4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE NINE MONTHS ENDING 30 SEPTEMBER 2018

INTEREST INCOME UP 10%, ADJUSTED EBITDA €114.1 MILLION, STRONG INTEREST COVERAGE RATIO

14 November 2018. 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 2018 (the 'Period').

Operational Highlights

- Online loan issuance volume stable overall at €932.4 million (up 0.5% year-on-year) in the Period compared with €927.9 million in 9M 2017.
- Instalment Loan issuance volume up 42% year-on-year to €152.5 million from €107.5 million in 9M 2017.
- Single Payment Loan issuance volume down 8% year-on-year to €665.7 million, in line with expectations and reflecting greater focus on longer term products.
- Line of Credit issuance volume up 16% year-on-year to €114.3 million from €98.8 million in 9M 2017.
- The number of online lending active customers[(1)] was 0.44 million as of 30 September 2018 compared with 0.53 million a year ago.
- TBI Bank loan issuance volume during the Period grew by 12% year-on-year to €197.0 million from €175.9 million in 9M 2017.
- TBI Bank active borrowing customers reached 0.40 million, up 8% from a year ago, with 0.24 million current accounts as of 30 September 2018, up 35% from a year ago.

Financial Highlights

- Interest income up 10% year-on-year to €361.5 million in the Period compared with €327.2 million in the prior year period.
- Operating income (revenue) up 11% year-on-year to €328.6 million in the Period from €296.1 million in 9M 2017.
- Net receivables reached €540.8 million as of 30 September 2018, up 2% compared with 1 January 2018 opening balance.
- Pre-provision operating profit up 22% year-on-year to €157.6 million in the Period compared with €129.5 million in the prior year period.
- Foreign exchange movements resulted in a €17.9 million negative impact on profit before tax in the Period, due to Argentinian Peso depreciation, Polish Zloty weakness and a stronger US Dollar vs Euro during the Period.
- Adjusted EBITDA was €114.1 million for the Period, up 7% year-on-year, following another strong quarterly contribution in Q3 2018 and adjusted interest coverage for the Period increased to 2.5x.
- Profit before tax for the Period was €39.0 million, decreasing 21% year-on-year from €49.5 million in 9M 2017, reflecting FX losses and increased impairment charges, which are largely due to the transition to IFRS 9 and Instalment Loan issuance growth.
- Cost to income ratio for the Period was 52%, vs. 56% for 9M 2017, reflecting cost discipline and faster revenue growth.
- Improvement in asset quality following move to 360 DPD write-off, with an overall gross NPL ratio of 19.6% as of 30 September 2018 (22.2% for online) compared with 26.7% as of 31 December 2017 (33.5% for online).
- The annualised cost of risk for the online business was 23.7% for the Period, compared to 18.9% in 9M 2017, and in TBI Bank it was 8.6% for the Period, compared to 5.3% in 9M 2017. The increases reflect the impact of IFRS 9 and removal of 360-730 DPD online receivables.
- Operating cash flow before movements in portfolio and deposits was €211.2 million in the Period up from €175.6 million in the prior year period.

Note: (1) Online lending customers with open loans that are up to 30 days past due

Strategic Highlights

- Strong underlying customer demand for Instalment Loans, particularly in Poland and the Baltics. Continued selective approach to instalment loan sales and marketing in Q3, with issuance levels similar to Q2, to monitor portfolio performance and implement further product refinements.
- Ongoing migration of single payment loan customers to longer-term instalment or line of credit products in selected markets, with single payment loans now representing only 26% of the Group's net receivables.
- Continued development of near-prime products, with the pilot in Spain being extended, the Lithuanian near-prime lending business close to reaching a sustainable scale, and preparations for the pilot launch in Sweden underway.
- Continued focus on earlier debt collection and forward flow debt sales, underlining the robust value of the Group's loan portfolios and conservative nature of IFRS 9 provisioning.
- Ongoing review of each market to ensure the businesses meet our financial return criteria. Quarter-on-quarter reduction in interest income mainly due to wind down of certain markets/brands in Q2 and Q3, and financial impact has been offset by corresponding reduction in cost base.
- Acquisition of 9% stake in Norwegian digital bank Monobank ASA, announced on 7 November 2018, a digital bank focusing on consumer finance that has grown successfully and profitably in the Nordic region since launch in 2015.

Oyvind Oanes, CEO of 4finance, commented:

"These strong results, with Adjusted EBITDA up 7% year-on-year, demonstrate solid profitability despite challenging conditions in some markets. As indicated last quarter, we continue to be disciplined about which products and markets we invest in. Whilst these decisions have resulted in a lower rate of revenue growth, they have improved our cost efficiency and profitability.

"We continue to evolve and broaden our business model. This means developing our traditional single payment loan products into instalment loans and lines of credit in some markets, and continuing to advocate for appropriate and evidence-based regulation of sub-prime consumer lending. And it means gradually diversifying into the near-prime segment, as we are already doing in Lithuania with our existing Vivus brand, in Spain in partnership with mobile app Fintonic and will be piloting in Sweden with a new brand, as well as with TBI Bank, which lends predominantly to near-prime clients. Our recent investment in exciting Nordic digital bank Monobank is also part of this approach and is the first step in exploring a potential cooperation.

"We will be sorry to say goodbye to Daniel Stenberg, our Regional Manager for Nordics & Baltics, who steps down in January. Having started our Swedish business nearly 10 years ago, Daniel leaves us with a strong regional presence that is well positioned for the future. I remain convinced of the great opportunity we have there and across the business at 4finance to build a multi-segment, multi-product, consumer credit specialist."

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Conference call

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

A transcript of the conference call 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 €6 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 (UK) and Miami (USA), and currently operates in 12 countries in Europe plus 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 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.

Inside information

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

Key Financial Ratios

	Nine months ending 30 September 2018	Nine months ending 30 September 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
Capitalisation				
Net receivables (€m), (1) of which:	540.8	555.8	591.2	492.3
- Principal	514.4	na	556.7	na
- Accrued interest	26.5	na	34.5	na
Total assets (€m)	1,023.8	1,086.5	1,026.9	929.8
Total equity (€m)	160.7	258.6	189.4	226.1
Equity / assets (2)	15.7%	23.8%	18.4%	24.3%
Equity / net receivables (3)	29.7%	46.5%	32.0%	45.9%
Adjusted interest coverage (4)	2.5x	2.4x	2.2x	3.6x
TBI Bank consolidated capital adequacy (5)	24.1%	24.1%	23.2%	24.0%
Profitability				
Net interest margin: (6)				
- Online	88.2%	66.2%	66.1%	74.7%
- TBI Bank	28.0%	26.3%	26.7%	23.6%
- Overall group	64.8%	54.2%	54.1%	65.0%
Cost / income ratio (7)	52.1%	56.3%	57.8%	51.2%
Post-provision operating profit margin (8)	17.6%	16.0%	14.2%	22.7%
Normalised Profit before tax margin (9)	10.8%	15.1%	12.7%	20.6%
Normalised Return on average equity (10)	22.5%	19.6%	14.7%	31.6%
Normalised Return on average assets (11)	3.3%	4.7%	3.4%	9.2%
Asset quality				
Cost of risk: (12)				
- Online	23.7%	18.9%	20.8%	19.6%
- TBI Bank	8.6%	5.3%	3.9%	3.1%
- Overall group	18.1%	14.8%	15.6%	17.3%
Gross NPL ratio: (13)				
- Online	22.2%	36.9%	33.5%	42.0%
- TBI Bank	15.4%	10.3%	12.7%	10.9%
- Overall group	19.6%	28.5%	26.7%	33.1%
Net impairment / interest income (14)	25.9%	23.6%	24.0%	22.8%

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 the one-off adjustments to intangible assets in Q4 2017 (for 2017 ratios) and adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects (for 2018 ratios).

(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 divided by average gross loan principal (for 2018 ratios) or receivables (for prior periods).
(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). The TBI Bank figure for FY 2016 refers to Q4 2016 annualised.
(13) 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.

FINANCIAL REVIEW

Income Statement

The table below sets out the condensed consolidated statement of profit and loss for the nine months ending 30 September 2018 and 30 September 2017. 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 have been moved lower down to better reflect operating results.

	9 months to 30 September		
	2018 (unaudited)	**2017 (unaudited)**	**% change**
	(in millions of €)		
Interest Income	361.5	327.2	+10 %
Interest Expense	(46.3)	(45.5)	+2 %
Net Interest Income	**315.1**	**281.6**	**+12 %**
Net F&C Income	7.3	7.7	(4)%
Other operating income	6.1	6.8	(10)%
Non-Interest Income	**13.5**	**14.5**	**(7)%**
Operating Income	**328.6**	**296.1**	**+11 %**
Total operating costs	**(171.0)**	**(166.7)**	**+3 %**
Pre-provision operating profit	**157.6**	**129.5**	**+22 %**
Net impairment charges	(93.8)	(77.1)	+22 %
Post-provision operating profit	**63.8**	**52.4**	**+22 %**
Depreciation and amortisation	(8.5)	(6.4)	+32 %
Non-recurring income/(expense)	1.6	5.8	(72)%
Net FX gain/(loss)	(17.9)	(2.3)	nm
Profit before tax	**39.0**	**49.5**	**(21)%**
Income tax expense	(13.9)	(13.7)	+2 %
Net profit/(loss) after tax	**25.1**	**35.8**	**(30)%**

Interest income

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

	9 months to 30 September		
	2018	**2017**	**% change**
Online lending	*(in millions of €, except percentages)*		
Total value of loans issued	932.4	927.9	0 %
Average net receivables, of which:	304.8	331.2	(8)%
- Principal	284.3	na	
- Accrued interest	20.5	na	
Annualised interest income yield on net portfolio [1]	144%	114%	
Interest income from online lending	306.2	283.0	+8 %
Banking operations			
Average net receivables, of which:	230.1	193.6	+19 %
- Principal	224.2	na	
- Accrued interest	5.9	na	
Annualised interest income yield on net portfolio [1]	33%	30%	
Interest income from banking operations [2]	55.3	44.2	+25 %

Notes: (1) Current Period yields based on average net loan principal only. Prior period yields based on average net receivables (including accrued interest)
(2) See appendix for full TBI Bank income statement

Interest income for the Period was €361.5 million, a 10% increase compared with €327.2 million for the nine months ending 30 September 2017. Growth in interest income from online lending was 8%, reflecting the 8% decrease in the average balance of net receivables and a higher average interest yield (both of which are largely caused by the introduction of IFRS 9 as of 1 January 2018).

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

Interest expense

Interest expense for the Period was €46.3 million, a 2% increase compared with €45.5 million for the nine months ending 30 September 2017. This increase is mainly due to the US$ bond issuance and refinancing in April 2017, with some of the increase offset by a weaker US$ to EUR exchange rate. The write-off of deferred expenses in connection with the US$ bonds at year end 2017 has also slightly reduced the interest expense for the Period, as has repayment of small amounts of debt in Friendly Finance and Sweden.

Non-interest income

Non-interest income for the period was €13.5 million, a 7% decrease compared with €14.5 million reported for the nine months ending 30 September 2017. The net fee and commission income generated by TBI Bank, primarily fees from insurance sales to its customers, was stable year-on-year. The reduction in other operating income was due to lower balances of related party loans during Q2 2018.

Total operating costs

Total operating costs reported for the Period were €171.0 million, a 3% increase compared with €166.7 million reported for the nine months ending 30 September 2017. The year-on-year growth in costs continues to be lower than the rate of revenue growth, reflecting our focus on marketing efficiency, cost discipline and the results of strategic cost initiatives put in place during 2017. Costs for the third quarter were €8.0 million lower than Q2, mainly due to personnel reductions in markets where we have ceased operations, and a seasonal reduction in marketing spend, although this is expected to increase again in Q4.

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	
	2018	**2017**
	(in millions of €)	
Personnel costs	79.8	69.0
Marketing and sponsorship	33.2	40.0
Legal and consulting	6.3	8.4
IT expenses (including R&D)	16.6	13.3
Debt collection costs	4.9	6.3
Rent and utilities	5.7	5.4
Application processing costs	5.3	5.1
Bank services	3.1	3.1
Communication expenses	2.7	3.2
Taxes	2.9	2.4
Travel	1.4	1.5
Other	9.0	8.9
Total	**171.0**	**166.7**
Of which:		
Friendly Finance	8.6	10.2
TBI Bank	30.6	28.7
4finance excl. acquisitions	131.8	127.8

For the nine months of 2018 and 2017, marketing and sponsorship costs accounted for 19% and 24% respectively, and personnel costs accounted for 47% and 41%, respectively, of total operating costs. The cost to income ratio for the Period was 52%, an encouraging improvement from 56% in 9M 2017. The Q3 2018 ratio of 49% was a further sequential improvement from 53% in Q2 2018.

Pre-provision operating profit

For the reasons stated above, the Group’s pre-provision operating profit for the Period was €157.6 million, a 22% increase compared with €129.5 million for the nine months ending 30 September 2017.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €93.8 million, a 22% increase compared with €77.1 million for the nine months ending 30 September 2017. The IFRS 9 expected loss methodology for provisioning, including the move to 360 DPD write-off (from 730 DPD), was adopted as of 1 January 2018 and significantly impacts the comparison compared to prior periods. Greater provisions are now made earlier in the lifecycle of a loan. This impact is particularly pronounced for growing portfolios, so the strong instalment loan origination during the first quarter resulted in higher gross provisions both on initial issuance and as those started to season in Q2 and Q3. TBI Bank saw elevated provisions in its Romanian consumer portfolio in the first two quarters of 2018, but these have normalised in Q3.

The third quarter net impairment charge of €30.5 million is consistent with the quarterly average for Q1 and Q2, with slightly lower gross provisioning but also lower net proceeds from portfolio sales (i.e. above their net carrying amount) in the online business. TBI Bank had net proceeds from portfolio sales of €1.9 million in Q3, lowering its net impairment charge.

	9 months to 30 September	
	2018	**2017**
	(in millions of €)	
Impairment charges on loans	137.5	96.9
Over provision on debt portfolio (portfolio sale net proceeds)	(28.8)	(12.3)
Recovery from written-off loans	(14.9)	(7.5)
Net impairment charges	**93.8**	**77.1**

Overall net impairment charges represented 26% of interest income for the Period, an increase from 24% last year. The net impairment charges for the online business compared to average online gross receivables, i.e. cost of risk, also increased to 24% in the Period from 19% last year. This is impacted by the reduction in gross receivables due to the move to 360 DPD write-off.

Non-recurring income/(expense)

Net non-recurring income for the Period was €1.6 million, mainly from TBI Bank. For the nine months ending 30 September 2017, net non-recurring income was €5.8 million. The majority of the non-recurring income in the prior year period was due to TBI Bank, mainly portfolio sale gains (which were reclassified as debt sale proceeds within the 'net impairment charges' line in the audited 2017 results) and rental income (business sold in Q3 2017). The net impact of foreign exchange changes are shown in separate lines.

Net FX gain/(loss)

The foreign exchange loss for the Period was €17.9 million. Although reduced from the €14.7 million loss in Q2, there was an accounting loss in Q3 of €5.6 million due to FX movements. 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 €39.0 million, a 21% decrease compared with €49.5 million for the nine months ending 30 September 2017. The profit before tax margin was 11% for the Period, a reduction from 15% for the nine months ending 30 September 2017.

Corporate income tax

The Group's corporate income tax expense was €13.9 million for the Period, compared with €13.7 million for the nine months ending 30 September 2017.

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

	9 months to 30 September	
	2018	**2017**
	(in millions of €)	
Current tax	20.7	25.0
Deferred tax	(6.8)	(11.3)
Total	**13.9**	**13.7**

The effective tax rate for the Period was 36%, an increase compared with 28% for the nine months ending 30 September 2017.

Profit/(loss) for the period

For the reasons stated above, profit for the Period was €25.1 million, compared with a profit of €35.8 million for the nine months ending 30 September 2017.

Other financial data – EBITDA and Adjusted EBITDA

	Nine months ending 30 September 2018	Nine months ending 30 September 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
		(in millions of €)		
Profit for the period	25.1	35.8	(16.8)	63.2
Provision for corporate income tax	13.9	13.7	27.6	17.8
Interest expense	46.3	45.5	61.9	38.7
Depreciation and amortisation	8.5	6.4	9.0	5.1
EBITDA	**93.8**	**101.4**	**81.7**	**124.9**
Adjustments	20.3	5.7	53.7	12.5
Adjusted EBITDA (1)	**114.1**	**107.1**	**135.4**	**137.4**

	Nine months ending 30 September 2018	Nine months ending 30 September 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
		(in millions of €)		
Summary breakdown of Adjustments to EBITDA				
Discontinued operations	(0.1)	—	—	—
Net FX impact	17.9	2.3	4.0	7.3
One-off costs and other prescribed adjustments	2.5	3.3	3.6	5.2
One-off write-down of intangible assets	—	—	46.1	—
Total	**20.3**	**5.7**	**53.7**	**12.5**

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. Given the substantial adjustments due to IFRS 9 adoption at year-end 2017, a pro-forma balance sheet is shown to illustrate the effective 'opening balance' of various line items at the start of the Period.

	30 September 2018 (unaudited)	1 January 2018 (post IFRS 9)	31 December 2017
	(in millions of €)		
Cash and cash equivalents, of which:	**217.0**	**154.9**	**154.9**
- Online	107.8	65.8	65.8
- TBI bank	109.2	89.2	89.2
Placement with other banks	13.8	7.0	7.0
Gross receivables due from customers	699.0	686.4	761.3
Allowance for impairment	(158.2)	(157.5)	(170.1)
Net receivables due from customers, of which:	**540.8**	**529.0**	**591.2**
- Principal	514.4	502.6	556.7
- Accrued Interest	26.5	26.4	34.5
Net investments in finance leases	8.0	10.5	10.5
Net loans to related parties	64.2	65.7	66.6
Property and equipment	9.0	10.1	10.1
Financial assets available for sale	19.0	18.4	18.4
Prepaid expenses	7.4	10.8	10.8
Tax assets	16.6	21.5	20.7
Deferred tax assets	37.1	33.3	29.4
Intangible IT assets	26.0	28.6	28.6
Goodwill	21.4	21.4	21.4
Other assets	43.6	57.3	57.3
Total assets	**1,023.8**	**968.4**	**1,026.9**
Loans and borrowings	477.2	465.0	470.2
Deposits from customers	285.1	271.0	271.0
Deposits from banks	17.9	—	—
Corporate income tax payable	12.1	19.8	19.8
Other liabilities	70.8	76.5	76.5
Total liabilities	**863.2**	**832.3**	**837.5**
Share capital	35.8	35.8	35.8
Retained earnings	152.1	135.0	188.3
Reserves	(27.2)	(32.3)	(32.3)
Total attributable equity	**160.6**	**138.5**	**191.8**
Non-controlling interests	0.1	(2.4)	(2.4)
Total equity	**160.7**	**136.2**	**189.4**
Total shareholders' equity and liabilities	**1,023.8**	**968.4**	**1,026.9**

Assets

The Group had total assets of €1,023.8 million as of 30 September 2018, compared with €1,026.9 million as of 31 December 2017. The decrease mainly reflects the IFRS 9 adjustments to opening balances, followed by growth in net receivables and cash during the Period. Cash balances increased in the Period both in the online business, with strong cash generation in Q2 and Q3 2018, and in TBI Bank, with increased deposits from customers and banks.

Loan portfolio

As of 30 September 2018, the Group's net receivables equaled €540.8 million, compared with €591.2 million as of 31 December 2017, representing a decrease of €50.3 million, or 9%. Excluding the IFRS 9 opening balance adjustment, net receivables increased by €11.8 million or 2%. The increase was mainly from growth in online instalment loans, which has offset a reduction in shorter term online loans. Additionally, increased debt sales activity has reduced our online non-performing loan portfolio, with €82.7 million of gross receivables (€32.3 million net) sold in the Period compared with €58.3 million of gross receivables (€16.1 million net) in 9M17. The net receivables include €4.2 million from Friendly Finance (reflecting the withdrawal of those brands in some markets) and €237.8 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 (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 (vs receivables in prior quarters) 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). Note that the 31 December 2017 data is prior to the IFRS 9 opening balance adjustments.

Principal	**30 September 2018**				**31 December 2017**			
	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	309.5	(48.8)	260.8	79.1 %	317.7	(30.2)	287.5	68.1 %
Non-performing [1]	82.0	(60.0)	22.0	20.9 %	148.8	(98.3)	50.5	31.9 %
Online total	**391.5**	**(108.8)**	**282.7**	**100.0%**	**466.5**	**(128.6)**	**337.9**	**100.0%**
TBI Bank principal								
Performing	223.4	(9.7)	213.7	84.6 %	209.0	(4.3)	204.7	87.3 %
Non-performing [1]	40.6	(22.6)	18.0	15.4 %	30.3	(16.2)	14.1	12.7 %
TBI Bank total	**264.0**	**(32.3)**	**231.6**	**100.0%**	**239.3**	**(20.5)**	**218.8**	**100.0%**
Overall principal								
Performing	532.9	(58.5)	474.4	81.3 %	526.7	(34.5)	492.2	74.6 %
Non-performing [1]	122.6	(82.6)	39.9	18.7 %	179.1	(114.5)	64.6	25.4 %
Overall total	**655.5**	**(141.1)**	**514.4**	**100.0%**	**705.8**	**(149.0)**	**556.7**	**100.0%**

Note: (1) Non-performing amounts are over 90 days past due

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. As noted in the Q2 report, the Group's "Vivus" brand portfolios in Denmark, Sweden and Armenia have been reclassified to Lines of Credit (from Single Payment Loans) to match the current product features in those markets.

	30 September 2018		**31 December 2017**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Online performing gross principal by product:	*(in millions of €, except percentages)*			
Single Payment Loans	139.9	45.2 %	172.5	54.3 %
Instalment Loans	138.0	44.6 %	112.8	35.5 %
Lines of Credit	31.3	10.1 %	31.6	9.9 %
Point of Sale Loans	0.3	0.1 %	0.8	0.2 %
Total online gross performing principal	**309.5**	**100.0%**	**317.7**	**100.0%**

Online non-performing loan portfolio

As of 30 September 2018, the Group's non-performing online principal was €82.0 million, a decrease of €66.8 million, or 45%, since 31 December 2017. This is mainly due to the change to 360 DPD write-off period at the end of 2017. Excluding this effect and starting from 1 January 2018, there was a decrease of €2.0 million, or 2%, over the Period. Following this write-off period change, the Group now reports its NPL ratios in the standard balance sheet manner, rather than comparing NPLs to loans sold during the prior 2 year period. The gross NPL ratio was 22% for online receivables as of 30 September 2018, unchanged from 30 June 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 €13.2 million, or 16%, additional 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. Given the substantial impact of the change in write-off period at year-end 2017, opening balance figures are also shown.

	30 September 2018	1 January 2018 (post IFRS 9)	31 December 2017
	(in millions of €, except percentages)		
Non-performing online principal by product:			
Single Payment Loans	36.4	50.0	94.7
Instalment Loans	35.0	24.4	41.3
Lines of Credit	10.4	9.4	12.7
Point of Sale Loans	0.2	0.1	0.1
Total non-performing online principal	**82.0**	**84.0**	**148.8**
Allowance for NPL principal	60.0	66.5	98.3
Allowance for NPL principal / non-performing principal	73 %	79 %	66 %
Overall receivables allowance / NPL receivables coverage ratio	131 %	138 %	86 %
Average Loss Given Default rate	77 %	78 %	54 %

Other assets

A breakdown of the Group's other assets is presented in the table below. In October 2017 the Group made a prepayment of US$25 million for a potential investment which it decided subsequently not to pursue. This was fully repaid during the first half of 2018. The increase in other non-customer receivables from suppliers during the Period is primarily due to debt sales in Spain and TBI Bank close to the end of the Period.

	30 September 2018	31 December 2017
	(in millions of €)	
Receivable relating to prepayment	—	21.4
FX hedging - funds on margin	11.5	8.9
Non-current assets held for sale	5.3	7.6
Receivables from suppliers	6.3	6.2
Security deposits	1.3	1.7
Investments in associates	1.7	1.7
Derivatives	0.3	0.4
Other non-customer receivables	17.1	9.4
Total	**43.6**	**57.3**

Liabilities

The Group had total liabilities of €863.2 million as of 30 September 2018, compared with €837.5 million as of 31 December 2017, representing an increase of €25.7 million.

Loans and borrowings

As of 30 September 2018, the Group had loans and borrowings of €477.2 million, compared with €470.2 million as of 31 December 2017. The Group's loans and borrowings accounted for 55% of total liabilities as of 30 September 2018 and 56% of total liabilities as of 31 December 2017. The following table sets out the loans and borrowings by type. The Group continues to optimise its funding by repaying debt at local subsidiary level and retains the flexibility to use excess liquidity to make limited repurchases of its bonds, with US$10 million of the 2022 Notes repurchased by 4finance S.A. in July 2018.

	30 September 2018	31 December 2017
	(in millions of €)	
4finance Notes	476.5	465.4
TBI Bank	0.1	0.3
Loans from bank	0.0	0.2
Other (1)	0.6	4.3
Total loans and borrowings (2)	**477.2**	**470.2**

Notes:
(1) ‘Other’ consists primarily of loans in Sweden
(2) 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 are listed on the Irish Stock Exchange and are senior to all of the Group’s future subordinated debt. The 2019 Notes will mature in August 2019. Following the tender offer conducted in April, an amount of US$68 million remains outstanding.

In May 2016, 4finance S.A. issued €100.0 million of 11.25% notes (the *'2021 Notes'*) which are senior to all of the Group's future subordinated debt. 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 2021 Notes were issued at par. The 2021 Notes will mature in May 2021 and are currently callable at 106% and then 104% from the end of November 2018.

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 via 'interest expense'). The 2022 Notes are first callable at 105.4% from May 2019.

Customer deposits

As of 30 September 2018, the Group had total customer deposits of €285.1 million. Banking operations contributed €271.0 million in deposits at an average cost of approximately 1.3% with the balance from 4spar in Sweden at an average cost of 7.4%. 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.

	30 September 2018	31 December 2017
	(in millions of €, except percentages)	
Accrued expenses	21.5	19.3
Accounts payable to suppliers	8.8	14.5
FX hedging liability	8.8	13.8
Taxes payable	6.9	6.9
Provisions for unused vacations	1.9	2.0
Other liabilities	22.9	20.0
Total	**70.8**	**76.5**

Equity

As of 30 September 2018, the Group’s total equity amounted to €160.7 million, compared with €189.4 million as of 31 December 2017, representing a decrease of €28.7 million, or 15%. This represents the initial IFRS 9 opening balance adjustment of €53 million in total plus the impact of profit generation during the Period. The Group's equity to assets ratio as of 30 September 2018 was 16%.

The equity to net receivables ratio as of 30 September 2018 was 30%, 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 2018 were €16.9 million. This includes TBI Bank’s undrawn lending commitments of €12.6 million and financial guarantees €0.5 million plus €3.8 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 2018	9 months to 30 September 2017	Year to 31 December 2017
		(in millions of €)	
Cash flows from operating activities			
Profit before taxes	**39.0**	**49.5**	**10.7**
Adjustments for:			
Depreciation and amortisation	8.4	6.4	8.3
Impairment of goodwill and intangible assets	—	—	25.9
Net (gain) / loss on foreign exchange from borrowings and other monetary items	18.8	(24.8)	(30.1)
Impairment losses on loans	137.5	96.9	136.5
Reversal of provision on debt portfolio sales	(28.8)	(12.3)	(18.9)
Write-off and disposal of intangible and property and equipment assets	0.7	1.5	11.4
Provisions	(0.1)	(0.4)	(0.2)
Interest income from non-customers loans	(6.1)	(6.8)	(9.2)
Interest expense on loans and borrowings and deposits from customers	46.3	45.5	61.9
Non-recurring finance cost	—	—	6.3
Other non-cash items	2.5	—	0.4
Profit before adjustments for the effect of changes to current assets and short-term liabilities	218.3	155.5	203.1
Adjustments for:			
Change in financial instruments measured at fair value through profit or loss	(4.9)	22.4	24.6
(Increase)/decrease in other assets (including TBI statutory reserve, placements & leases)	(1.8)	(2.2)	(7.4)
Increase/(decrease) in accounts payable to suppliers, contractors and other creditors	(0.5)	(0.1)	7.6
Operating cash flow before movements in portfolio and deposits	**211.2**	**175.6**	**227.9**
Increase in loans due from customers	(187.2)	(179.9)	(267.2)
Proceeds from sale of portfolio	61.1	33.3	54.2
Increase in deposits from customers	31.6	26.5	33.8
Deposit interest payments	(2.6)	(3.1)	(4.5)
Gross cash flows from operating activities	**114.1**	**52.4**	**44.2**
Corporate income tax paid	(23.2)	(24.3)	(33.6)
Net cash flows from operating activities	**90.9**	**28.1**	**10.5**
Cash flows used in investing activities			
Purchase of property and equipment and intangible assets	(5.0)	(12.8)	(13.1)
Loans issued to related parties	(2.3)	(0.6)	(4.3)
Loans repaid from related parties	7.4	2.3	10.9
Interest received from related parties	2.5	1.0	1.8
Disposal of subsidiaries, net of cash disposed	(0.1)	—	—
Acquisition of equity investments	—	(4.5)	(4.4)
Acquisition of non-controlling interests	(2.4)	—	—
Acquisition of subsidiaries, net of cash acquired	—	—	0.0
Prepayment for potential investment	20.8	—	(20.8)
Net cash flows from investing activities	**21.0**	**(14.5)**	**(30.0)**
Cash flows from financing activities			
Loans received and notes issued	0.5	299.9	163.7
Repayment and repurchase of loans and notes	(13.4)	(173.7)	(58.0)
Interest payments	(29.6)	(30.6)	(51.6)
Costs of notes issuance and premium on repurchase of notes	(0.1)	(19.2)	(5.8)
FX hedging margin	(2.7)	(14.0)	(8.8)
Dividend payments	(0.1)	(10.0)	(26.0)
Net cash flows used in financing activities	**(45.5)**	**52.4**	**13.5**
Net increase/(decrease) in cash and cash equivalents	**66.4**	**66.0**	**(6.1)**
Cash and cash equivalents at the beginning of the period	**131.9**	**137.0**	**137.0**
Effect of exchange rate fluctuations on cash	(0.6)	1.0	1.0
Cash and cash equivalents at the end of the period	**197.7**	**204.0**	**131.9**
TBI Bank minimum statutory reserve	**19.3**	**23.0**	**23.0**
Total cash on hand and cash at central banks	**217.0**	**227.1**	**154.9**

Net cash flows from operating activities in the Period were €90.9 million compared with €28.1 million in the same period last year, mainly due to greater loan portfolio income and greater proceeds from debt sales. Net cash from investing activities was €21.0 million in the Period due to the return of the US$25 million prepayment made in Q4 2017 and early repayment of the Piressa related party loan in Q1 2018. The Group's cash flows used in financing activities reflected the bond coupon payments in Q2 2018 and the repurchase of some of its 2022 Notes in Q3 2018.

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 2018 and nine months ending 30 September 2017.

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.

	30 September 2018	**30 September 2017**
	(unaudited, in millions of €)	*(unaudited, in millions of €)*
Interest Income	54.9	44.5
Interest Expense	(2.2)	(3.0)
Net Interest Income	**52.8**	**41.6**
Net F&C Income	7.5	7.7
Other operating income	0.4	0.4
Non-Interest Income	**7.9**	**8.1**
Operating Income	**60.7**	**49.6**
Total operating costs	**(30.7)**	**(27.1)**
Pre-provision operating profit	**30.0**	**22.5**
Net impairment charges	(16.7)	(4.4)
Post-provision operating profit	**13.3**	**18.1**
Depreciation and amortisation	(0.9)	(1.6)
Non-recurring income/(expense)	0.8	2.2
Net FX gain/(loss)	(0.9)	(0.4)
Pre-tax profit	**12.3**	**18.3**
Income tax expense	(1.7)	(2.6)
Net profit after tax	**10.6**	**15.6**

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 2018	**31 December 2017**
	(unaudited, in millions of €)	***(unaudited, in millions of €)***
Cash and cash equivalents	109.2	89.0
Placement with other banks	13.8	7.0
Gross receivables due from customers	273.1	247.7
Allowance for impairment	(33.2)	(21.0)
Net receivables due from customers	**239.9**	**226.7**
Net investments in finance leases	9.3	12.1
Property and equipment	5.7	5.9
Financial assets	14.9	13.6
Tax assets	0.8	0.6
Prepaid expenses	1.0	0.5
Intangible assets	2.7	1.8
Other assets	11.6	9.3
Total assets	**408.9**	**366.5**
Loans and borrowings	0.1	0.3
Deposits from customers	271.0	257.1
Deposits from banks	17.9	—
Other liabilities	17.9	15.1
Total liabilities	**306.9**	**272.5**
Share capital	41.7	41.7
Retained earnings	56.6	48.2
Reserves	3.7	4.0
Total equity	**102.0**	**93.9**
Total shareholders' equity and liabilities	**408.9**	**366.5**

Loan portfolio

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

	30 September 2018	31 December 2017	% Change
	(unaudited, in millions of €)	*(unaudited, in millions of €)*	
Consumer	222	201	11 %
SME (including financial leases)	61	60	2 %
Total gross receivables	**283**	**260**	**9%**
Provisions	(34)	(22)	57 %
Total net receivables	**249**	**239**	**—**

As of 30 September 2018, consumer loans made up 78% of TBI Bank's gross loans, up slightly from 77% as of 31 December 2017. 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	13.5%	16.8%	14.1%
Provision coverage(1)	103.0%	28.9%	84.3%

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 2018	31 December 2017	% Change
	(unaudited, in millions of €)	*(unaudited, in millions of €)*	
Customer accounts of consumers	219	203	8 %
- Current accounts	20	18	8 %
- Term deposits	199	185	8 %
Customer accounts of SMEs	52	54	(4)%
- Current accounts	19	20	(5)%
- Term deposits	33	34	(4)%

The average interest rate paid on term deposits varies by type and currency, ranging from 0.1% to 3.3%. Deposit costs decreased in 9M 2018 to 1.0%, representing lower rates in Bulgaria. The average remaining maturity of consumer term deposits is approximately 6 months, with strong roll-over rates.

Capital and liquidity ratios

TBI Bank continues to have a very strong capital and liquidity position. The table below shows TBI Bank's statutory capital and liquidity ratios as of 30 September 2018. The capital ratios have improved slightly since the end of 2017 following adoption of the 2017 audited profit as retained earnings, offset by growth in the loan portfolio during the Period.

	Standalone	Consolidated
Common equity Tier 1 ratio	22.8%	24.1%
Capital adequacy	22.8%	24.1%
Liquidity ratio	40.3%	—

HISTORIC QUARTERLY RESULTS

For ease of reference, a summary income statement by quarter from Q3 2016 is presented below.

Income statement

(in millions of €)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Interest Income	**104.5**	**105.9**	**104.7**	**108.9**	**113.5**	**120.8**	**123.2**	**122.3**	**116.1**
Interest Expense	(10.5)	(12.5)	(13.3)	(15.9)	(16.3)	(16.4)	(14.9)	(15.5)	(16.0)
Net Interest Income	**94.0**	**93.4**	**91.4**	**93.0**	**97.2**	**104.4**	**108.2**	**106.8**	**100.1**
Net F&C Income	2.1	1.1	2.0	2.4	3.2	3.0	2.3	2.3	2.7
Other operating income	1.5	1.8	2.2	2.3	2.4	2.3	2.1	2.0	2.0
Non-Interest Income	**3.5**	**2.9**	**4.2**	**4.7**	**5.6**	**5.4**	**4.4**	**4.3**	**4.8**
Operating Income	**97.5**	**96.3**	**95.6**	**97.7**	**102.8**	**109.8**	**112.6**	**111.1**	**104.9**
Total operating costs	**(49.1)**	**(53.7)**	**(55.7)**	**(56.9)**	**(54.2)**	**(64.0)**	**(61.0)**	**(59.0)**	**(51.0)**
Pre-provision operating profit	**48.5**	**42.6**	**39.9**	**40.9**	**48.7**	**45.8**	**51.6**	**52.1**	**53.8**
Net impairment charges	(20.7)	(23.5)	(23.7)	(23.3)	(30.1)	(34.4)	(36.4)	(26.9)	(30.5)
Post-provision operating profit	**27.8**	**19.1**	**16.2**	**17.6**	**18.5**	**11.4**	**15.2**	**25.2**	**23.3**
Depreciation and amortisation	(1.5)	(1.9)	(2.0)	(2.2)	(2.2)	(2.4)	(2.5)	(2.5)	(3.5)
Non-recurring income/(expense)	0.9	2.8	4.4	2.0	(0.6)	0.3	—	1.2	0.4
Net FX	(3.2)	(1.5)	(1.6)	0.9	(1.6)	(1.7)	2.4	(14.7)	(5.6)
One-off adj. of intangible assets	—	—	—	—	—	(46.1)	—	—	—
Pre-tax profit	**24.0**	**18.4**	**17.0**	**18.3**	**14.2**	**(38.5)**	**15.2**	**9.3**	**14.6**
Income tax expense	(5.9)	(4.4)	(4.6)	(4.6)	(4.5)	(12.5)	(4.6)	(3.1)	(6.2)
Net profit after tax	**18.1**	**14.0**	**12.4**	**13.7**	**9.7**	**(51.0)**	**10.6**	**6.1**	**8.3**
EBITDA	**36.0**	**32.8**	**32.3**	**36.4**	**32.7**	**(19.7)**	**32.6**	**27.2**	**34.0**
Adjusted EBITDA	**39.7**	**35.6**	**34.9**	**35.8**	**36.3**	**28.4**	**32.1**	**42.1**	**39.9**

Loan issuance

Total value of online loans issued	**302.3**	**315.3**	**302.7**	**301.6**	**323.6**	**349.5**	**337.3**	**305.7**	**289.4**
Single Payment Loans (1)	260.4	273.1	240.8	236.8	243.9	256.9	237.2	222.1	206.4
Instalment Loans	29.4	29.5	28.8	33.5	45.2	55.2	63.0	45.4	44.0
Lines of Credit (2)	12.5	12.6	33.0	31.3	34.5	37.5	37.0	38.2	39.0
Total value of TBI Bank loans issued	**48.4**	**57.5**	**50.6**	**58.3**	**67.0**	**71.0**	**61.3**	**61.4**	**74.3**
SME	6.6	6.0	5.9	8.3	6.6	7.3	7.3	9.4	8.9
Consumer	41.8	51.4	44.8	50.0	60.4	63.8	54.0	52.0	65.4

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 €)	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	1 Jan 2018 post IFRS 9	Q1 2018	Q2 2018	Q3 2018
Single payment loans (1)									
- Performing	183.4	175.4	174.5	179.3	188.2	188.2	180.2	163.7	153.4
- NPL	147.0	135.6	132.6	118.8	105.6	57.5	55.8	53.4	39.7
- Total gross receivables	**330.4**	**311.0**	**307.1**	**298.2**	**293.8**	**245.7**	**236.0**	**217.0**	**193.1**
- Provisions	(118.2)	(110.2)	(107.9)	(98.8)	(95.1)	(74.2)	(72.1)	(69.9)	(53.1)
- Net receivables	**212.2**	**200.8**	**199.2**	**199.3**	**198.7**	**171.5**	**163.9**	**147.1**	**140.0**
- Provisions to gross receivables	35.8%	35.4%	35.1%	33.2%	32.4%	30.2%	30.5%	32.2%	27.5%
- Gross NPL ratio	44.5%	43.6%	43.2%	39.9%	35.9%	23.4%	23.6%	24.6%	20.6%
Instalment loans									
- Performing	81.0	82.6	87.9	101.1	120.6	120.6	143.9	146.9	145.0
- NPL	48.8	48.3	49.7	49.6	52.8	29.4	34.8	33.3	43.8
- Total gross receivables	**129.8**	**131.0**	**137.7**	**150.8**	**173.3**	**150.0**	**178.7**	**180.1**	**188.8**
- Provisions	(36.6)	(36.5)	(37.9)	(38.9)	(43.3)	(45.3)	(53.5)	(49.4)	(56.9)
- Net receivables	**93.3**	**94.4**	**99.8**	**111.8**	**130.1**	**104.7**	**125.2**	**130.7**	**131.9**
- Provisions to gross receivables	28.2%	27.9%	27.5%	25.8%	25.0%	30.2%	29.9%	27.4%	30.2%
- Gross NPL ratio	37.6%	36.9%	36.1%	32.9%	30.4%	19.6%	19.5%	18.5%	23.2%
Lines of Credit (2)									
- Performing	10.3	28.2	27.7	30.7	34.4	34.4	35.1	34.6	34.5
- NPL	3.5	13.9	11.5	13.8	14.2	10.7	11.3	10.5	11.6
- Total gross receivables	**13.8**	**42.1**	**39.2**	**44.5**	**48.6**	**45.1**	**46.4**	**45.1**	**46.2**
- Provisions	(2.9)	(9.6)	(8.0)	(9.6)	(10.7)	(14.8)	(13.1)	(13.1)	(14.9)
- Net receivables	**10.9**	**32.6**	**31.2**	**34.9**	**37.9**	**30.3**	**33.3**	**32.0**	**31.2**
- Provisions to gross receivables	20.8%	22.7%	20.5%	21.6%	22.0%	32.9%	28.3%	29.1%	32.4%
- Gross NPL ratio	25.1%	33.0%	29.5%	31.1%	29.2%	23.8%	24.3%	23.3%	25.2%
Total Online receivables									
- Performing	274.7	286.2	290.1	311.1	343.2	343.2	359.2	345.1	332.9
- NPL	199.3	197.9	193.9	182.3	172.5	97.7	101.9	97.1	95.1
- Total gross receivables	**474.0**	**484.1**	**484.0**	**493.4**	**515.7**	**440.8**	**461.1**	**442.3**	**428.1**
- Provisions	(157.6)	(156.3)	(153.9)	(147.4)	(149.1)	(134.3)	(138.7)	(132.5)	(125.0)
- Net receivables	**316.4**	**327.8**	**330.1**	**346.0**	**366.6**	**306.5**	**322.4**	**309.8**	**303.1**
- Provisions to gross receivables	33.3%	32.3%	31.8%	29.9%	28.9%	30.5%	30.1%	30.0%	29.2%
- Gross NPL ratio	42.0%	40.9%	40.1%	36.9%	33.5%	22.2%	22.1%	22.0%	22.2%
TBI Bank									
- Performing	170.3	171.0	180.9	204.0	214.5	214.5	217.2	218.2	229.3
- NPL	20.8	24.8	23.6	23.3	31.1	31.1	37.3	43.6	41.7
- Total gross receivables	**191.1**	**195.8**	**204.6**	**227.3**	**245.6**	**245.6**	**254.5**	**261.8**	**271.0**
- Provisions	(13.6)	(15.1)	(14.9)	(17.6)	(21.0)	(23.2)	(27.8)	(34.4)	(33.2)
- Net receivables	**177.5**	**180.7**	**189.7**	**209.7**	**224.6**	**222.4**	**226.7**	**227.4**	**237.8**
- Provisions to gross receivables	7.1%	7.7%	7.3%	7.7%	8.6%	9.4%	10.9%	13.1%	12.2%
- Gross NPL ratio	10.9%	12.7%	11.6%	10.2%	12.7%	12.7%	14.7%	16.6%	15.4%

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) Includes Point of Sale Loans

Additional Key Performance Indicators

	9 months to 30 September	
Profitability	**2018**	**2017**
ROAA, % * [(1)]	3.3%	4.7%
ROAE, % * [(2)]	22.5%	19.6%
ROATE, %	51.8%	36.6%
Interest Income/Average Interest Earning Assets, % [(3)]	68.5%	62.6%
Interest Income/Average Gross Loan Portfolio, % **	69.6%	63.0%
Interest Income/Average Net Loan Portfolio, % **	90.1%	83.1%
Interest Expense/Interest Income, %	12.8%	13.9%
Cost Of Funds, % [(4)]	7.3%	7.9%
Cost Of Interest Bearing Liabilities, % [(5)]	8.2%	8.8%
Net Spread, % [(6)]	60.3%	53.8%
Net interest margin, %: ** [(7)]		
- Online	88.2%	66.2%
- TBI Bank	28.0%	26.3%
- Overall group	64.8%	54.2%
Net Fee & Commission Income/Total Operating Income, %	2.2%	2.6%
Net Fee & Commission Income/Average Total Assets, % *	1.0%	1.0%
Net Non-Interest Income/Total Operating Income, %	4.1%	4.9%
Net Non-Interest Income/Average Total Assets, % *	1.8%	1.9%
Recurring Earning Power, % * [(8)]	22.2%	17.8%
Earnings Before Taxes/Average Total Assets, % *	5.1%	6.5%
Efficiency		
Total Assets/Employee, (in thousands of €) *	342	315
Total Operating Income/Employee, (in thousands of €)	146	115
Cost/Income Ratio, % [(9)]	52.1%	56.3%
Total Recurring Operating Costs/Average Total Assets, % *	22.9%	22.0%
Total Operating Income/ Average Total Assets, % *	44.0%	39.1%
Total Recurring Cash Costs/Average Total Assets, % * [(10)]	22.9%	22.0%
Net Income (Loss)/Employee, (in thousands of €) *	11	14
Personnel Costs/Average Total Assets, % *	10.7%	9.1%
Personnel Costs/Total Recurring Operating Costs, %	46.7%	41.4%
Personnel Costs/Total Operating Income, %	24.3%	23.3%
Net Operating Income/Total Operating Income, % *	47.9%	43.7%
Net Income (Loss)/Total Operating Income, % *	7.6%	12.1%
Profit before tax (Loss)/Interest income, % *	10.8%	15.1%
Liquidity		
Net Loan Receivables/Total Assets, % *	52.8%	51.2%
Average Net Loan Receivables/Average Total Assets, % *	53.7%	52.0%
Average Net Loan Receivables/Average Client Balances & Deposits, %	192.4%	211.6%
Net Loan Receivables/Total Deposits, %	189.7%	214.7%
Net Loan Receivables/Total Liabilities, %	62.7%	67.1%
Interest Earning Assets/Total Assets, % *	69.6%	66.5%
Average Interest Earning Assets/Average Total Assets, % *	70.6%	69.0%
Liquid Assets/Total Assets, % * [(11)]	22.5%	21.1%
Liquid Assets/Total Liabilities,%	26.7%	27.7%
Total Deposits/Total Assets, % *	27.8%	23.8%
Total Deposits/Total Liabilities, %	33.0%	31.3%
Total Deposits/Shareholders' Equity, Times *	1.8x	1.0x
Leverage (Total Liabilities/Equity), Times *	5.4x	3.2x

Tangible Common Equity/Tangible Assets * (12)	8.1%	14.5%
Tangible Common Equity/Net Receivables	14.1%	25.2%
Net Loan Receivables/Equity, Times *	3.4x	2.1x

	9 months to 30 September	
Asset quality	**2018**	**2017**
Loan Loss Reserve/Gross Receivables from Clients, %	22.6%	22.9%
Average Loan Loss Reserve/Average Gross Receivables from Clients, %	22.8%	24.3%
Cost of risk, %: (13)		
- Online	23.7%	18.9%
- TBI Bank	8.6%	5.3%
- Overall Group	18.1%	14.8%
Gross NPL ratio, %: (14)		
- Online	22.2%	36.9%
- TBI Bank	15.4%	10.3%
- Overall group	19.6%	28.5%
Net impairment / interest income, % (15)	25.9%	23.6%
Credit Metrics		
Total Equity/Total Assets, % *	15.7%	23.8%
Total Equity/Net Loan Receivables, % *	29.7%	46.5%
Interest Coverage ('basic' EBITDA), Times	2.0x	2.2x
Adjusted Interest Coverage for the Period, Times (16)	2.5x	2.4x
TBI Bank consolidated capital adequacy, %	24.1%	24.1%

Selected Operating Data	**30 September 2018**	**30 September 2017**
Total Employees	2,993	3,446

*Normalised ratios are adjusted to remove the effect of the one-off adjustments to intangible assets in Q4 2017 (for 2017 ratios) and adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects (for 2018 ratios).

**Current Period calculation is based on loan principal only. Prior period calculation is based on receivables (including accrued interest)

All ratios are annualised where appropriate.

(1) Return On Average Total Assets (ROAA) equals Net Income of the period divided by average Total Assets for the same period

(2) Return On Average Total Equity (ROAE) equals Net Income of the period divided by 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 divided by average Total Liabilities for the same period

(5) Cost Of Interest-Bearing Liabilities equals Interest Expense of the period divided by 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 divided by Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities

(7) Net interest margin equals Net interest income divided by average gross loan principal (total gross loan principal as of the start and end of each period divided by two)

(8) Recurring Earning Power equals Profit (Pre-discretionary bonus) Before Net impairment losses of the period divided by average Total Assets for the same period

(9) Operating costs divided by operating income (revenue)

(10) Cash Costs/Average Total Assets equals Total Recurring Operating Costs plus Discretionary Bonus Pool less Depreciation & Amortisation of the period divided by Average Total Assets for the same period

(11) Liquid Assets divided by Total Assets; Liquid assets include Cash and cash equivalents and Placements with other banks

(12) Tangible Common Equity/Tangible Assets. Tangible equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets

(13) Cost Of Risk (Receivables only) equals Net Provision For Loan Receivables Loss divided by Average Gross Receivables for the same period

(14) Gross NPL ratio equals Non-performing receivables (including accrued interest) with a delay of over 90 days divided by gross receivables (including accrued interest)

(15) Net impairment charges on loans and receivables divided by interest income

(16) Adjusted Interest Coverage for the Period equals Adjusted EBITDA divided by Interest expense

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 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 the one-off adjustments to intangible assets in Q4 2017 (for 2017 ratios) and adjusted to reflect the opening balance of 2018 balance sheet after IFRS 9 effects (for 2018 ratios)

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 2018.

Acquisitions and disposals

The Group acquired a 9.1% stake in Oslo listed Norwegian digital bank Monobank ASA for c.€6 million in November 2018. The shares were acquired by TBI Bank in a private placement at the market price of NOK 2.30 per share, representing 1.0x book value. Monobank, operating in Norway and Finland, is a niche digital bank focusing on consumer finance and has grown successfully and profitably in the Nordic region since launch in 2015, with a net loan portfolio of c.€360m. It is an advanced digital bank, with highly efficient and scalable operations based on innovative technology.

Changes in management

Daniel Stenberg, Regional Manager for Nordics & Baltics and member of the executive committee, has given notice of his intention to leave the Group in January 2019 after nearly 10 years with the business for family reasons.

Changes in the ownership structure

As announced in previous reports, a change to the shareholder structure of Tirona Limited was initiated in May 2018. This was finalised in September 2018, and Uldis Arnicans is no longer an ultimate beneficial owner of the Group. Consequently, the Group's significant ultimate beneficial owners are Vera Boiko: 49.0% (held in trust) and Edgars Dupats: 29.5%, with the remaining 21.5% held by minority investors, each owning below 10%.

Regulatory changes

In Latvia: A reduction in the APR cap (to 25%) and limits to loan size, extensions and marketing for consumer lending were approved in Parliament in October 2018. The new regulations with regards to limiting the size and extensions will come into force from 1 January 2019, and the changes on APR cap and the marketing limits will come into force from 1 July 2019. The Group is reviewing the impact on its operations in Latvia.

In Finland: The draft government proposal to amend online lending legislation that extends the APR cap at 30% to loans of over €2,000 is expected to be submitted to Parliament in November 2018. The regulation is expected to be finalised by the end of 2018 with implementation in September 2019.

In Romania: The National Bank of Romania announced new affordability regulations in October 2018, with a debt-to-income limit of 40% being introduced from 1 January 2019.

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