4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE NINE MONTHS ENDING 30 SEPTEMBER 2019

Continued stable quarterly revenue and ongoing cost discipline deliver adjusted EBITDA of €93.7 million.

Strong receivables growth at TBI Bank and progress in using the bank to fund online loan portfolios.

Year-on-year comparisons remain impacted by product/market exits in mid-2018.

13 November 2019. 4finance Holding S.A. (the ‘Group’ or ‘4finance’), one of Europe’s largest digital consumer lending groups, today announces unaudited consolidated results for the nine months ending 30 September 2019 (the ‘Period’).

Operational Highlights

- New products launched in Latvia ('minimum-to-pay' line of credit) and Finland (shorter-term 'mini' instalment loan) generating over 30,000 combined loan applications per month.
- Online loan issuance volume of €775.2 million in the Period, compared with €932.4 million in 9M 2018, mainly reflecting the rationalisation of some products and markets during 2018.
- Instalment Loan issuance volume of €125.1 million in the Period, compared with €152.5 million in 9M 2018, driven by a more focused growth strategy and product reviews in markets including Poland.
- The number of online lending active customers(1) was 0.35 million as of 30 September 2019, compared with 0.44 million a year ago. The reduction was largely attributable to products and markets that were exited during 2018.
- TBI Bank loan issuance volume during the Period grew by 20% year-on-year to €233.4 million from €194.8 million in 9M 2018.
- TBI Bank had 0.40 million active borrowing customers, down 1% from a year ago, with 0.30 million current accounts as of 30 September 2019, up 23% from a year ago.

Financial Highlights

- Interest income of €319.1 million in the Period, down 12% from €361.5 million in the prior year period. The contribution from largest markets (Poland, Spain, Denmark and TBI Bank) was stable year-on-year. Interest income for Q3 2019 was €105.7 million, down 1% from Q2 2019.
- Year-on-year comparisons remain impacted by markets and products that were rationalised during 2018.
- Operating income was stable quarter-on-quarter at €96.0 million in Q3 2019 (€95.9 million in Q2 2019).
- Cost to income(2) ratio for the Period was 51.5%, vs. 52.0% for 9M 2018, with operating costs down 13% year-on-year, reflecting ongoing cost discipline across the Group.
- Adjusted(3) EBITDA was €93.7 million for the Period, down 18% year-on-year, with interest coverage of 2.1x. However, following the repayment of the USD 2019 bonds and using the last 12 month pro-forma figures as per our debt covenants, the interest coverage ratio now stands at 2.5x. Q3 2019 Adjusted EBITDA was €31.2 million, down 6% from Q2 2019.
- Profit before tax for the Period was stable year-on-year at €38.3 million from €39.0 million in 9M 2018 (which was impacted by FX losses).
- Net receivables increased by 2.1% during the third quarter to €562.8 million as of 30 September 2019, driven by TBI Bank.
- Overall gross NPL ratio at 20.0% as of 30 September 2019 (23.0% for online), compared with 19.4% as of 31 December 2018 (22.0% for online), with increase during Q3 due to seasonally lower debt sales.
- The annualised cost of risk for the online business was 27.6% for the Period, compared to 23.7% in 9M 2018, and in TBI Bank it was 4.3% for the Period, compared to 8.6% in 9M 2018. The improvement in the TBI Bank ratio reflects the ongoing normalisation of asset quality in the bank’s Romanian portfolio.

Notes: (1) Online lending customers with open loans that are either current or are up to 30 days past due
(2) Operating costs (excluding D&A) divided by operating income (revenue)
(3) See page 8 for details of adjustments

Strategic Highlights

- Strong underlying customer demand for Instalment Loans, including Spain, the Czech Republic and the Baltics. More conservative approach to instalment loan issuance in Poland, with a focus on unit economics across all markets.
- Ongoing migration of single payment loan customers to products with more flexible repayment terms, *e.g.* 'minimum-to-pay' lines of credit or shorter-term 'mini' instalment loans with maturities of under 12 months. Single payment loans now represent only 21% of the Group's net receivables, down from 26% as of 30 September 2018.
- TBI Bank continues to perform well, with strong origination in both consumer lending and its new online SME offering, and good progress with integration of the Bulgarian vivus.bg online business.
- Successfully adapting to new regulation in the Nordics & Baltics region, with encouraging customer reception to new products, including optional fast delivery fees, introduced alongside regulation in Latvia in July and Finland in September.
- Continued strong near-prime origination, with upcoming product adjustments in Spain and Sweden, and new launch in Latvia planned for early in new year.
- Progress on funding diversification projects, with successful first sales of Polish instalment loans to TBI Bank in September.

Oyvind Oanes, CEO of 4finance, commented:

"These results represent another quarter of solid execution and stable financial performance for the Group. This was driven by our largest markets of Denmark, Poland, Spain and TBI Bank, which continue to deliver consistent overall year-on-year interest income. TBI Bank in particular has delivered strong growth in loan origination and we look forward to the seasonally strong last quarter of the year for the bank.

"In the Nordics & Baltics region, the positive initial customer reaction we have seen to our new products in Latvia and Finland is further evidence of our ability to adapt to regulatory changes. We seek to promote balanced regulation across all our markets, and we continue to work with the relevant authorities to ensure we can offer a viable and regulated option for consumers who have a need for short-term credit and can afford to repay.

"We have made good progress internally with our plans for near-prime business development, and will share more details of these alongside our full year results. It was also pleasing to see the initial sale of Polish instalment loans to TBI Bank completed successfully in September. This is an important step for the Group to ensure we can access the bank's balance sheet to fund near-prime loans for 2020 and beyond.

"We remain excited about the medium term growth opportunities for the Group as we develop into a multi-segment, multi-product, consumer credit specialist and believe we have the right team and strategy in place to capture them."

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Conference call

A conference call with management to discuss these results is scheduled for **Thursday, 14 November at 15:00 UK time**. To register, please visit www.4finance.com/investors.

The conference call will be recorded for transcription and reference purposes. For those participating in the Q&A session, please note that name and institution details provided in the call registration process may appear in the transcript of the conference call that will be made available at www.4finance.com/investors.

About 4finance

Established in 2008, 4finance is one of Europe's largest digital consumer lending groups with operations in 14 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €7 billion since inception in single payment loans, instalment loans and lines of credit.

4finance operates a portfolio of market leading brands, through which, as a responsible lender, the firm offers simple, convenient and transparent products to millions of customers who are typically underserved by conventional providers.

4finance has group offices in Riga (Latvia), London, Luxembourg and Miami, and currently operates in 12 countries in Europe as well as in Argentina and Mexico. The Group also offers deposits, in addition to consumer and SME loans through its TBI Bank subsidiary, an EU licensed institution with operations primarily in Bulgaria and Romania.

Forward looking statements

Certain statements in this document are "forward-looking statements". These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from those included in these statements.

Rounding

Some numerical figures included in this report have been subject to rounding adjustments. Accordingly, numerical figures shown for the same category presented in different tables may vary slightly, and numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Inside information

This announcement contains inside information as stipulated under the Market Abuse Regulation.

Key Financial Ratios

	Nine months ending 30 September 2019	Nine months ending 30 September 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
Capitalisation				
Net receivables (€m), [(1)] of which:	562.8	540.8	553.2	591.2
- Principal	530.3	514.4	521.6	556.7
- Accrued interest	32.4	26.5	31.6	34.5
Total assets (€m)	979.7	1,023.8	994.3	1,026.9
Total equity (€m)	174.2	160.7	158.3	189.4
Equity / assets [(2)]	17.8%	15.7%	15.9%	18.4%
Equity / net receivables [(3)]	31.0%	29.7%	28.6%	32.0%
Adjusted interest coverage [(4)]	2.1x	2.5x	2.4x	2.2x
TBI Bank consolidated capital adequacy [(5)]	19.9%	24.1%	22.4%	23.2%
Profitability				
Net interest margin: [(6)]				
- Online	81.1%	88.2%	88.9%	66.1%
- TBI Bank	24.6%	28.0%	26.8%	26.7%
- Overall group	55.1%	64.8%	63.5%	54.1%
Cost / income ratio [(7)]	51.5%	52.0%	52.1%	57.8%
Post-provision operating profit margin [(8)]	14.8%	17.8%	17.7%	14.2%
Normalised Profit before tax margin [(9)]	11.1%	15.4%	15.2%	12.2%
Normalised Return on average equity [(10)]	14.5%	37.5%	32.7%	15.0%
Normalised Return on average assets [(11)]	2.5%	5.6%	4.9%	3.5%
Asset quality				
Cost of risk: [(12)]				
- Online	27.6%	23.7%	24.0%	20.8%
- TBI Bank	4.3%	8.6%	8.0%	3.9%
- Overall group	17.3%	18.1%	17.7%	15.6%
Net impairment / interest income [(13)]	29.0%	25.9%	25.9%	24.0%
Gross NPL ratio: [(14)]				
- Online	23.0%	22.2%	22.0%	33.5%
- TBI Bank	16.3%	15.4%	15.9%	12.7%
- Overall group	20.0%	19.6%	19.4%	26.7%
Overall group NPL coverage ratio[(15)]	108.9%	115.6%	110.6%	83.5%

Definitions and Notes below. For further definitions please see the appendix. For quarterly asset quality ratios please see page 18.

Normalised ratios are 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.

(1) Gross receivables (including accrued interest) less impairment provisions. Note that reduction in write-off period for online loans as of January 2018 reduces 2018 values in comparison with prior years
(2) Total equity / total assets
(3) Total equity / net customer receivables (including accrued interest)
(4) Adjusted EBITDA / interest expense
(5) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)
(6) Annualised net interest income / average gross loan principal (for 2019 and 2018 ratios) or receivables (for 2017 ratios)
(7) Operating costs / operating income (revenue)
(8) Post-provision operating profit (which does not include non-recurring items, net FX and D&A) / interest income
(9) Profit before tax / interest income
(10) Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two)
(11) Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two)
(12) Annualised net impairment charges / average gross receivables (total gross receivables as of the start and end of each period divided by two)
(13) Net impairment charges on loans and receivables / interest income
(14) Non-performing receivables (including accrued interest) with a delay of over 90 days / gross receivables (including accrued interest)
(15) Overall receivables allowance account / non-performing receivables

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit or loss for the nine months ending 30 September 2019 and 30 September 2018. Additional reference information on the historic quarterly development of our income statement is shown in the appendix. Please note that non-recurring, net FX and D&A items are shown lower down to better reflect operating results.

	9 months to 30 September		
	2019 (unaudited)	2018 (unaudited)	% change
	(in millions of €)		
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)%**

Interest income

The table below shows key drivers of interest income, *i.e.* business volumes and interest rates.

	9 months to 30 September		
	2019	2018	% change
Online lending	*(in millions of €, except percentages)*		
Total value of loan principal issued	775.2	932.4	(17)%
Average net receivables, of which:	283.7	304.8	(7)%
- Principal	258.5	284.3	
- Accrued interest	25.3	20.5	
Annualised interest income yield on net portfolio (1)	134%	144%	
Interest income from online lending	259.1	306.2	(15)%
Banking operations			
Average net receivables, of which:	274.2	230.1	+19 %
- Principal	267.5	224.2	
- Accrued interest	6.7	5.9	
Annualised interest income yield on net portfolio (1)	30%	33%	
Interest income from banking operations (2)	60.0	55.3	+8 %

Notes: (1) Yields are based on interest income divided by average net loan principal only

(2) See appendix for full TBI Bank income statement

Interest income for the Period was €319.1 million, a 12% decrease compared with €361.5 million for the nine months ending 30 September 2018. The reduction in interest income from online lending was 15%, reflecting the 7% decrease in the average balance of net receivables and a lower average interest yield.

TBI Bank's average interest rates decreased slightly compared to the prior year period. Its consumer lending (cash lending, point-of-sale lending and credit cards) has average product APRs between 20% and 50% and SME loans with average interest rates of approximately 8-14% p.a.. TBI Bank also generates separate income, which is reported in either the 'net fee and commission' and 'other operating income' lines.

Interest expense

Interest expense for the Period was €44.2 million, a decrease of 5% compared with €46.3 million for the nine months ending 30 September 2018. The quarterly reduction in interest expense in the third quarter reflects the Group's repayment of its remaining $68 million of USD 2019 bonds in August 2019.

Non-interest income

Non-interest income for the period was €12.8 million, a 8% decrease compared with €13.9 million reported for the nine months ending 30 September 2018. The net fee and commission income generated by TBI Bank, primarily fees from insurance sales to its customers, was relatively stable year-on-year. Other operating income is mainly derived from related party loans.

Total operating costs

Total operating costs reported for the Period were €148.2 million, a 13% decrease compared with €171.0 million reported for the nine months ending 30 September 2018. The year-on-year decrease in costs reflects a focus on marketing efficiency, cost discipline and the results of strategic cost initiatives. Costs in TBI Bank increased in line with business growth, and included the annual state deposit guarantee fund payment of €1.0 million in the second quarter. Due to the adoption of IFRS 16 as of January 2019, rent and utilities costs are reduced by €3.7 million in the Period. These expenses are now reclassified within interest expense (€0.3 million) and depreciation & amortisation (€3.4 million).

The table below sets out a breakdown of the Group's total operating costs. Depreciation and amortisation amounts are shown as a separate line on the income statement so that operating costs better reflect actual cash costs.

	9 months to 30 September	
	2019	**2018**
	(in millions of €)	
Personnel costs	72.4	79.8
Marketing and sponsorship	28.4	33.2
Legal and consulting	6.8	6.3
IT expenses (including R&D)	13.9	16.6
Debt collection costs	3.5	4.9
Rent and utilities	1.3	5.7
Application processing costs	4.7	5.3
Bank services	2.8	3.1
Communication expenses	3.1	2.7
Taxes	3.2	2.9
Travel	1.6	1.4
Other	6.6	9.0
Total	**148.2**	**171.0**
Of which:		
TBI Bank	33.2	30.6
4finance 'online' business	115.0	140.4

For the nine months of 2019 and 2018, marketing and sponsorship costs accounted for 19% and 19% respectively, and personnel costs accounted for 49% and 47%, respectively, of total operating costs. The cost to income ratio for the Period was 51.5%, an improvement from 52.0% in 9M 2018, with the Q3 quarterly cost to income ratio improving 2ppts to 50%.

Pre-provision operating profit

For the reasons stated above, the Group's pre-provision operating profit for the Period was €139.5 million, a 12% decrease compared with €158.0 million for the nine months ending 30 September 2018.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €92.4 million, a 1% decrease compared with €93.8 million for the nine months ending 30 September 2018. Gross impairment charges were significantly reduced compared to the prior period, partly due to lower origination. In the third quarter, gross impairment charges were relatively stable at €37.6 million compared with €37.4 million in Q2, however due to seasonally lower debt sales in Q3 the net impairment charge increased to €31.9 million vs. €28.1 million in Q2. In the prior year period, TBI Bank saw elevated provisions in its Romanian consumer portfolio, but this was addressed during 2018 and the current period provisioning reflects more normal levels.

	9 months to 30 September	
	2019	2018
	(in millions of €)	
Impairment charges on loans	110.7	137.5
Over provision on debt portfolio (portfolio sale net gains)	(7.9)	(28.8)
Recovery from written-off loans	(10.4)	(14.9)
Net impairment charges	**92.4**	**93.8**

Overall net impairment charges represented 29% of interest income for the Period, an increase from 26% last year. The net impairment charges for the online business compared to average online gross receivables, *i.e.* cost of risk, increased to 28% in the Period from 24% last year.

Net FX gain/(loss)

Foreign exchange movements resulted in a gain of €2.8 million for the Period. In the prior year period there was a net FX loss of €17.9 million. The Group monitors its currency positions actively and hedges net exposures where practical.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was €38.3 million, compared with €39.0 million for the nine months ending 30 September 2018. The profit before tax margin was 12% for the Period, increasing from 11% in 9M 2018.

Corporate income tax

The Group's corporate income tax expense was €17.3 million for the Period, compared with €13.9 million for the nine months ending 30 September 2018. The debt sales in Poland in the second quarter resulted in a lower current tax charge, but a reduction in deferred tax assets.

The following table sets out a breakdown of the Group's corporate income tax.

	9 months to 30 September	
	2019	2018
	(in millions of €)	
Current tax	16.5	20.7
Deferred tax	0.9	(6.8)
Total	**17.3**	**13.9**

The effective tax rate for the Period was 45%, an increase compared with 36% for 9M 2018.

Profit/(loss) for the period

For the reasons stated above, profit for the Period was €21.0 million, compared with a profit of €25.1 million for the nine months ending 30 September 2018.

Other financial data – EBITDA and Adjusted EBITDA

	Nine months ending 30 September 2019	Nine months ending 30 September 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
		(in millions of €)		
Profit for the period	21.0	25.1	28.5	(16.8)
Provision for corporate income tax	17.3	13.9	24.1	27.6
Interest expense	44.2	46.3	62.1	61.9
Depreciation and amortisation	11.6	8.5	11.9	9.0
EBITDA	**94.1**	**93.8**	**126.6**	**81.7**
Adjustments	(0.4)	20.3	22.0	53.7
Adjusted EBITDA (1)	**93.7**	**114.1**	**148.6**	**135.4**

	Nine months ending 30 September 2019	Nine months ending 30 September 2018	Year Ended 31 December 2018	Year Ended 31 December 2017
		(in millions of €)		
Summary breakdown of Adjustments to EBITDA				
Discontinued operations	—	(0.1)	(0.1)	—
Net FX impact	(2.8)	17.9	12.6	4.0
One-off costs and other prescribed adjustments	2.0	2.5	2.8	3.6
One-off write-down of intangible assets	0.4	—	6.7	46.1
Total	**(0.4)**	**20.3**	**22.0**	**53.7**

Note: (1) Adjusted EBITDA is a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) 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 in this report, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated.

Balance Sheet

The table below sets out the Group's condensed consolidated statement of its financial position.

	30 September 2019	31 December 2018
	(in millions of €)	
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**

Assets

The Group had total assets of €979.7 million as of 30 September 2019, compared with €994.3 million as of 31 December 2018. The decrease reflects the use of cash to repay the remaining 2019 bonds in August. This was partially offset by an increase in the net loan portfolio, in financial investments and the adoption of IFRS 16 which adds c.€12 million to the 'property and equipment' and 'other liabilities' lines. The 'financial investments' line (renamed from 'financial assets available for sale') includes securities held for liquidity management (mainly Romanian government bonds at TBI Bank) and other financial investments (such as BRAbank shares).

Loan portfolio

As of 30 September 2019, the Group's net receivables equaled €562.8 million, compared with €553.2 million as of 31 December 2018, representing an increase of €9.6 million, or 2%. This increase was delivered in the third quarter, with a relatively stable online portfolio and lower debt sales in Q3 combined with portfolio growth at TBI Bank. The net receivables include €286.9 million from TBI Bank (including fair value adjustments). Further information on the TBI Bank portfolio is available in the appendix, including its finance leases which are shown as a separate balance sheet line item.

The following section includes a summary of our overall loan portfolio, both online (mainly funded outside of TBI Bank) and banking (funded by TBI Bank), showing performing vs non-performing classification. This is shown on a loan principal basis to better reflect amounts actually funded. Additional reference information on the historic quarterly development of our online portfolio on a receivables basis for comparability, split by product, is also shown in the appendix.

Overview of the Group's loan portfolio

The following table sets out the classification of the Group's loan principal in terms of performing and non-performing loans (*i.e.* those more than 90 days past due). The Group's Bulgarian online lending operations (vivus.bg) with approximately €3 million of gross principal was transferred to TBI Bank in April. Approximately €0.7 million of gross principal of Polish instalment loans was transferred to TBI Bank in September. Both of these portfolios are still classified as 'online' loans in the tables below, and others in this report, for comparability with prior periods.

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**
	(in millions of €, except percentages)				*(in millions of €, except percentages)*			
Online principal								
Performing	275.2	(40.9)	234.3	78.7 %	293.1	(44.9)	248.2	79.8 %
Non-performing (1)	74.7	(58.6)	16.1	21.4 %	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	268.2	(11.8)	256.4	83.7 %	246.0	(12.7)	233.3	84.1 %
Non-performing (1)	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 principal								
Performing	543.4	(52.6)	490.8	81.1 %	539.1	(57.6)	481.5	81.7 %
Non-performing (1)	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%**

Note: (1) Non-performing amounts are over 90 days past due (and, for TBI Bank, shown on a customer level basis)

Online loan portfolio by product

This section presents further detail on the online portfolio and classification by product. The following table shows the Group's performing online gross loan principal by product. A separate classification for Near Prime loans have been added, which includes the Group's lower APR instalment loan products in Spain (Fintonic), Sweden (Friia) and Lithuania (Vivus).

	30 September 2019		**31 December 2018**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Online performing gross principal by product:	*(in millions of €, except percentages)*			
Single Payment Loans	116.7	42.4 %	129.8	44.3 %
Instalment Loans	102.6	37.3 %	115.9	39.6 %
Lines of Credit (1)	26.1	9.5 %	30.9	10.5 %
Near Prime (2)	29.8	10.8 %	16.5	5.6 %
Total online gross performing principal	**275.2**	**100.0%**	**293.1**	**100.0%**

Notes: (1) Includes Point of Sale Loans

(2) Includes the Group's lower APR instalment loan products in Spain (Fintonic), Sweden (Friia) and Lithuania (Vivus)

Online non-performing loan portfolio

As of 30 September 2019, the Group's non-performing online principal was €74.7 million, an increase of €0.3 million since 31 December 2018. The gross NPL ratio was 23.0% for online receivables as of 30 September 2019, compared to 22.0% as of 31 December 2018.

The Group accrues interest whilst it is probable it will be received (typically up to 90 DPD for instalment loans). Non-performing accrued interest was €15.3 million, or 21%, in addition to the non-performing loan principal. Penalties and delay fees are not accrued as receivables and are only recognised as income when payment is received.

The following table sets out an analysis of the Group's online NPL principal by product.

	30 September 2019	31 December 2018
	(in millions of €, except percentages)	
Non-performing online principal by product:		
Single Payment Loans	38.6	36.2
Instalment Loans	25.8	27.4
Lines of Credit (1)	8.6	9.3
Near Prime	1.8	1.5
Total non-performing online principal	**74.7**	**74.4**
Allowance for NPL principal	58.6	56.0
Allowance for NPL principal / non-performing principal	79 %	75 %
Overall receivables allowance / NPL receivables coverage ratio	128 %	127 %
Average Loss Given Default rate (2)	76 %	74 %

Notes: (1) Includes Point of Sale Loans

(2) Average LGD rate for SPL was 83%; IL: 72%; LOC: 74%; Near prime: 52% as of 30/9/2019

Other assets

A breakdown of the Group's other assets is presented in the table below. The increase in the 'derivatives' line reflects the increase in value of the Group's EUR/USD currency hedges, given the appreciation of the USD during the third quarter.

	30 September 2019	31 December 2018
	(in millions of €)	
FX hedging - funds on margin	0.0	4.6
Non-current assets held for sale	4.8	5.3
Receivables from suppliers	7.8	14.3
Security deposits	1.3	1.3
Investments in associates	2.1	1.6
Derivatives	14.4	2.5
Other non-customer receivables	6.6	8.0
Total	**37.0**	**37.5**

Liabilities

The Group had total liabilities of €805.5 million as of 30 September 2019, compared with €836.0 million as of 31 December 2018, representing a decrease of €30.5 million.

Loans and borrowings

As of 30 September 2019, the Group had loans and borrowings of €407.1 million, compared with €459.4 million as of 31 December 2018. The Group's loans and borrowings accounted for 51% of total liabilities as of 30 September 2019 and 55% of total liabilities as of 31 December 2018. The following table sets out the loans and borrowings by type. In October 2019, 4finance S.A. repurchased a further $5 million of its USD 2022 bonds, bringing the total repurchased by 4finance S.A. to $50 million.

	30 September 2019	31 December 2018
	(in millions of €)	
4finance Notes	406.7	459.0
Other	0.4	0.4
Total loans and borrowings [(1)]	**407.1**	**459.4**

Note: (1) Includes accrued but unpaid interest, net of capitalised issuance costs

In August 2014, 4finance S.A. issued US$200.0 million of 11.75% notes (the *'2019 Notes'*) which were listed on the Irish Stock Exchange. Following the tender offer in April 2017, an amount of US$68 million remained outstanding. Those outstanding 2019 Notes matured on 14 August 2019 and were fully repaid from cash on hand.

In May 2016, 4finance S.A. issued €100.0 million of 11.25% notes (the *'2021 Notes'*). The 2021 Notes are listed on the Prime Standard regulated market segment of the Frankfurt Stock Exchange. In November 2016, a further €50.0 million of Notes were issued at par. The 2021 Notes mature in May 2021 and are callable at 104%.

In April 2017, 4finance S.A. issued US$325.0 million of 10.75% notes (the *'2022 Notes')* which are listed on the Irish Stock Exchange and will mature in May 2022. An IFRS 9 adjustment as of 1 January 2018 resulted in a €5.2 million decrease to the carrying value from the revaluation at the original effective interest rate of a proportion of US$ 2022 bond carried over from original US$ 2019 bond (to be amortised over remaining life of bond in 'interest expense'). The 2022 Notes are callable at 105.4%.

Customer deposits

As of 30 September 2019, the Group had total customer deposits of €304.7 million. Banking operations contributed €290.0 million in net deposits at an average all-in cost of approximately 1.6% with the balance from 4spar in Sweden at an average cost of 6.5%. Further details of TBI Bank's deposits are presented in the appendix.

Other liabilities

A breakdown of the Group's other liabilities is presented in the table below. The Group adopted the IFRS 16 accounting standard for lease liabilities from January 2019. Further details are available in Note 3 of the Group's 2018 annual report.

	30 September 2019	31 December 2018
	(in millions of €, except percentages)	
Accrued expenses	21.0	22.8
Accounts payable to suppliers	6.5	12.6
FX hedging liability	0.8	4.6
Taxes payable	7.7	8.1
Provisions for unused vacations	2.0	2.0
Lease liabilities (IFRS 16) [(1)]	11.5	—
Other liabilities	27.3	20.8
Total	**76.7**	**70.9**

Note: (1) Adopted IFRS 16 accounting standard from January 2019. See Note 3 of the Group's 2018 annual report for further details

Equity

As of 30 September 2019, the Group's total equity amounted to €174.2 million, compared with €158.3 million as of 31 December 2018, representing an increase of €15.9 million, or 10%. The Group's equity to assets ratio as of 30 September 2019 was 18%. In August 2019, 4finance Holding S.A. declared and paid a €5 million dividend. This was immediately used by 4finance Group S.A. to repay €5 million of the accrued interest on its loan from 4finance Holding S.A.

The equity to net receivables ratio as of 30 September 2019 was 31%, reflecting the Group's strong capitalisation, even after the one-off intangible asset adjustments at the end of 2017 and the adoption of IFRS 9, still giving good headroom to bond covenants.

Off-balance sheet arrangements

The Group's total off-balance sheet commitments as of 30 September 2019 were €23.7 million. This includes TBI Bank's undrawn lending commitments of €15.8 million and financial guarantees €0.4 million, plus €7.4 million in connection with the Group's online portfolio (LoC product). The Group also enters into currency hedging transactions which may result in additional off-balance sheet assets or liabilities, but these generally have limited net exposure and are designed to limit overall exposure to currency movements.

Condensed Consolidated Statement of Cash Flows for the Period

	9 months to 30 September		12 months to 31 December
	2019	2018	2018
Cash flows from operating activities		*(in millions of €)*	
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**
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 investment	—	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**

Net cash flows from operating activities in the Period were €74.1 million compared with €90.9 million in the same period last year. Net cash used in investing activities was €23.9 million in the Period, mainly due to the purchases of government bonds for liquidity management in TBI Bank. The Group's cash flows used in financing activities reflected the repayment of the 2019 Notes in August, repurchase of $20 million of its 2022 Notes in the Period and interest payments, partly offset by incoming FX hedging margin.

TBI Bank Appendix: Income Statement, Balance Sheet and Key Ratios

The Group finalised the purchase of TBI Bank EAD ('TBI Bank'), via the acquisition of TBIF Financial Services B.V., in August 2016. Presented here for illustration and reference are TBI Bank's results for the nine months ending 30 September 2019 and nine months ending 30 September 2018.

Income statement

The table below sets out the consolidated income statement for TBI Bank, presented on the same basis as the Group's income statement for ease of comparison.

	9 months to 30 September	
	2019 (unaudited)	**2018 (unaudited)**
	(in millions of €)	
Interest Income	59.3	54.9
Interest Expense	(2.7)	(2.2)
Net Interest Income	**56.6**	**52.8**
Net F&C Income	7.1	7.5
Other operating income	0.7	0.4
Non-Interest Income	**7.8**	**7.9**
Operating Income	**64.4**	**60.7**
Total operating costs	**(33.1)**	**(30.7)**
Pre-provision operating profit	**31.3**	**30.0**
Net impairment charges	(10.0)	(16.7)
Post-provision operating profit	**21.3**	**13.3**
Depreciation and amortisation	(1.9)	(0.9)
Non-recurring income/(expense)	1.4	0.8
Net FX gain/(loss)	(1.6)	(0.9)
Pre-tax profit	**19.3**	**12.3**
Income tax expense	(2.7)	(1.7)
Net profit after tax	**16.6**	**10.6**

Balance sheet

The table below sets out the statement of financial position for TBI Bank. For the purpose of consolidation with the Group's balance sheet, the fair values assessed as part of the Group's updated goodwill calculation under IFRS are used, rather than the book values presented below.

	30 September 2019 (unaudited)	31 December 2018 (unaudited)
	(in millions of €)	
Cash and cash equivalents	46.6	61.6
Placements with other banks	9.8	8.8
Gross receivables due from customers	330.3	301.4
Allowance for impairment	(41.5)	(38.3)
Net receivables due from customers	**288.8**	**263.1**
Net investments in finance leases	6.0	8.6
Property and equipment	8.6	5.9
Financial assets	63.7	33.9
Tax assets	1.9	1.7
Prepaid expenses	1.2	1.1
Intangible assets	4.4	3.3
Other assets	9.2	8.3
Total assets	**440.9**	**396.3**
Loans and borrowings	0.0	0.1
Deposits from customers	298.0	271.0
Deposits from banks	7.6	2.6
Other liabilities	21.9	17.7
Total liabilities	**327.5**	**291.4**
Share capital	41.7	41.7
Retained earnings	68.4	59.8
Reserves	3.2	3.5
Total equity	**113.3**	**105.0**
Total shareholders' equity and liabilities	**440.9**	**396.3**

The cash figure is after the payment of a maiden dividend of €8 million in March 2019.
Financial assets include mainly government bonds held by TBI Bank for liquidity purposes.
TBI Bank's purchase of the Bulgarian online lending business (vivus.bg) is shown as an investment of €2.6 million in financial assets.

Loan portfolio

Below are TBI Bank's receivables, including accrued interest, split by consumer and SME customers as of the dates indicated.

	30 September 2019 (unaudited)	31 December 2018 (unaudited)	% Change
Gross receivables by type	*(in millions of €)*		
Consumer	263.0	247.7	6.2 %
SME (including financial leases)	74.0	62.3	18.8 %
Total gross receivables	**337.0**	**310.0**	**8.7%**
Provisions	(42.0)	(38.8)	8.2 %
Total net receivables	**295.0**	**271.2**	**8.8%**

As of 30 September 2019, consumer loans made up 78% of TBI Bank's gross loans, slightly down from 80% as of 31 December 2018. The overall loan portfolio has a roughly equal contribution from both Bulgaria and Romania.

The non-performing receivables ratios by loan type are shown below.

	Consumer	SME (incl. leases)	Overall
Non-performing receivables to gross receivables ratio	16.0%	17.9%	16.4%
Provision coverage (1)	88.7%	35.7%	75.8%

Note: (1) In addition to provisions, the SME receivables are backed by collateral with average loan-to-value of c.50%.

Customer deposits

TBI Bank's customer deposits and current accounts by client and type are shown below.

	30 September 2019 (unaudited)	31 December 2018 (unaudited)	% Change
	(in millions of €)		
Customer accounts of consumers	261.0	224.1	16.5 %
- Current accounts	24.0	21.3	12.7 %
- Term deposits	237.0	202.8	16.9 %
Customer accounts of SMEs	37.0	46.9	(21.1)%
- Current accounts	24.0	17.6	36.4 %
- Term deposits	13.0	29.3	(55.6)%

The reduction in customer accounts of SMEs during the Period was in line with expectations. The average interest rate paid on term deposits varies by type and currency, ranging from 0.5% to 3.0%. Deposit costs (excluding the state deposit guarantee fund annual charge) were 1.1% for the Period. The average remaining maturity of consumer term deposits is approximately 7 months, with strong roll-over rates. The increase in consumer term deposits in Q3 includes c.€6m of 2 and 3 year deposits gathered on the Raisin platform.

Capital and liquidity ratios

TBI Bank continues to have a strong capital and liquidity position. The table below shows TBI Bank's statutory capital and liquidity ratios as of 30 September 2019, which are after the adoption of the FY2018 profit into capital. Following the Bulgarian National Bank's supervisory review of the banking sector, the minimum capital adequacy ratio requirement for TBI Bank was increased from 13.5% to 14.25% during Q1 2019. This increased by a further 50bps to 14.75% in October 2019, and is expected to increase to 15.25% in Q2 2020 with the introduction of counter-cyclical buffers.

	Standalone	Consolidated
Common equity Tier 1 ratio	18.9%	19.9%
Capital adequacy	18.9%	19.9%
Liquidity ratio	30.7%	—
Liquidity coverage ratio	278.3%	291.3%

HISTORIC QUARTERLY RESULTS

For ease of reference, a summary income statement by quarter from Q3 2017 is presented below.

Income statement

(in millions of €)	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Interest Income	**113.5**	**120.8**	**123.2**	**122.3**	**116.1**	**113.7**	**106.5**	**106.9**	**105.7**
Interest Expense	(16.3)	(16.4)	(14.9)	(15.5)	(16.0)	(15.7)	(15.0)	(15.0)	(14.2)
Net Interest Income	**97.2**	**104.4**	**108.2**	**106.8**	**100.1**	**98.0**	**91.5**	**91.9**	**91.5**
Net F&C Income	3.2	3.0	2.3	2.3	2.7	2.3	2.1	1.9	2.4
Other operating income	2.4	2.3	2.1	2.3	2.2	2.5	2.2	2.2	2.1
Non-Interest Income	**5.6**	**5.4**	**4.4**	**4.6**	**4.9**	**4.8**	**4.3**	**4.0**	**4.5**
Operating Income	**102.8**	**109.8**	**112.6**	**111.4**	**105.0**	**102.7**	**95.7**	**95.9**	**96.0**
Total operating costs	**(54.2)**	**(64.0)**	**(61.0)**	**(59.0)**	**(51.0)**	**(53.7)**	**(49.8)**	**(50.3)**	**(48.1)**
Pre-provision operating profit	**48.7**	**45.8**	**51.6**	**52.4**	**54.0**	**49.0**	**45.9**	**45.6**	**48.0**
Net impairment charges	(30.1)	(34.4)	(36.4)	(26.9)	(30.5)	(29.1)	(32.4)	(28.1)	(31.9)
Post-provision operating profit	**18.5**	**11.4**	**15.2**	**25.6**	**23.4**	**19.9**	**13.5**	**17.5**	**16.1**
Depreciation and amortisation	(2.2)	(2.4)	(2.5)	(2.5)	(3.5)	(3.4)	(3.2)	(3.9)	(4.5)
Non-recurring income/(expense)	(0.6)	0.3	0.1	0.9	0.2	(1.5)	(0.1)	0.3	0.2
Net FX	(1.6)	(1.7)	2.4	(14.7)	(5.6)	5.3	1.6	1.5	(0.4)
One-off adj. of intangible assets	—	(46.1)	—	—	—	(6.7)	—	(0.2)	(0.1)
Pre-tax profit	**14.2**	**(38.5)**	**15.2**	**9.3**	**14.6**	**13.6**	**11.9**	**15.2**	**11.3**
Income tax expense	(4.5)	(12.5)	(4.6)	(3.1)	(6.2)	(10.1)	(6.2)	(5.8)	(5.4)
Net profit after tax	**9.7**	**(51.0)**	**10.6**	**6.1**	**8.3**	**3.4**	**5.7**	**9.4**	**5.8**
EBITDA	**32.7**	**(19.7)**	**32.6**	**27.2**	**34.0**	**32.7**	**30.1**	**34.0**	**30.0**
Adjusted EBITDA	**36.3**	**28.4**	**32.1**	**42.1**	**39.9**	**34.5**	**29.4**	**33.1**	**31.2**

Loan issuance

(in millions of €)

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Total value of online loans issued	**323.6**	**349.5**	**337.3**	**305.7**	**289.4**	**276.7**	**260.0**	**263.2**	**252.0**
Single Payment Loans (1)	243.9	256.9	237.2	222.1	206.4	195.1	179.3	186.6	183.8
Instalment Loans	45.2	55.2	63.0	45.4	44.0	44.1	46.3	44.9	33.8
Lines of Credit (2)	34.5	37.5	37.0	38.2	39.0	37.5	34.4	31.7	34.5
Total value of TBI Bank loans issued	**67.0**	**71.0**	**60.8**	**60.8**	**73.3**	**86.9**	**68.2**	**78.0**	**87.2**
SME	6.6	7.3	7.3	9.4	8.6	9.9	10.1	13.4	15.6
Consumer	60.4	63.8	53.5	51.4	64.6	77.0	58.1	64.6	71.5

Notes: (1) Reflects reclassification of 'Vivus' brand products in Denmark, Sweden and Armenia to Lines of Credit

(2) Includes Point of Sale Loans

Loan portfolio (receivables, including accrued interest)

(in millions of €)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Single payment loans (1)							
- Performing	180.2	163.7	153.4	142.0	132.0	131.8	129.9
- NPL (2)	55.8	53.4	39.7	40.8	36.2	37.9	44.8
- Total gross receivables	**236.0**	**217.0**	**193.1**	**182.8**	**168.2**	**169.7**	**174.7**
- Provisions	(72.1)	(69.9)	(53.1)	(51.2)	(46.9)	(49.1)	(55.8)
- Net receivables	**163.9**	**147.1**	**140.0**	**131.6**	**121.3**	**120.5**	**118.9**
- Provisions to gross receivables	30.5%	32.2%	27.5%	28.0%	27.9%	29.0%	31.9%
- Gross NPL ratio	23.6%	24.6%	20.6%	22.3%	21.5%	22.3%	25.7%
Instalment loans (3)							
- Performing	143.9	146.9	145.0	140.8	144.9	150.2	141.6
- NPL (2)	34.8	33.3	43.8	38.3	41.8	27.9	35.2
- Total gross receivables	**178.7**	**180.1**	**188.8**	**179.1**	**186.7**	**178.1**	**176.8**
- Provisions	(53.5)	(49.4)	(56.9)	(48.7)	(50.4)	(43.2)	(46.6)
- Net receivables	**125.2**	**130.7**	**131.9**	**130.4**	**136.3**	**134.9**	**130.3**
- Provisions to gross receivables	29.9%	27.4%	30.2%	27.2%	27.0%	24.3%	26.3%
- Gross NPL ratio	19.5%	18.5%	23.2%	21.8%	22.4%	15.7%	19.9%
Lines of Credit (4)							
- Performing	35.1	34.6	34.5	33.4	31.2	28.4	29.1
- NPL (2)	11.3	10.5	11.6	10.2	12.5	8.4	10.0
- Total gross receivables	**46.4**	**45.1**	**46.2**	**43.6**	**43.7**	**36.8**	**39.1**
- Provisions	(13.1)	(13.1)	(14.9)	(14.0)	(14.4)	(10.9)	(12.4)
- Net receivables	**33.3**	**32.0**	**31.2**	**29.6**	**29.3**	**25.9**	**26.7**
- Provisions to gross receivables	28.3%	29.1%	32.4%	32.1%	32.9%	29.6%	31.7%
- Gross NPL ratio	24.3%	23.3%	25.2%	23.4%	28.7%	22.8%	25.5%
Total Online receivables							
- Performing	359.2	345.1	332.9	316.2	308.1	310.4	300.7
- NPL (2)	101.9	97.1	95.1	89.3	90.6	74.1	90.0
- Total gross receivables	**461.1**	**442.3**	**428.1**	**405.4**	**398.6**	**384.5**	**390.6**
- Provisions	(138.7)	(132.5)	(125.0)	(113.9)	(111.8)	(103.2)	(114.7)
- Net receivables	**322.4**	**309.8**	**303.1**	**291.6**	**286.9**	**281.3**	**275.9**
- Provisions to gross receivables	30.1%	30.0%	29.2%	28.0%	28.0%	26.8%	29.4%
- Gross NPL ratio	22.1%	22.0%	22.2%	22.0%	22.7%	19.3%	23.0%
TBI Bank							
- Performing	217.2	218.2	229.3	252.3	249.0	258.7	274.8
- NPL (2)	37.3	43.6	41.7	47.6	52.1	49.8	53.5
- Total gross receivables	**254.5**	**261.8**	**271.0**	**299.9**	**301.1**	**308.5**	**328.3**
- Provisions	(27.8)	(34.4)	(33.2)	(38.3)	(40.3)	(38.5)	(41.4)
- Net receivables	**226.7**	**227.4**	**237.8**	**261.6**	**260.8**	**270.0**	**286.9**
- Provisions to gross receivables	10.9%	13.1%	12.2%	12.8%	13.4%	12.5%	12.6%
- Gross NPL ratio	14.7%	16.6%	15.4%	15.9%	17.3%	16.2%	16.3%

Notes: (1) Single Payment Loan portfolio shown in this table reflects the reclassification of 'Vivus' products in Sweden, Denmark and Armenia to Lines of Credit

(2) Non-performing amounts that are over 90 days past due (and, for TBI, shown on a customer level basis)

(3) Includes Near Prime Loans

(4) Includes Point of Sale Loans

Additional Key Performance Indicators

Profitability	9 months to 30 September 2019	9 months to 30 September 2018	12 months to 31 December 2018
ROAA, % * (1)	2.5%	5.6%	4.9%
ROAE, % * (2)	14.5%	37.5%	32.7%
ROATE, % *	26.5%	86.3%	71.9%
Interest Income / Average Interest Earning Assets, % (3)	59.0%	68.5%	67.5%
Interest Income / Average Gross Loan Portfolio, %	64.6%	74.4%	73.1%
Interest Income / Average Net Loan Portfolio, %	81.5%	95.6%	93.5%
Interest Expense / Interest Income, %	13.8%	12.8%	13.1%
Cost Of Funds, % (4)	7.2%	7.3%	7.4%
Cost Of Interest Bearing Liabilities, % (5)	8.1%	8.2%	8.4%
Net Spread, % (6)	50.9%	60.3%	59.1%
Net interest margin, % (7)			
- Online	81.1%	88.2%	88.9%
- TBI Bank	24.6%	28.0%	26.8%
- Overall group	55.1%	64.8%	63.5%
Net effective annualised yield (8)	77.1%	88.3%	88.2%
Net Fee & Commission Income / Total Operating Income, %	2.2%	2.2%	2.2%
Earnings Before Taxes / Average Total Assets, % *	5.2%	5.1%	5.9%
Efficiency			
Total Assets / Employee, (in thousands of €) *	363	342	336
Total Operating Income / Employee, (in thousands of €)	142	147	146
Cost / Income Ratio, % (9)	51.5%	52.0%	52.1%
Total Recurring Operating Costs / Average Total Assets, % *	20.0%	22.9%	22.9%
Total Operating Income / Average Total Assets, % *	38.9%	44.0%	44.0%
Personnel Costs / Total Recurring Operating Costs, %	48.8%	46.7%	46.2%
Personnel Costs / Total Operating Income, %	25.2%	24.3%	24.0%
Net Operating Income / Total Operating Income, % *	48.6%	48.0%	49.5%
Net Income (Loss) / Total Operating Income, % *	7.4%	7.6%	8.1%
Profit before tax (Loss) / Interest income, % *	11.1%	15.4%	15.2%
Liquidity			
Net Loan Receivables / Total Assets, % *	57.4%	52.8%	55.3%
Average Net Loan Receivables / Average Total Assets, % *	56.5%	53.7%	55.1%
Net Loan Receivables / Total Liabilities, %	69.9%	62.7%	66.2%
Interest Earning Assets / Total Assets, % *	74.3%	69.6%	71.3%
Average Interest Earning Assets / Average Total Assets, % *	73.1%	70.6%	71.7%
Liquid Assets / Total Assets, % * (10)	13.5%	22.5%	18.1%
Liquid Assets / Total Liabilities, %	16.4%	26.7%	21.6%
Total Deposits / Total Assets, % *	31.1%	27.8%	28.5%
Total Deposits / Total Liabilities, %	37.8%	33.0%	34.1%
Total Deposits / Shareholders' Equity, Times *	1.7x	1.8x	1.7x
Leverage (Total Liabilities / Equity), Times *	4.6x	5.4x	5.1x
Tangible Common Equity / Tangible Assets * (11)	11.2%	8.1%	8.8%
Tangible Common Equity / Net Receivables	18.0%	14.1%	14.6%
Net Loan Receivables / Equity, Times *	3.2x	3.4x	3.4x

Asset quality	9 months to 30 September 2019	9 months to 30 September 2018	12 months to 31 December 2018
Loan Loss Reserve / Gross Receivables from Clients, %	21.7%	22.6%	21.6%
Average Loan Loss Reserve / Average Gross Receivables from Clients, %	21.6%	22.8%	22.2%
Cost of risk, % (12)			
- Online	27.6%	23.7%	24.0%
- TBI Bank	4.3%	8.6%	8.0%
- Overall Group	17.3%	18.1%	17.7%
Gross NPL ratio, % (13)			
- Online	23.0%	22.2%	22.0%
- TBI Bank	16.3%	15.4%	15.9%
- Overall group	20.0%	19.6%	19.4%
Net impairment / Interest income, % (14)	29.0%	25.9%	25.9%
Credit Metrics			
Total Equity / Total Assets, % *	17.8%	15.7%	15.9%
Total Equity / Net Loan Receivables, % *	31.0%	29.7%	28.6%
Interest Coverage (‘basic’ EBITDA), Times	2.1x	2.0x	2.0x
Adjusted Interest Coverage, Times (15)	2.1x	2.5x	2.4x
TBI Bank consolidated capital adequacy, % (16)	19.9%	24.1%	22.4%

Selected Operating Data	30 September 2019	30 September 2018	31 December 2018
Total Employees	2,697	2,990	2,960

*Normalised ratios are 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.
All ratios are annualised where appropriate.
(1) Return On Average Total Assets (ROAA) equals Net Income of the period / Average Total Assets for the same period
(2) Return On Average Total Equity (ROAE) equals Net Income of the period / Average Total Equity for the same period
(3) Interest Earning Assets include: Placement with other banks and Gross Loan Receivables
(4) Cost Of Funds equals Interest Expense of the period / Average Total Liabilities for the same period
(5) Cost Of Interest-Bearing Liabilities equals Interest Expense of the period / Average Interest Bearing Liabilities for the same period; Interest bearing Liabilities include Loans and borrowings and Deposits from customers and banks
(6) Net Spread equals Interest Income of the period / Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities
(7) Net interest margin equals Net interest income / Average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
(8) Annualised interest income (excluding penalties) / Average net loan principal
(9) Cost to Income ratio equals Operating costs / Operating income (revenue)
(10) Liquid Assets / Total Assets; Liquid assets include Cash and cash equivalents and Placements with other banks
(11) Tangible Common Equity / Tangible Assets. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets
(12) Cost Of Risk (Receivables only) equals Net impairment charges / Average Gross Receivables for the same period
(13) Gross NPL ratio equals Non-performing receivables (including accrued interest) with a delay of over 90 days / Gross receivables (including accrued interest)
(14) Net impairment charges on loans and receivables / interest income
(15) Adjusted Interest Coverage for the Period equals Adjusted EBITDA / Interest expense
(16) TBI Bank (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

DEFINITIONS

Active customers – Online lending customers with open loans that are up to 30 days past due

Adjusted EBITDA – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortisation) 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 www.4finance.com

Adjusted interest coverage – Adjusted EBITDA / interest expense

Cost of risk – Annualised net impairment charges / 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

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 charges 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

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 provision coverage – Allowance account for provisions / 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)

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)

RECENT DEVELOPMENTS

Recent developments include significant and material information about the Group's development and any changes since its last quarterly report that was published on 29 August 2019.

Acquisitions and disposals

The Group acquired further 16.0 million shares in Oslo listed Norwegian digital bank BRAbank ASA for c.€2 million in September 2019. The shares were acquired by 4finance Holding S.A. in a private placement and currently bring the Group's total holding to approximately 8%.

Changes in management

Hermann Tischendorf joined the Group as Chief Technology Officer in September 2019. Hermann brings more than 25 years of experience from leading financial services companies in Austria, Russia, Kazakhstan and Vietnam. Prior to joining 4finance he was CIO at FE Credit, the biggest consumer lending organisation in Vietnam.

Regulatory changes

In Finland: the new regulatory changes that include an annual nominal interest rate cap at 20% and limits for various other fees came into force on 1 September 2019. The Group has adapted its products accordingly.

In Poland: the Competition and Consumer Protection Authority (UOKiK) is reviewing market practice for treatment of up-front loan fees in cases of early loan repayment. The Group has conducted reviews of its practices in this area, and had already adopted a partial refund approach in its Polish instalment loan product at the start of 2019.

Financing

The Group repurchased a further US$5 million of its 2022 Notes in October 2019 by way of market purchases at prices below par.

Corporate website: www.4finance.com

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