



Нексус

Nexus Group

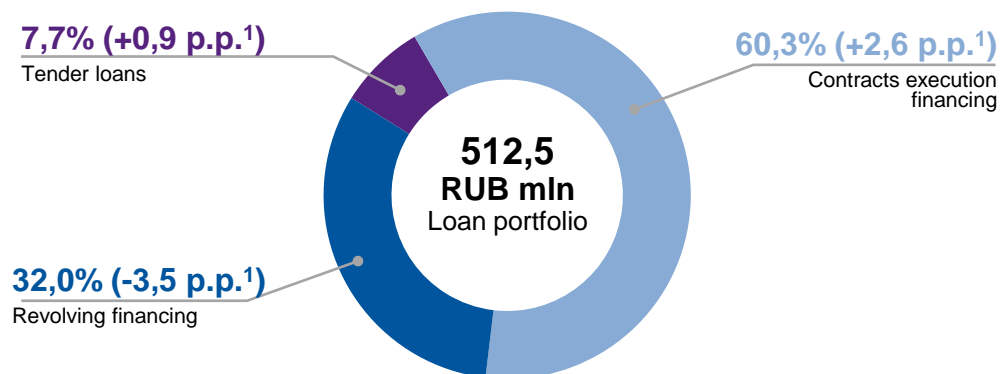
October 2019

- Nexus is a one of the leading microfinance companies in small and medium sized enterprise (SME) lending sector in Russia
- Loan portfolio is primarily represented with loans for public contracts (44-FZ, 223-FZ, 615-P) and commercial contracts execution, tender loans and revolving loans
- Focus on short-term loans with less than 6 months duration
- As of 30 September 2019 the total loan portfolio volume is 512,5 RUB mln (increased by 174,9% in comparison to 186,4 RUB mln as of 30 September 2018), the average loan value is was 3,9 RUB mln, average duration was 4 months
- Nexus team is represented with highly qualified alumni from the top economics and technical schools and universities with a noticeable work experience in the leading global financial institutions

As of 30 September 2019

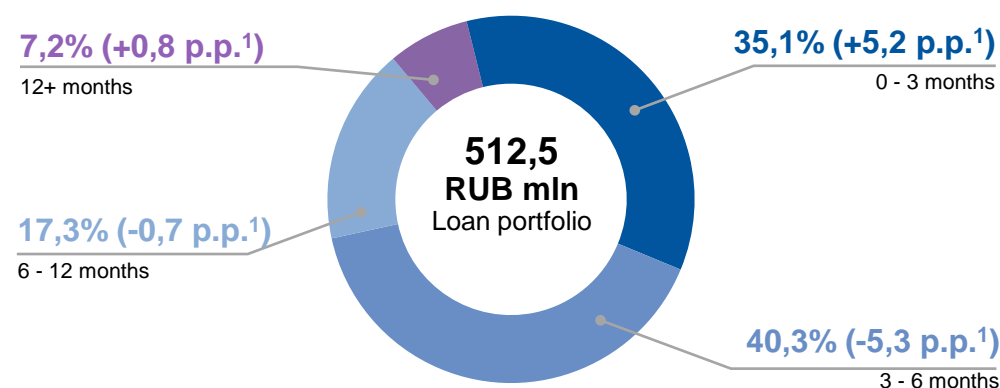
| | |
|---------------------------|---------------|
| Loan portfolio | 512,5 RUB mln |
| Financial assets | 540,3 RUB mln |
| Funds raised | 394,8 RUB mln |
| Shareholders equity | 93,5 RUB mln |
| Cumulative loans provided | 1 674 RUB mln |
| Number of employees | 15 |
| Year of foundation | 2016 |

Loan portfolio by product type



Focus on state contracts execution loans proving the best available risk-return ratio

Loan portfolio breakdown by loan volume

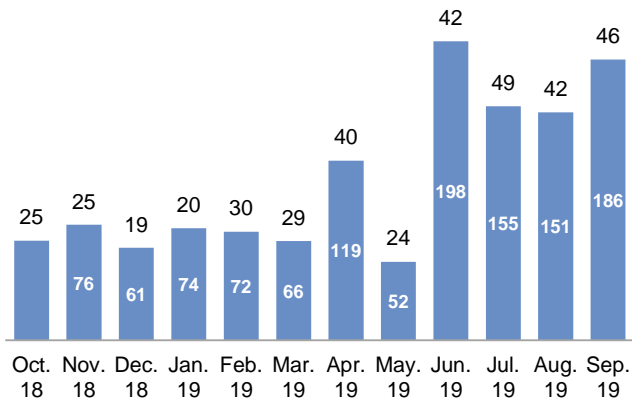


Nexus primarily provides short-term loans due to better predictability and transparency of clients' cash flows in the short-term prospect

¹ In comparison to the previous month

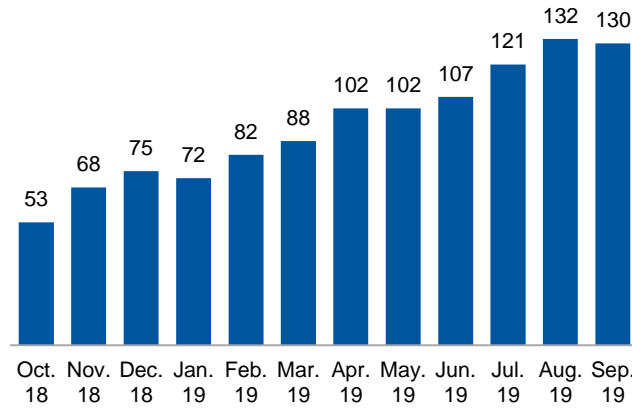
Loans issued for the period

Loans issued during the month, RUB mln
 xx Number of loans issued during the month, #



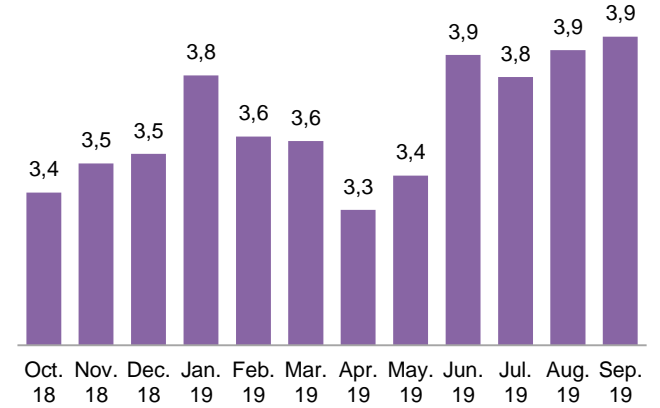
Number of loans in portfolio

Loans in portfolio as of the end of the month, #



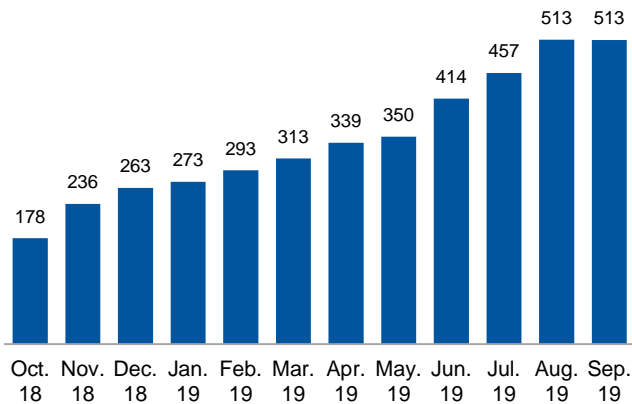
Average loan size

Average loan size as of the end of the month, RUB mln



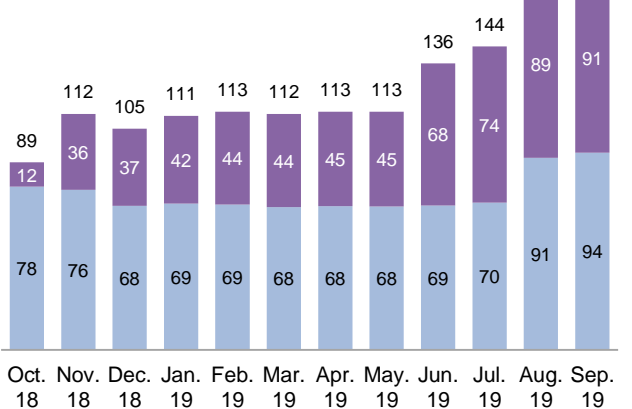
Loan portfolio

Borrowings volume as of the end of the month, RUB mln



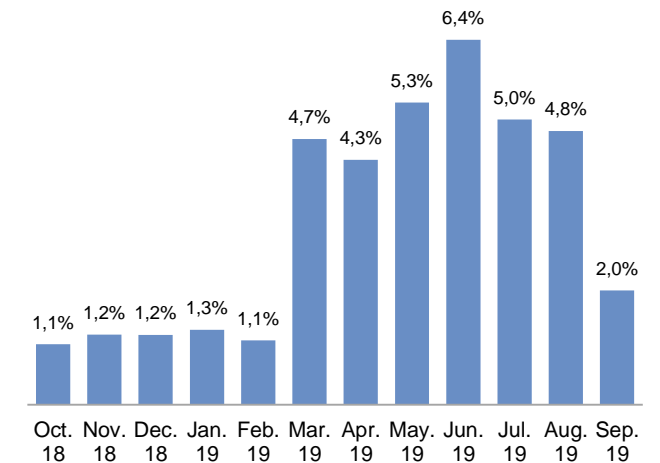
Shareholder's equity

Shareholders equity as of the end of the month, RUB mln
 Subordinated shareholder loans, RUB mln
 xxx Total shareholder funds, RUB mln



NPL ratio

NPL ratio as of the end of the month, %



Client Profile

Nexus specialization



- Emphasis on small and medium enterprise (SME) financing

- Supporting high-growth business in real sector, Nexus contributes to expansion of SME in Russia
- Nexus core activity matches with the key target of national projects of support to SME

Client Portrait



- State contracts and large commercial contracts execution financing (> 60% of loan portfolio)

- Increasing share of tender loans applications (> 7%) – funds are used as a collateral in tender applications
- Revolving loans for creditworthy borrowers who have already proven their solvency

Best Fit for Nexus



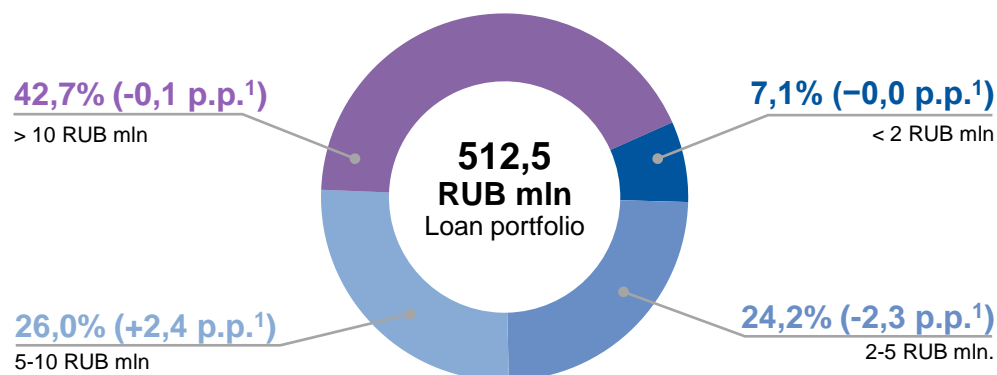
- Focus on projects with high-growth profile companies looking for additional leverage for contracts portfolio expansion

- Revenue – 50-200 RUB mln p.a.
- Key Sectors: Construction, Real Estate, Fossils Trading, Industrials and Production, Machinery, Equipment, Geophysics and Shipbuilding

Average loan amount **3,9 RUB mln**

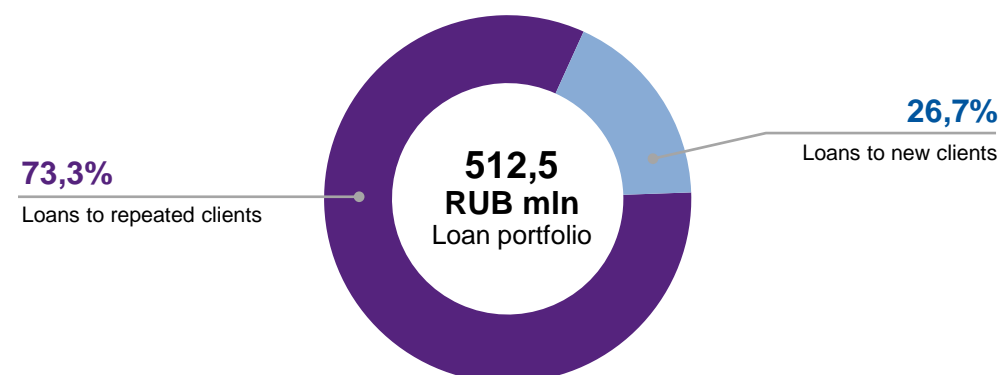
Average loan duration **4 months**

Loan portfolio breakdown by loan size



Switching to larger loan amounts allows to balance time spent on risk analysis and high degree of portfolio diversification

Loan portfolio breakdown by client type



Repeated clients remain one of the main factors driving the volume of loan portfolio

¹ In comparison to the previous month

5 Interviewing

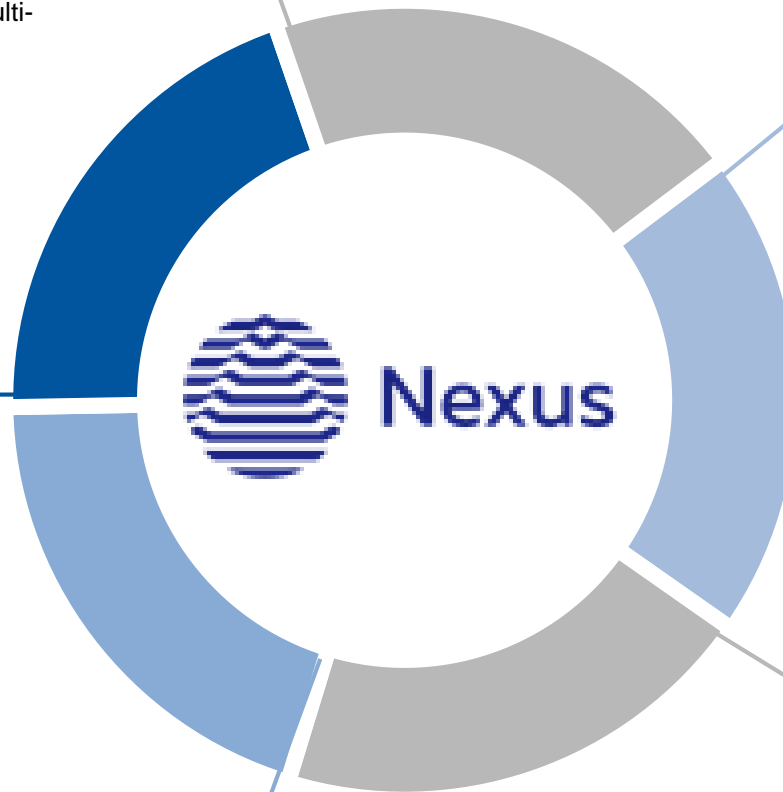
- Management assessment based on multi-step interviews and Q&A sessions as a part of client onboarding

4 Comprehensive verification of borrowers

- Comprehensive clients due diligence using public databanks
- In-depth review of company's legal documentation aiming to mitigate illegal transactions risk
- Verification of clients financials using public sources of information

3 External factors analysis

- Market condition analysis and in-depth understanding of external factors which may potentially affect the borrowers credit worthiness
- Business model assessment and stress tests are integral parts of any credit analysis related to making financing decisions
- Selective audit of the company's natural indicators



1 Financial statements verification

- Financial statements validation on the cash flow basis
- Cross-checking of financial statements and accounting records
- Financial data review based on public data sources
- Verification of financial reports and tax returns

2 Scoring module

- High automation level of decision-making processes owing to in-house development of scoring systems
- Ongoing scoring module adoption in line with new borrowers and credit events

Key Clients Benefits



Prompt requests processing: funds are credited to the client's account within one working day in case the borrower provides Nexus with the full pack of documentation and signs the contract face-to-face in Nexus office



Flexible schedule of payments: payments schedule is adapted with respect to the needs of clients and its cash flows schedule according to contracts. No restrictions for early termination of contracts and availability of tranche funds transfer



Transparent loan terms: no hidden commissions and extra payments



Focus on state contracts: funds can be credited to accounts protected from unduly debiting, financing of contracts with treasury protection, government procurements / tenders participation financing



No limitations by regions and industries: flexible cooperation with entities across Russia and CIS, debt financing of any business sector



Versatility: maintenance of all electronic platforms and marketplaces with no restrictions on operations / procedures categories

1 Increasing quality of loan portfolio

- Expanding share of tender and state contracts financing leads to significant risk reduction
- Using bank accounts protected from unduly debiting allows to minimize default rates
- Widening pipeline of clients helps to pick the most creditworthy borrowers and enhance risk-return ratios
- Increase in volume of loans provided to repeated customers

2 Automation of business streams

- Scoring model fitting due to ongoing accumulation of information on clients
- Automation of scoring owing to better adaptation of in-house IT infrastructure
- User-friendly interface of the client account supports transparency and convenience of clients experience
- All-round implementation of electronic documents turnover provides clients with smooth experience of using the platform

6 Product line expansion

- Enlarging the variety of financial products for small and medium enterprises (SME)
- Supplemental services for SME (M&A advisory, valuation, capital budgeting, counterparties verification, etc.)
- Revolving credit lines for the most creditworthy clients

3 Improving returns

- Expanding share of commissions in total income thanks to rapid development of supplemental services ecosystem for small and medium enterprises
- Decreasing cost of funding due to scale economies and obtaining institutional financing
- Increasing share of equity in total capital and liabilities

BUSINESS STRATEGY

5 Strategic partnerships

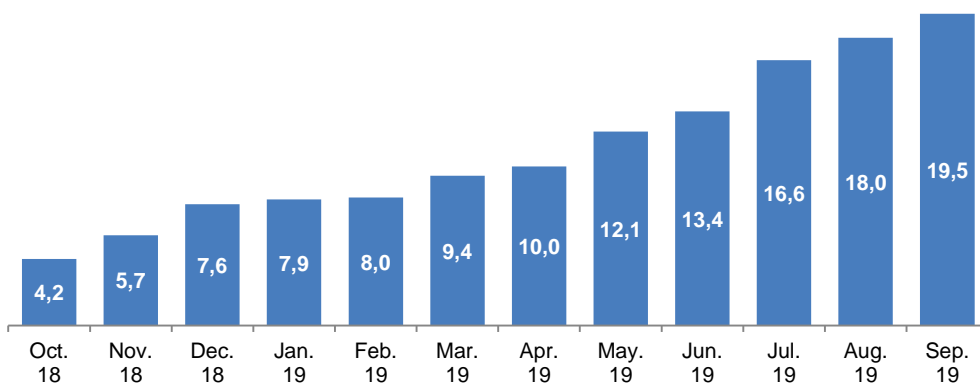
- Cooperation with leading banks aiming to engage corporate clients which are currently out of the banking scope
- Co-financing of large projects in collaboration with “MSP Corporation” aiming to share credit risks and enhance risk-return ratio
- Attraction of new partners for widening the vortex of potential clients

4 Ongoing improvement of key financials

- Loan portfolio increase to over 2 RUB bln in mid-term
- ROE is expected to exceed 30%, cost-to-income ratio – over 30%, equity ratio – over 20%
- Stable administrative costs amount alongside with direct costs reduction leads to significant margins expansion and increasing value of business

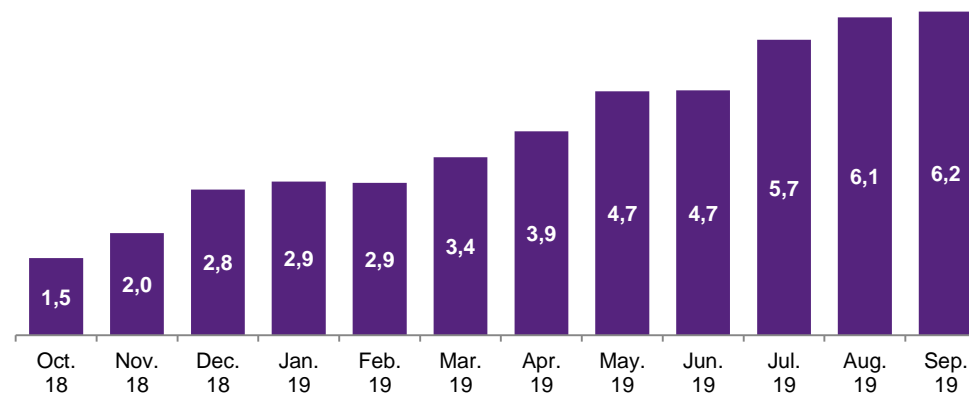
Interest income

Interest income for the month, RUB mln



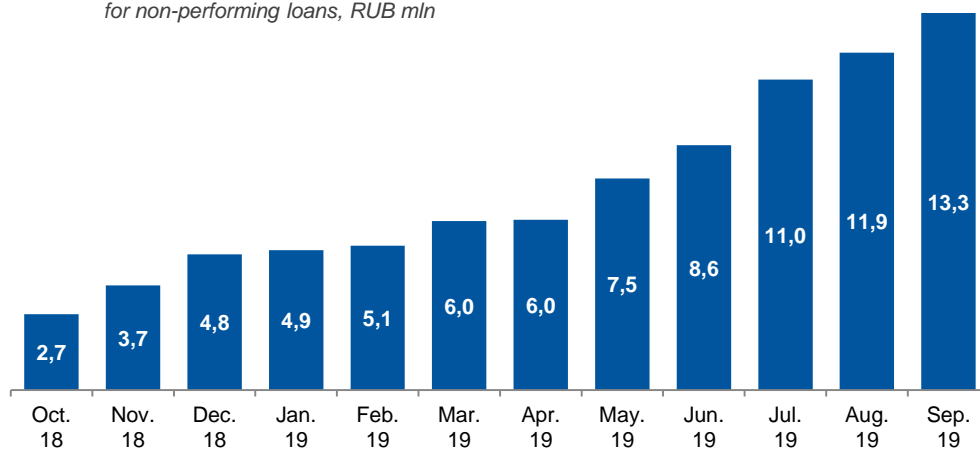
Interest expense

Interest expense for the month, RUB mln



Net interest income

Net interest income excluding provisions created for non-performing loans, RUB mln



Liquidity schedule

Cash inflows schedule for loans issued, RUB mln
Cash outflows schedule due to deposits expiration, RUB mln

