



Invest in the Eurozone consumer loans

- Bondora is a leading non-bank consumer lender in Europe with a solid track record in the Finnish, Estonian and Spanish markets
- Bondora has a strong track record with euro-denominated loans dating back to 2009 with historic annual returns of over 9%
- Bondora's investor base has historically been retail with over 30,000 investors from 85 countries
- Retail investors can quickly build a diversified portfolio by automatically spreading their capital across hundreds of loans, taking only a fraction of the risk from each individual loan
- Investors have access to loans from 8 unique risk categories, 3 different countries, durations from 3-60 months and different interest rates
- Bondora has created a product for every type of investor. When choosing how to invest, Bondora customers can choose from 3 different automated options including a one-click Portfolio Manager, the Portfolio Pro custom strategy and an active API facility
- Investors who like to trade can do so on our secondary market, that can be accessed manually through our user interface or automatically over an API
- Investors have full transparency of their portfolio thanks to access to detailed statistics, providing clear overview on comparisons of net return, recoveries and the distribution of investments across 8 risk ratings
- Investors who want to dig deeper, can use even more granular datasets available in our public reports which are updated daily

Disclaimer. This document has been published by Bondora Capital OÜ for informational purposes only. It is solely intended to familiarize you with some limited aspects of the products offered by Bondora Capital OÜ. The opinions expressed are those held by the authors as of the date of this document and are subject to change. This document should not be considered a solicitation to buy, an offer to sell, an invitation to purchase, or a recommendation for any security or other product or service. The views expressed herein should not be regarded as investment research, investment advice or a recommendation, or form a part of any investment decision or any decision to enter into any contract. You are solely responsible for determining whether any investment, security or strategy, or any other product or service, is appropriate or suitable for you based on your investment objectives and personal and financial situation. You should always seek independent professional advice before considering or making any investment.

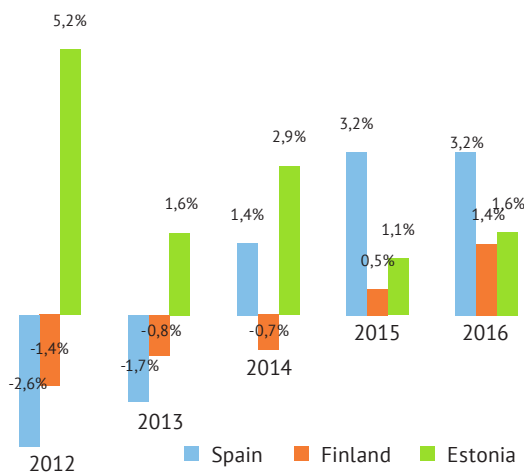
Neither Bondora Capital OÜ nor any of its agents owes a duty of care to you, or makes any express or implied representation or warranty, and they accept no responsibility or liability in regard to the adequacy, accuracy, completeness or reasonableness of the facts, opinions, estimates, forecasts, projections or other information contained in this document, or any additional information, written or oral, or other documents supplied in connection with Bondora Capital OÜ. Nothing contained herein should be interpreted as a promise or representation regarding any historic or current position or future event.

The content of this document is confidential and subject to copyright, with all rights reserved. You may not copy, reproduce, distribute, transmit, by electronic means or otherwise, or modify the contents in whole or in part without the express written permission of the publisher. By accepting delivery of this document, you agree to the terms of this disclaimer and, upon request, to return all material received from the Issuer, including this document, without retaining any copies thereof. The initial recipient of this document is responsible for ensuring that the confidentiality obligation presented herein is duly followed.

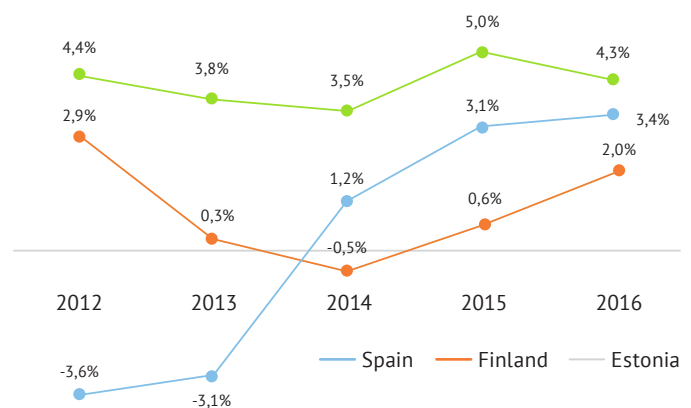
Our Markets: Economic Perspective

- Bondora operates in Finland, Estonia and Spain with total population of over 53 million people
- Our markets are uncorrelated by economic performance and all the countries have investment grade sovereign ratings
- Finland went through a recession in 2012 – 2014 and Spain in 2008 – 2014
- Bondora has been successful in these countries in a recessionary environment
- Unemployment has been decreasing in Spain and Estonia and is projected to stabilise in Finland in 2017, improving the servicing capability of the borrowers
- Accelerating economic growth and expanding private consumption are ensuring an attractive environment for consumer lending

GDP growth y-o-y %

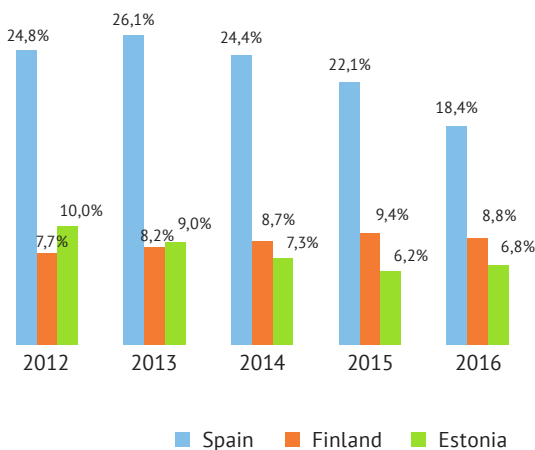


Private consumption y-o-y %



Sources: FocusEconomics, SEB, European Commission, ECRI

Unemployment rate

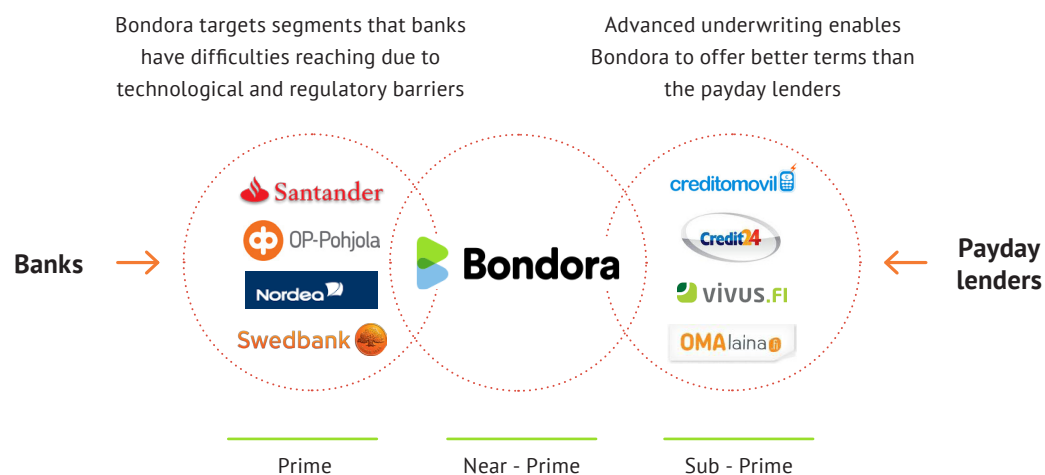


Our markets: Snapshot

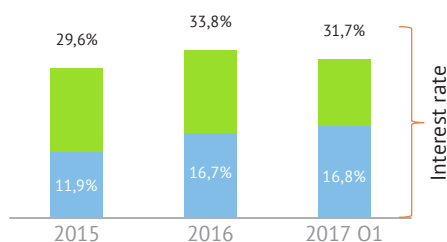
	Spain	Finland	Estonia
Population (million)	46,1	5,5	1,3
GDP (EUR bn)	1081	207	21
GDP per capita (EUR)	23469	37878	15769
Consumer credit market (EUR bn)	61,0	14,1	0,8
GDP growth 2016	3,2%	1,4%	1,6%
Unemployment 2016	18,4%	8,8%	6,8%
Sovereign rating (Moody's)	Baa2	Aa1	A1

Market Overview: Consumer Loans

- The markets Bondora operates in are attractive for consumer lending due to limited availability of credit through the banks, caused by technological and regulatory barriers
- The consumer credit market has contracted considerably from its peak witnessed in 2008 in Spain and Estonia, but has grown in Finland
- Finland, Estonia and Spain are highly digitalised markets, with Spain offering the most significant upside in digital convergence
- In line with advancements in technology, the markets have attracted alternative lenders offering consumer credit online
- Bondora's competitive advantage stems from the provision of loans with clear product utility, attractive interest rates and seamless customer experience
- Targeting the near-prime segment enables Bondora to cover the widest market and win over customers both from banks and payday lenders
- Risk-adjusted interest rates, controlled defaults and a strong performance in recoveries ensure high returns

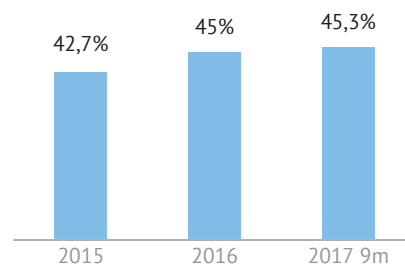


Interest rates and net returns



■ Return net of losses and fees

Cash flow restored
(% of planned principal)



Bondora focuses on the near-prime segment overlooked by banks where it has a competitive edge

Overview of Bondora

Corporate profile

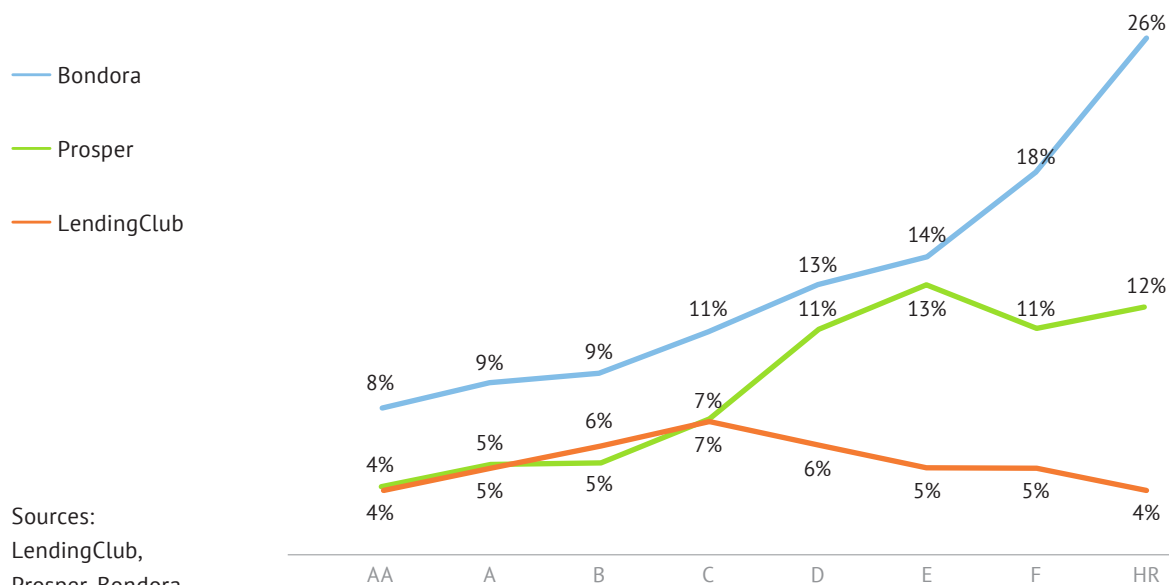
Founded	2007	Auditor	KPMG
Number of employees	38	Internal Auditor	PricewaterhouseCoopers

- Bondora focuses on unsecured consumer lending
- Bondora issues loans in Finland, Spain and Estonia
- Bondora has processed more than 530 thousand loan applications and issued over EUR 107 million in loans
- Bondora has all the necessary licenses for the markets in which it operates; it adheres to the AML requirements and responsible lending principles required by the laws in each respective country
- In comparison to its peers, Bondora has a solid track record in generating returns for investors
- **Investors can generate 400 to 1400 basis points of additional yield, depending on the borrower's credit score grades, without noticeably increasing risk**

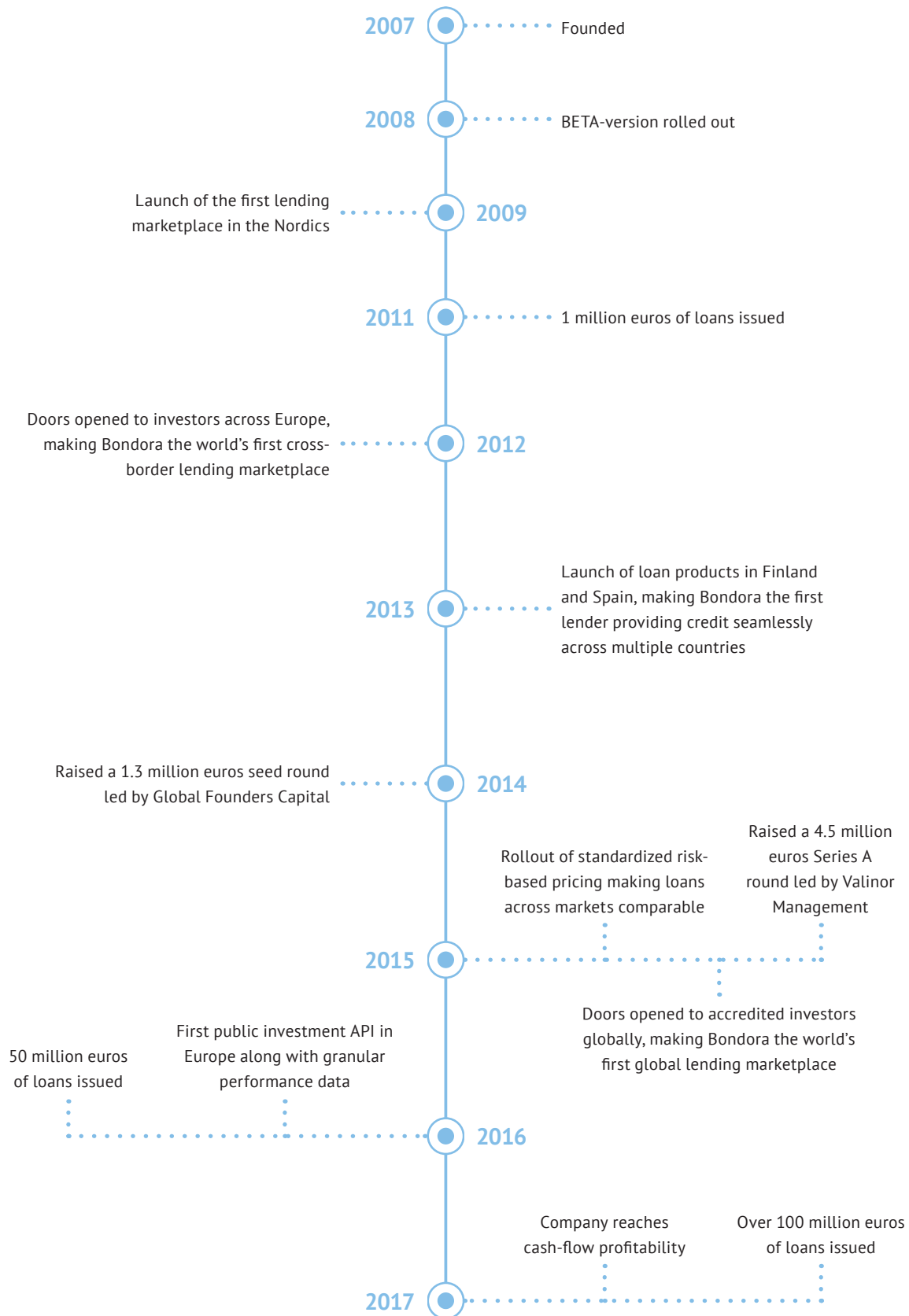
Loan profile

Markets	Finland, Spain, Estonia	Amortisation	Monthly
Amount	EUR 500 - 11,000	Security	Unsecured
Average loan size	EUR 2300	Maturity	3 - 60 months
Interest	Dependent on the borrower's risk rating		

Expected return by risk grade: Bondora relative to its peer group



History of Bondora



Bondora has been adapting its business so it can offer credit products in selected markets

Competitive Advantages

Experience in serving lower and middle income customers

- Bondora's focus on creating cost-effective ways to serve lower and middle-income customers and payday loan customers has enabled it to deliver strong risk-adjusted net returns on its loan portfolio while keeping customer acquisition costs under control

Proprietary underwriting, collection and recovery processes

- Bondora conducts thorough background checks on prospective borrowers, including verifying their income and expenses
- Bondora's approach facilitates a faster and cheaper assessment of credit and fraud risks, enabling it to offer the most appropriate loan products to its customers
- Its servicing practices afford Bondora complete control over accounts and help ensure that loans are repaid in a timely manner

International business architecture

- Bondora combines unique and best-in-class skills derived from its experience in and the resources available across multiple countries
- Bondora leverages Swedish banking infrastructure, German technology management, Estonian application development skills, cost-effective FinTech back-office operations and American marketing know-how

Single platform for borrowers across Europe

- Bondora has developed a single technical platform that can be used in any number of jurisdictions, regardless of a borrowers' residency, language and currency
- Bondora's proprietary technology allows extensive economies of scale; functional improvements, as well as costs are shared across the markets it operates in

Advantageous base of operations

- Bondora's legal entity is based in Estonia, which has a strong sovereign credit rating and a favorable tax environment
- Bondora has access to a qualified IT work force with experience working at leading technology companies (e.g. Skype, Monese and Transferwise)

Bondora leverages its strengths and the assets it has developed over the past ten years to capitalize on a unique opportunity

Management and Shareholders

Supervisory Board

Joao Monteiro, Chairman of the Board

- Executive at Kuehne+Nagel
- Previously responsible for organizational development at LSG Sky Chefs and Roland Berger

Phil Austern, Board Member

- Founding member of Valinor Management
- Previously Vice President at Francisco Partners

Mati Otsmaa, Board Member

- E-commerce and financial services executive
- Has engaged in assignments for American Express, Barclays, Citibank, Chase, Experian, HSBC, Hyundai and Providian

Management Board

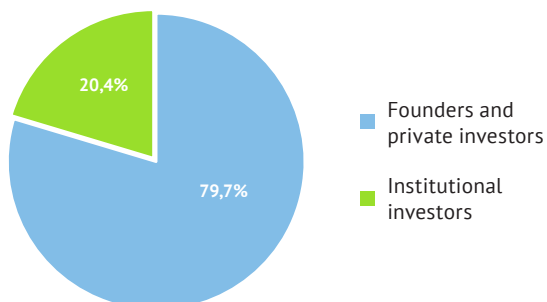
Pärtel Tomberg, CEO

- Founder of Bondora
- Previously responsible for Baltic regional management at Quelle AG and Halens AB

Rein Ojaveere, CFO

- Formerly Head of Corporate Banking at DNB in Estonia
- Has worked in asset management and investment banking at Limestone, Swedbank, Evli and Suprema

Shareholders

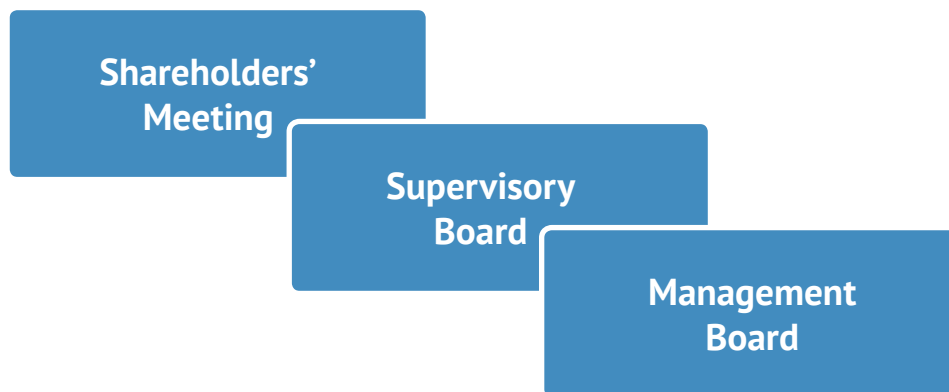


- Majority of the shares are held by Founders and Private Investors
- The largest institutional investor is Valinor Management

Governance and Risk Management

- Bondora's Management Board is overseen and appointed by the Supervisory Board, which has been appointed at a Shareholder Meeting
- The Management Board is responsible for day-to-day management
- Bondora's operational management team, which includes specialists in credit risk assessment, market risk, IT security, operational risk and compliance, is responsible for risk management
- Specific risk management responsibilities are delegated to the respective department heads, who report to the Management Board
- The Supervisory Board further reviews risk management on a quarterly basis
- The internal audit function, carried out by PwC, is directly overseen by the Supervisory Board

Governance model



Risk management

3 L I N E S O F D E F E N C E :

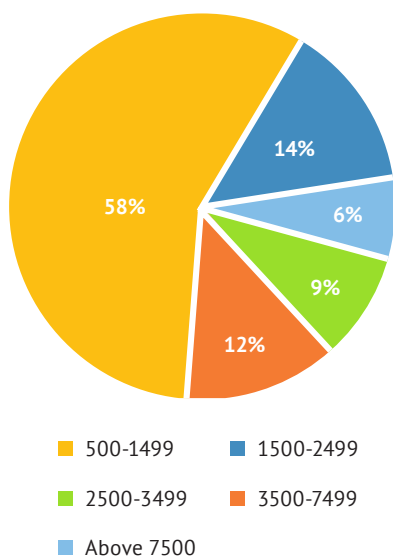


+ Internal Audit (PwC) + External Audit (KPMG)

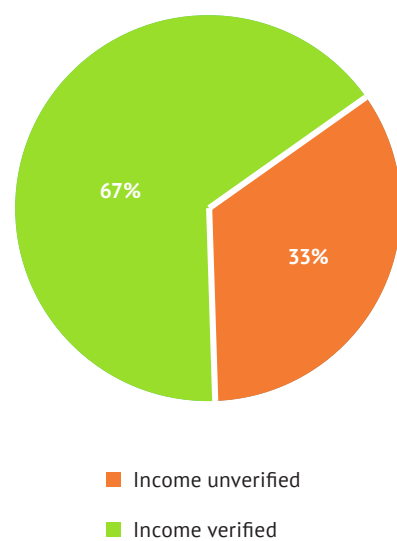
Borrower Profile

- The following are the relevant statistics for loans issued by Bondora in all countries to borrowers in 2017
- Income verification in 67% of the cases
- Weighted average income of the borrowers across countries is above the national average

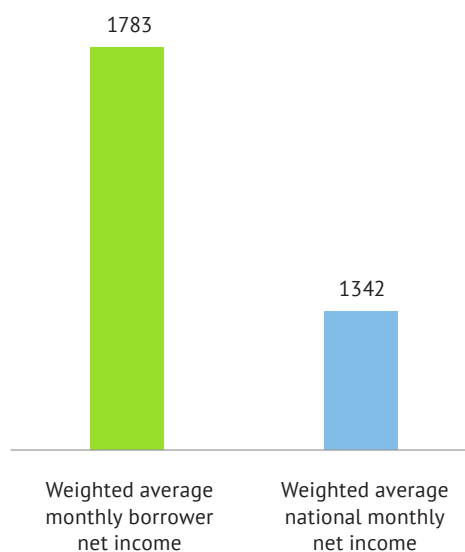
Requested loan amount (EUR)



Income verification



Income vs. national average

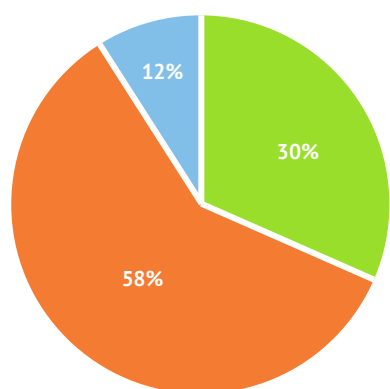


Weighted average income of the borrowers across all countries is above the national average

Sourcing and Volume Generation

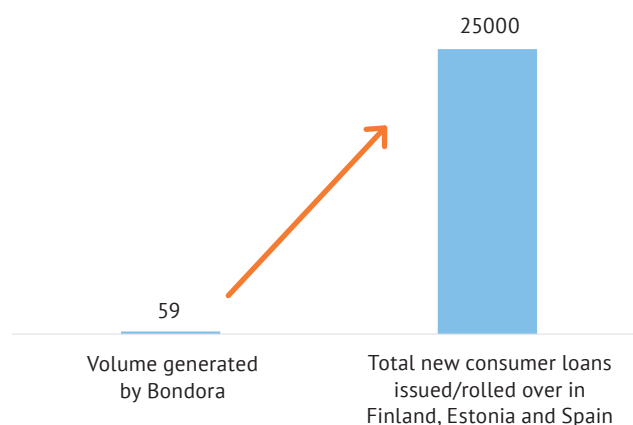
- Finland, Estonia and Spain are sizable and highly digitalised markets well adapted to online lending
- Loans offered by Bondora have a clear product utility in relation to competition, as longer durations enable customers to take larger loans with lower monthly instalments
- Total market of consumer credit in Finland, Estonia and Spain is close to EUR 76 billion and the annual estimated turnover is EUR 25 billion, with only a fraction of the market having been tapped by Bondora
- Bondora markets itself to borrowers using a combination of search engine marketing and television advertising
- Bondora initiates email campaigns targeted at existing, previous and prospective customers
- Bondora has been operating in Estonia for over 8 years, on the Finnish and Spanish market for 4 years and it has developed an efficient customer targeting model
- In 2016 the volume of investable loans generated in Finland, Estonia and Spain reached EUR 59 m
- Bondora has on multiple occasions tested that the volume can be more than tripled without changing the risk profile with additional investments directed at online advertising

Split of marketing channels in 2016



■ TV ■ Online ■ Targeted e-mail

Market potential of investable loans (EUR m)



Bondora has developed an efficient marketing model to address a high volume of potential customers

Underwriting Process

Customer applies for a loan

- Personal information
- Contact information
- Sociodemographic information
- Employment information
- Information on outstanding liabilities
- Supporting documentation
- Income information

Data collection and verification

- Data provided by the borrower
- Data available in the local credit bureaus
- Supporting documents such as bank statements and payslips
- Information available from special local data sources
- Data available from population registry and property registry
- Behavioral data available through third party data vendors, social networks or server logs

Identification and fraud detection

- Email address verification
- Mobile telephone number verification
- ID verification
- Address verification
- Bank account verification

Risk scoring

- A risk rating is calculated using all of the collected data
- Variables are adapted through statistical analysis and scorecard calculated
- The scorecard provides a lifetime forward-looking estimate of a loan's expected loss
- Loan applications are assigned a Bondora Rating based on the estimated one-year expected loss

Loan pricing

- A lifetime cash flow model is constructed using the risk scoring results
- The expected return is calculated
- The expected return and the credit scoring results are used as inputs for establishing a fair interest rate

Loan agreement signed and loan issued

- Standard European Consumer Credit Information form is signed
- Execution of the loan agreement

LOAN ISSUED

Underwriting is managed by a team of highly experienced and skilled professionals

- Credit risk-related activities are supported by five data engineers, including one who has a PhD in economics, one who is PhD candidate in machine learning and computer science and three who are experienced software engineers

Risk Scoring

Data collection and analysis



Proprietary scorecards

- Since launch of the operations, Bondora has analysed over 530 thousand loan applications and has developed significant experience in credit scoring using the data it has amassed
- Bondora has developed a high level of expertise in Finland, Estonia and Spain with its proprietary credit scoring database that provides an insight into customer behaviour
- Bondora uses an internally developed credit scoring model to calculate a prospective customer's risk rating
- The risk rating is calculated using all of the data collected
- The exact variables that are used in the credit scoring models are established and adapted as needed through statistical analyses
- These variables may include income information, employment records and credit history as well as marketing and other non-traditional data
- The scorecards are regularly evaluated and calibrated

Bondora has developed a high level of expertise in its markets with its proprietary credit scoring

Recovery Process

Days from payment

Process

+1 to +74

**In-house
collection**

Regular reminders and information passed to debt registries.

Throughout this stage, the borrower receives reminders through email, text, postal letters and automated calls requesting they take immediate action. Meanwhile, we pass their information on to debt registries who also try to make contact with the borrower.

+75

**Default
& Court**

Details passed to court, case automatically filed via payment order or civil claim.

When more than 74 days have passed with no payment received and if the amount overdue is larger than 2 monthly payments, then the loan is classed as in default*. In Finland, the case is then automatically filed with the courts and this will soon be the same process in Estonia and Spain thanks to access to new technology. Most commonly the case is filed via a payment order, however if this is unsuccessful then we will file a civil case. In a best case scenario, the process takes a minimum 4 months until a verdict is reached.

*If the overdue amount is less than 2 monthly payments, the loan is classed as in default after the payment schedule ends

+200

Bailiff

The Bailiff aims to retrieve payments owed from the borrower's income and assets.

The case is handed over to a local bailiff after the court makes a favorable decision and the subsequent speed of recovery depends on the income and assets of the borrower. Bondora receives a quarterly update on the status of the collection.



- Collection strategy focuses on efficiency, early action and automation of all activities
- Bondora has achieved relatively high recovery rates by continuously developing its collections and recovery processes since 2009

**Success
factors**

- Early initiation through reminding customers of their payments in advance and an automated collection process on delinquent accounts
- Good cooperation with local courts and legal partners specialising in legal collection
- Fast and efficient execution of court cases filed through API or local partners

By developing an efficient process Bondora has achieved relatively high recovery rates

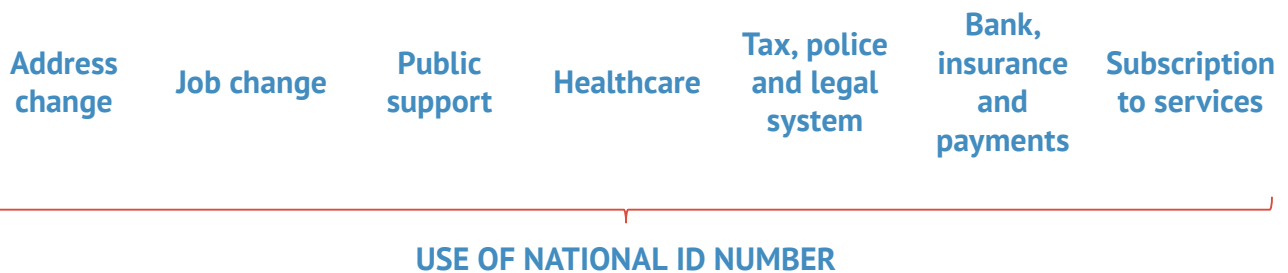
Traceability and Policy Rules

Identification and traceability of customers

- In Finland, Estonia and Spain customers can be traced based on their ID number
- All the borrowers are identified by their phone number, address and bank account data, whereby identity and ID number are linked to the application
- Strong traceability enables Bondora to identify potential fraud and ensures that debts can be collected



In Finland, Estonia and Spain traceability is very high due to the linkage between an individual's national ID number and almost all the aspects of public life



Loans are issued on the basis of stringent Policy Rules of Bondora

Key terms of the Policy Rules

- The Borrower is a resident of Finland, Estonia or Spain and is at least 18 years old
- The Borrower has no active delinquencies by local credit bureaus
- The Borrower needs to be fully identified before receiving a loan offer
- The aggregate outstanding amount of loans issued by Bondora to the same borrower may not exceed 11,000 Euros
- Loan has a term of no less than 3 months and not more than 60 months
- Annual percentage rate of the loan at the time of concluding the credit agreement is less than statutory limits in the specific country
- Loan is paid in monthly instalments

Credit policy rules are supported with national ID infrastructure ensuring traceability of the borrowers



Contact

investor@bondora.com

Bondora Capital OÜ
A.H.Tammsaare tee 47
Tallinn 11316, Estonia