Data Science. Credit Scoring. Digital Finance
LEADING INTERNATIONAL FINTECH COMPANY

Innovative Digital Finance (ID Finance)

Key facts

- Founded: 2012
- Employees: 400+
- Geographic presence: 8 countries
- Products: consumer finance provider

Mission

- Build an international data-driven financial institution to provide financial services to the underbanked

Investment highlights

- **Scalable model**: launch in new geography within 3 months
- **Exceptional traction**: net loan portfolio grew at a 279% CAGR H1 2014 – H1 2017
- **High client loyalty**: 90% of new clients generate repeat business.
- **High Return on Marketing Investment**: $4.4 cash net income from $1 invested into CAC
- **High ROAE**: 60% in H1 2017
- **High profitability**: $16m of net profit expected in 2017
- **Technology and data driven**: Proprietary scoring model and in-house IT platform

Global expansion and unique registered clients

- **RU** 2012
- **GE** 2014
- **PL** 2015
- **SP** 2015
- **BR** 2016
- **KZ** 2014
- **BL** 2012
- **MX** 2017

Financial highlights

- Issuance ($m)
- Revenue ($m)
- Profit after tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Issuance</th>
<th>Revenue</th>
<th>Profit after tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-$1m</td>
<td>14</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>$3m</td>
<td>36</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>$7m</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>2017F</td>
<td>$16m</td>
<td>68</td>
<td>-</td>
</tr>
<tr>
<td>2018F</td>
<td></td>
<td>220</td>
<td>$16m</td>
</tr>
<tr>
<td>2019F</td>
<td></td>
<td>531</td>
<td>$36m</td>
</tr>
<tr>
<td></td>
<td></td>
<td>250</td>
<td>853</td>
</tr>
<tr>
<td></td>
<td></td>
<td>388</td>
<td>$56m</td>
</tr>
</tbody>
</table>
RAPID GROWTH DUE TO EFFECTIVE SCALING STRATEGY

Loan issuance dynamics

- **2012**: $0.2m
- **2013**: $1.7m
- **2014**: $14m
- **2015**: $36m
- **2016**: $92m
- **2017E**: $220m

**Launch and risk optimisation**
- Russia
- Scoring and risk-management
- Round A: $3.5m

**CIS expansion**
- Georgia
- Kazakhstan
- Installment loans

**European expansion**
- Spain
- Poland
- Round B: $6.0m

**LATAM expansion**
- Brazil, Mexico
- New products: AmmoPay and Solva

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**Major factors for effective scaling**

- Professional and motivated global and local teams
- Centralised IT and risk-infrastructure
- Monitoring of key indicators in real time
Strong management team

GLOBAL TEAM OF SPECIALISED FINANCIAL SERVICES EXPERTS

Boris Batin, PhD
Co-founder, Chief Executive Officer (CEO)
14 years of work experience in banking and finance
Previously held various positions at Deutsche Bank, Renaissance Capital and RBS within debt capital markets in London and Moscow
Graduated from Cambridge University with a degree of Master in Economics

Alexander Dunaev, CFA
Co-founder, Chief Operational Officer (COO)
Over 10 years of experience in banking and finance
Previous experience: Deutsche Bank, London
Holds Chartered Financial Analyst degree
Graduated from Imperial College with a degree of Master in Finance

Ekaterina Kazak
Chief Risk Officer (CRO)
10 years of work experience in risk management
Previously worked as Head of Russia & CIS Experian Analytics
Graduated from Moscow State University of Economics, Statistics and Informatics

David del Pozo Calleja
Chief Financial Officer (CFO)
26+ years of experience in managing investments and finance departments
Previous experience in Inversis Bank and ING Direct Bank (CFO)
Graduated from Complutense University (Madrid) in Economics

Alessandro Ceschel
Chief Marketing Officer (CMO)
11 years of professional experience in Digital Marketing and international IT Projects
 Previously successfully developed online internet businesses B2C, B2B and P2P in Spain – Ulabox, Logismarket, Socialcar, worked in MNC (Nestlé) and in early stage startups
Graduated from Padova University with a Master in Industrial Engineering and Business Administration

Pavel Shareyko
Chief Technical Officer (CTO)
13 years of experience in software development, including development of high-load applications and financial systems
Previous experience: Lead developer at Itransition
Graduated from Belorussian State University
OUR PRODUCTS TARGET UNDERBANKED CUSTOMERS

Product Portfolio

Low risk  Medium risk  High risk

Low margin  High margin

Banks’ target lending market

Minimum margin given borrower risk

Banks’ maximum margin

Target lending market
Highly efficient IT & risk-management system

ID FINANCE CONTROLS THE ENTIRE CUSTOMER JOURNEY THROUGH HIGHLY EFFICIENT RISK MANAGEMENT

Risk management present at every step of client life cycle

- Client acquisition
- Fraud prevention
- Scoring and fraud-analysis
- Client management
- Pre-collections
- Collections
- Legal support

ID Finance taps into global and local pools of information

- 10,000+ Data points are collected and analyzed in real time
- 98% Applications are processed automatically
- 70% Of the debt recovery achieved in-house through efficient client management system
- 90% Of clients become loyal customers through effective CRM system
Client acquisition funnel remains robust

### Conversion rates for H1 2017

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2017</th>
<th>Conversion to applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website visitors</td>
<td>9m</td>
<td>11m</td>
<td>10%</td>
</tr>
<tr>
<td>Applications</td>
<td>0.9m</td>
<td>1.1m</td>
<td>31%</td>
</tr>
<tr>
<td>Number of loans issued</td>
<td>186k</td>
<td>338k</td>
<td>90%</td>
</tr>
</tbody>
</table>

**Historical data**

- **Website visitors, #m**
  - H1 2013: 0.2m
  - H2 2013: 1.6m
  - H1 2014: 4.5m
  - H2 2014: 8.8m
  - H1 2015: 10.8m

- **Applications, #m**
  - H1 2013: 0.02m
  - H2 2013: 0.14m
  - H1 2014: 0.49m
  - H2 2014: 0.86m
  - H1 2015: 1.08m
  - H2 2015: 3.38m

- **Number of loans issued, #k**
  - H1 2013: 1.6k
  - H2 2013: 16k
  - H1 2014: 76k
  - H2 2014: 186k
  - H1 2015: 348k
  - H2 2015: 800k

- **Amount of loans issued, $m**
  - H1 2013: $0.4m
  - H2 2013: $3.6m
  - H1 2014: $14m
  - H2 2014: $34m
  - H1 2015: $80m

*Marketing costs divided by amount issued*
Client acquisition channels

COST EFFECTIVE ACQUISITION VIA OPTIMAL MIX OF ACQUISITION CHANNELS

Highlights

- Well-diversified and balanced client acquisition channels
- Focus on organic traffic growth and increasing the loyalty rate in all countries of presence
- Strong brand recognition improvement
- $1 issued to a new client generates $6+ of loans issued per client life

Loans acquisition channels as of H1 2017

- Paid traffic
- SEO, SMM, referrals
- Affiliates
- Direct marketing

MoneyMan search requests (#k)

- 925k
- 55% Average H-o-H growth of search requests

Amount issued ($k) and marketing cost (%)

- $1 issued to a new client generates $6+ of loans issued per client life

Graphs showing the distribution of loan acquisition channels and the growth of search requests and marketing costs over different quarters.
Portfolio quality

ID FINANCE SIGNIFICANTLY REDUCED NPL WHILST ACHIEVING RAPID GROWTH

**Net outstanding portfolio (August 2017)**

- Russia: 42%
- Kazakhstan: 16%
- Georgia: 17%
- Spain: 9%
- Poland: 5%
- Brazil: 8%

Net portfolio: $66m

**Revenue structure (August 2017)**

- Revenue: $11.2m
- Russia: 51%
- Kazakhstan: 4%
- Georgia: 3%
- Spain: 9%
- Poland: 25%
- Brazil: 8%

**Historical group NPL* rates**

- H1 2013: 43.4%
- H2 2013: 23.5%
- H1 2014: 14.6%
- H2 2014: 12.1%
- H1 2015: 9.8%
- H2 2015: 10.1%
- H1 2016: 11.2%
- H2 2016: 10.6%
- H1 2017: 9.2%
- Aug-17: 7.9%

* Loans with payments overdue 90+ days are considered non-performing loans (NPLs)

**Historical group level of NPLs***

- Loans issued since launch: $258m
- NPL as of Aug-17: $20.5m
- Repaid and performing loans Aug-17: $237m
Strategic Focus on Entry into Selected High Growth Markets

Geographical Expansion

**Geographical Expansion 2013-2019**

<table>
<thead>
<tr>
<th>Country</th>
<th>Launch</th>
<th>Population (m)</th>
<th>Internet users (m)</th>
<th>Mobile users (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>2012</td>
<td>144</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>2014</td>
<td>18</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Georgia</td>
<td>2014</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Spain</td>
<td>2015</td>
<td>46</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Poland</td>
<td>2015</td>
<td>38</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>Brazil</td>
<td>2016</td>
<td>208</td>
<td>123</td>
<td>130</td>
</tr>
<tr>
<td>Mexico</td>
<td>2017</td>
<td>127</td>
<td>73</td>
<td>86</td>
</tr>
<tr>
<td>Colombia</td>
<td>Q4 2017</td>
<td>48</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>USA</td>
<td>2018</td>
<td>321</td>
<td>239</td>
<td>258</td>
</tr>
<tr>
<td>Peru</td>
<td>2019</td>
<td>31</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>985</td>
<td>653</td>
<td>714</td>
</tr>
</tbody>
</table>

*2015 WorldBank, UNdata, eMarketer; 2016 Statista, Budde*
Product diversification

FOCUS SHIFTING TOWARDS LONGER-TERM PRODUCTS AND MORE AFFORDABLE LOANS

**Strategy focus**

- **Client profile**: Focus on prime users
- **Loan volume**: Larger volume
- **Market size**: Larger market capacity
- **NPL level**: Lower risk
- **Loan term**: Longer term
- **Competitive advantage**: Lower rates

**Product diversification 2013-2019**

- **Loan issued. 2013**: Share of long-term loans 0%
- **Loan issued. August 2017**: Share of long-term loans 44%
- **Loan issued. 2019F**: Share of long-term loans 80%

- **Single pay loans**: 100%
- **Installment & POS loans**: 0%

- **Loan volume**
  - **2013**: Share of long-term loans 0%
  - **2017**: Share of long-term loans 44%
  - **2019F**: Share of long-term loans 80%

- **Loan issued**
  - **2013**: August 2013
  - **2017**: August 2017
  - **2019F**: Date not specified
Thank you for your attention!

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