4finance Holding SA

Investor Presentation for nine month 2019 results

14 November 2019

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Agenda

- Business update
- Review of nine month 2019 results
- Loan portfolio and asset quality
- Summary

9M 2019 business and financial highlights

Consistent execution on plan with solid financial performance

- Stable performance overall in larger online markets of Denmark, Poland and Spain as well as TBI Bank
  - Lower contribution from instalment loans in Poland whilst we review our product strategy
  - TBI Bank continuing to perform well. Growth in small business lending and POS lending
- Good cost control and progress with ongoing efficiency initiatives
- Adapting to new regulation in the Nordics & Baltics
  - Encouraging initial response to product updates in Finland and Latvia
  - Key new features: fast delivery fee and 'mini' instalment loan
- Near-prime lending pilots continue; plans for 3 more markets in 2020
  - Launching next stage of Friia product in Sweden and Fintonic product in Spain
  - Pilots to be started in Latvia, Denmark and Poland next year
- Progress in using TBI Bank to fund online loan portfolios
  - Successful initial sale of Polish instalment loans in September
  - Developing scalable, automated system to ensure funding in place for near-prime loans as portfolios develop in 2020+

Interest income

€319.1m

(12)% YoY

Pre-tax profit

€38.3m

(2%) YoY

Cost to income ratio

51.5%

0.5ppts YoY improvement

Overall NPL ratio

20.0%

Stable (+0.6ppts) YtD

Regulatory update

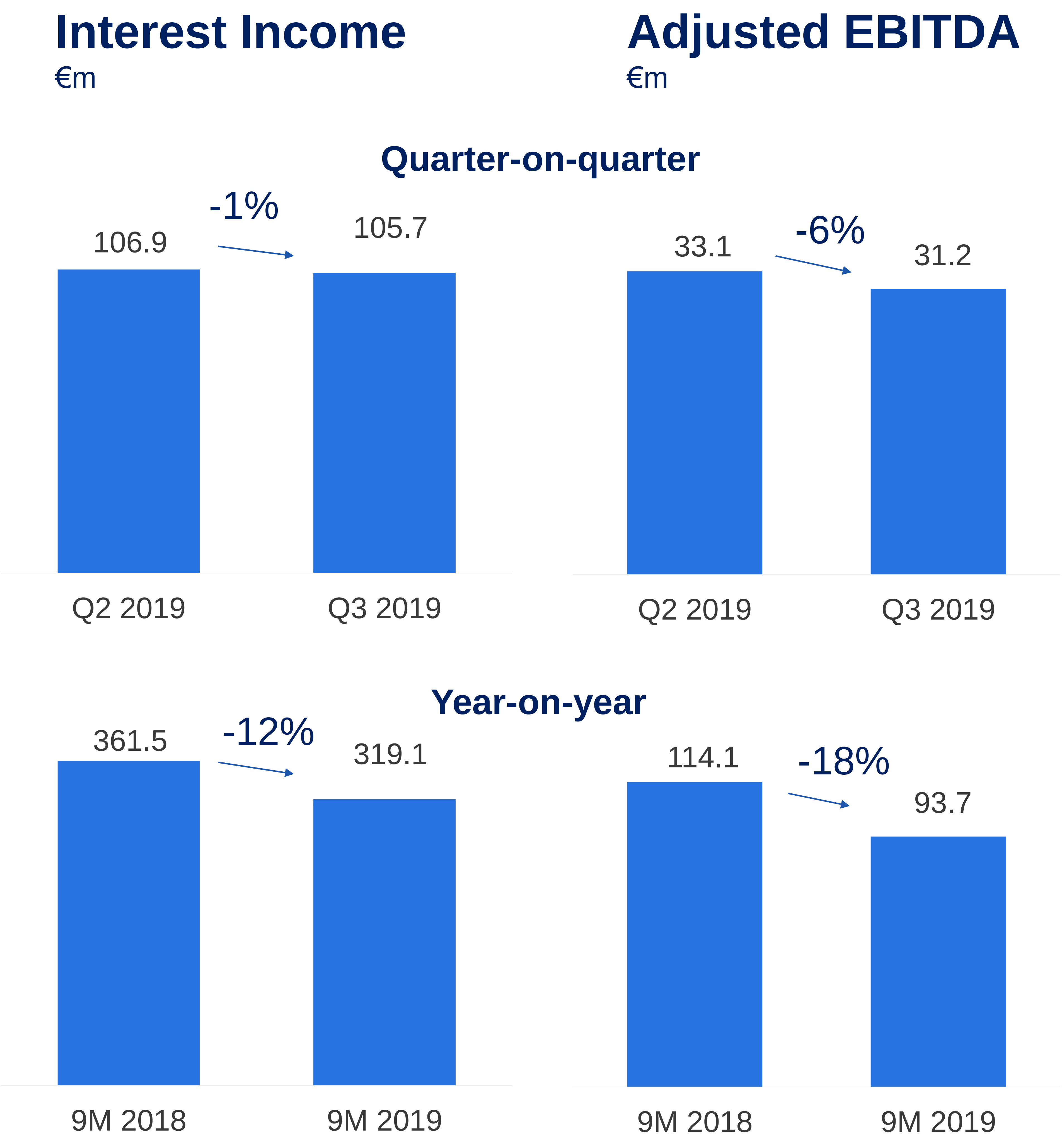
	Current	Proposed	Status	Engagement & business adaptation
Latvia	• 25% APR cap • Marketing restrictions	• N/a	• New legislation in force as of July 2019	• Products adapted, with voluntary fast delivery fee • Positive initial customer response
Finland	• 20% interest cap • Limits on fees and extensions	• N/a	• New legislation in force as of September 2019	• Products adapted, with 'mini' instalment loan launched on new platform & voluntary fast delivery fee
Poland	• Non-interest fees 25% fixed and 30% annual • Consumer protection regulator	• Proposal of previous government: Non-interest fees of 10% fixed and 10% annual; Polish FSA as regulator	• Draft bill of previous government was reviewed by EC, but not advanced prior to mid-October elections	• Contributed to EC review process • Closely monitoring developments post elections
Denmark	• No interest or fee caps • Licensing regime, led by Danish FSA	• Early stage political discussion on additional regulation	• Licensing applications to be submitted by end 2019 • Draft proposals expected in February 2020	• Active contribution to political consultation process ongoing

Continued focus on responsible lending, including EU consumer credit directive consultations

Review of nine month 2019 results

Summary of nine month 2019 results

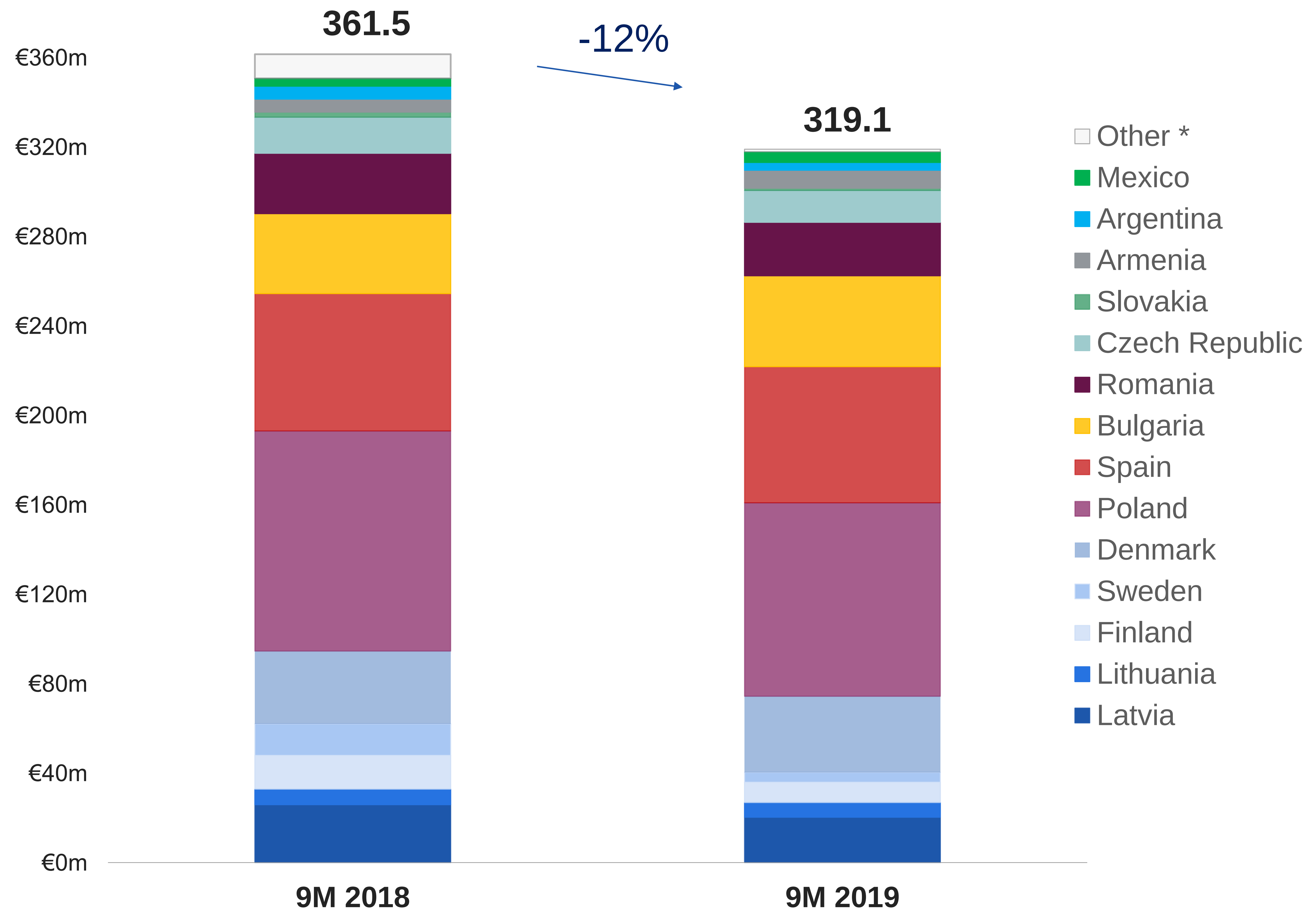
- Solid performance in third quarter. Stable quarterly revenue, Adjusted EBITDA c.€31m, with quarterly PBT of €11m
- 9M'19 interest income down 12%, Adjusted EBITDA of €94m, down 18% year-on-year
  - Reduction in interest income largely attributable to products and/or markets that were rationalised during 2018
  - Interest coverage ratio for 9M'19 of 2.1x (full covenant calculation ratio of 2.5x)
  - Post-provision operating profit of €47.1m, vs. €64.2m in 9M'18 (impacted by significant post IFRS 9 debt sales income in 9M'18)
- Interest income highlights by market and product
  - Solid performance in key online markets (Denmark, Poland, Spain) and TBI Bank
  - Adapting instalment loan product in Poland, with lower current origination
  - TBI Bank increasing its own online operations and transfer of vivus.bg operations
- Continued progress on cost reduction
  - Year-on-year reduction in costs of 13%
- Strong operating cashflow and robust cash position
  - Operating cashflow before movements in portfolio & deposits of €192m
  - Full repayment of $68m August 2019 bond maturity, further $5m buyback in October
- Overall stable risk performance, although seasonally lower debt sales
  - Overall gross NPL ratio of 20.0% (from 19.4% in December 2018)
  - Net impairment/interest income at 29.0% for 9M'19 (vs 25.9% in 9M'18)



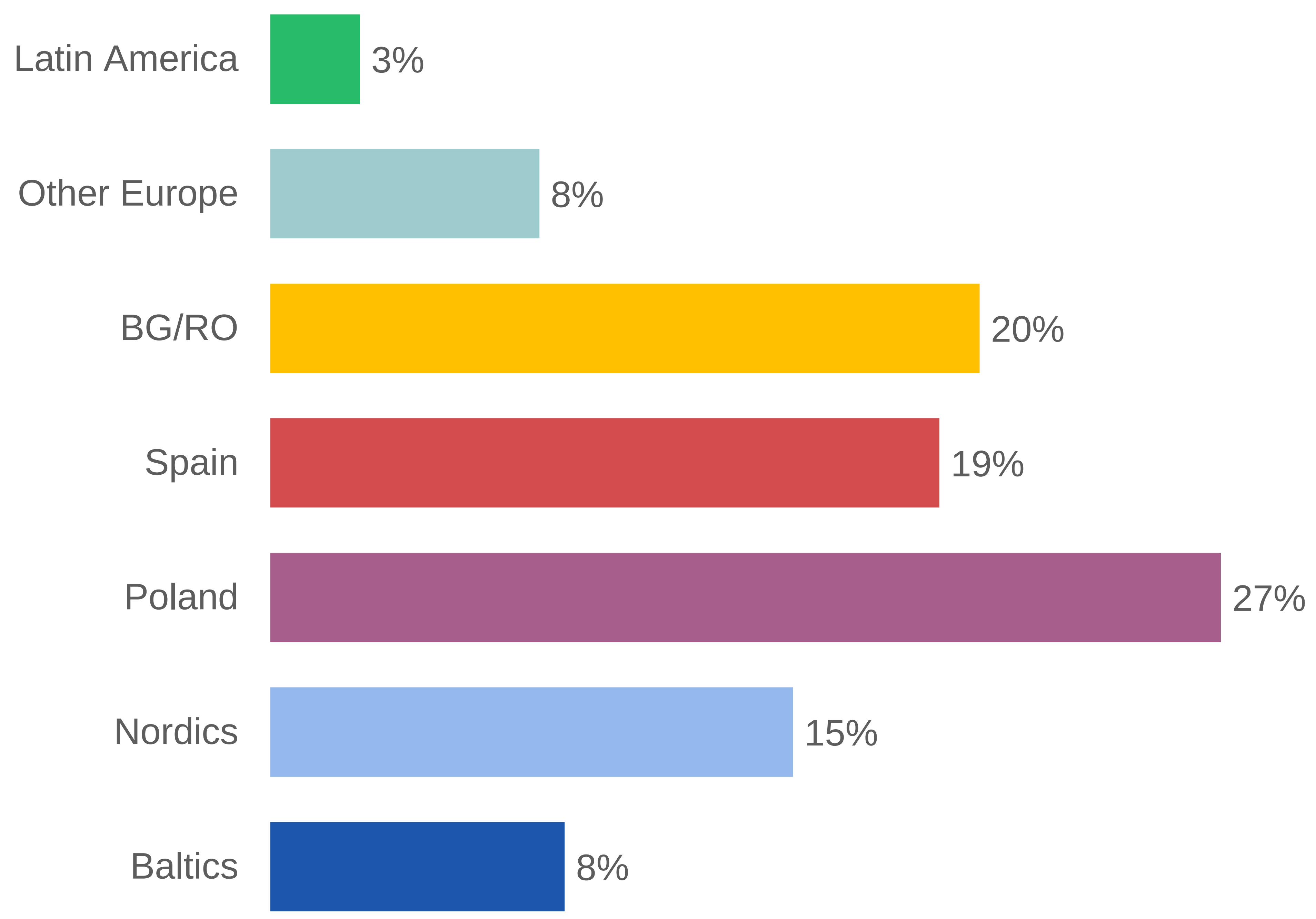
See appendix for definitions of key metrics and ratios

Interest income – remains well diversified

Interest income by country



9M 2019 interest income: €319m

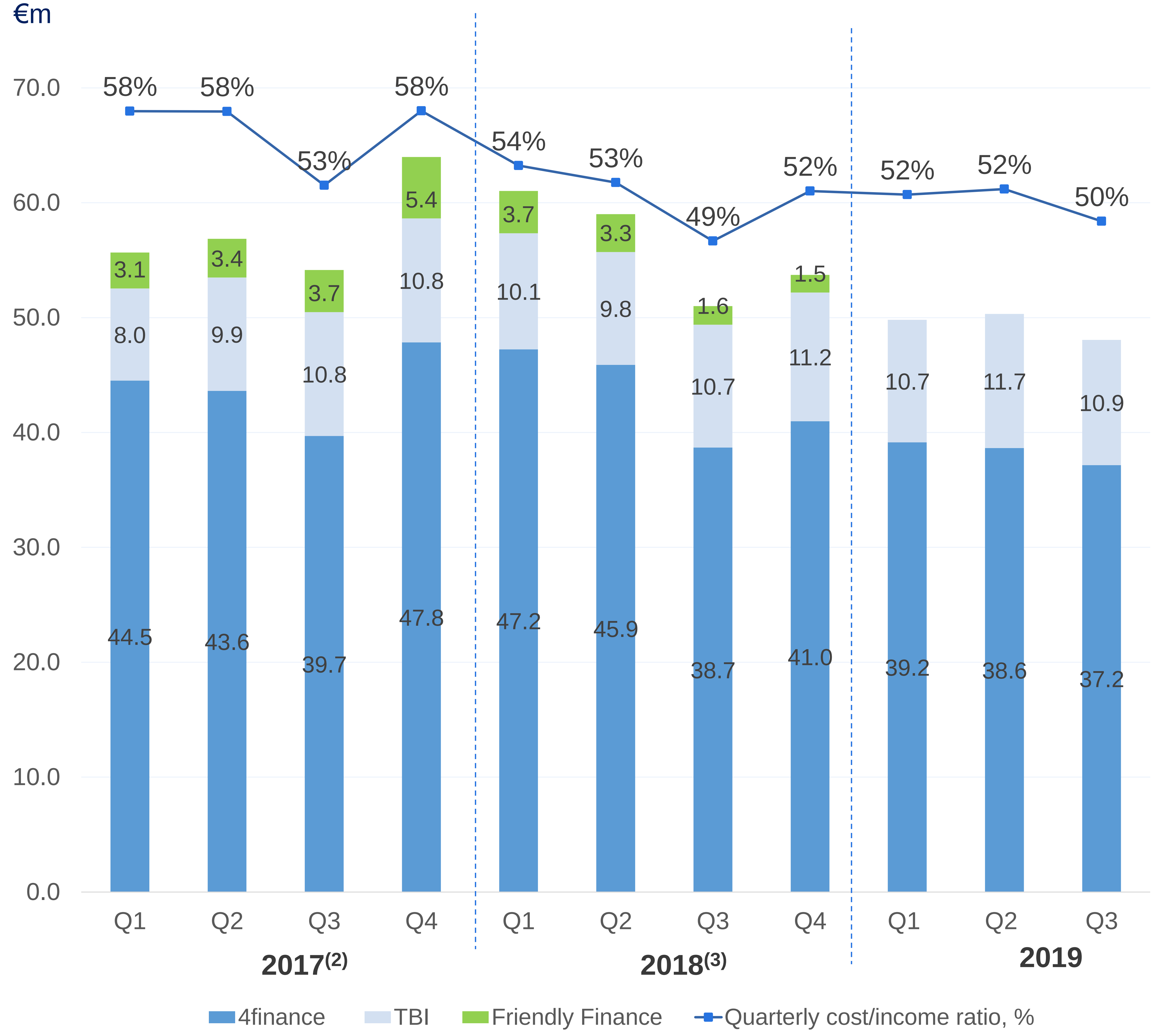


* Other represents countries exited during 2018 (Dominican Republic and Georgia)

Operating cost drivers

- Operating costs down 13% year-on-year
  - 9M’19 cost/income ratio at 51.5% compared to 52.0% in 9M’18
  - 2017 costs in bar graph do not include capex that would have been expensed under more conservative approach from 2018
  - Some cost reduction effect from IFRS 16, with €3.7m of costs in 9M’19 effectively moved to D&A and interest expense lines
  - Q2’19 costs included annual TBI Bank state deposit guarantee fund payment of €1.0m
- Cost efficiency projects ongoing with focus on cost/income ratio
  - Continued headcount reduction of 10% year-on-year
  - Lower above-the-line marketing spend due to efficiency savings from econometric modelling
  - Evaluating further strategic efficiency initiatives

Total operating costs (1)



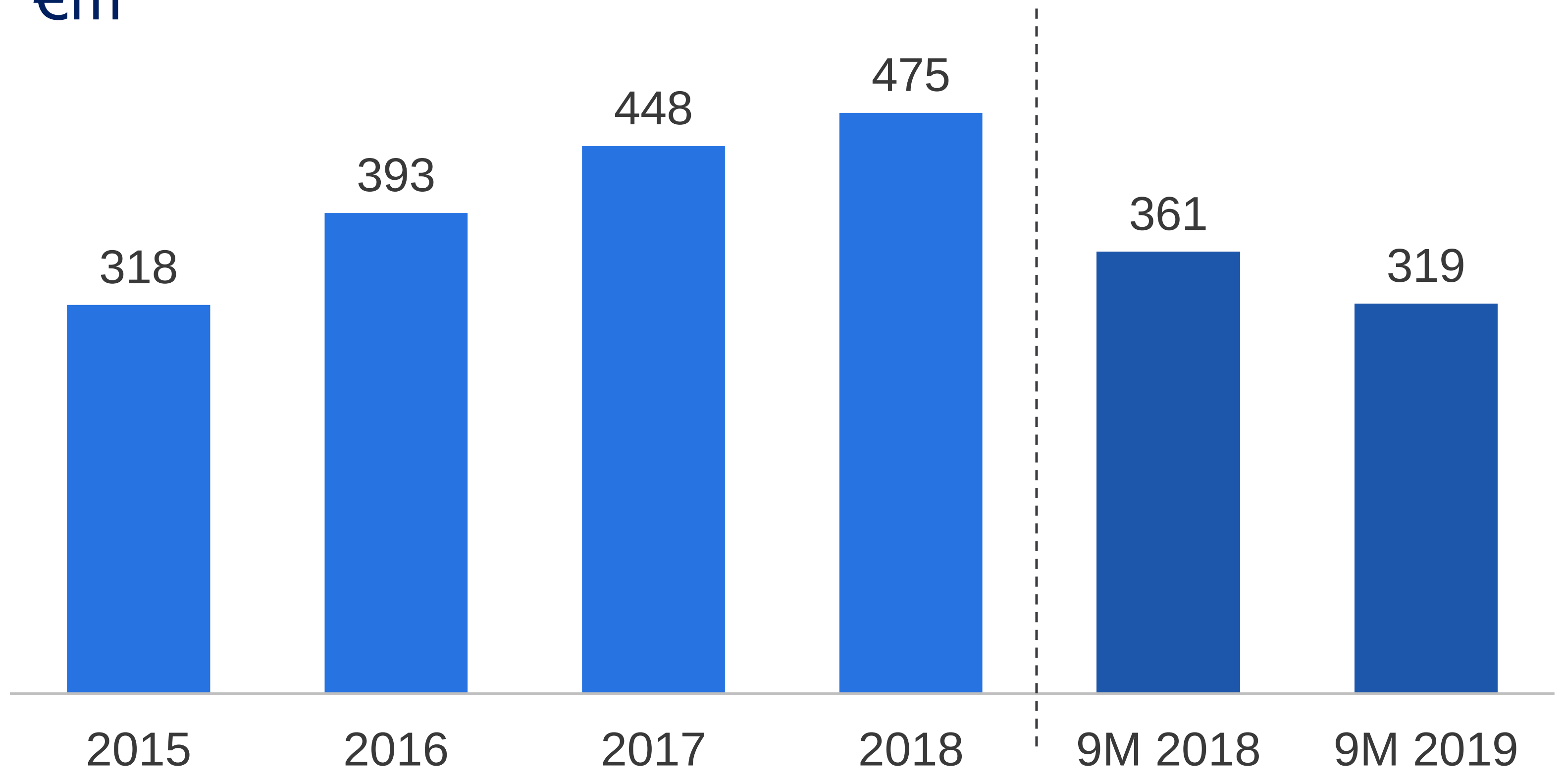
Notes:
(1) As of Q1 2019 costs are no longer shown separately for Friendly Finance as it is fully integrated into the Group’s online operations
(2) 2017 quarterly costs reflect as-reported quarterly numbers. Totals do not match with 2017 audited financials due to capex de-recognition as part of year end one-off adjustments to intangible assets
(3) Q4 2018 costs have been adjusted to reflect audited figures

See appendix for definitions of key metrics and ratios

Strong financial profile – stability and profitability

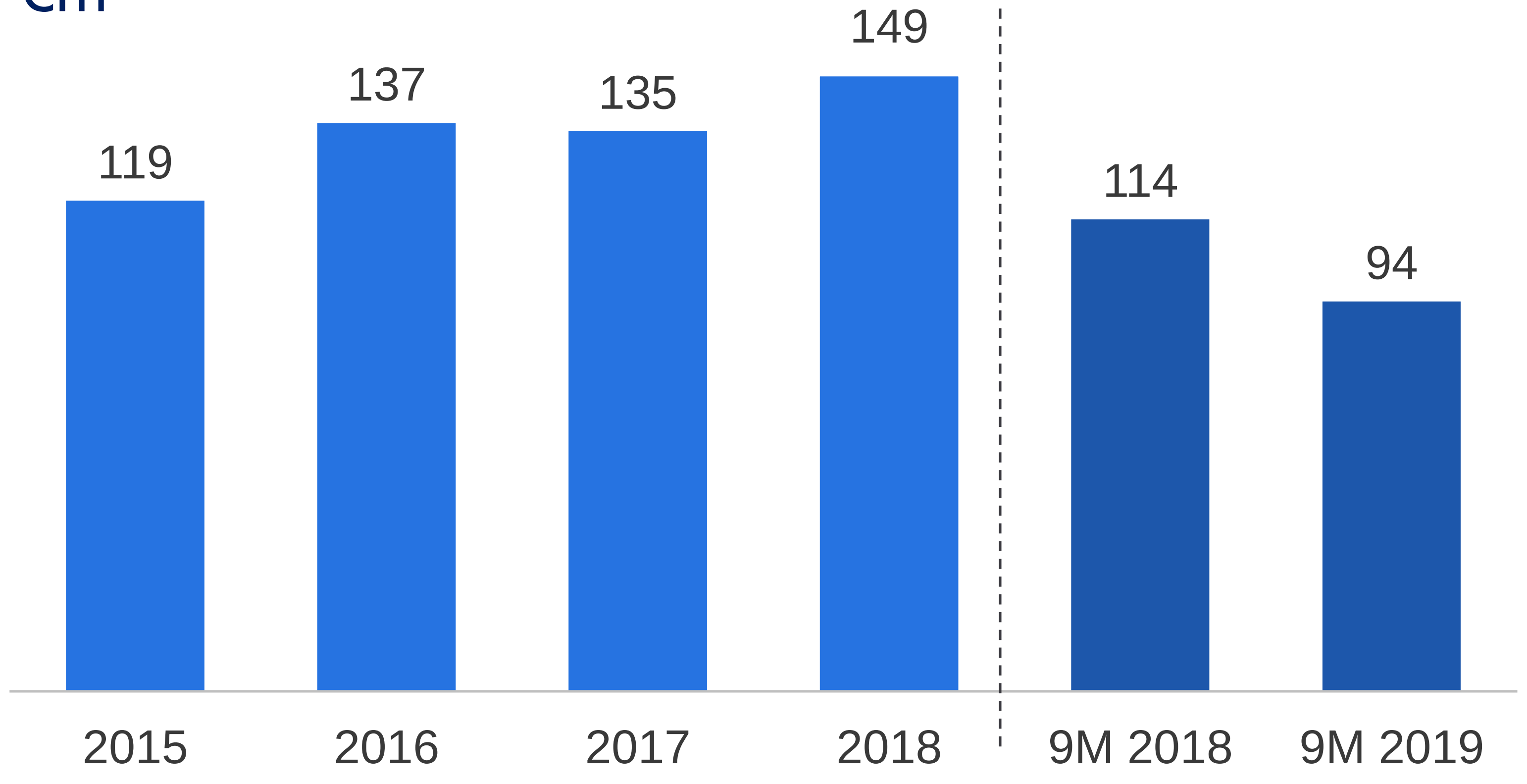
Interest income

€m



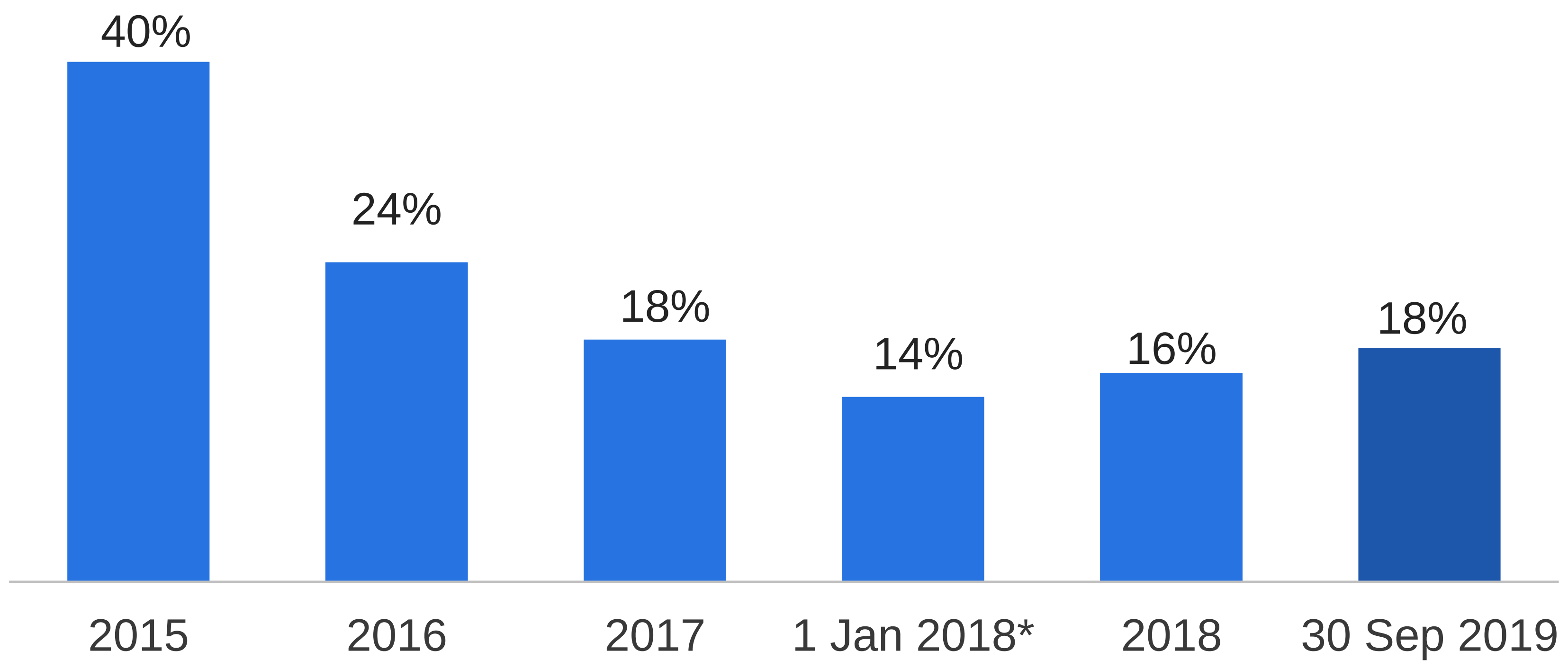
Adjusted EBITDA

€m



Equity / assets ratio

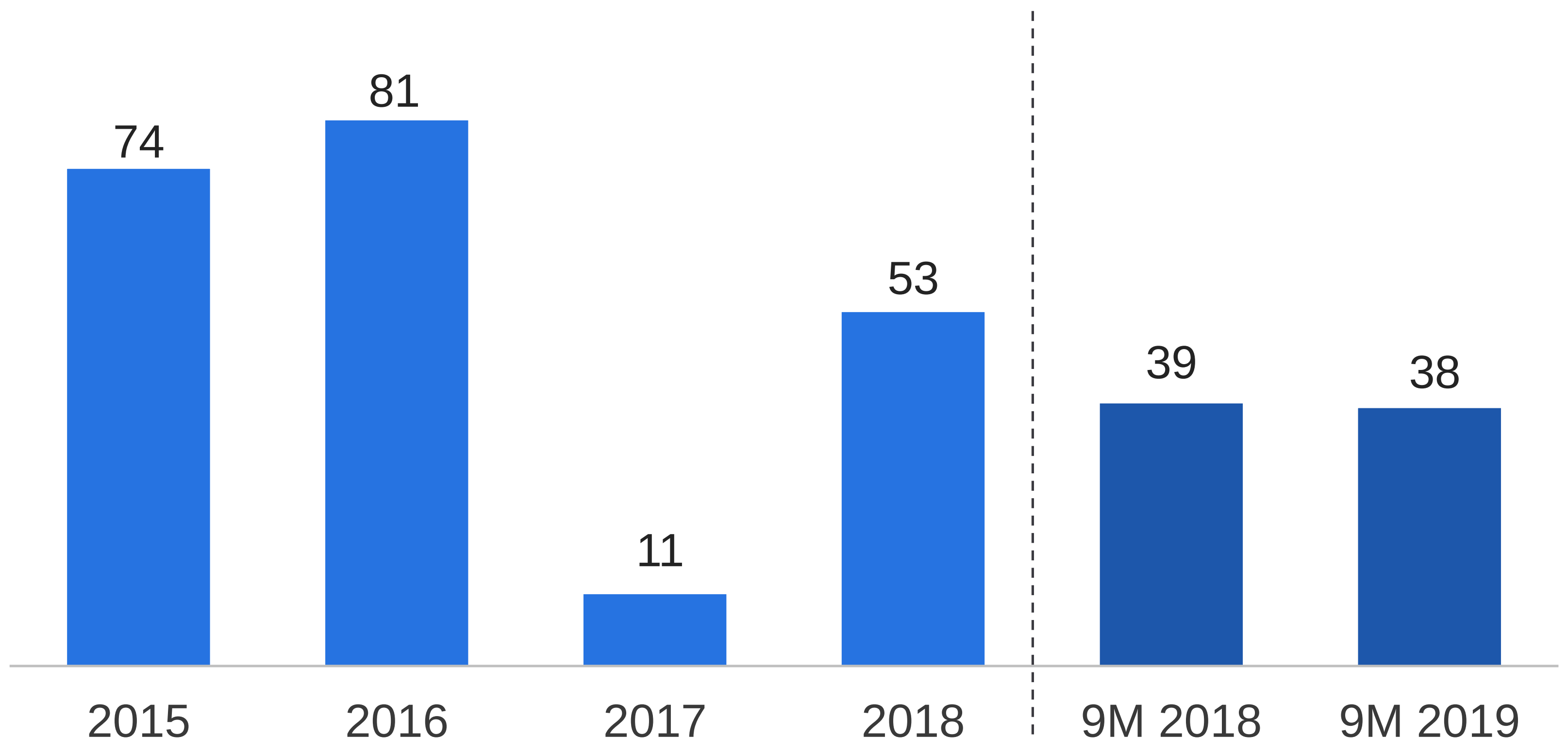
%



* Post IFRS 9

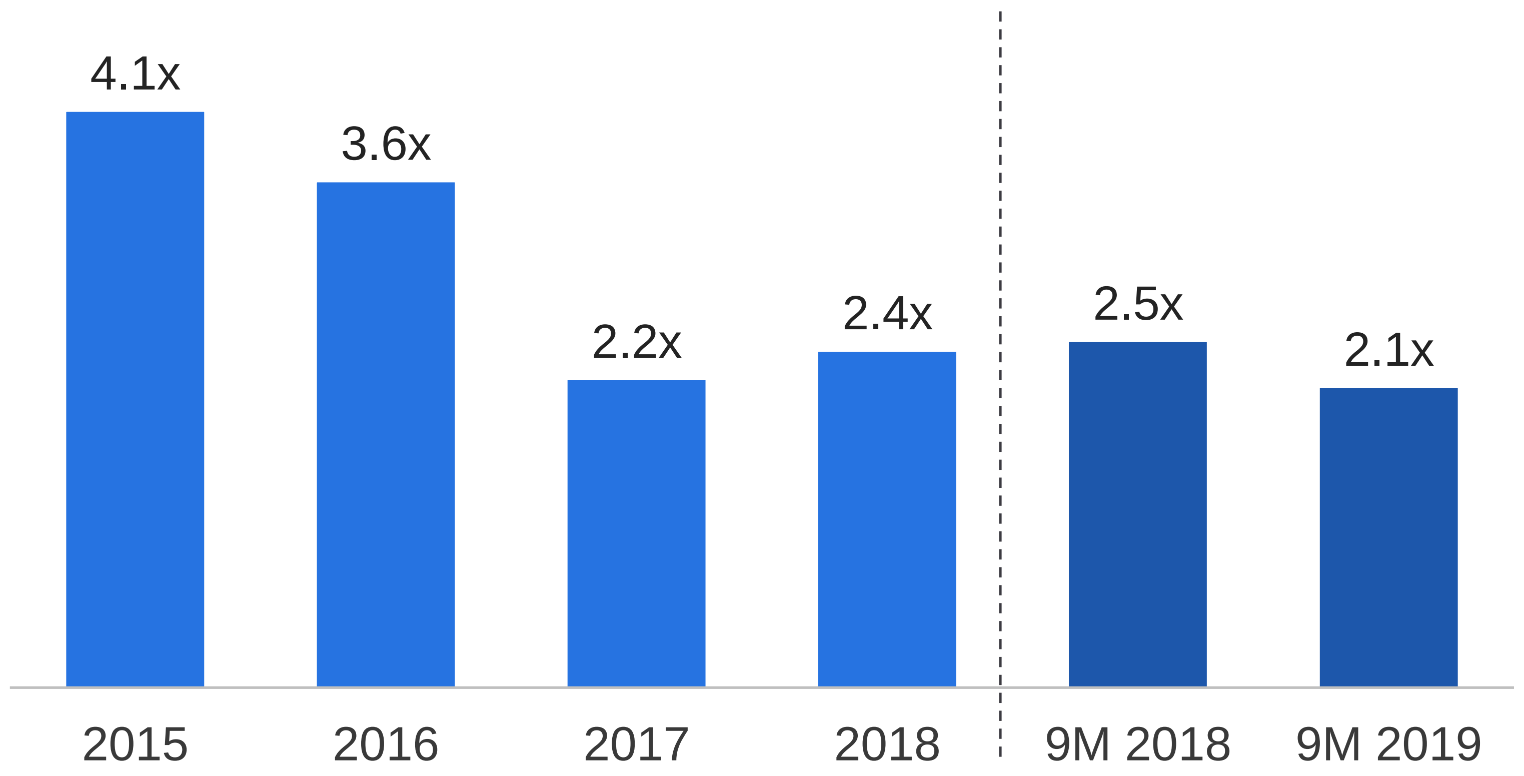
Profit before tax

€m



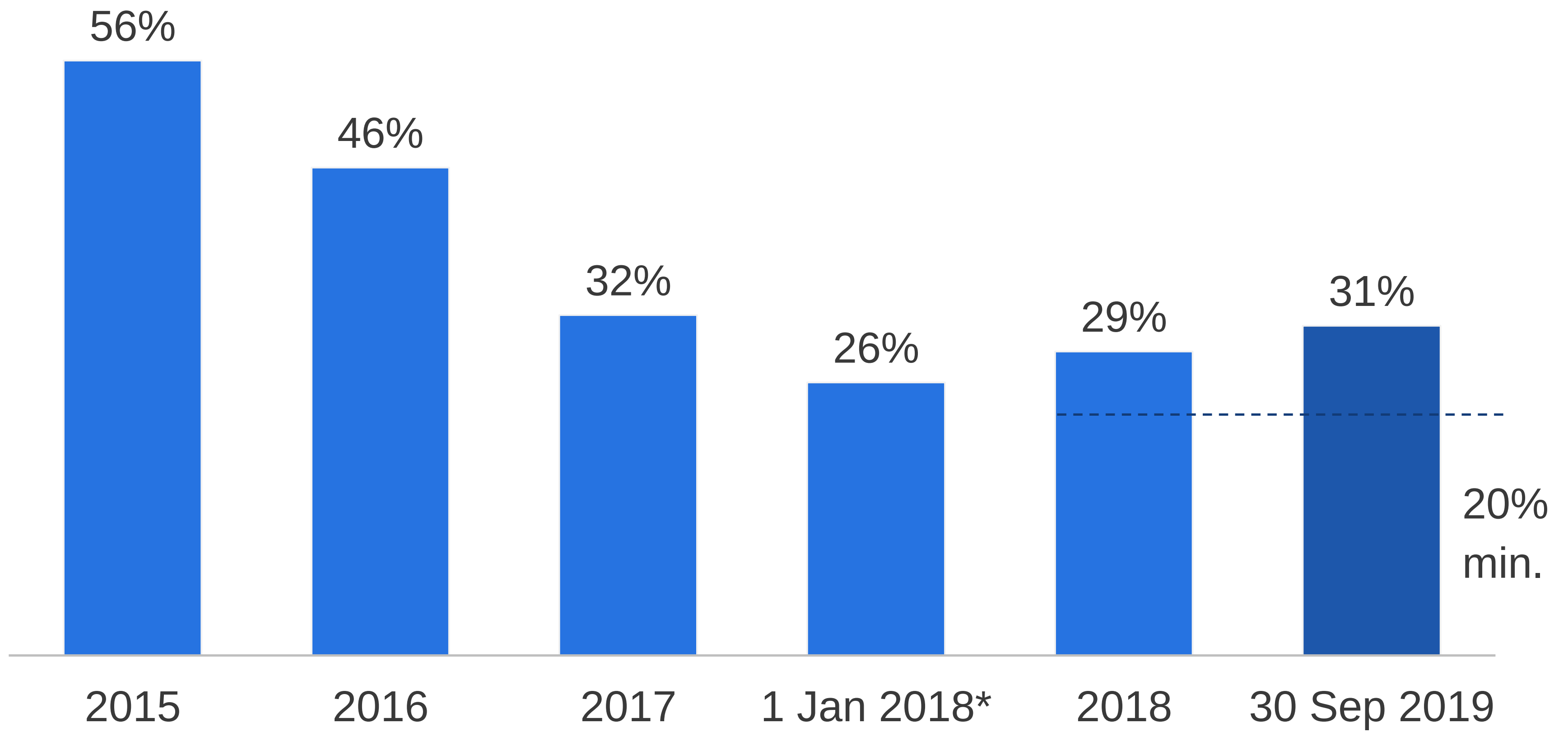
Adjusted interest coverage ratio (1)

Times



Equity / net receivables

%



* Post IFRS 9

Note (1): The full covenant calculation of interest coverage ratio is based on proforma last twelve month figures, and is currently 2.5x

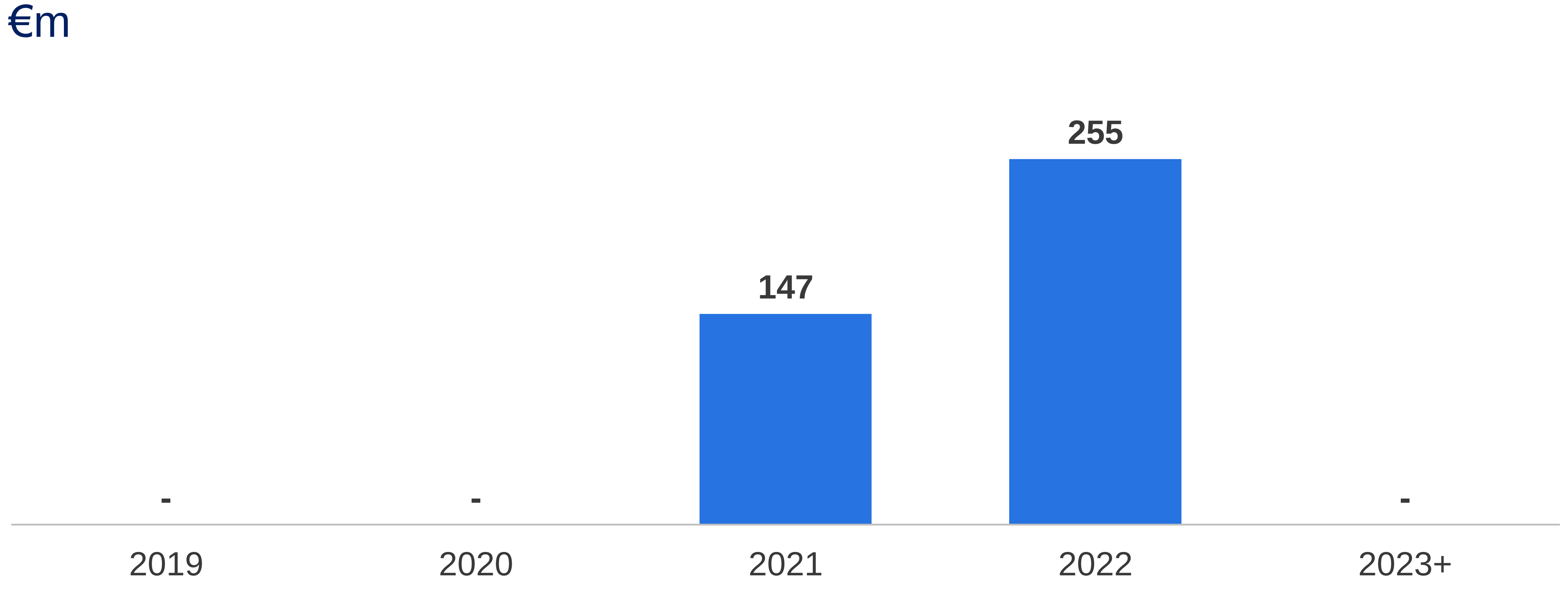
See appendix for definitions of key metrics and ratios

Funding strategy

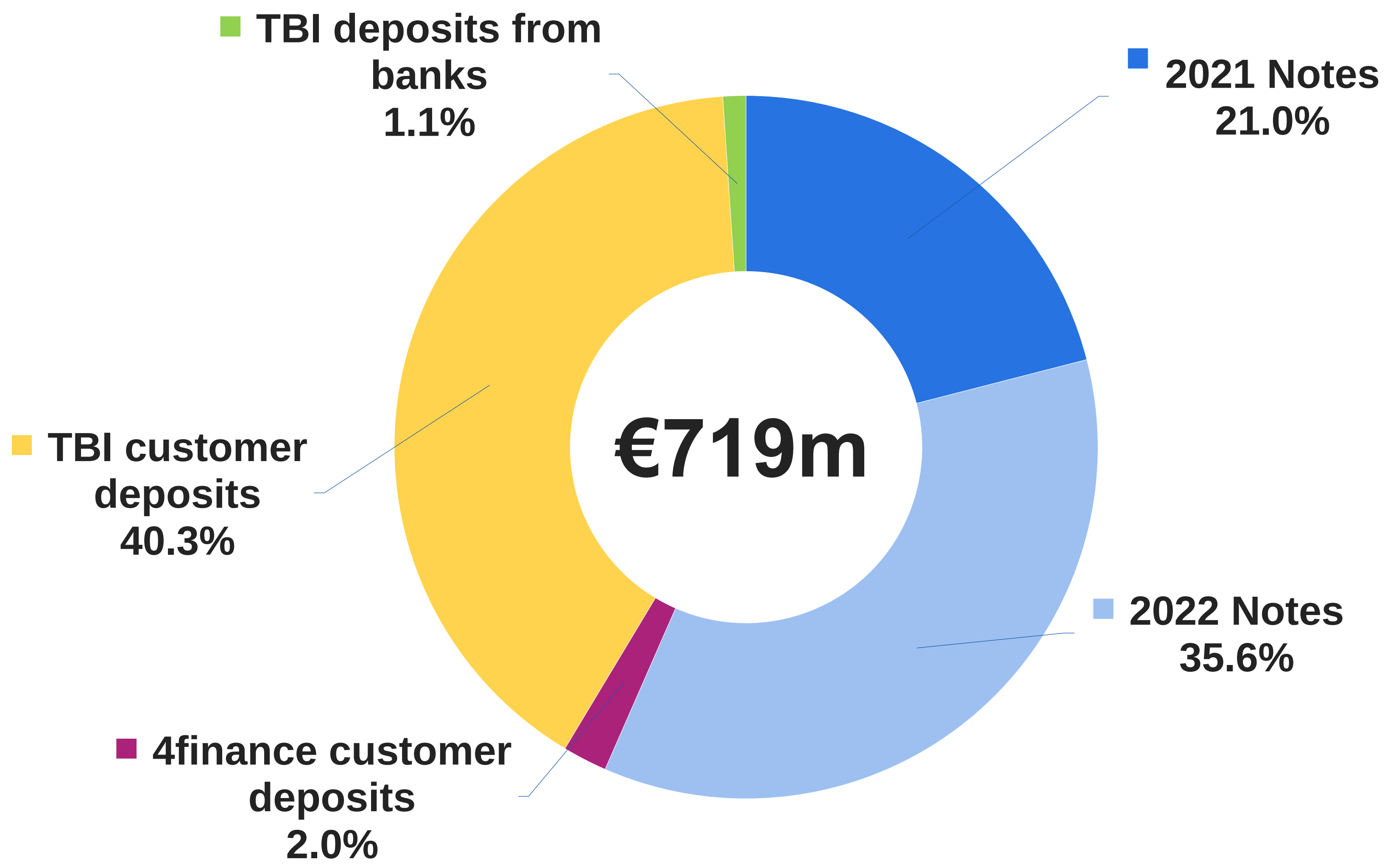
Strategy to diversify sources of funding and reduce overall funding cost over time

- Bond markets remain strategically important source of funding
  - Retain flexibility to buy back bonds with spare liquidity given attractive market yield
  - Early stage preparation for refinancing of EUR 2021 bonds, with sizing & approach dependent on progress with other funding sources and business development over next 12-18 months
- Accessing TBI Bank balance sheet to fund online loans
  - Successful initial portfolio sale of Polish instalment loans in September, with second tranche of c.€2m loans underway in November
  - Automation project underway to achieve scalability
  - Preparing passport application for Spain to support portfolio sales from that market
- Significant de-leveraging already achieved this year
  - Repayment at maturity of remaining $68m of USD 2019 bonds in August
  - Further $5m buyback in October of USD 2022 bonds, bringing total amount held in treasury to $50m
- Strong and improving capital position
  - Improving tangible equity ratios since end of 2017
  - €5m dividend paid in August 2019

Debt maturity schedule, 30 September 2019 (1)



Overview of funding structure, 30 September 2019 (2)



Notes:
(1) Represents the principal value of public bonds outstanding that comes due in each respective period, net of buybacks
(2) The chart reflects the principal and accrued interest amounts of each of the instruments, net of buybacks

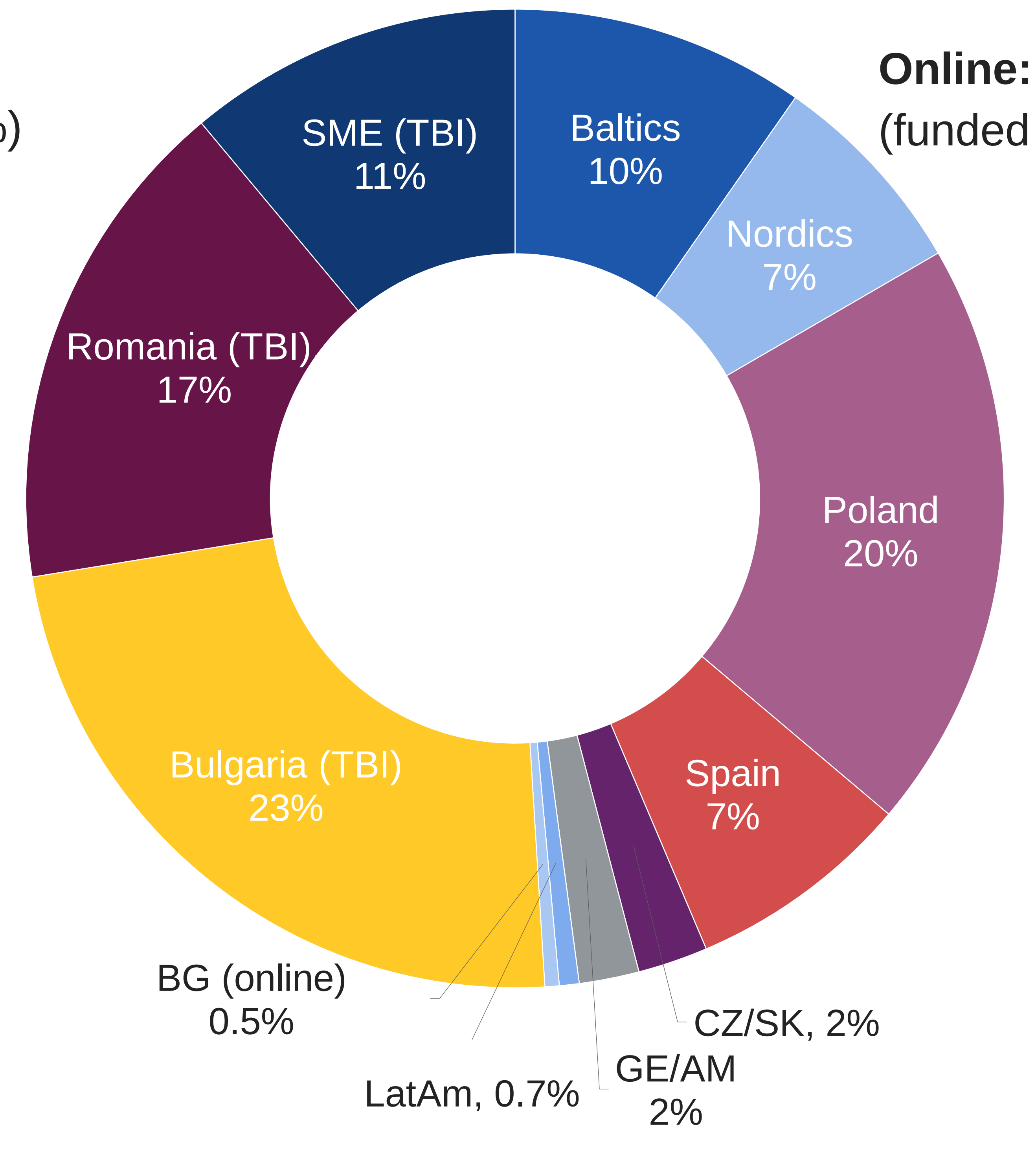
Diversified loan portfolio

- Online loan issuance volume down 17% YoY to €775m in 9M’19
- Overall net receivables totals €563m
  - 2% increase during Q3
  - 89% consumer loans
  - 49% online loans / 51% banking

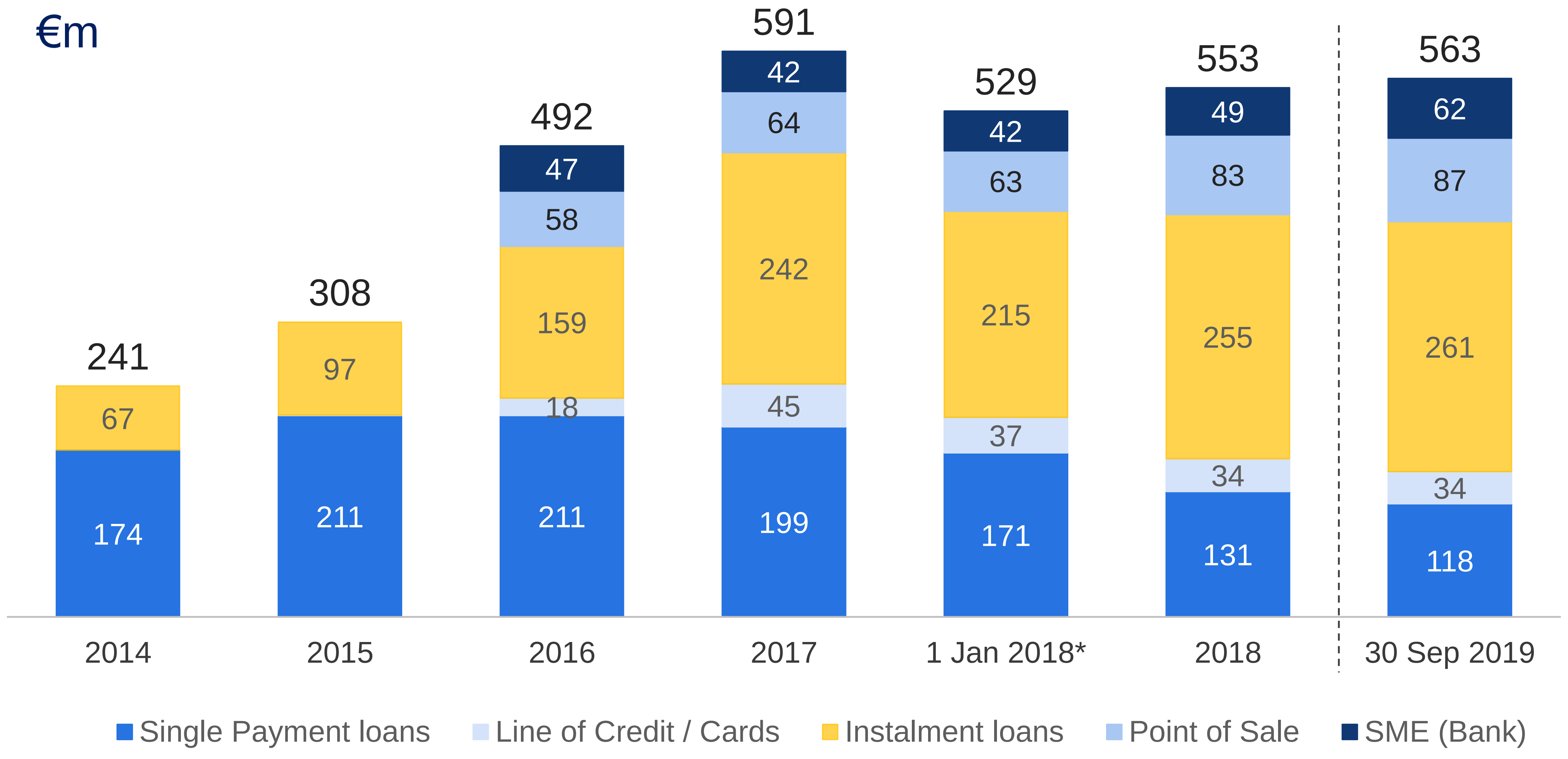
Net receivables, 30 September 2019

TBI Bank: 51%
(funded @ c.1.5%)

Online: 49%
(funded @ c.12%)

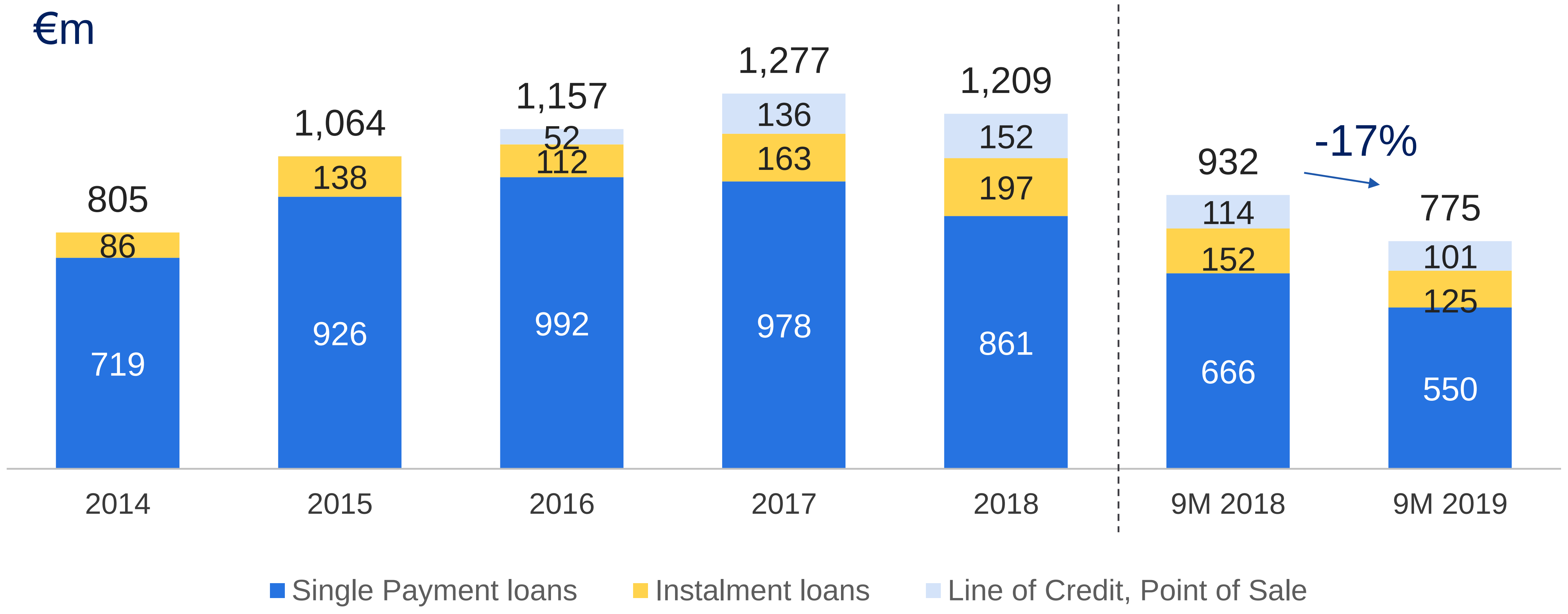


Net receivables (1)



* Introduction of IFRS 9 as of 1-Jan-2018 reduced net receivables by €62 million to €529 million

Online loans issued (1)



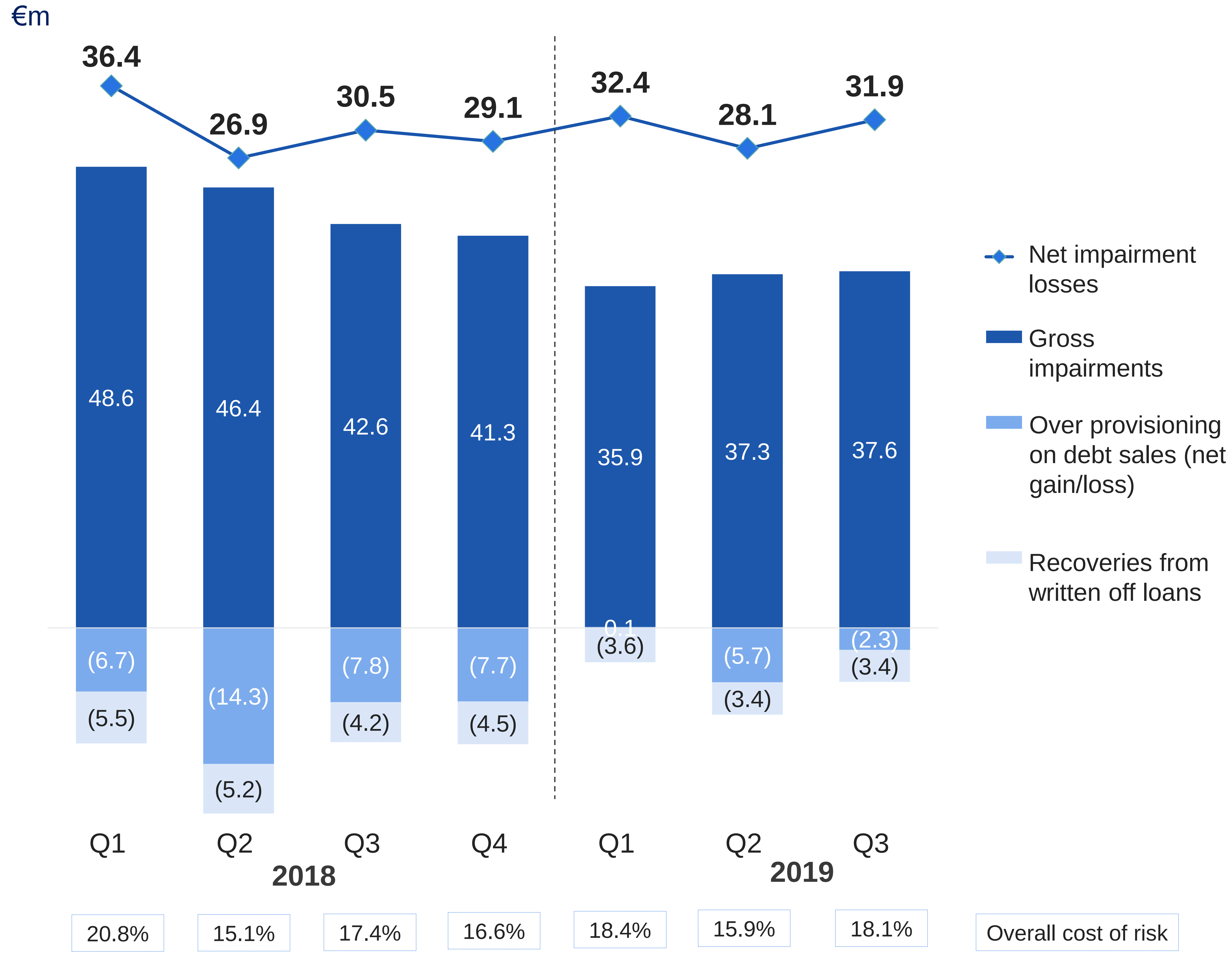
See appendix for definitions of key metrics and ratios

Note:

(1) Reflects reclassification of "Vivus" brand products in Sweden (from January 2016), Denmark (from January 2017) and Armenia (from launch in July 2017) to Lines of Credit

Analysis of net impairments and cost of risk

Net impairment charges by quarter (1)



- 9M 2019 net impairment charges down 1% year-on-year
  - Gross impairment charges significantly reduced from 9M'18
  - Continued focus on earlier collections and forward flow agreements (also reducing debt collection costs)
  - Seasonally lower debt sales in Q3 2019
- Overall cost of risk relatively stable
  - Overall cost of risk 17.3% (9M'19, including TBI Bank) vs 18.1% (9M'18)
  - Online cost of risk 27.6% (9M'19) vs 23.7% (9M'18)
  - Net impairment / interest income 29.0% (9M'19) vs 25.9% (9M'18)
- Focus on continuous improvement in credit underwriting and collection
  - Integration of additional data sources
  - Faster iterations of scorecards with regular recalibration

Note (1) Q4 2018 figures have been adjusted to reflect audited figures

See appendix for definitions of key metrics and ratios

Asset quality and provisioning

- **Gross NPL ratios broadly stable, with coverage ratios well over 100%**
  - Online gross NPL ratio 23.0% as of September 2019, compared with 22.0% as of December 2018
  - Overall gross NPL ratio 20.0% as of September 2019 from 19.4% as of December 2018
- Additional portfolio disclosure provided by loan principal and accrued interest in results report and appendix

	30 September 2019				31 December 2018			
	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount
€m, except percentages								
Online receivables								
Performing [1]	300.7	(46.6)	254.1	77.0%	316.2	(49.8)	266.4	78.0%
Non-performing [2]	90.0	(68.2)	21.8	23.0%	89.3	(64.1)	25.2	22.0%
Online total	**390.6**	**(114.7)**	**275.9**	**100.0%**	**405.4**	**(113.9)**	**291.6**	**100.0%**
TBI Bank receivables								
Performing [1]	274.8	(12.1)	262.8	83.7%	252.3	(13.0)	239.3	84.1%
Non-performing [2]	53.5	(29.4)	24.1	16.3%	47.6	(25.3)	22.3	15.9%
TBI Bank total	**328.3**	**(41.4)**	**286.9**	**100.0%**	**299.9**	**(38.3)**	**261.6**	**100.0%**
Overall group receivables								
Performing [1]	575.5	(58.6)	516.9	80.0%	568.5	(62.7)	505.7	80.6%
Non-performing [2]	143.4	(97.5)	45.9	20.0%	136.9	(89.4)	47.4	19.4%
Overall total	**718.9**	**(156.1)**	**562.8**	**100.0%**	**705.3**	**(152.2)**	**553.2**	**100.0%**

Notes:
(1) Performing receivables 0-90 DPD
(2) Non-performing receivables 91+ DPD (and, for TBI Bank, shown on a customer level basis)

Summary

- Solid results demonstrating continued resilience of larger online markets and TBI Bank
  - Stable quarterly revenue, delivering solid Adjusted EBITDA and profitability
  - Demonstrating ability to adapt to market changes in Nordics & Baltics region
- Continued progress on cost reduction, with operating costs down 13% year-on-year
  - Asset quality stable overall and cost of risk in line with expectations
- Strategic initiatives in place to take advantage of medium term opportunities
  - Increased focus on near-prime and partnership opportunities in selected markets
  - Supported by clear funding strategy to diversify sources of funds and lower funding costs
- Evolving and broadening the business model, with clear focus areas for 2019 and beyond
  - ‘Optimise’ and ‘Diversify & Grow’
  - Maintain appropriate balance to ensure continued strong financial performance
- Refreshed and focused management team in place
  - Strong new hires into key positions at executive committee level

4finance: building a multi-segment, multi-product, consumer credit specialist

Thank you and Questions

Appendix – responsible lending and regulatory overview

Sustainability through good governance and responsible lending

Operating as a mainstream consumer finance business

- “Bank-like” policies and procedures with strong compliance function
- Continued investment in AML, GDPR and other strategic compliance priorities
- Robust corporate governance with strong Supervisory Board
- Increasingly regulated by main financial supervisory authorities
- Diversification of portfolio and consequent reduction of reliance on single payment loans
- Clear corporate values and code of conduct
- Listed bond issues with quarterly financial reporting

Developing meaningful and constructive regulatory relationships

- Ensuring we understand the regulatory arc
- Helping regulators and legislators gain a solid understanding of our business
- Ensuring we have a seat at the table
- Contributing to EU Consumer Credit Directive consultation process

Responsible lending: putting customers first

- Offering simple, transparent and convenient products
- Continuous improvements in credit underwriting
- Ensuring products are used appropriately
- Working to ensure customers have safe landings when they signal difficulties

Regulatory overview

Country	% of interest income (9M 2019)	Products [1]	Regulator	CB [2]	License required [3]	Interest rate cap [1]	Status
Argentina	1%	SPL	Consumer Protection Directorate	-	-	-	
Armenia	3%	LOC, IL	Central Bank of the Republic of Armenia	Yes	Yes	Nominal	Stable framework
Bulgaria – Online	1%	SPL	Bulgarian National Bank	Yes	Yes	APR (inc. fees)	Stable framework
Bulgaria – Bank	11%	IL, LOC, POS, SME					
Czech Republic	4%	SPL, IL	Czech National Bank	Yes	Yes	-	Stable framework
Denmark	11%	LOC, IL	FSA and Consumer Ombudsman	Yes	Yes	-	New licensing regime from July 2019 led by Danish FSA
Finland	3%	IL[4]	Finnish Competition and Consumer Authority	-	-	Nominal & fees	New rate caps in force from September 2019
Latvia	6%	MTP, IL	Consumer Rights Protection Centre	-	Yes	Nominal, fees & TCOC	New regulation on interest rate cap came into force in July 2019

Notes:
(1) Abbreviations:
APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; MTP – Minimum to pay; POS – Point of Sale; SPL – Single Payment Loans;
SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market
(3) Indicates license or specific registration requirement
(4) 'Mini-IL' (4 monthly instalments) from September 2019

Regulatory overview (continued)

Country	% of interest income (9M 2019)	Products [1]	Regulator	CB [2]	License required [3]	Interest rate cap [1]	Status
Lithuania	2%	SPL, IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	Stable framework
Mexico	1%	SPL	National Financial Services Consumer Protection Commission	-	Yes	-	Stable framework
Poland	27%	SPL, IL	Office of Competition and Consumer Protection	-	-	Nominal, fees & TCOC	New potential regulations not advanced by previous government prior to October 2019 elections
Romania	8%	IL, LOC, POS, SME	National Bank of Romania	Yes	Yes	-	Affordability DTI limits introduced in Jan 2019
Slovakia	<1%	SPL	National Bank of Slovakia	Yes	Yes	APR (inc. fees)	Ongoing discussions with regulator to potentially soften the regulation introduced in Dec 2015
Spain	19%	SPL, IL	N/A	-	-	-	
Sweden	1%	LOC, IL	Swedish Financial Supervisory Authority	Yes	Yes	Nominal & TCOC	Stable framework since new interest rate caps in September 2018

Notes:
(1) Abbreviations:
APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit
(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market
(3) Indicates license or specific registration requirement

Appendix – strategic evolution of portfolio

Recap of strategic focus areas in 2019

1 Optimise

- Relentless execution in European online markets in shorter-term products
- Further cost optimisation, efficiency gains and automation
- Grow instalment loan and line of credit business in selected markets
- Review growth opportunities in smaller markets (eg partnerships in Mexico)
- Adapting products to regulatory changes in Latvia (Jan and Jul 2019) and Finland (Sep 2019)

2 Diversify & Grow

- Creation of new “4finance Next” unit to drive near-prime lending and partnership opportunities
- IT strategy revised to give more efficient support for core markets, and local flexibility for smaller ones
- Launch pilots of funding projects including with TBI Bank and our external securitisation platform
- TBI Bank growth and execution of next generation digital lending strategy

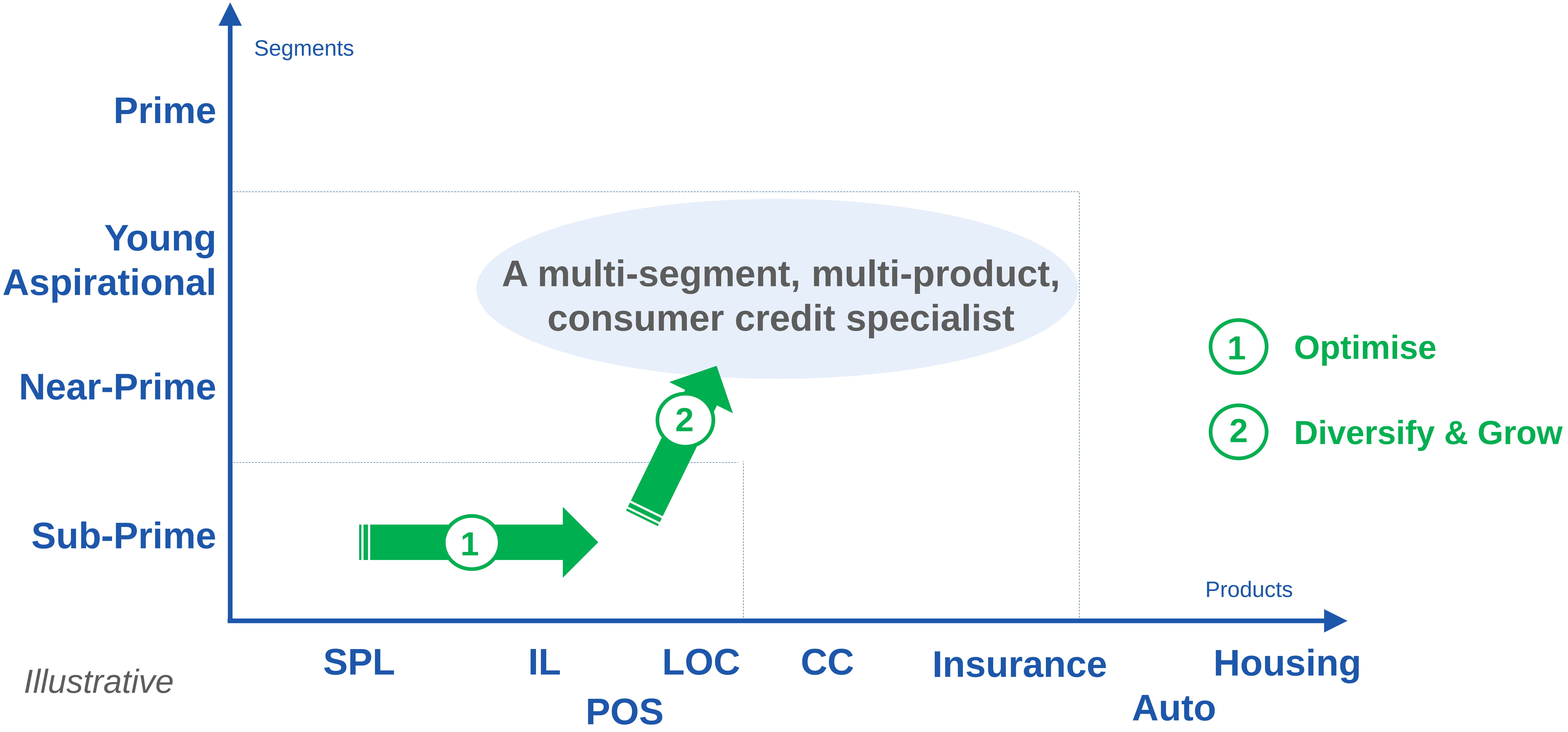
TBIBank

vivus.LT patogi paskola

fintonic

Friia

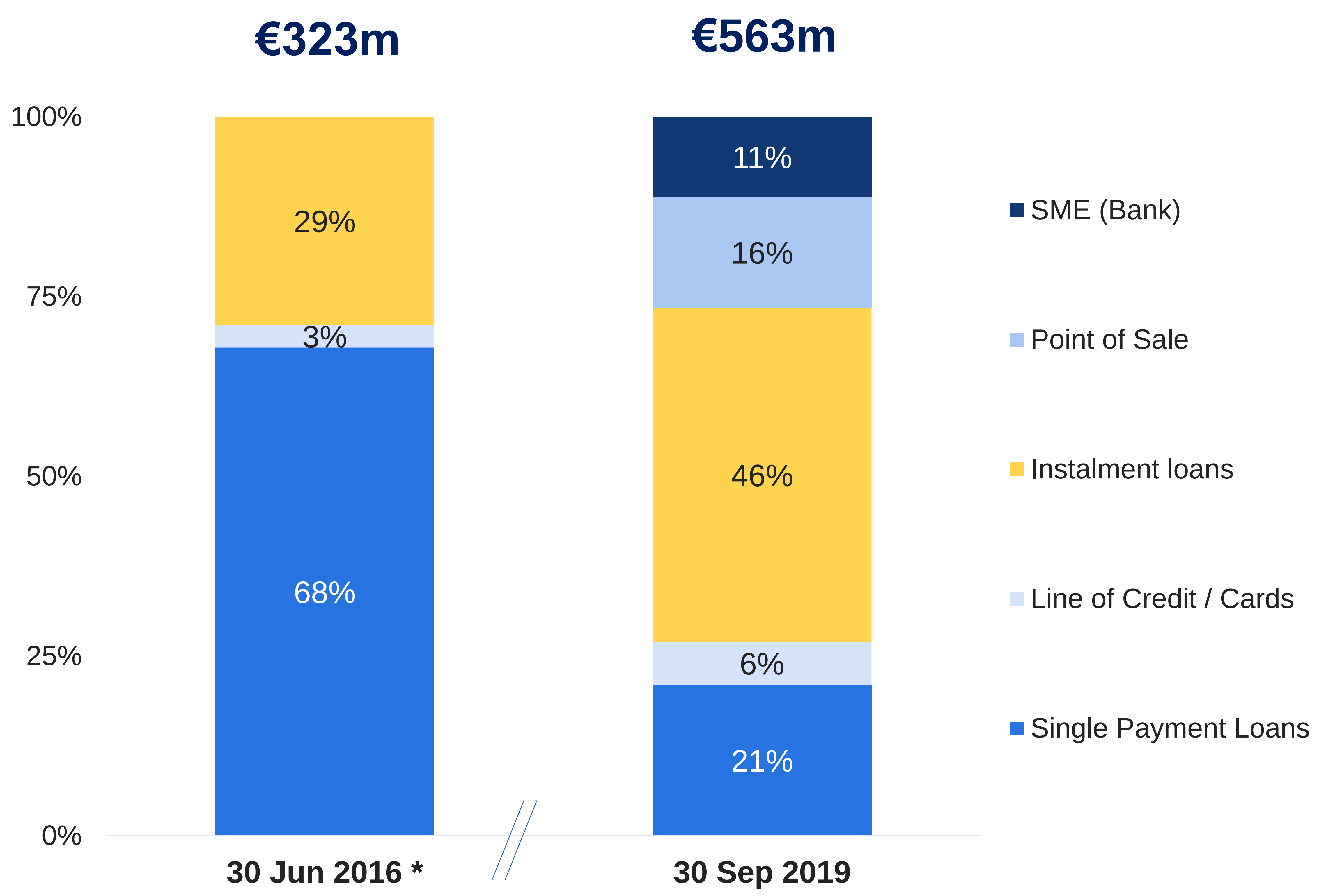
Evolving and broadening our business model



Illustrative

Evolution of product mix

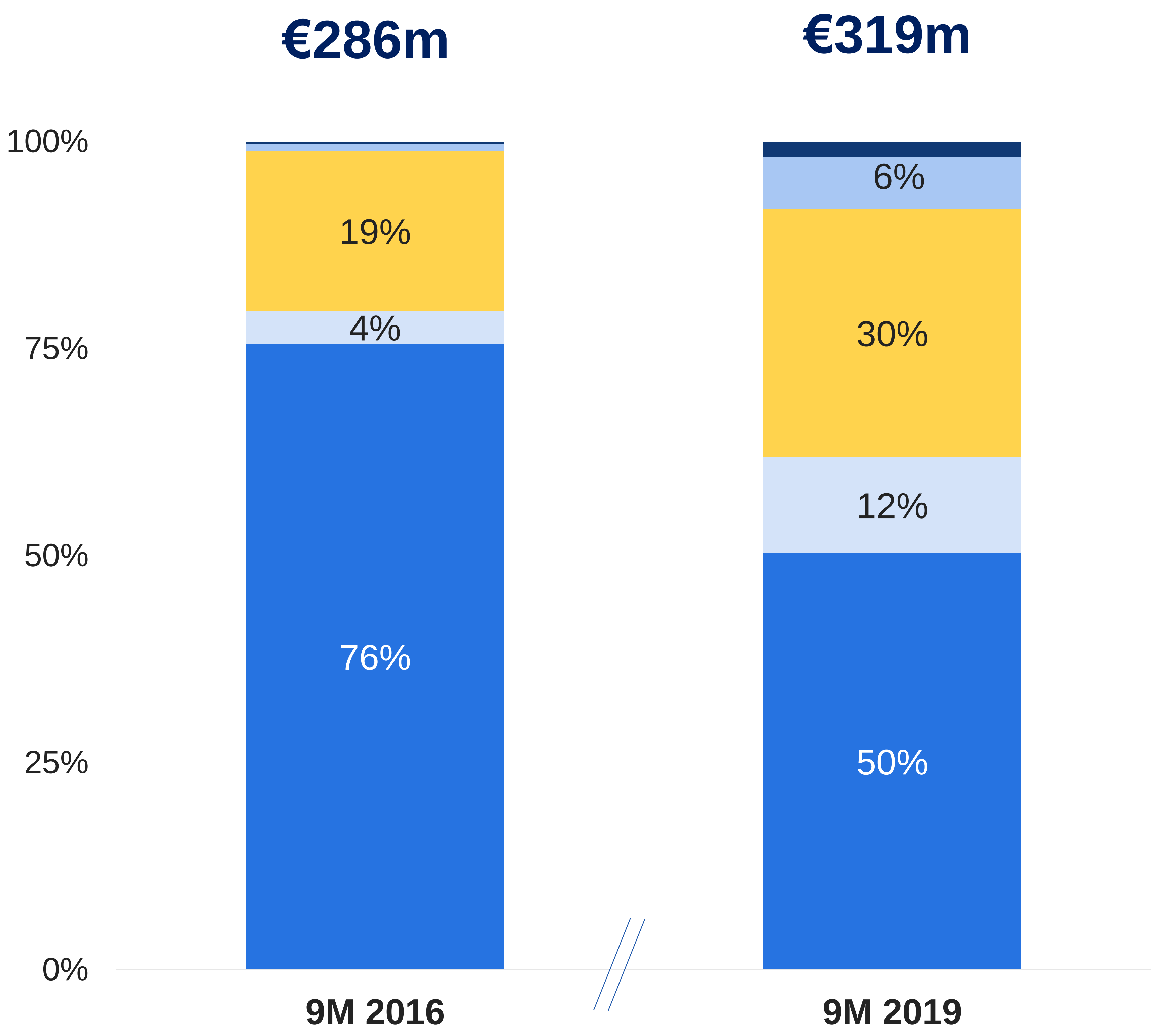
Net receivables by product (1)



Online sub-prime only

Bank and online, near-prime and sub-prime

Interest income by product (1)



* Date chosen to reflect the composition of loan portfolio immediately prior to purchase of TBI Bank

Note:

(1) Reflects reclassification of "Vivus" brand products in Sweden (from January 2016), Denmark (from January 2017) and Armenia (from launch in July 2017) to Lines of Credit

Europe: near-prime market tests

Lithuania (2016)

"Evolve existing product and brand"

30%-60% APR

- Strong brand profile of existing Instalment loan product, with 'trust' levels close to bank brands
- Evolved product in mid-2016 post regulation
- €500 → €1,000 avg. ticket size
- 2 year → 4 year tenor
- ~80% → ~45% avg. pricing
- €17m net portfolio at 30 Sep 2019

Spain (2017)

"Partner-led distribution"

24%-40% APR

- Partnered with Fintonic, personal finance manager App with 450k active customers
- 30% of Fintonic users in near-prime/sub-prime segments, allowing highly targeted campaigns
- Response rate and acceptance rate both >75%
- €3,000 avg. ticket size
- 22 months avg. tenor
- €12m net portfolio at 30 Sep 2019

Sweden (2018)

"New product & brand on new 4finance platform"

20%-40% APR

- First product designed on new IT platform
- Clear niche in €2,000 - €5,000 ticket size with tenor up to 4 years
- Build on existing strengths:
  - Modern, innovative brand
  - Simple application
  - Fast online decision and disbursement
- Compliant with new regulations

Next markets (2019/2020)

Asset quality and provisioning – loan principal

	30 September 2019				31 December 2018			
	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount
€m, except percentages								
Online principal								
Performing (1)	275.2	(40.9)	234.3	78.7%	293.1	(44.9)	248.2	79.8%
Non-performing (2)	74.7	(58.6)	16.1	21.3%	74.4	(56.0)	18.3	20.2%
Online total	**349.9**	**(99.5)**	**250.4**	**100.0%**	**367.5**	**(101.0)**	**266.5**	**100.0%**
TBI Bank principal								
Performing (1)	268.2	(11.8)	256.4	83.7%	246.0	(12.7)	233.3	84.1%
Non-performing (2)	52.2	(28.7)	23.5	16.3%	46.4	(24.7)	21.7	15.9%
TBI Bank total	**320.4**	**(40.4)**	**279.9**	**100.0%**	**292.4**	**(37.3)**	**255.1**	**100.0%**
Overall group principal								
Performing (1)	543.4	(52.6)	490.8	81.1%	539.1	(57.6)	481.5	81.7%
Non-performing (2)	126.9	(87.3)	39.6	18.9%	120.8	(80.7)	40.1	18.3%
Overall total	**670.3**	**(139.9)**	**530.3**	**100.0%**	**659.9**	**(138.3)**	**521.6**	**100.0%**

Notes:
(1) Performing receivables 0-90 DPD
(2) Non-performing receivables 91+ DPD (and, for TBI Bank, shown on a customer level basis)

Appendix – financials and key ratios

Income statement

In millions of €	9M 2019 (unaudited)	9M 2018 (unaudited)	% change YoY
Interest Income	319.1	361.5	(12)%
Interest Expense	(44.2)	(46.3)	(5)%
Net Interest Income	**274.9**	**315.1**	**(13)%**
Net F&C Income	6.4	7.3	(13)%
Other operating income	6.4	6.6	(2)%
Non-Interest Income	**12.8**	**13.9**	**(8)%**
Operating Income (Revenue)	**287.7**	**329.1**	**(13)%**
Total operating costs	**(148.2)**	**(171.0)**	**(13)%**
Pre-provision operating profit	**139.5**	**158.0**	**(12)%**
Net impairment charges	(92.4)	(93.8)	(1)%
Post-provision operating profit	**47.1**	**64.2**	**(27)%**
Depreciation and amortisation	(11.6)	(8.5)	+37%
Non-recurring income/(expense)	0.5	1.2	(61)%
Net FX gain/(loss)	2.8	(17.9)	(116)%
One-off adjustments to intangible assets	(0.4)	-	nm
Profit before tax	**38.3**	**39.0**	**(2)%**
Income tax expense	(17.3)	(13.9)	+24%
Net profit/(loss) after tax	**21.0**	**25.1**	**(16)%**
Adjusted EBITDA	**93.7**	**114.1**	**(18)%**

Balance sheet

In millions of €	30 September 2019 (unaudited)	31 December 2018
Cash and cash equivalents, of which:	**122.4**	**172.2**
- Online	75.8	110.5
- TBI Bank	46.6	61.6
Placements with other banks	9.8	8.8
Gross receivables due from customers	718.9	705.3
Allowance for impairment	(156.1)	(152.2)
Net receivables due from customers, of which:	**562.8**	**553.2**
- Principal	530.3	521.6
- Accrued interest	32.4	31.6
Net investments in finance leases	4.9	7.3
Net loans to related parties	61.4	66.2
Property and equipment	19.4	8.8
Financial investments	66.8	38.4
Prepaid expenses	5.9	8.2
Tax assets	16.5	16.6
Deferred tax assets	36.3	37.6
Intangible IT assets	18.9	22.3
Goodwill	17.5	17.5
Other assets	37.0	37.5
Total assets	**979.7**	**994.3**
Loans and borrowings	407.1	459.4
Deposits from customers	304.7	285.0
Deposits from banks	7.6	2.6
Corporate income tax payable	9.4	18.1
Other liabilities	76.7	70.9
Total liabilities	**805.5**	**836.0**
Share capital	35.8	35.8
Retained earnings	169.1	153.9
Reserves	(30.7)	(31.4)
Total attributable equity	**174.2**	**158.3**
Non-controlling interests	0.0	0.1
Total equity	**174.2**	**158.3**
Total shareholders' equity and liabilities	**979.7**	**994.3**

Statement of Cash Flows

In millions of €	9 months to 30 September		12 months to 31 December
	2019	**2018**	**2018**
Cash flows from operating activities			
Profit before taxes	**38.3**	**39.0**	**52.6**
Adjustments for:			
Depreciation and amortisation	11.6	8.4	12.1
Impairment of goodwill and intangible assets	(0.9)	—	5.7
Net (gain) / loss on foreign exchange from borrowings and other monetary items	16.9	18.8	19.9
Impairment losses on loans	110.7	137.5	178.9
Reversal of provision on debt portfolio sales	(7.9)	(28.8)	(36.6)
Write-off and disposal of intangible and property and equipment assets	1.5	0.7	2.9
Provisions for unused vacations	(0.1)	(0.1)	—
Interest income from non-customers loans	(5.7)	(6.1)	(8.1)
Interest expense on loans and borrowings and deposits from customers	44.2	46.3	62.1
Other non-cash items	1.3	2.5	2.5
Profit before adjustments for the effect of changes to current assets and short-term liabilities	210.0	218.3	291.8
Adjustments for:			
Change in financial instruments measured at fair value through profit or loss	(15.8)	(4.9)	(11.3)
(Increase) / decrease in other assets (including TBI statutory reserve, placements & leases)	3.7	(1.8)	(0.3)
Increase / (decrease) in accounts payable to suppliers, contractors and other creditors	(5.4)	(0.5)	3.7
Operating cash flow before movements in portfolio and deposits	**192.4**	**211.2**	**284.0**
Increase in loans due from customers	(166.9)	(187.2)	(255.1)
Proceeds from sale of portfolio	52.3	61.1	81.9
Increase in deposits (customer and bank deposits)	24.5	31.6	16.5
Deposit interest payments	(3.1)	(2.6)	(4.0)
Gross cash flows from operating activities	**99.2**	**114.1**	**123.3**
Corporate income tax paid	(25.0)	(23.2)	(27.5)
Net cash flows from operating activities	**74.1**	**90.9**	**95.9**

Statement of Cash Flows (continued)

In millions of €	9 months to 30 September		12 months to 31 December
	2019	**2018**	**2018**
Cash flows used in investing activities			
Purchase of property and equipment and intangible assets	(5.3)	(5.0)	(8.4)
Purchase of financial instruments	(31.4)	—	(13.6)
Loans issued to related parties	—	(2.3)	(2.6)
Loans repaid from related parties	4.0	7.4	7.4
Interest received from related parties	5.6	2.5	2.8
Disposal of subsidiaries, net of cash disposed	—	(0.1)	(0.1)
(Acquisition) / Disposal of equity investments	3.8	—	(5.9)
Acquisition of non-controlling interests	(0.4)	(2.4)	(4.4)
Acquisition of subsidiaries, net of cash acquired	(0.3)	—	—
Prepayment for potential acquisition	—	20.8	20.8
Net cash flows from investing activities	**(23.9)**	**21.0**	**(3.8)**
Cash flows from financing activities			
Loans received and notes issued	—	0.5	0.5
Repayment and repurchase of loans and notes	(79.1)	(13.4)	(27.2)
Interest payments	(28.7)	(29.6)	(52.7)
FX hedging margin	10.6	(2.7)	4.2
Payment of lease liabilities	(3.7)	—	—
Dividend payments	(5.0)	(0.1)	(0.1)
Net cash flows used in financing activities	**(105.8)**	**(45.5)**	**(75.3)**
Net increase / (decrease) in cash and cash equivalents	**(55.5)**	**66.4**	**16.8**
Cash and cash equivalents at the beginning of the period	**148.8**	**131.9**	**131.9**
Effect of exchange rate fluctuations on cash	0.4	(0.6)	0.1
Cash and cash equivalents at the end of the period	**93.6**	**197.7**	**148.8**
TBI Bank minimum statutory reserve	**28.8**	**19.3**	**23.4**
Total cash on hand and cash at central banks	**122.4**	**217.0**	**172.2**

Key financial ratios

	9M 2019	9M 2018	12M 2018
Capitalisation			
Equity / assets	17.8%	15.7%	15.9%
Equity / net receivables	31.0%	29.7%	28.6%
Adjusted interest coverage	2.1x	2.5x	2.4x
TBI Bank consolidated capital adequacy	19.9%	24.1%	22.4%
Profitability			
Net interest margin:			
- Online	81.1%	88.2%	88.9%
- TBI Bank	24.6%	28.0%	26.8%
- Overall group	55.1%	64.8%	63.5%
Cost / income ratio	51.5%	52.0%	52.1%
Normalised Profit before tax margin	11.1%	15.4%	15.2%
Normalised Return on average equity	14.5%	37.5%	32.7%
Normalised Return on average assets	2.5%	5.6%	4.9%
Asset quality			
Cost of risk:			
- Online	27.6%	23.7%	24.0%
- TBI Bank	4.3%	8.6%	8.0%
- Overall group	17.3%	18.1%	17.7%
Net impairment / interest income	29.0%	25.9%	25.9%
Gross NPL ratio:			
- Online	23.0%	22.2%	22.0%
- TBI Bank	16.3%	15.4%	15.9%
- Overall group	20.0%	19.6%	19.4%
Overall group NPL coverage ratio	108.9%	115.6%	110.6%

See appendix for definitions of key metrics and ratios

Glossary/Definitions

- **Adjusted EBITDA** – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented here, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Further details of covenant adjustments can be found in the relevant bond prospectuses, available on our website
- **Adjusted interest coverage** – Adjusted EBITDA / interest expense
- **Cost of risk –** Annualised net impairment loss / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income (revenue)
- **Equity / assets ratio –** Total equity / total assets
- **Equity / net receivables** – Total equity / net customer receivables (including accrued interest)
- **Gross NPL ratio** – Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
- **Gross receivables** – Total amount receivable from customers, including principal and accrued interest, after deduction of deferred income
- **Intangible assets –** consists of deferred tax assets, intangible IT assets and goodwill
- **Interest income** – Interest and similar income generated from our customer loan portfolio
- **Loss given default –** Loss on non-performing receivables (i.e. 1 - recovery rate) based on recoveries during the appropriate time window for the specific product, reduced by costs of collection, discounted at the weighted average effective interest rate
- **Net effective annualised yield –** annualised interest income (excluding penalties) / average net loan principal
- **Net impairment to interest income ratio –** Net impairment losses on loans and receivables / interest income
- **Net interest margin –** Annualised net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
- **Net receivables** – Gross receivables (including accrued interest) less impairment provisions
- **Non-performing loans (NPLs)** – Loan principal or receivables (as applicable) that are over 90 days past due (and, for TBI Bank, shown on a customer level basis)
- **Normalised –** Adjusted to remove the effect of non-recurring items, net FX and one-off adjustments to intangible assets, and for 2018 ratios only, adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects
- **Overall group NPL coverage ratio**– Overall receivables allowance account / non-performing receivables
- **Profit before tax margin** – Profit before tax / interest income
- **Return on Average Assets** – Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
- **Return on Average Equity** – Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
- **Return on Average Tangible Equity –** Annualised profit from continuing operations / average tangible equity (tangible equity as of the start and end of each period divided by two)
- **Tangible Equity** – Total equity minus intangible assets
- **TBI Bank Capital adequacy ratio –** (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

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