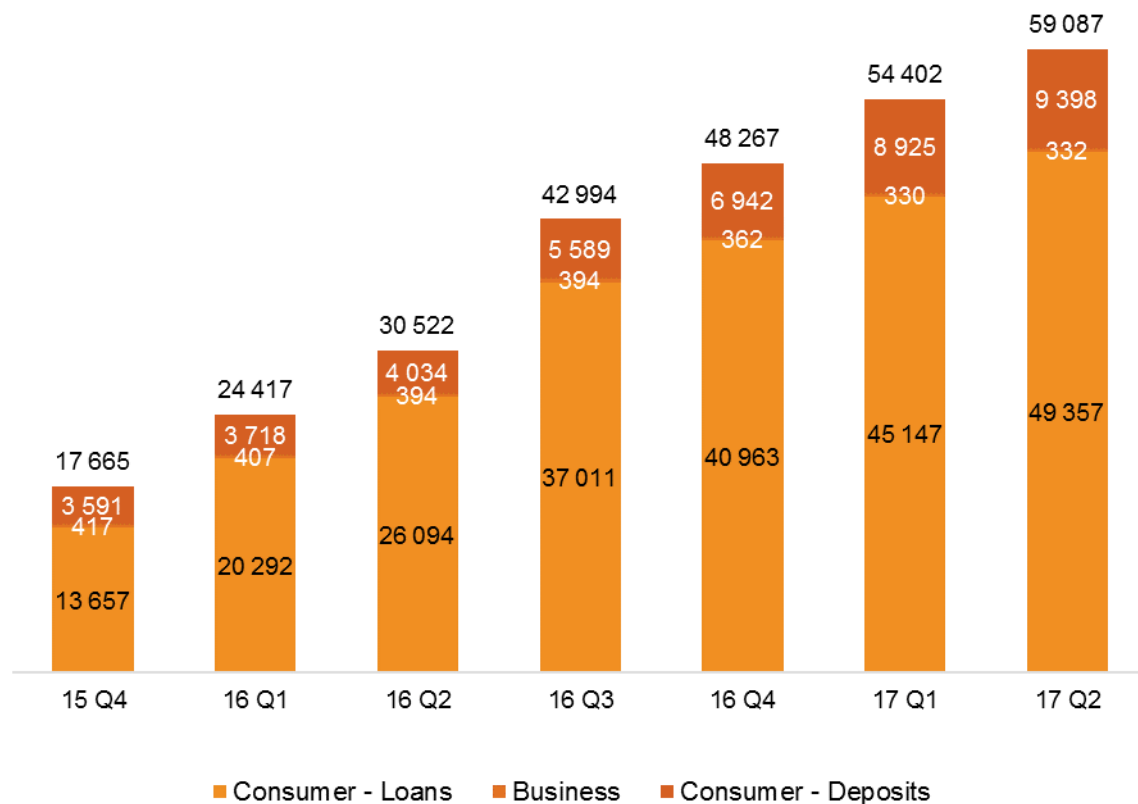
- Factoring business developed relatively flat y-o-y, with business mix changing towards larger and more profitable customers.
- Continued strengthening of the Business Finance team with a number of new key hires to drive the new growth strategy for the segment. In all markets a major part of our sales force will now be experienced sales executives from the finance sector, coming on board in Q3.
- New products are under development. Avida launched export factoring towards all major export markets in Q2 and will launch business loans towards companies using our factoring product. Increase in signed deals is expected to yield positive effects on the P&L is in second half of 2017.
- Product finance for electronic retailers (credit purchase of mobile phones combined with guaranteed buy-back and insurance) have been developed and launched towards the end of the period. This product has created a lot of interest from retailers and we will aggressively scale this product over the next 12 months.

Q2 2017 financial highlights

| | | |
|-----|----------------------------------|--|
| I | Portfolio growth | Y-on-y growth in net loans of 197% - Total outstanding loans of SEKm 2 052 |
| II | Net interest margin | Net interest margin of 17.3% |
| III | Cost / net interest income ratio | Cost / Income ratio of 64.9% - Reflecting ongoing platform investments |
| IV | Loan losses | Annualized loan losses of 2.0% - Losses on consumer loans at 1% and losses on SME factoring at 8%, mainly driven by legacy high margin and higher risk B2C factoring contracts |
| V | Return on equity | ROE of 14.2% - Reflecting increased capitalization and material investments - current run-rate above 20% |
| VI | CET1 ratio | CET1 ratio of 16.2% - Well above regulatory minimum requirements |

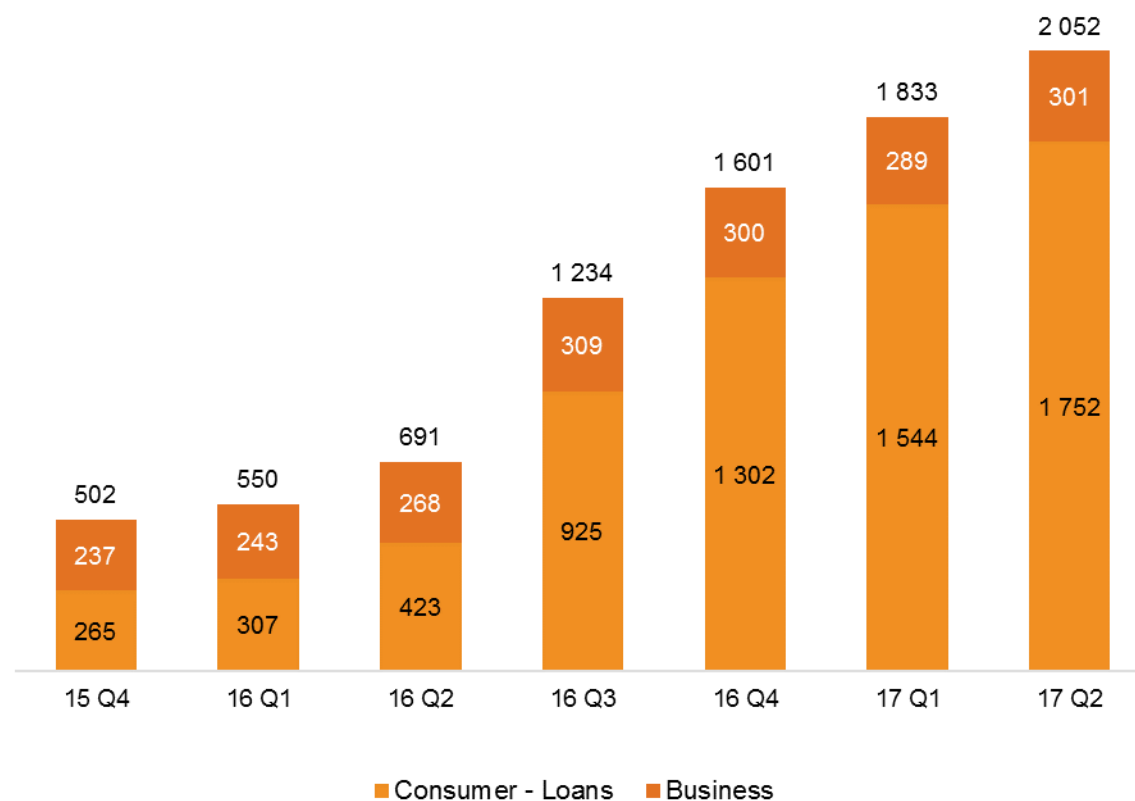
Strong growth in customers and net loans

Number of customers (#)



Continued strong growth in number of customers in Q2 2017

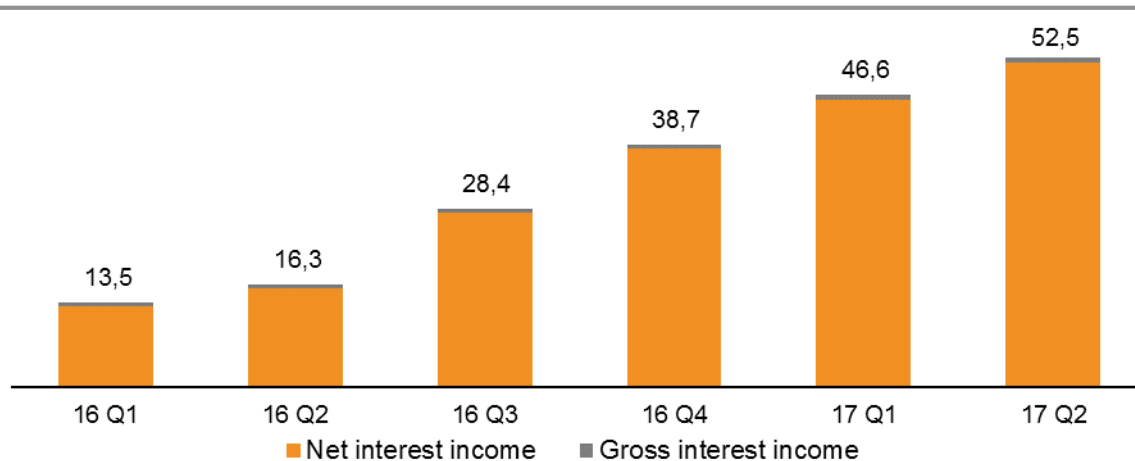
Net loans to customers (SEKm)



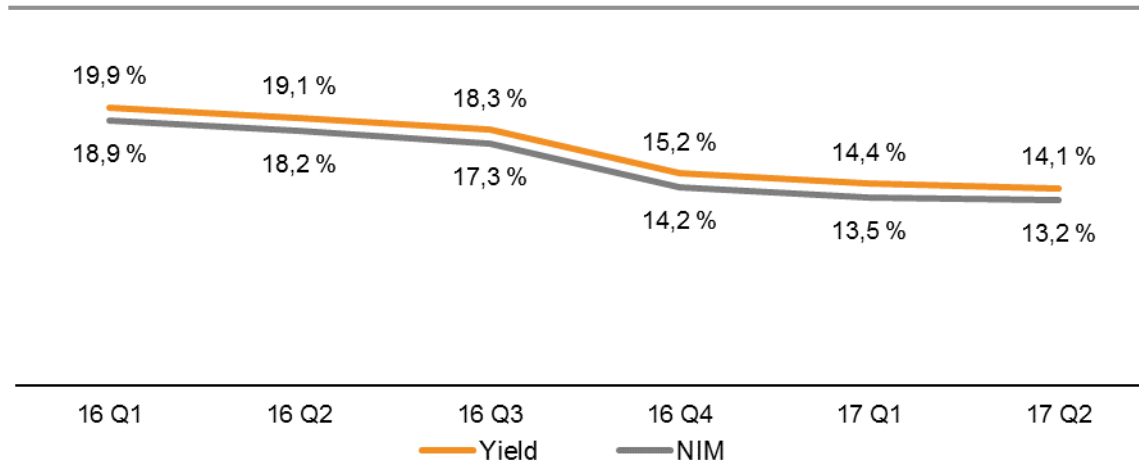
Significant volume growth during Q2 2017

Growth in consumer credit driven by lower risk customer segments

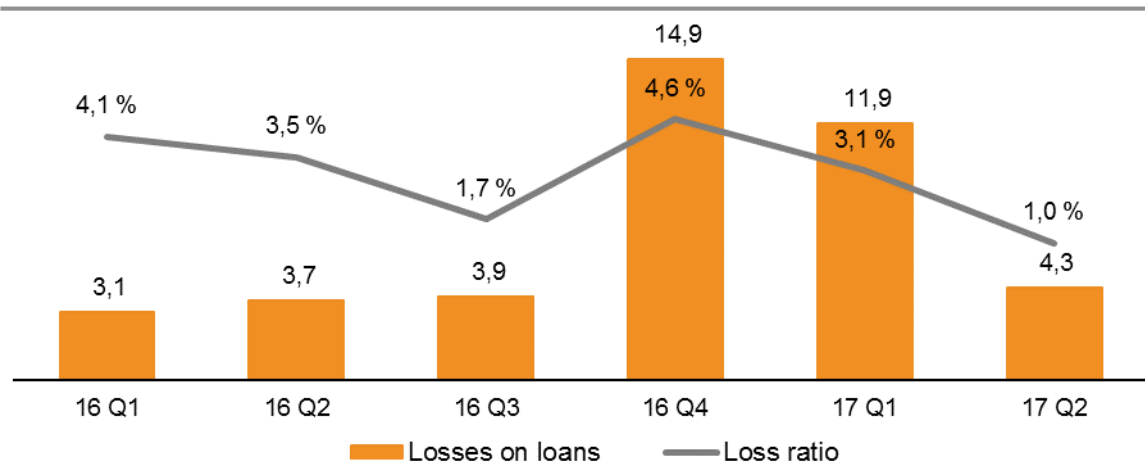
Income (SEKm)



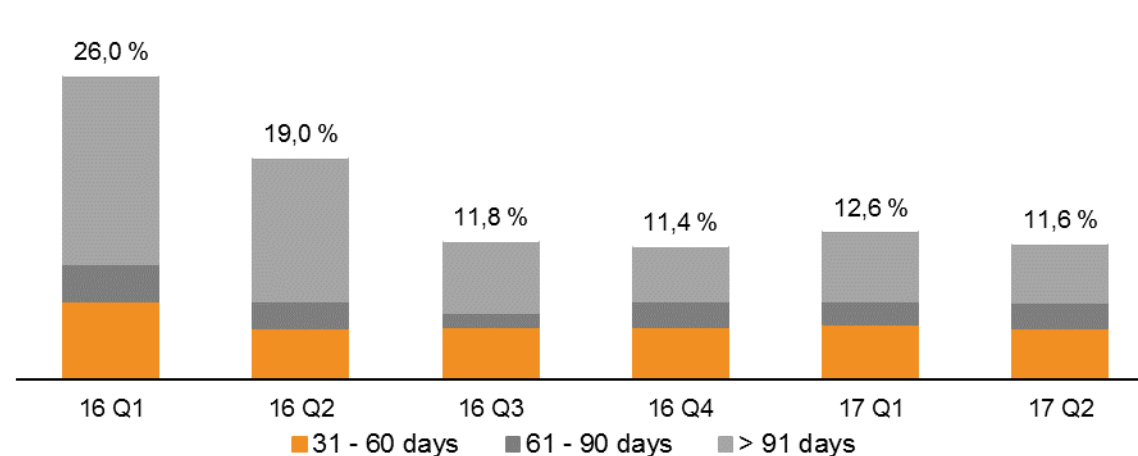
Yield (%) and NIM (%) *



Losses on loans (SEKm) & loss ratio (%)



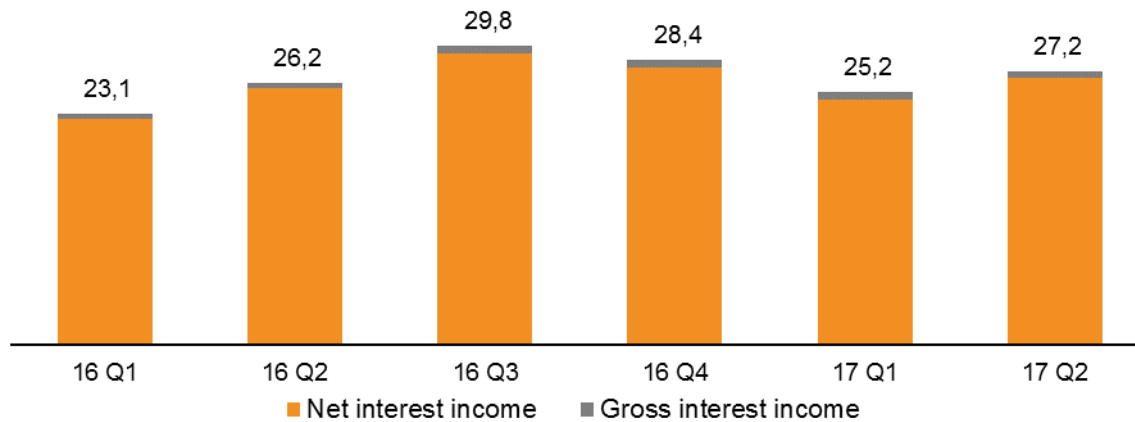
of days past due on consumer loans (%)



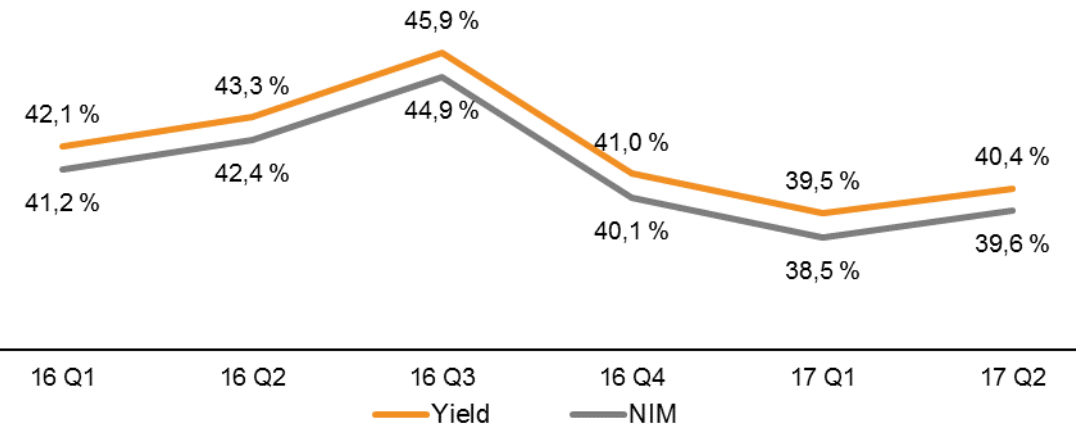
* Yield and NIM is excluding netting of external commission

Business income stable with loss levels driven by high share of non-recourse factoring

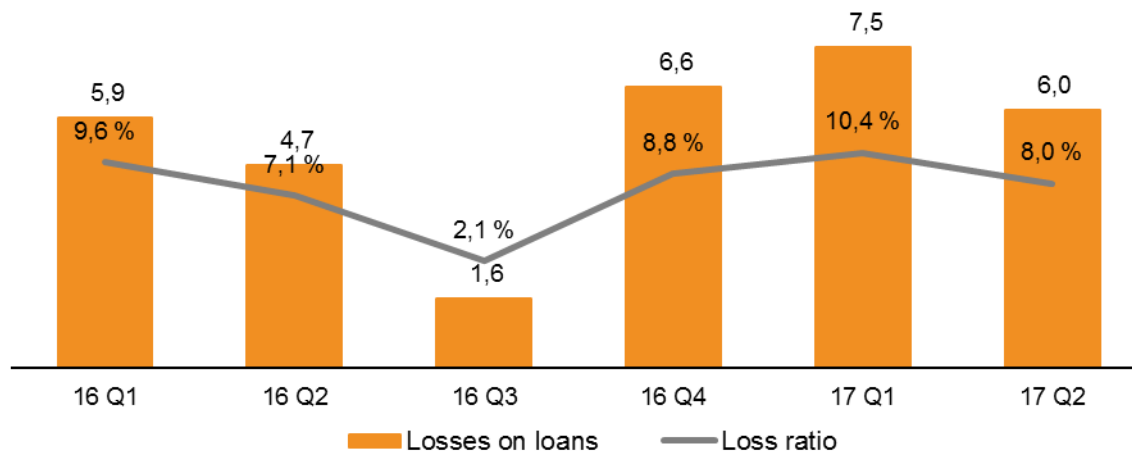
Income (SEKm)



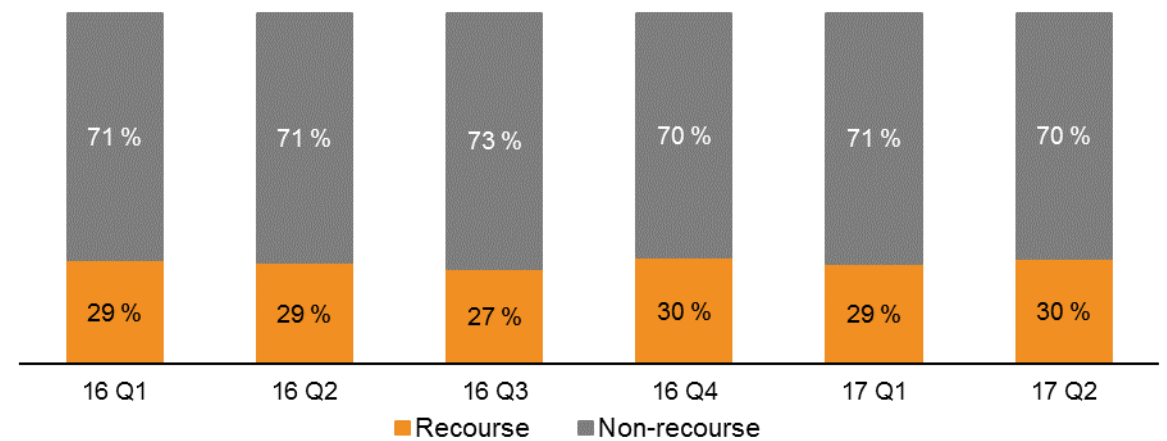
Yield (%) and NIM (%) *



Losses on loans (SEKm) & loss ratio (%)



Business mix (% base on Income)



* Yield and NIM is excluding netting of external commission

Profit & loss Q2 2017

Profit & loss

| SEKm | Q2 2017 | Q2 2016 | 1H 2017 | 1H 2016 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|---------------|--------------|
| Interest income | 79,7 | 42,5 | 151,5 | 79,0 | 204,4 | 145,3 |
| Interest cost | -4,3 | -1,4 | -8,6 | -2,6 | -8,4 | -5,8 |
| Net interest income | 75,4 | 41,1 | 143,0 | 76,4 | 196,0 | 139,5 |
| Net result from financial transactions | -2,5 | -4,7 | -6,0 | -7,0 | -6,6 | -2,1 |
| Other income | 1,5 | 1,0 | 2,7 | 2,9 | 6,0 | 3,1 |
| Total income | 74,4 | 37,4 | 139,7 | 72,4 | 195,4 | 140,6 |
| Administrative cost | -46,5 | -32,0 | -84,4 | -61,3 | -133,5 | -91,3 |
| Depreciation and amortization | -1,8 | -1,3 | -3,5 | -2,5 | -5,6 | -3,9 |
| Sum operational cost | -48,3 | -33,3 | -87,9 | -63,8 | -139,1 | -95,2 |
| Result before credit loss | 26,1 | 4,1 | 51,8 | 8,6 | 56,3 | 45,4 |
| Net credit loss | -10,3 | -8,4 | -29,7 | -17,4 | -45,0 | -32,3 |
| Operating profit / EBT | 15,8 | -4,4 | 22,1 | -8,8 | 11,3 | 13,1 |
| Tax | -3,5 | 1,0 | -4,9 | 1,9 | 1,6 | -4,3 |
| Profit after tax | 12,3 | -3,4 | 17,2 | -6,9 | 12,8 | 8,8 |

Comments

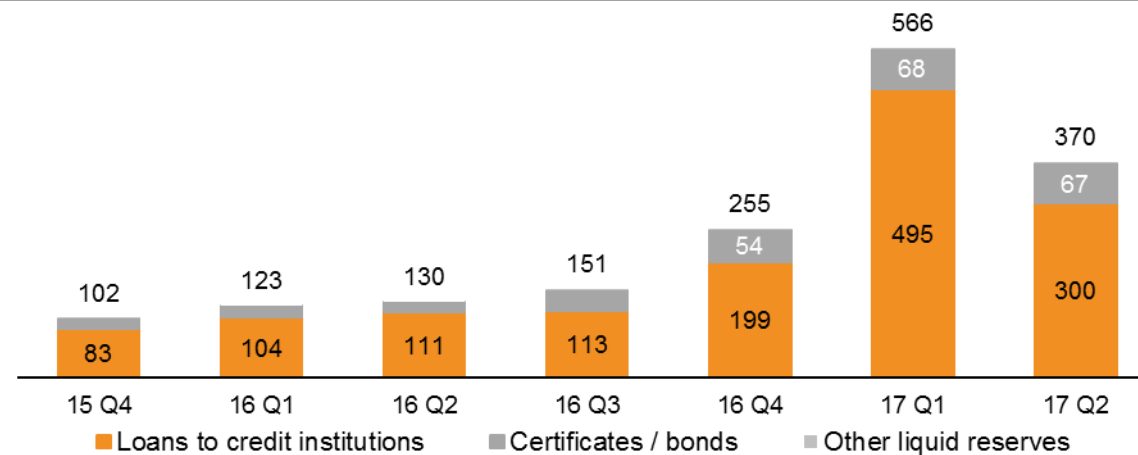
- Avida has over the last year seen a material growth in its balance sheet, primarily in the consumer finance segment. This, combined with a shift in strategy towards larger and lower risk clients has led to a close to 100% increase in revenues while costs only increased by approximately 45%, highlighting the economies of scale in the business.
- Loan loss provisions increased by less than the growth in loans YoY as the new clients continuously show a better credit risk - this is further reflected in the Non Performing Loan sale conducted in April and the subsequent positive results effect.
- In Q2 Avida continue to invest in its platform and operational improvements both in consumer finance and business finance, especially the new product finance offering required investments in the quarter. Combined we estimate these investments to have impacted the results negatively by SEK4m.

Key balance sheet figures

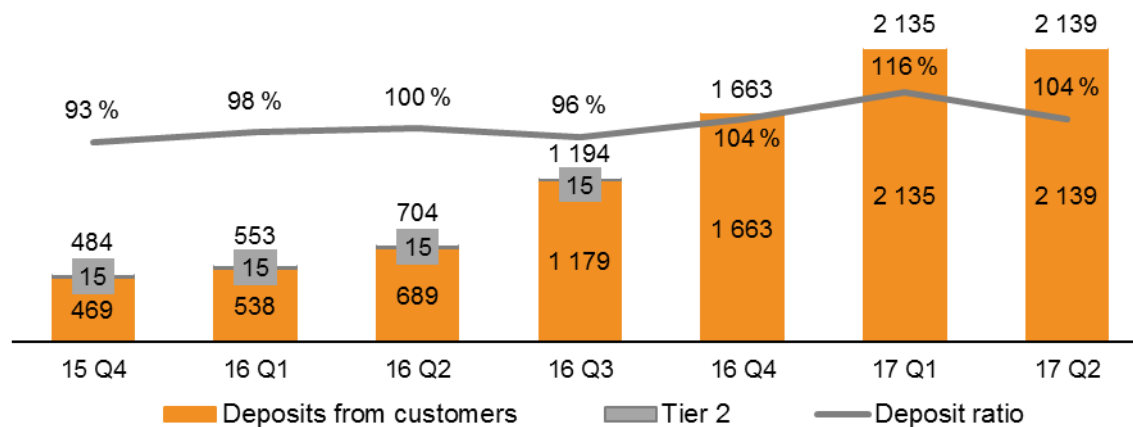
Key ratios

| | |
|--------------------------------------|-------------|
| Average outstanding loan size | ~SEK 36,280 |
| LCR | 115% |
| Deposit ratio | 104% |

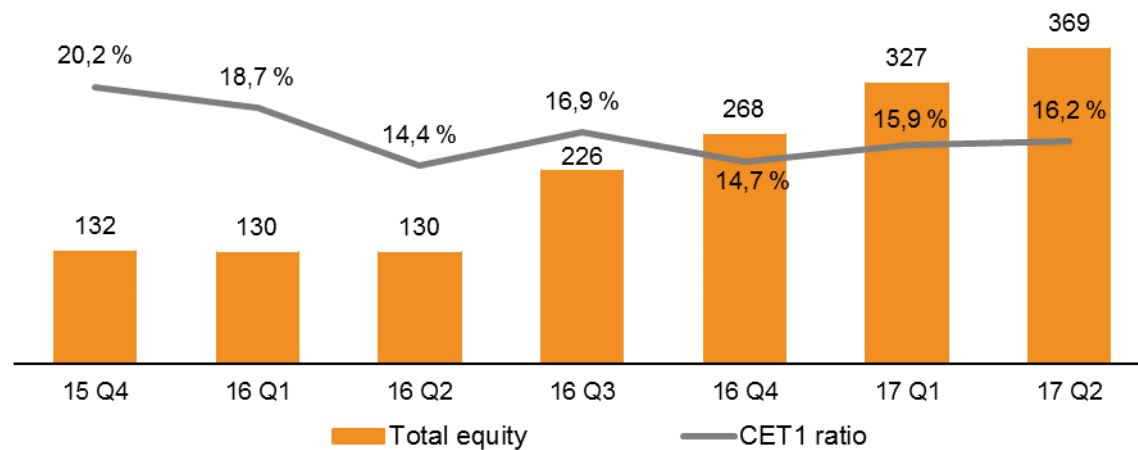
Liquidity (SEKm)



Funding (SEKm) and deposit ratio (%)



Total equity (SEKm) & CET1 ratio (%)



Balance sheet Q2 2017

Capital ratios

| SEKm | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|-------------------------------------|----------------|----------------|--------------|
| Cash and balance to central bank | 3,2 | 1,8 | 0,7 |
| Certificates and bonds | 67,4 | 54,5 | 18,3 |
| Loans to credit institutions | 299,5 | 198,7 | 111,4 |
| Net loans to customers | 2 052,3 | 1 601,4 | 690,9 |
| Shares and shares in ass. Companies | 4,2 | 4,2 | 4,0 |
| Intangible assets | 21,2 | 15,3 | 13,0 |
| Machines and inventories | 5,4 | 5,4 | 5,2 |
| Other assets | 28,8 | 38,8 | 6,9 |
| Prepaid expenses and accrued income | 70,6 | 56,7 | 19,4 |
| Total assets | 2 552,7 | 1 976,8 | 869,8 |
| Deposits from customers | 2 138,6 | 1 663,3 | 704,1 |
| Other liabilities | 26,9 | 27,8 | 22,4 |
| Accrued expenses and prepaid income | 13,6 | 12,8 | 13,2 |
| Deferred tax liabilities | 4,7 | 4,7 | 0,2 |
| Total liabilities | 2 183,9 | 1 708,6 | 739,8 |
| Share capital | 4,8 | 4,4 | 3,5 |
| Retained earnings | 346,8 | 270,6 | 113,6 |
| Earnings in year | 17,2 | -6,9 | 12,8 |
| Total equity | 368,9 | 268,2 | 130,0 |
| Total equity and liabilities | 2 552,7 | 1 976,8 | 869,8 |

Comments

- The net loans increased by SEK1,361m YoY and SEK451m 1H 2017 leading to a total net loans of SEK2,052m.
- The funding is mainly comprised of deposits and equity with deposits increasing by SEK1,434m YoY and SEK475m 1H 2017 leading to a liquidity portfolio of close to SEK300m.
- Avida has now launched FlexiSpar in Norway to diversify its funding sources further by introducing NOK deposits and will going forward continue to develop and offer new deposit products.
- The equity base increased by SEK239m YoY and SEK101m 1H 2017 leading to an equity base of SEK369m, implying a capital ratio of 16.2% - well above the capital targets and requirements.

Strategy

I

Continued strong growth within consumer finance and business SME markets across Norway, Sweden and Finland

- Targeting SEK5bn in 2018 and SEK10bn by 2020 through growth in consumer and business segments
- Broaden business/SME product offering around existing factoring and receivables offering more comprehensive loans and cross boarder products

II

Big data / analytic driven sales, scoring and follow up

- Aim for building best in class big data analysis and analytics department
- Focus on building access to more analytics and data on both customers and potential customers
- All customer decisions are planned to be data driven

III

Digitalized processes and products

- Fully automated systems in consumer finance – pioneering similar offering in the much larger Nordic Business/SME market
- All analytics to be supported by digital data collection and automated decision systems

IV

Actively leverage capital markets in order to adjust capital position according to growth ambitions

- Growth will be adjusted to the Company's ability to find and develop profitable niches with attractive return on equity

Avida is looking to build a lasting competitive advantage in distribution and credit scoring by combining technology and automation with superior analytics

Financial targets

| | | |
|-----|-------------------------|---|
| I | Growth | <ul style="list-style-type: none">▪ Significant growth opportunity; realistic target of SEK 10 Bn loan book by 2020 by pursuing opportunities in both consumer and business▪ Dynamic allocation of capital to products/segments with best risk/reward |
| II | Return on equity | <ul style="list-style-type: none">▪ Target return on equity of more than 25% in line with industry average▪ Lower ROE in the short term due to investment in organization and infrastructure |
| III | Capital ratios | <ul style="list-style-type: none">▪ Current CET1 ratio target of ~13%▪ Current total capital ratio target of 14.5-15.0%▪ SEK 265 million raised from Oct 2015▪ Will leverage capital markets for both debt and additional equity to grow intelligently |
| IV | Dividend policy | <ul style="list-style-type: none">▪ Target dividend payout ratio of 35%▪ No dividend payments in short / medium term due to growth focus |

Diversified, scalable and set for high growth



1

Diversified business - well positioned to capture large opportunity in the SME market in the Nordics



2

Reshaped, automated platform - well set up for growth across the Nordics



3

Scalable model - targeting SEKbn 10 loan book by 2020



4

Renewed, strong management team that “has done this before” - set to do it even better this time



5

Shareholder friendly set up with long-term and active key shareholders



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