

Q4 2017 Presentation

Avida Holding AB

AVIDA

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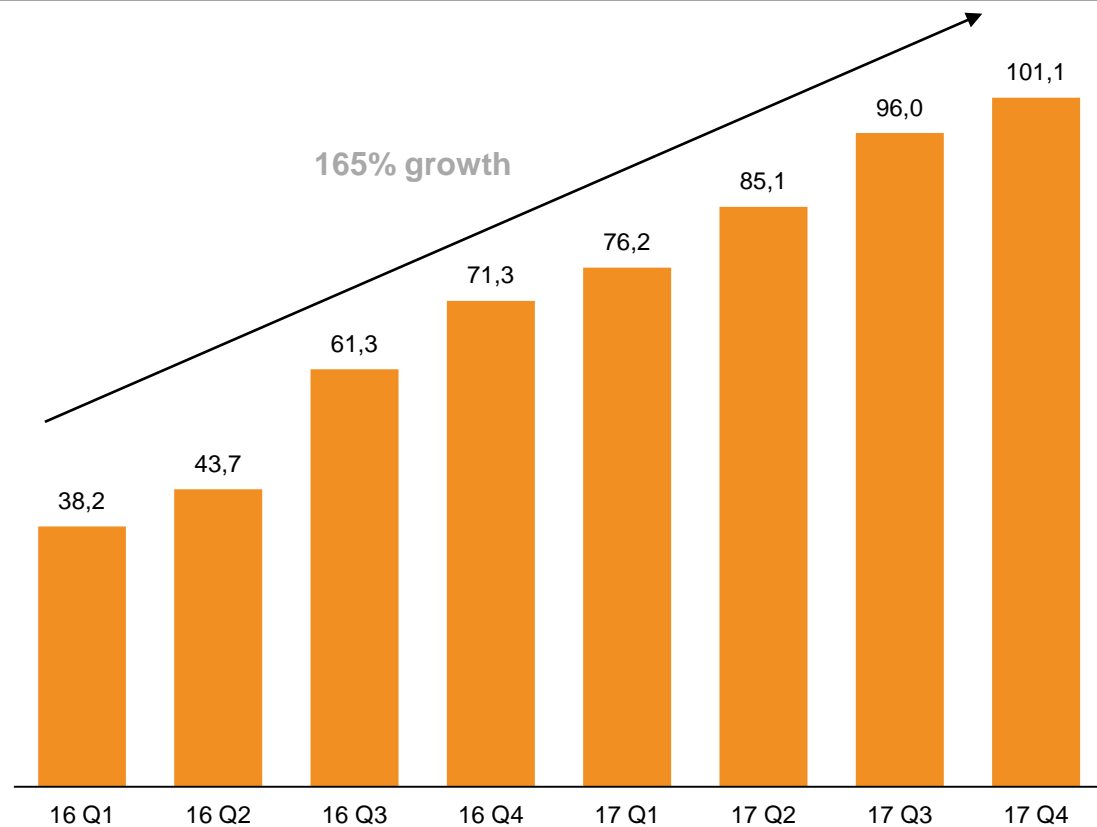


Q4 2017 financial highlights

I	Portfolio growth	YoY growth in net loans of 76% - Total outstanding loans of SEK2 835m
II	Net interest margin	Net interest margin of 15.4%
III	Cost / net interest income ratio	Cost / Income ratio of 68.7%
IV	Loan losses	Annualized loan losses of 1.5%
V	Profits	Pre-tax profits of SEK21.9m
VI	Return on equity	ROE of 16.3% - Return on required capital of 22.9%
VII	CET1 ratio	CET1 ratio of 18.7% - Well above regulatory minimum requirements of 9.6%

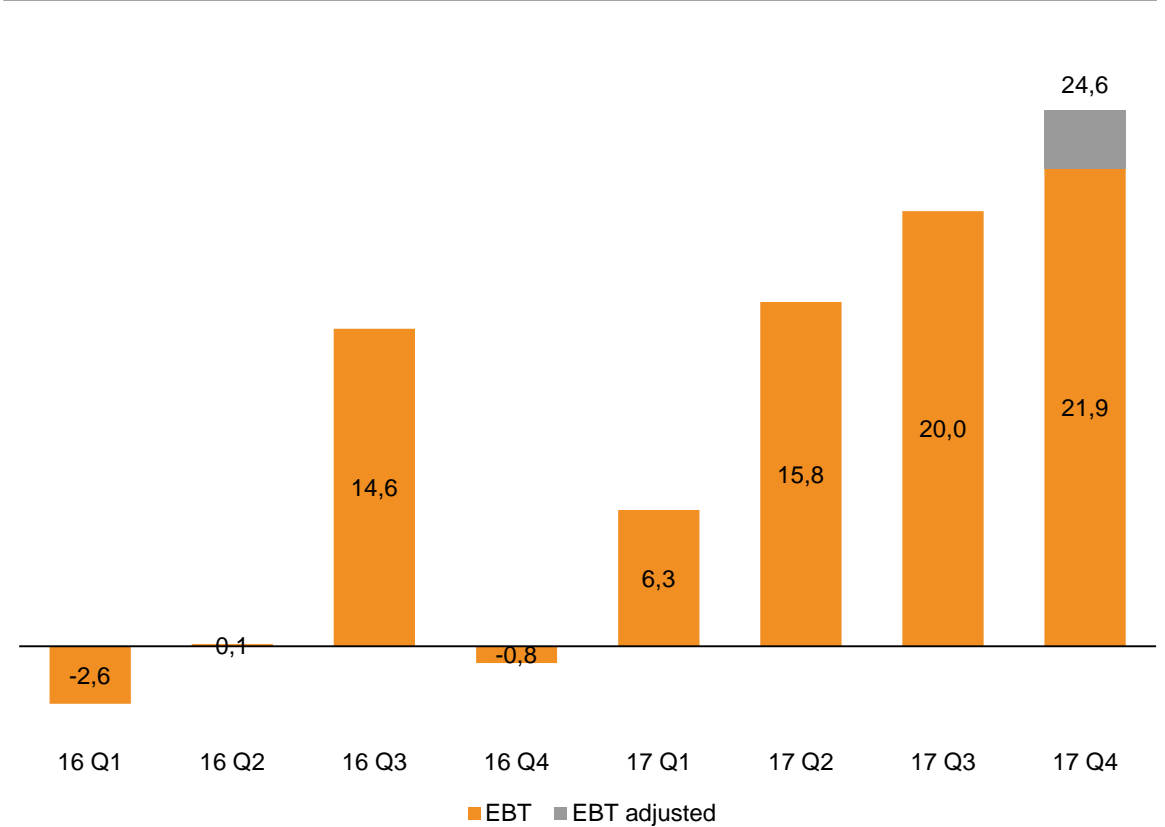
Continued strong growth

Net interest income (SEKm)



Continued strong growth in Net interest income in Q4 2017

Operating profit / EBT (SEKm) *

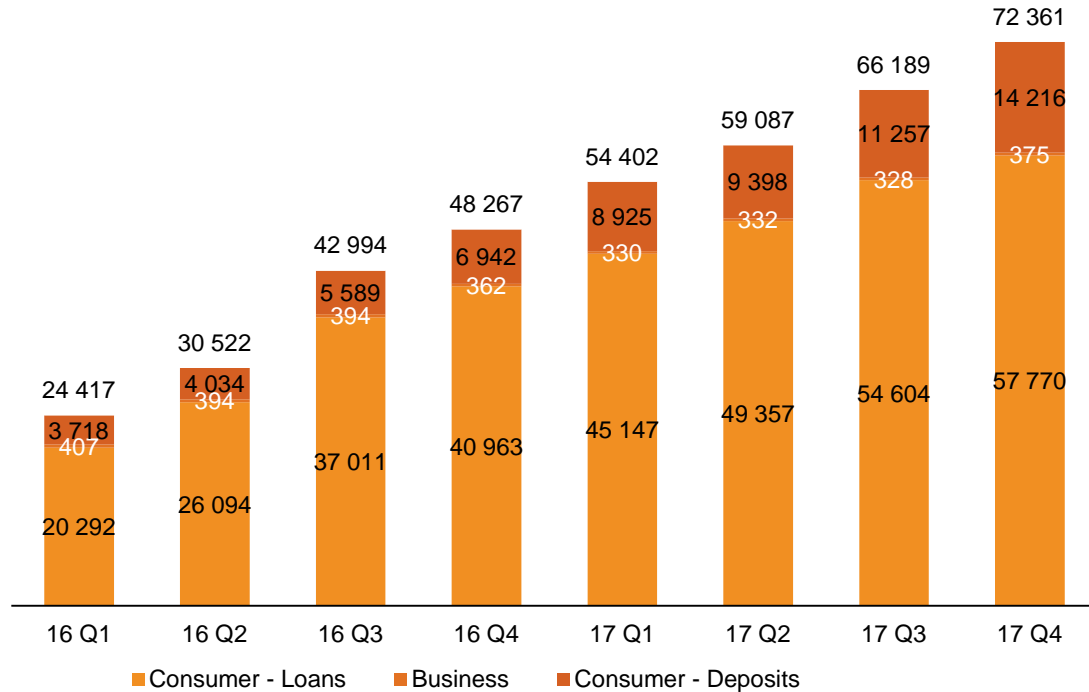


Continued significant shift in Operating profit / EBT during Q4 2017

* There were several cost one-offs in Q4, this EBT is only adjusted for severance pay

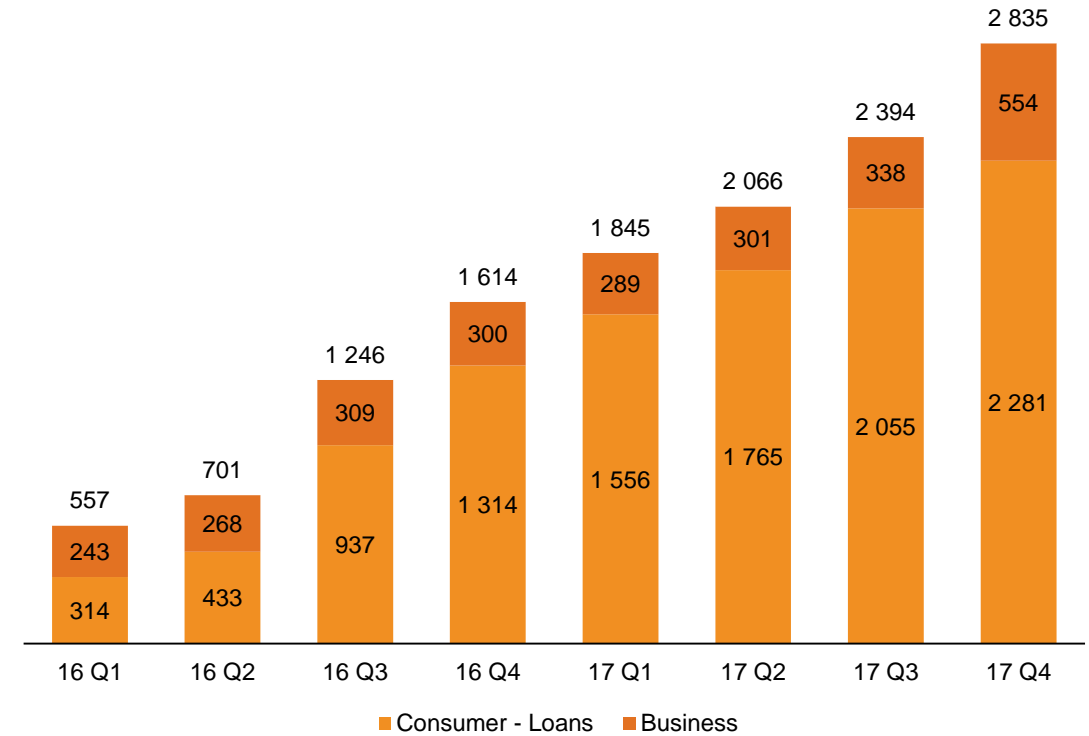
Continued positive development in net loans

Number of customers (#)



Continued strong growth in number of customers in Q4 2017

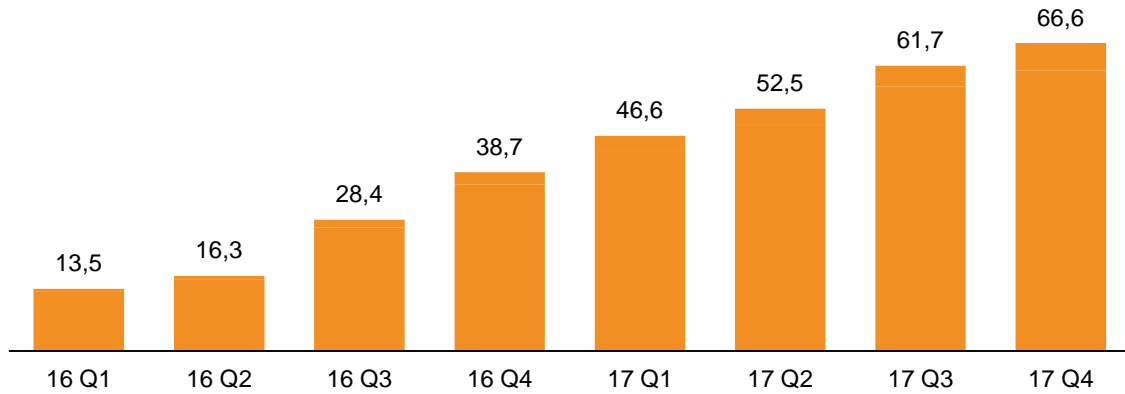
Net loans to customers (SEKm)



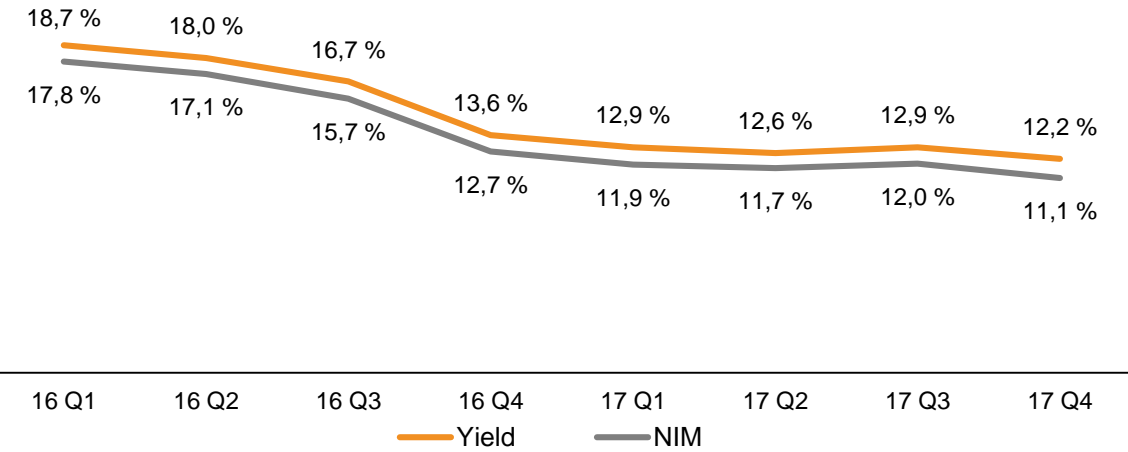
Significant volume growth during Q4 2017

Status Consumer Finance

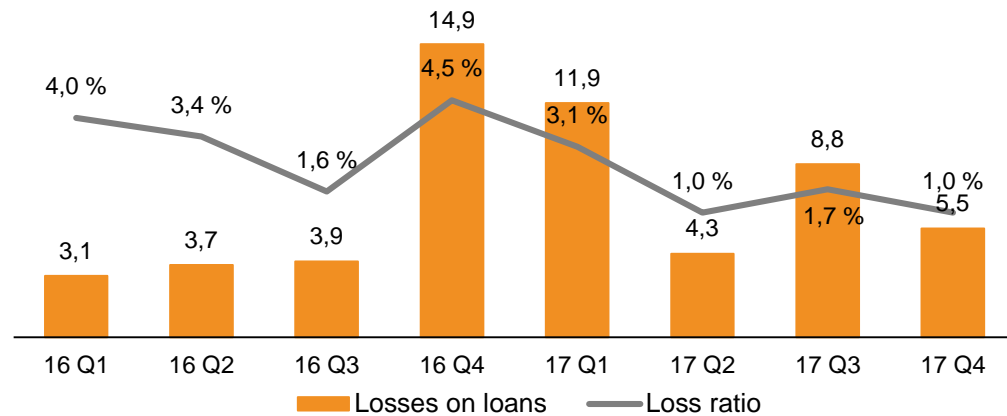
Income (SEKm)*



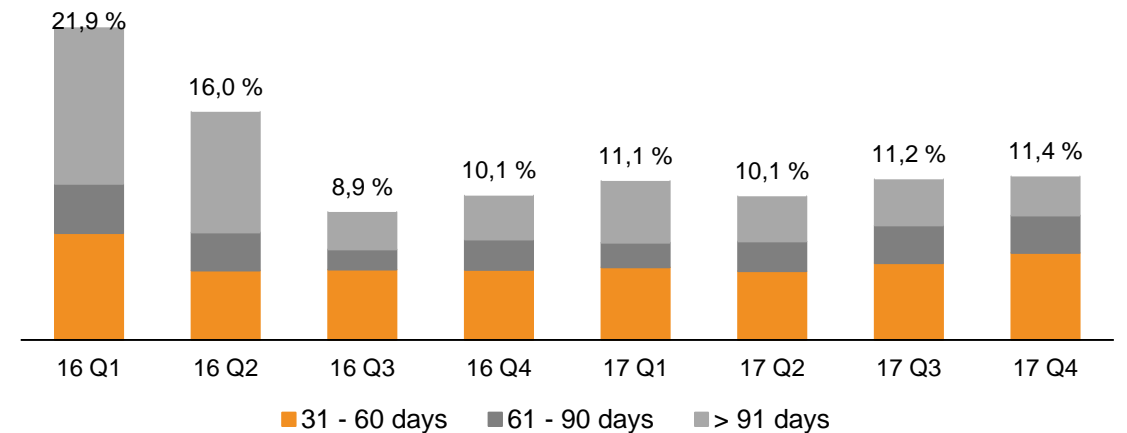
Yield (%) and NIM (%)*



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



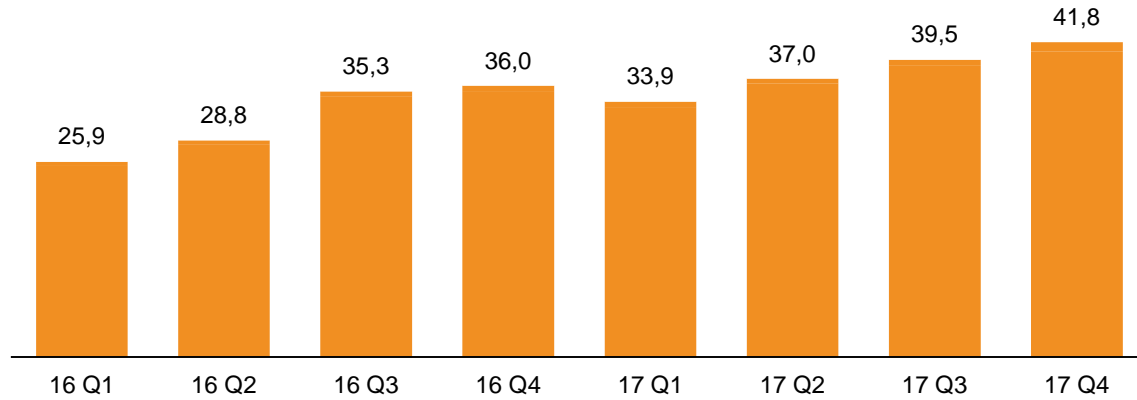
of days past due on consumer loans (%)



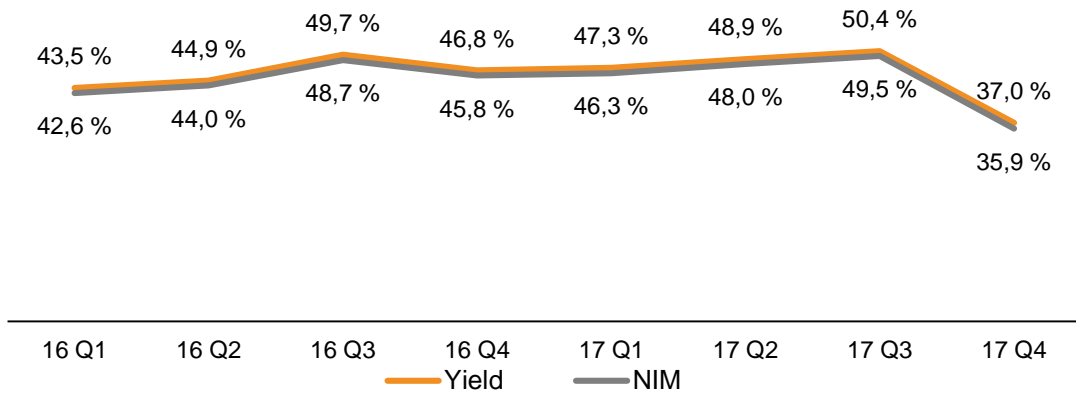
* Income, Yield and NIM is excluding netting of external commission

Status Business Finance

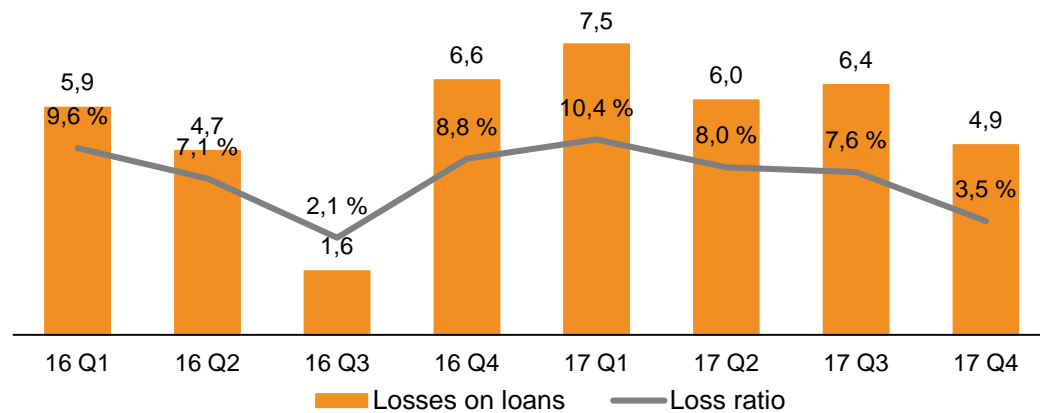
Income (SEKm)*



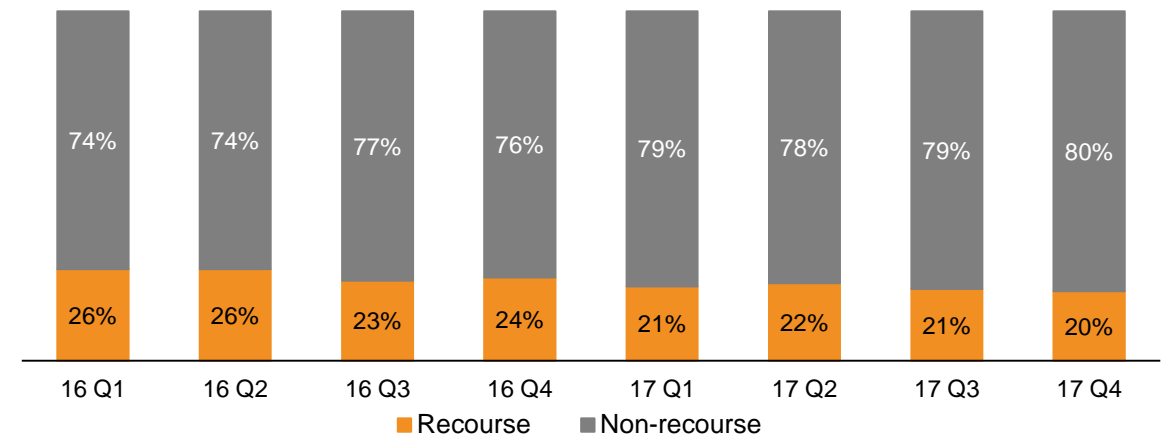
Yield (%) and NIM (%)*



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



Business mix (% base on Income)



* Income, Yield and NIM is excluding netting of external commission

Profit & loss Q4 2017

Profit & loss

SEKm	Q4 2017	Q4 2016	FY 2017	FY 2016	2015
Interest income	108,4	74,7	379,5	222,9	153,9
Interest cost	-7,3	-3,4	-21,0	-8,4	-5,8
Net interest income	101,1	71,3	358,5	214,5	148,1
Net result from financial transactions	-0,4	-3,9	-8,9	-6,6	-2,1
Other income	2,7	2,0	6,9	6,0	3,1
Total income	103,4	69,5	356,5	213,9	149,1
Administrative cost	-68,7	-46,6	-229,0	-152,0	-99,8
Depreciation and amortization	-2,4	-1,6	-8,1	-5,6	-3,9
Sum operational cost	-71,1	-48,2	-237,1	-157,7	-103,8
Result before credit loss	32,3	21,3	119,4	56,3	45,4
Net credit loss	-10,4	-22,1	-55,4	-45,0	-32,3
Operating profit / EBT	21,9	-0,8	63,9	11,3	13,1
Tax	-5,2	4,2	-13,8	1,6	-4,3
Profit after tax	16,7	3,4	50,2	12,8	8,8

Comments

Key development in Consumer Finance operations

- Avida continued to show strong growth during the quarter with net lending growth SEK226m out of a total of SEK967m for the year. The growth was negatively impacted by a sale of a NPL portfolio in Sweden in the fourth quarter. All markets are showing strong growth and Finland continues to be the main growth engine.
- The Consumer Finance business is highly scalable, and Avida has implemented several initiatives that will greatly improve the long term cost efficiency and risk management.
- In Q4 Avida entered into a forward flow agreement for its Norwegian NPLs

Key development in Business Finance operations

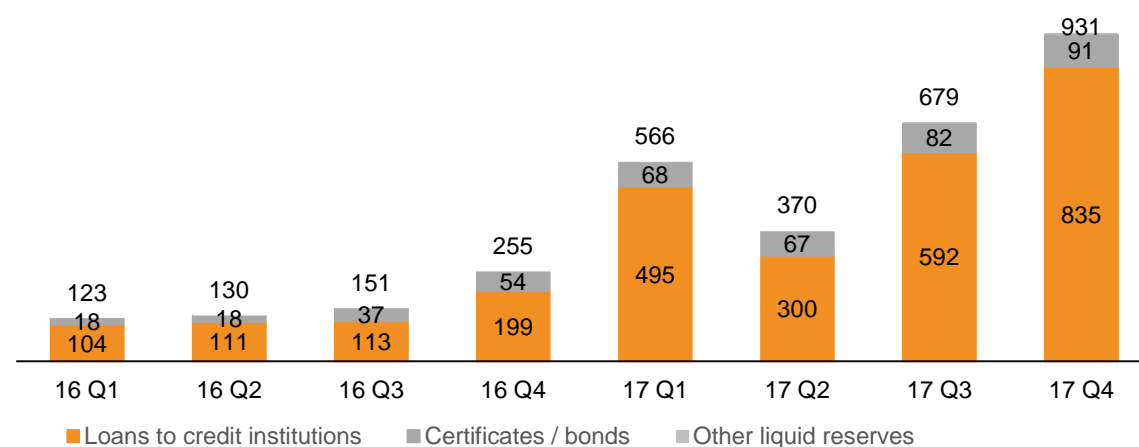
- Business Finance increased its volumes by SEK216m during Q4 out of a total of SEK 254m for the full year. The significant investments made in the Business Finance segment are starting to pay off, resulting in very positive development for the quarter.
- The main drivers of growth were in Finland and corporate loans in Norway, a product introduced in Q3 17. The business mix is changing towards larger and lower risk customers, which is evident from the significantly lower loan loss provisions.
- The business is scaled for significantly higher volumes and the marginal profitability of new business will be highly accretive.

Key balance sheet figures

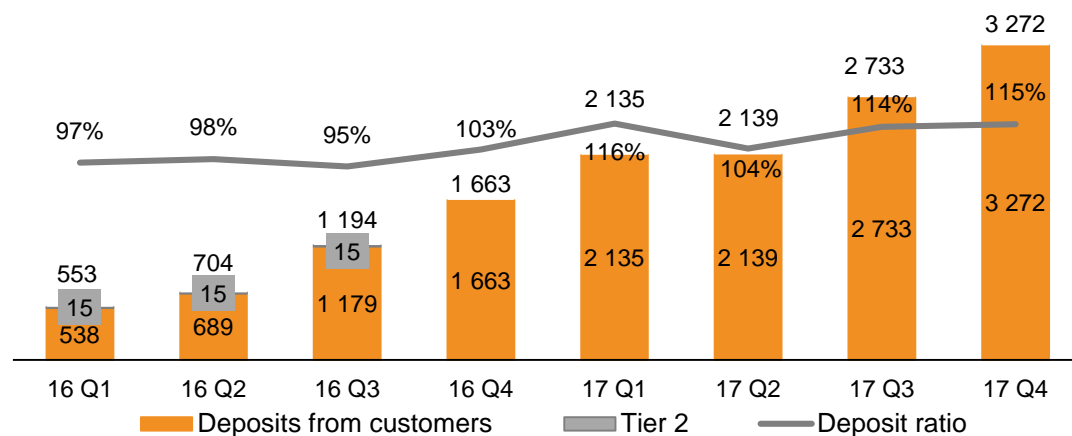
Key ratios

Average outstanding loan size	~SEK 39,453
LCR	107%
Deposit ratio	116%

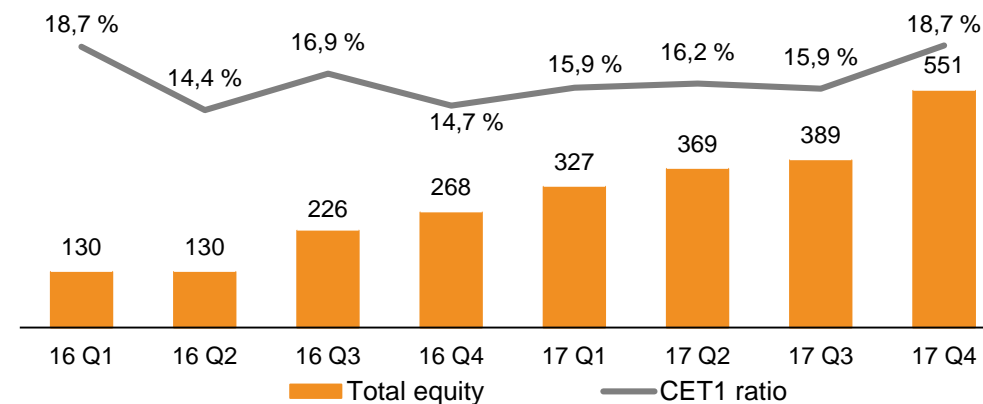
Liquidity (SEKm)



Funding (SEKm) and deposit ratio (%)



Total equity (SEKm) & CET1 ratio (%)



Balance sheet Q4 2017

Balance sheet

SEKm	31.12.2017	30.09.2017	30.06.2017	31.03.2017	31.12.2016
Cash and balance to central bank	5,5	4,4	3,2	2,4	1,8
Certificates and bonds	91,0	81,9	67,4	68,2	54,5
Loans to credit institutions	834,7	592,2	299,5	495,0	198,7
Net loans to customers	2 835,4	2 393,7	2 065,7	1 845,2	1 614,0
Shares and shares in ass. Companies	0,0	4,0	4,2	4,2	4,2
Intangible assets	26,3	22,4	21,2	18,3	15,3
Machines and inventories	5,3	5,4	5,4	5,7	5,4
Other assets	15,4	16,7	28,8	15,0	38,8
Prepaid expenses and accrued income	91,8	84,2	70,6	63,5	56,7
Total assets	3 905,4	3 204,9	2 566,1	2 517,6	1 989,4
Deposits from customers	3 271,6	2 733,3	2 138,6	2 134,5	1 663,3
Other liabilities	57,2	62,2	40,3	37,2	40,4
Accrued expenses and prepaid income	21,6	15,5	13,6	13,8	12,8
Deferred tax liabilities	4,5	4,5	4,7	4,7	4,7
Total liabilities	3 354,9	2 815,5	2 197,2	2 190,2	1 721,3
Share capital	5,4	4,9	4,8	4,7	4,4
Retained earnings	528,5	334,4	360,6	272,6	250,9
Earnings in year	16,7	50,2	3,4	50,2	12,8
Total equity	550,5	389,4	368,9	327,4	268,2
Total equity and liabilities	3 905,4	3 204,9	2 566,1	2 517,6	1 989,4

Comments

- Net loans increased by SEK1,221m YoY and SEK442m during Q4 2017 leading to a total net loans of SEK2,835m.
- The funding is mainly comprised of deposits and equity with deposits increasing by SEK1,608m YoY and SEK538m QoQ leading to a liquidity portfolio of SEK931m. The higher liquidity levels in Q4 is due to onboarding preparation for some large new clients and is expected to normalize in Q1.
- In Norway the deposit growth has been solid since the products' introduction and soon covers the entire liquidity requirement in NOK.
- The equity base increased by SEK282m YoY and SEK161m Q4 2017 leading to an equity base of SEK551m, implying a capital ratio of 18.7% - well above the capital targets and requirements.
- Avida successfully completed a private placement in Avida Holding AB during Q4 with a total capital increase of SEK154m.

Financial targets

I	Growth	<ul style="list-style-type: none">▪ Significant growth opportunity; realistic target of SEK10Bn 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%▪ 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

AVIDA

- 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 ✓

AVIDA

Outlook

The growth in 2017 was according to plan, however the Board was not satisfied with the cost developments in the quarter. Actions have been implemented to better control the cost development, and the Board remains confident in reaching the targets set out for 2018 with SEK5,000m in credit volume target and SEK160m in pre-tax profits.

Consumer Finance is off to a good start on the year with strong growth, in particular in Finland.

The pipeline for our Business Finance operation continues to grow rapidly and winning significant clients like Norsk Gjenvinning AS proves Avida's attractive customer offering and is a significant step forward for the company.

Avida sees good growth prospects in all the three geographic markets, and our strategy of focusing on both Consumer and Business Finance gives us ample room to allocate capital to the most profitable opportunities. With a solid development for the start of the quarter with significant contract signed, we expect a solid improvement in operating income in for the first quarter in 2018.

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