



4finance Holding SA

Investor Presentation for six month 2018 results

6 September 2018

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Agenda

- Operational progress update
- Review of H1 2018 results
- Loan portfolio and asset quality
- Summary

Significant opportunity, 4finance is uniquely positioned



2.6 billion financially underserved



Data science, analytics, low cost cloud computing and AI unlocking the potential to serve them



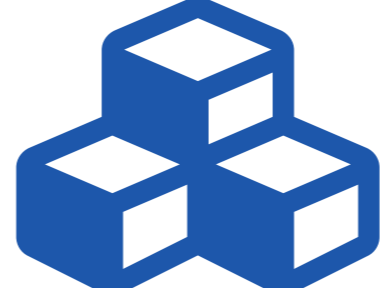
Ubiquitous/inexpensive mobile internet access enabling broad servicing of underserved



Unique scale and expertise



Simple, transparent products



Increasingly diversified product suite

€6bn+
Online loans issued



Multi-product multi-region experience



Mobile friendly



Automation and self service capabilities

39m+
Online applications reviewed



Well capitalised and profitable



Deep scoring expertise



Access to strategic partnerships

5
Main lending products, with EU licensed bank

H1 2018 key financial highlights



€245.4m

+15% YoY



1.7x

YoY



€87.7m

+7% YoY



€74.2m

+5% YoY



53.6%

4.6ppts improvement YoY



20.0%

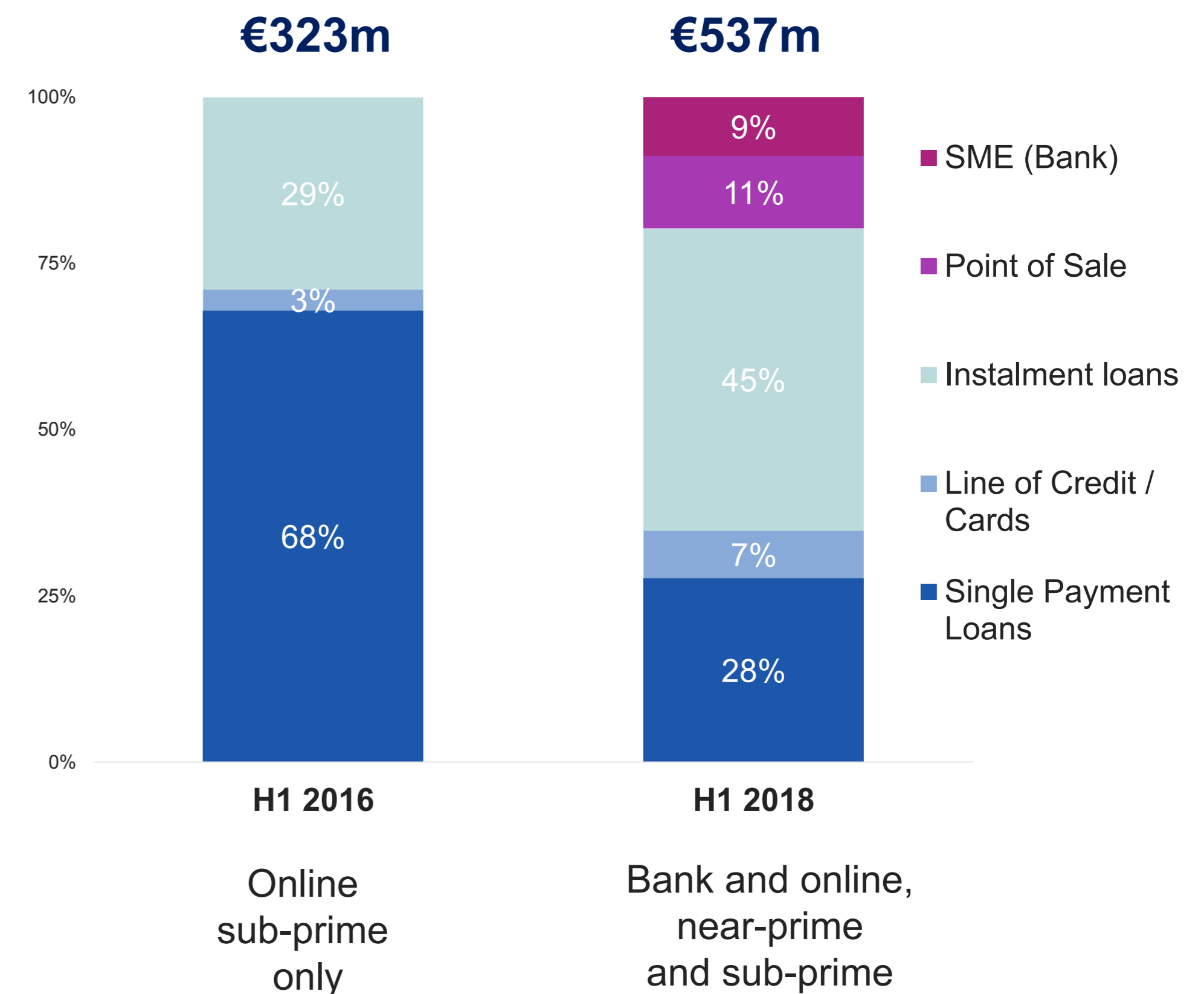
Stable (+0.5ppts) QoQ

Operational progress update

- Careful review of lending appetite, portfolio performance and focus on discipline across all markets
- Products or markets which do not meet our internal financial targets being rationalised, with decision to stop online lending in Georgia and Romania
- Friendly Finance integration and rationalisation complete
- Cost reduction drive continues, with a focus now on improving HQ efficiency and effectiveness
- Focus on marketing efficiencies
- Active monitoring of instalment loan portfolios with more conservative approach and ongoing product refinements
- Nearing rollout of new IT platform, first beta underway
- Near-prime project in Sweden pilot launch underway, existing near prime initiatives in Spain and Lithuania showing promise
- Ongoing work on funding platform, enabling us to diversify our funding sources over time

Transformation of product mix in last two years

Net receivables by product ⁽¹⁾



Note:

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

Sustainability through good governance and responsible lending

Operating as a mainstream consumer finance business

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

Developing meaningful and constructive regulatory relationships

- Ensuring we understand the regulatory arc
- Helping regulators and legislators gain a solid understanding of our business
- Ensuring we have a seat at the table

Responsible lending: putting customers first

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

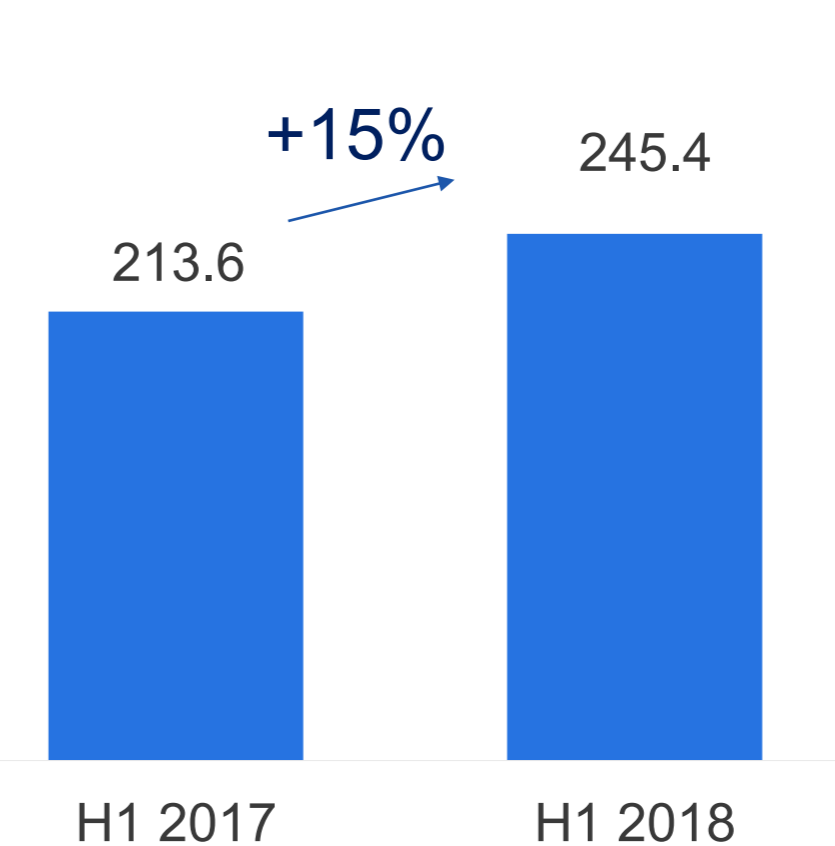
Review of H1 2018 results

Summary of first half 2018 results

- H1 2018 interest income up 15%, pre-provision operating profit +7% year-on-year
 - Solid level of interest income despite portfolio rationalisation
 - Adjusted EBITDA of €74.2m, up 5% year-on-year, with record Q2 contribution and strong interest coverage
 - Pre-provision operating profit of €87.7m, up 7% year-on-year (inc. €12m net FX loss)
- Interest income highlights by market and product
 - Strong growth in Poland coupled with steady performance across many European markets, with lower Friendly Finance contribution
 - Instalment loan interest income up 53% YoY (growth and visibility)
 - TBI Bank performance in line with expectations and closer alignment with online business in Bulgaria
- Cost efficiency improving, but profitability impacted by €12m net FX loss
 - Further sequential reduction in quarterly costs
 - Negative Q2 FX impact from depreciation of Argentinian Peso, weaker Polish Zloty and stronger US Dollar
- Strong operating cashflow and robust cash position
 - Operating cashflow before movements in portfolio & deposits of €142m (vs €101m in H1 2017)
- Stable NPL ratios, following IFRS 9 and write-off period change
 - Strong debt sales contribution in Q2
 - Net impairment/interest income at 26% for H1 2018 compared to 22% for H1 2017
 - Several portfolio growth metrics and ratios impacted by IFRS 9 adjustments to 1 January 2018 opening balance sheet

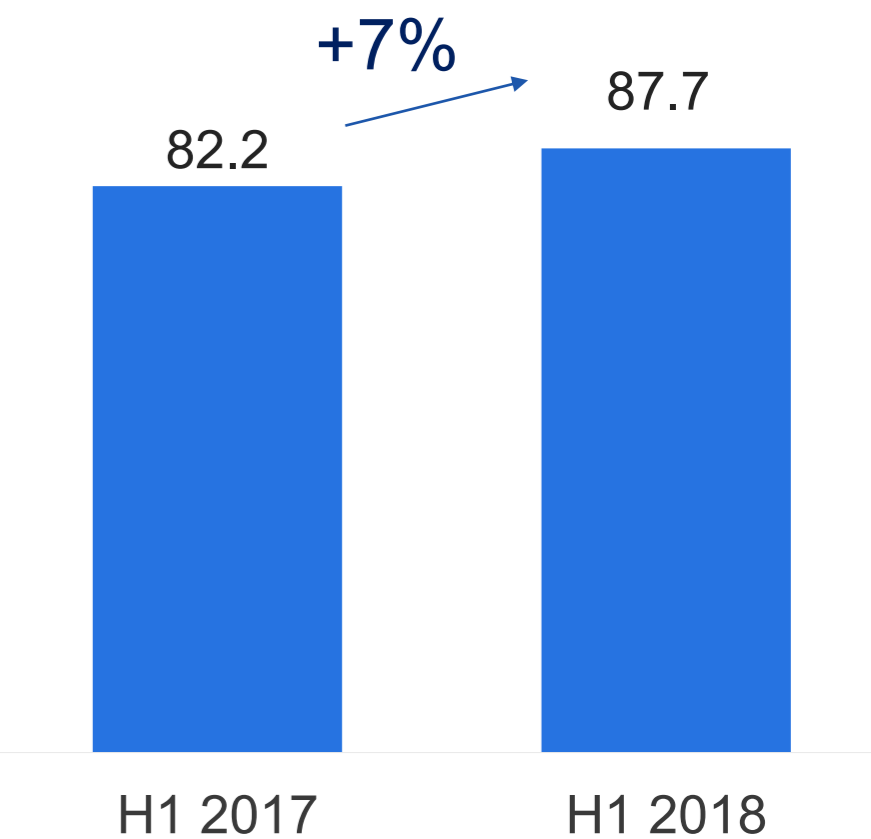
Interest Income

€m



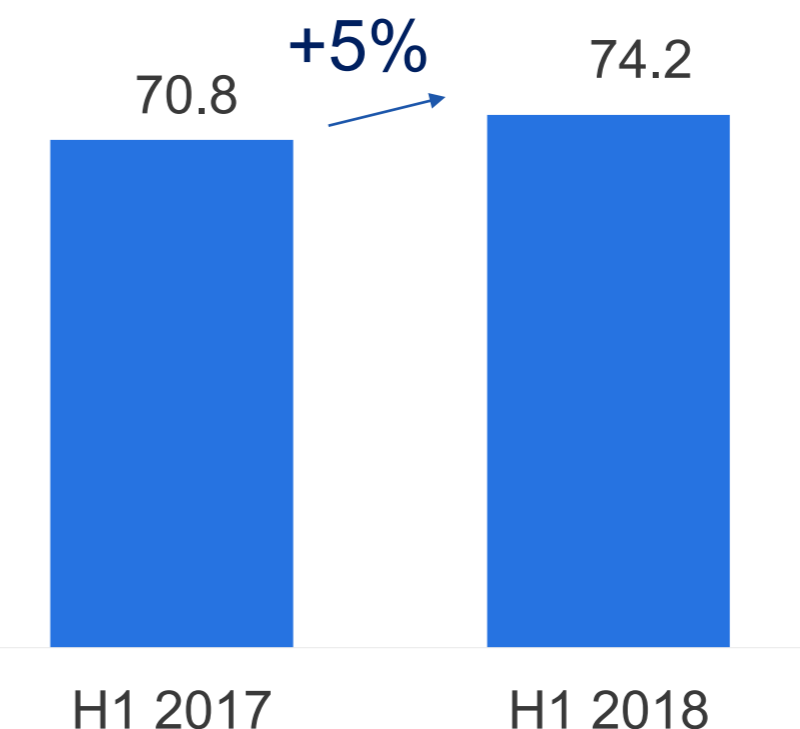
Pre-provision operating profit

€m



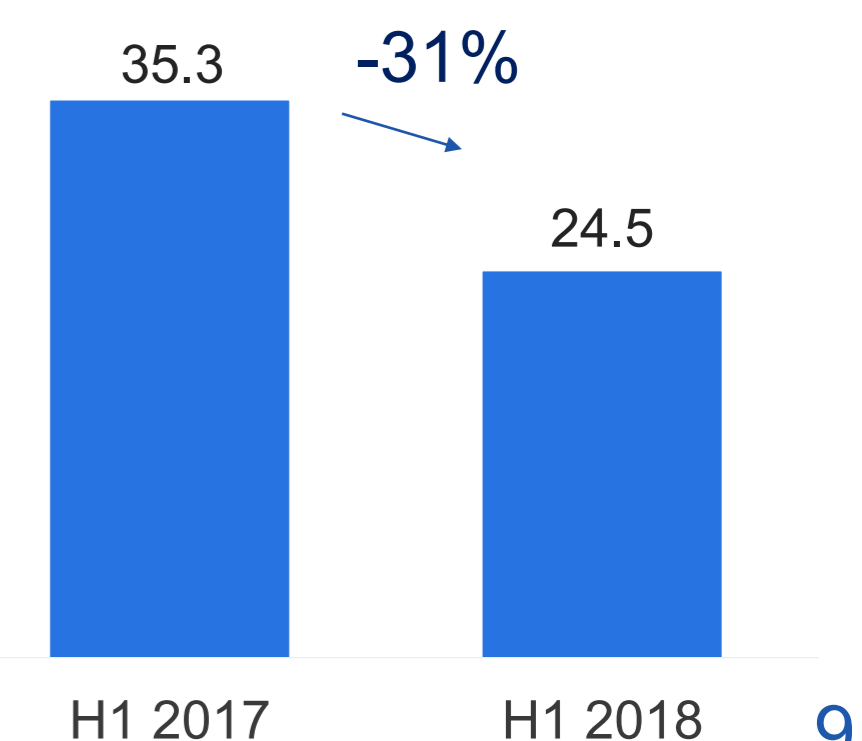
Adjusted EBITDA

€m



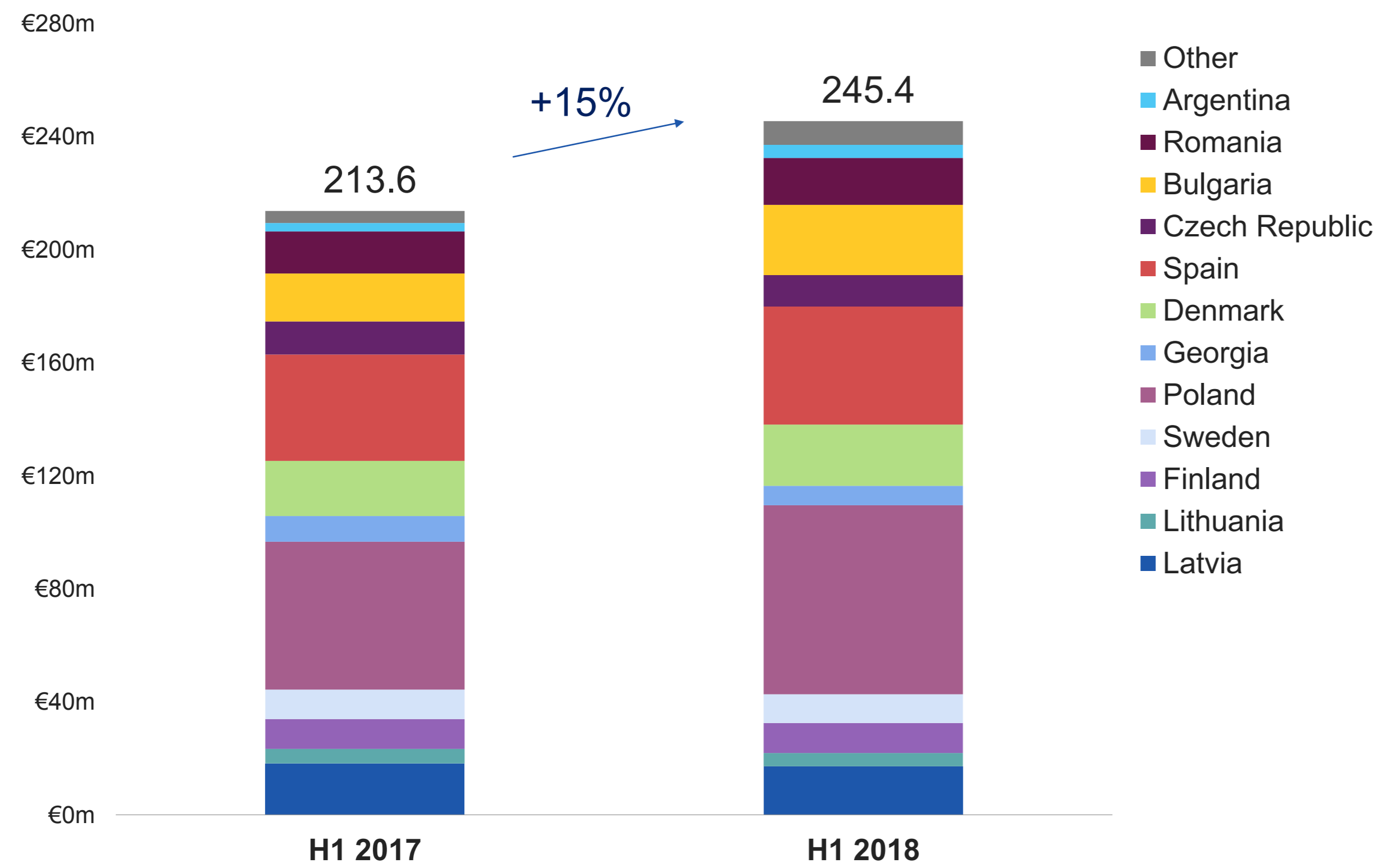
Profit before tax

€m

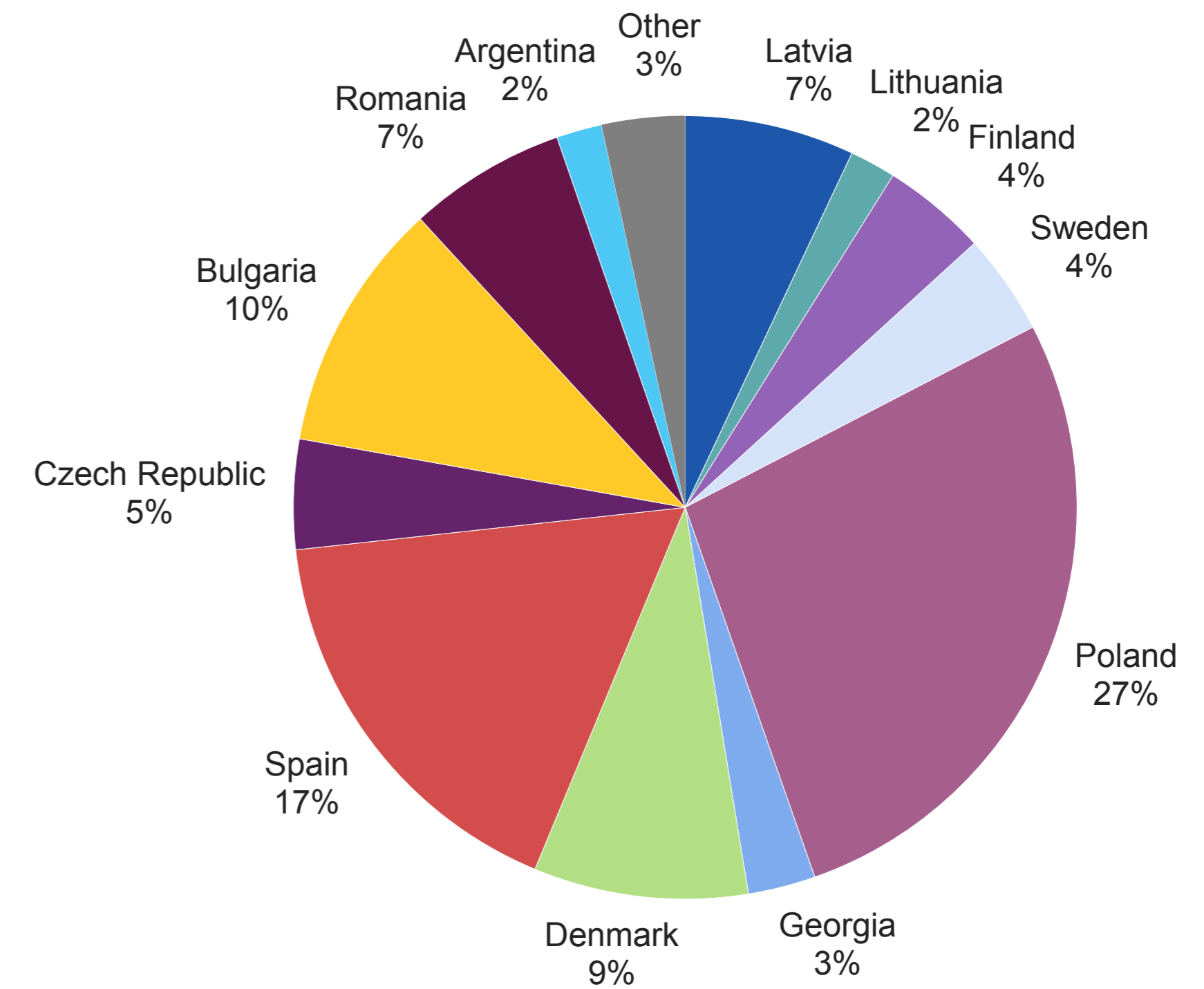


Interest income - growth and diversification

Interest income by country



H1 2018 interest income: €245m

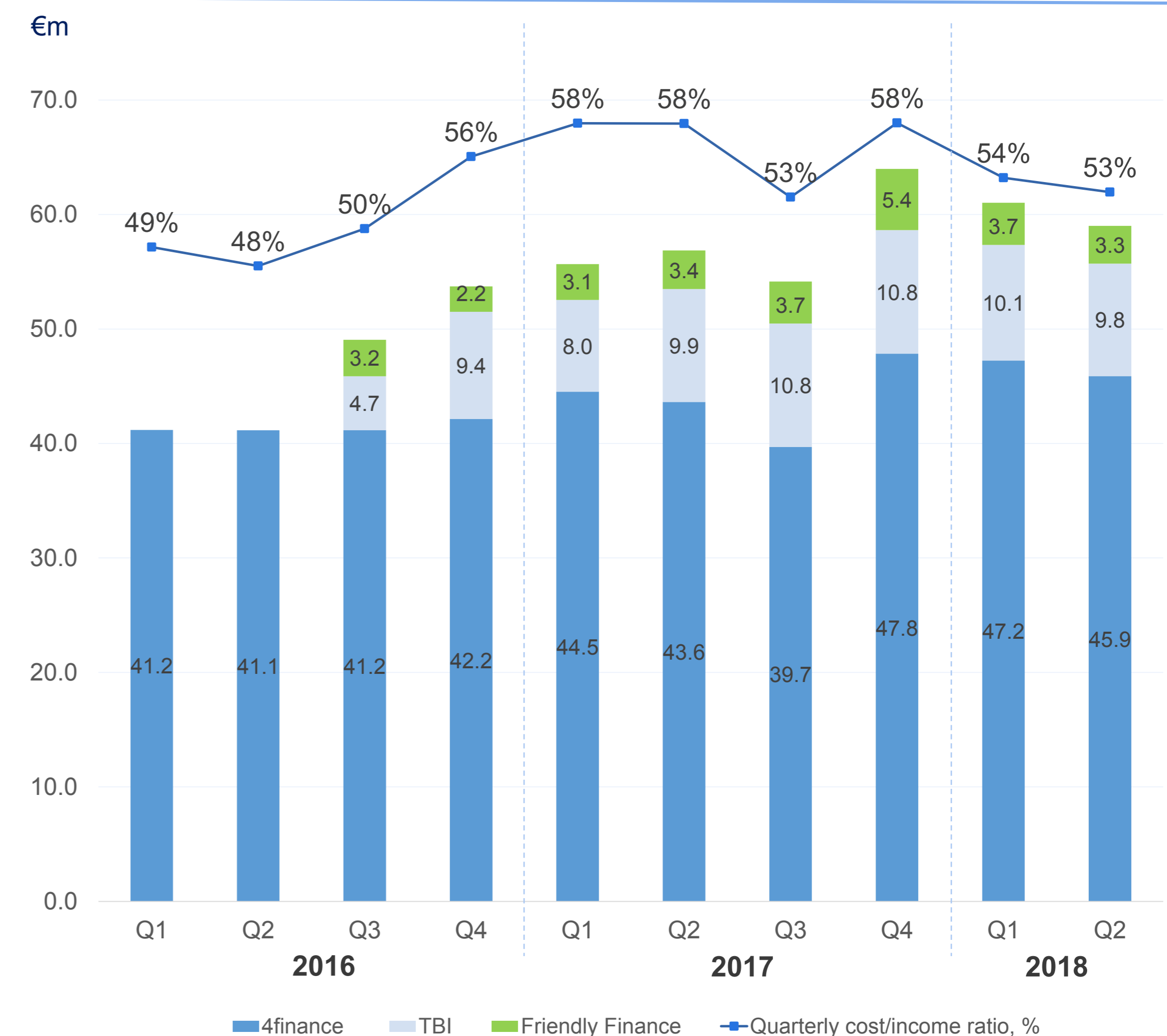


Note: Interest income from TBI Bank and Friendly Finance is allocated within the corresponding country

Operating cost drivers

- Year-on-year cost growth of 7%, substantially lower than increase in interest income
 - Further sequential quarterly decline in costs, with very targeted approach to marketing spend
 - H1 2018 includes IT development spend which would have been capitalised in H1 2017, so 'like for like' cost increase in core business is less than 5%
 - H1 2018 cost/income ratio improved at 54% compared to 58% in H1 2017
- Cost efficiency projects ongoing with focus on cost/income ratio
 - Savings from Friendly Finance integration now showing through
 - Overall group headcount reduction of 8% in Q2
 - Lower above-the-line marketing spend due to efficiency savings from econometric modelling
 - New IT platform is key to unlocking material savings in the medium term

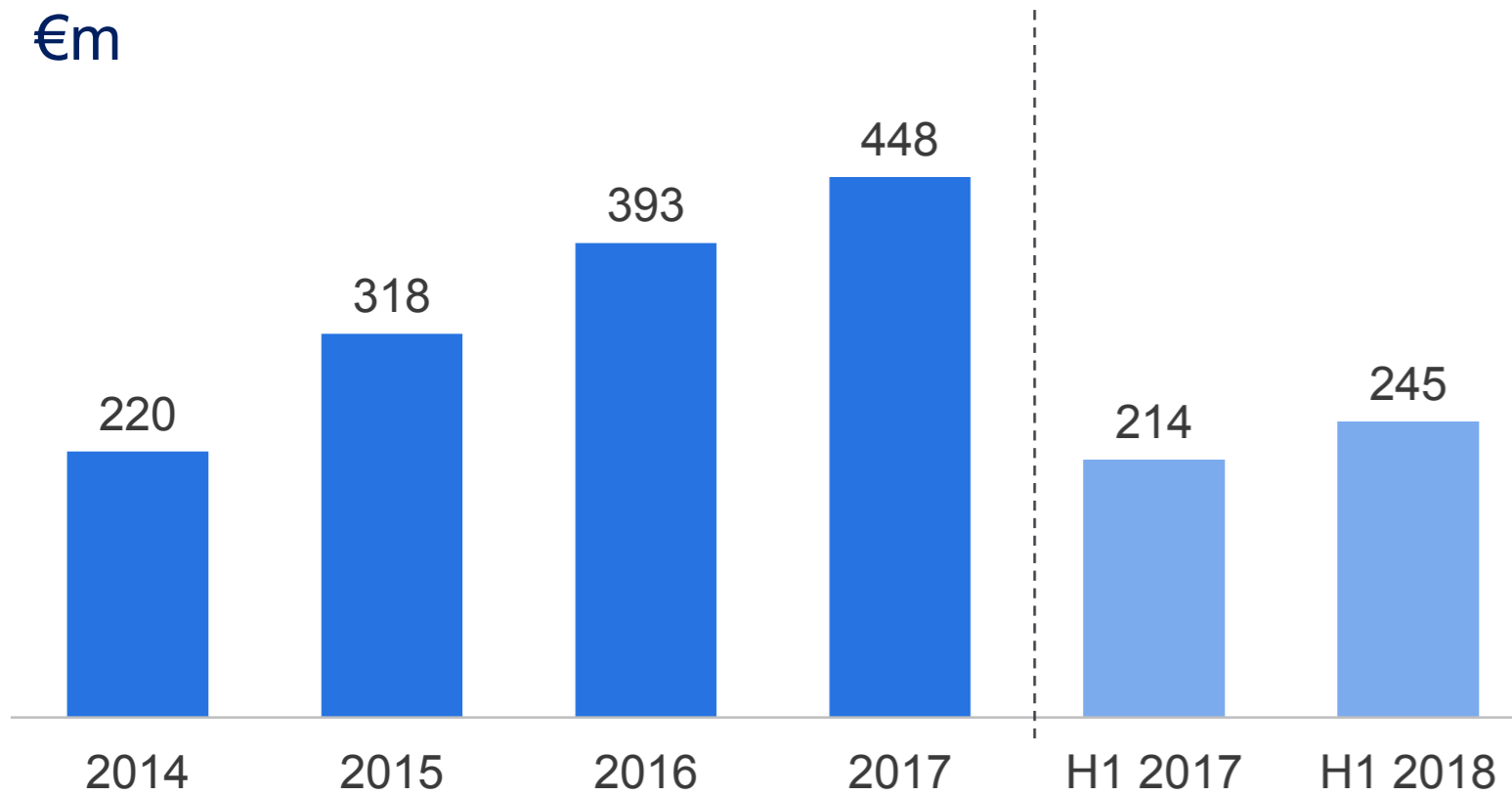
Total operating costs



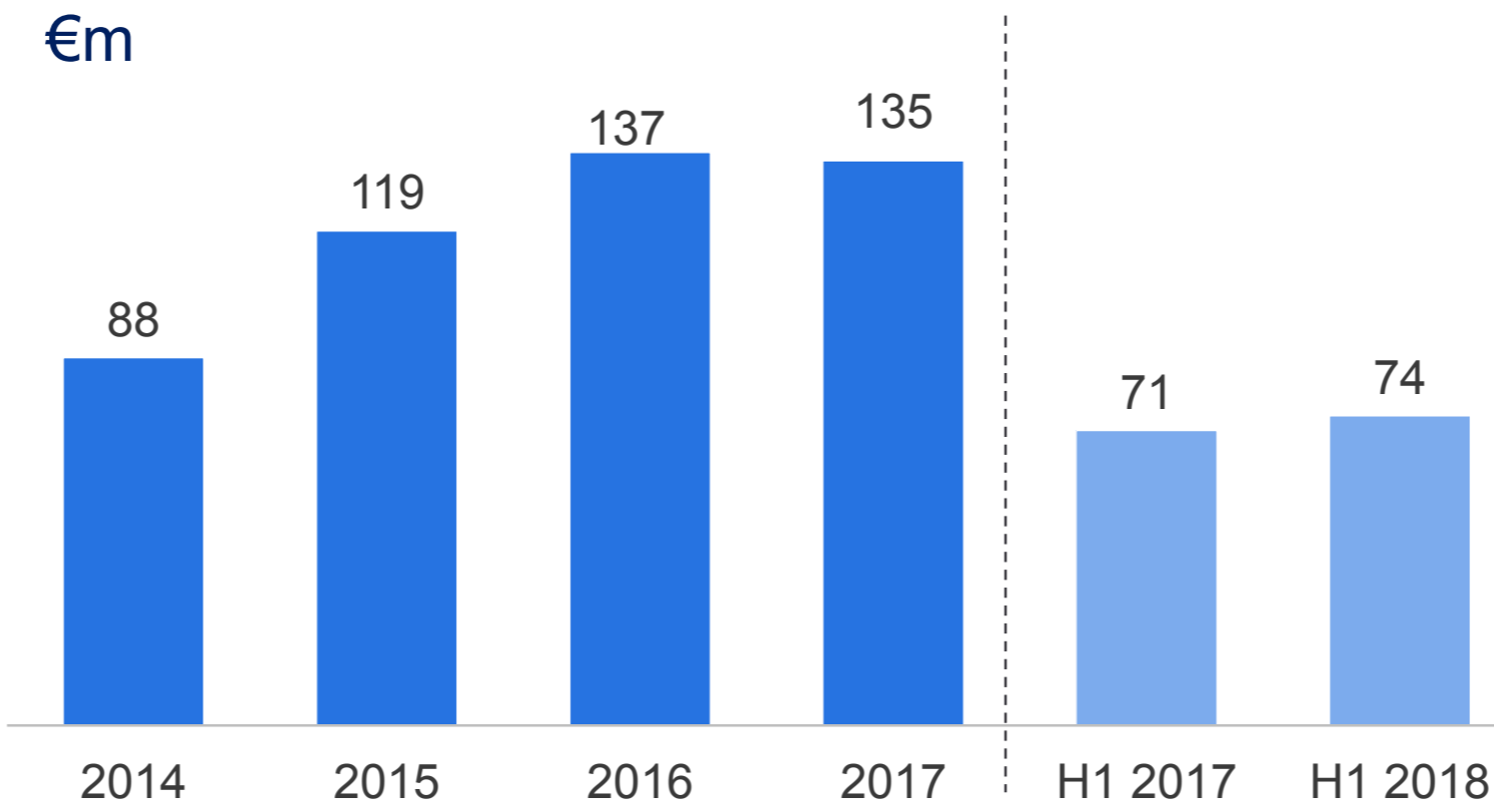
Note: 2017 quarterly costs reflect as-reported quarterly numbers. Totals do not match with 2017 audited financials due to capex de-recognition as part of year end one-off adjustments to intangible assets

Financial highlights – profitable growth

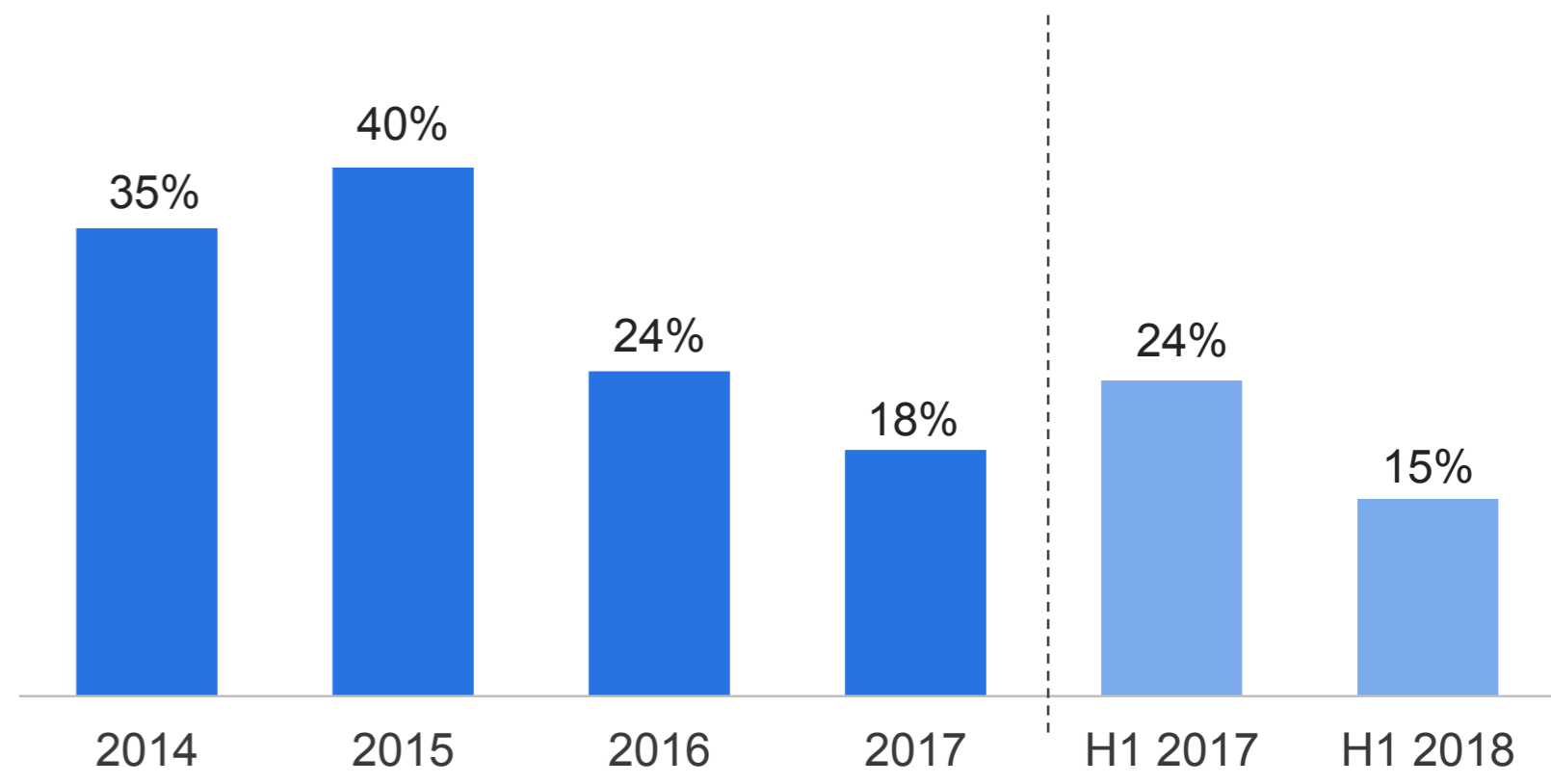
Interest income



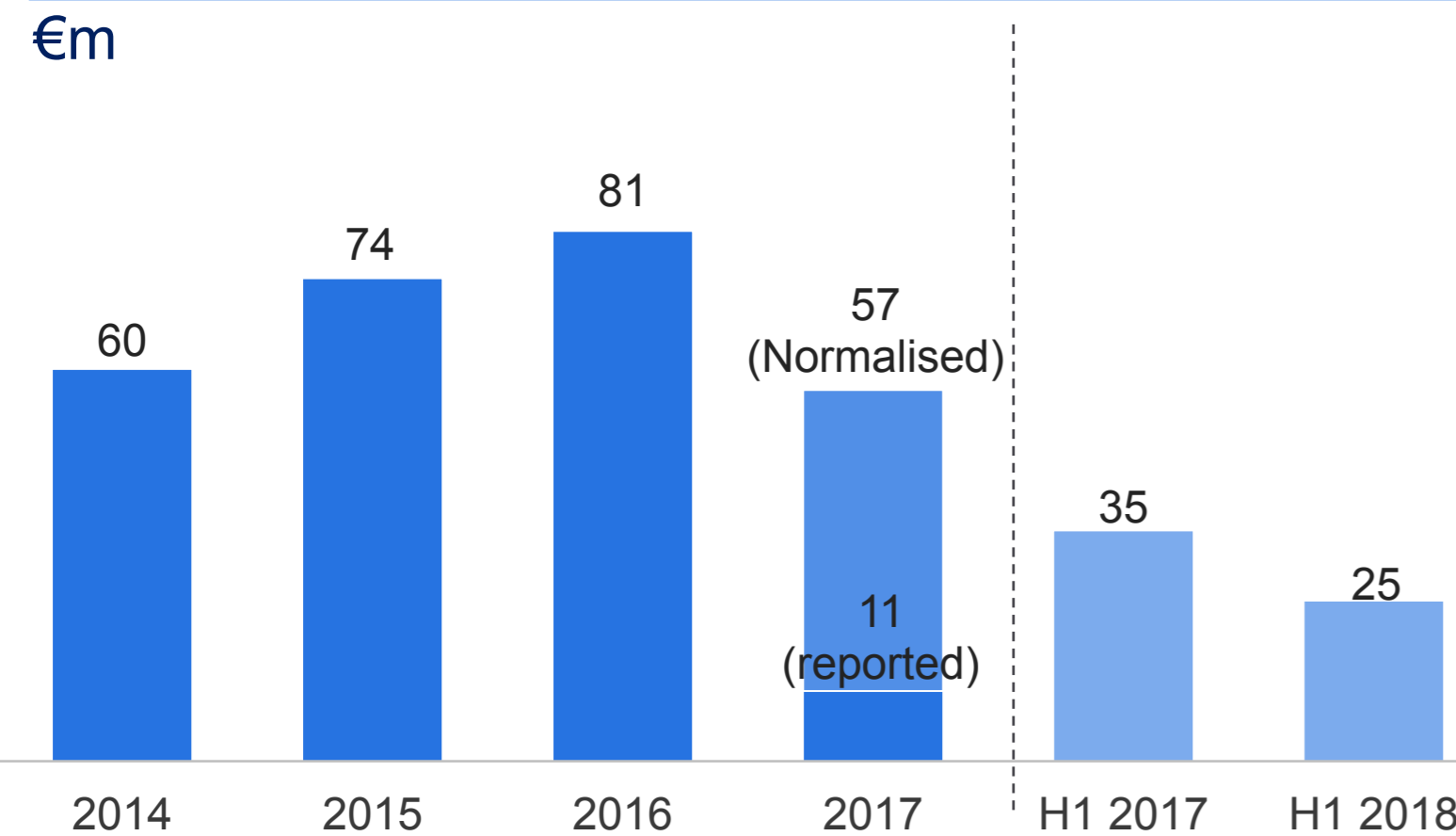
Adjusted EBITDA



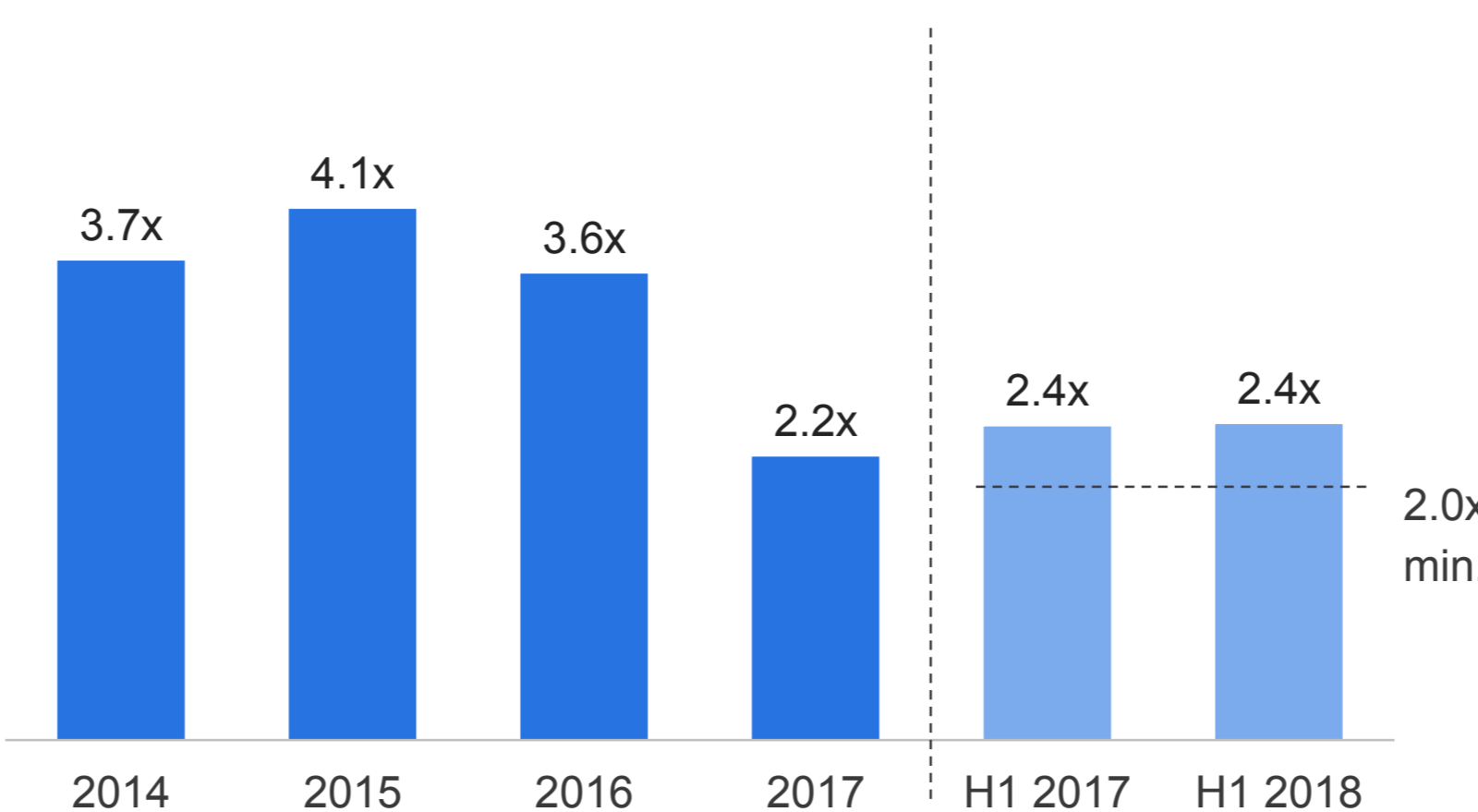
Equity / assets ratio, % ⁽¹⁾



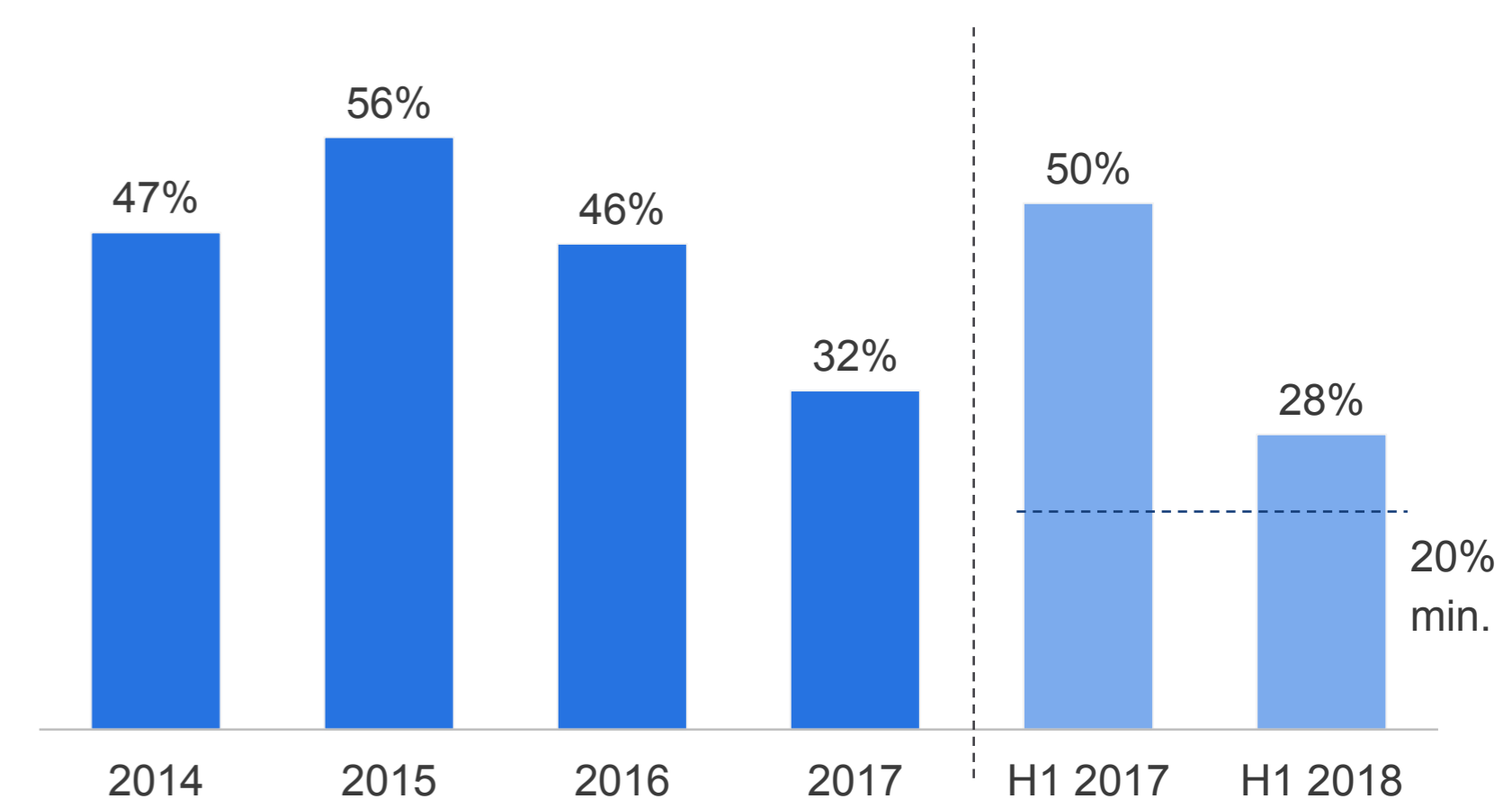
Profit before tax



Adjusted interest coverage ratio



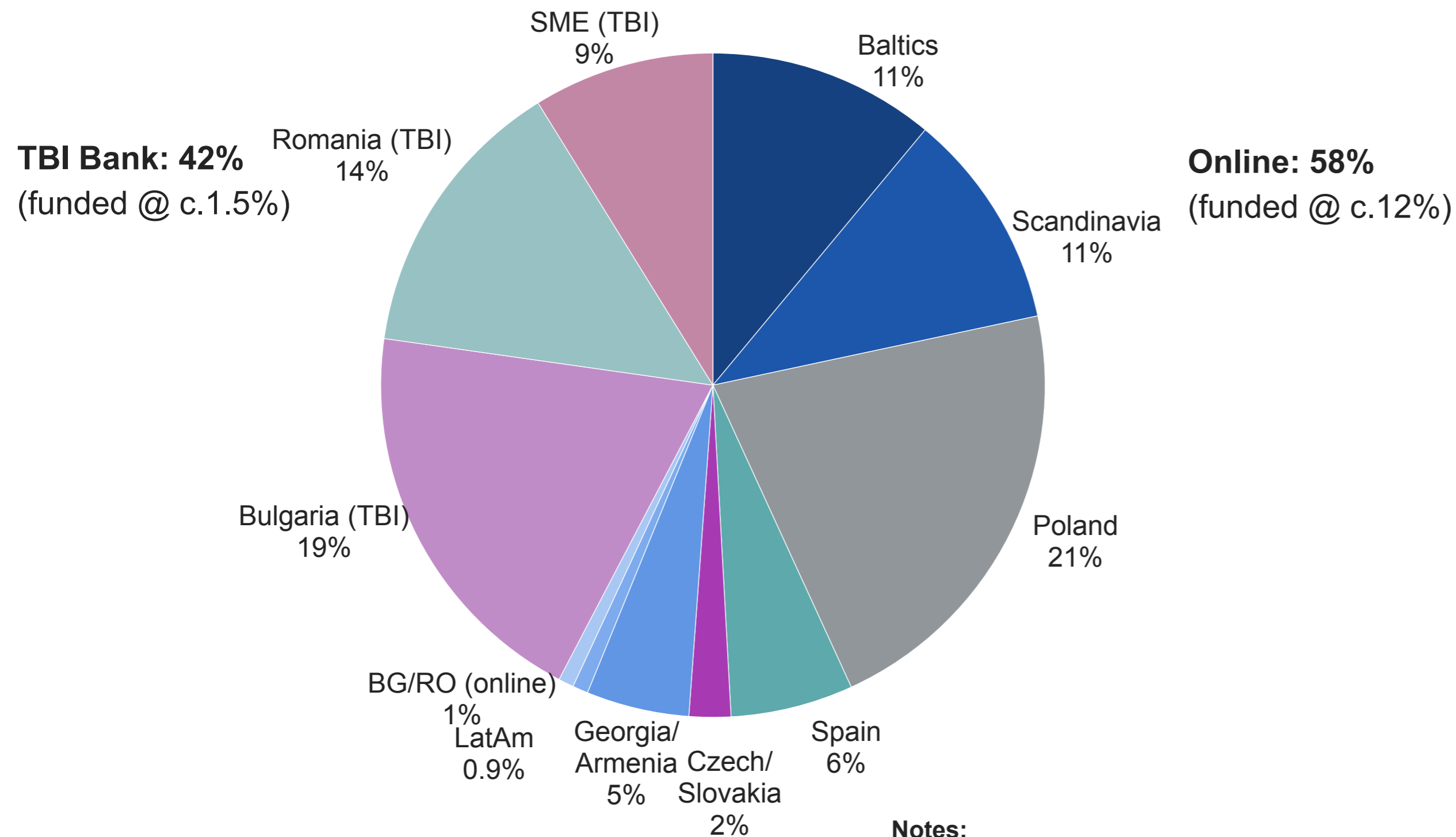
Equity / net receivables, %



Growing and diversified loan portfolio

- 6% year-on-year growth in online loan issuance to €643m in H1 2018
- Overall net receivables totals €537m
 - 2% growth during H1 2018 (post IFRS 9)
 - 92% consumer loans
 - 58% online loans / 42% banking

Net receivables, 30/6/2018



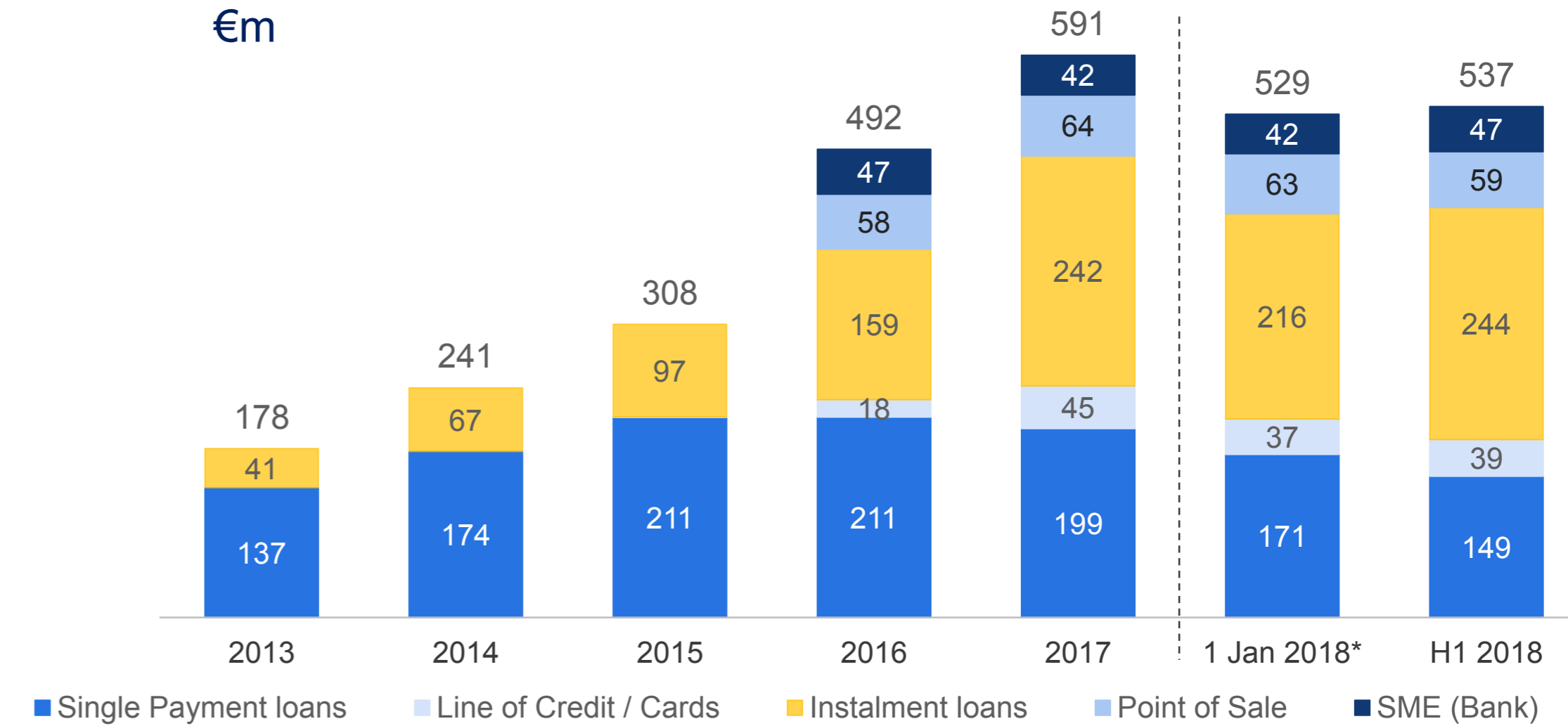
Notes:

See appendix for definitions of key metrics and ratios

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

Net receivables (1)

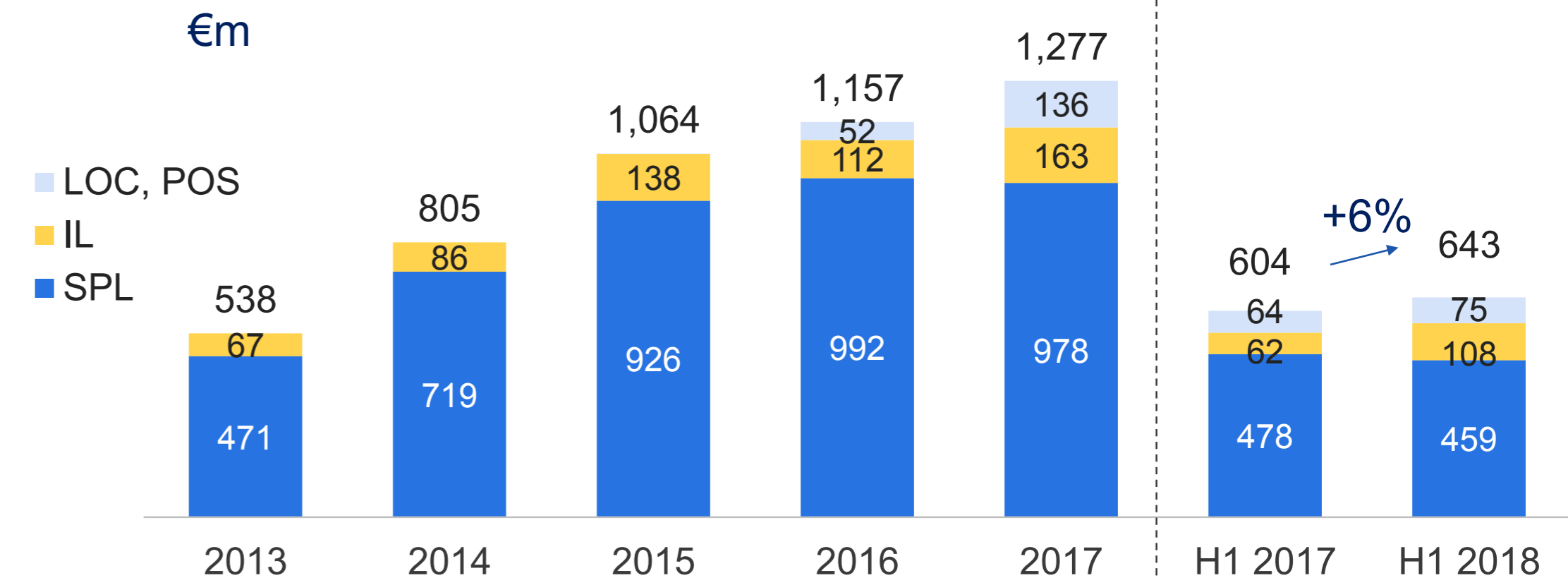
€m



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

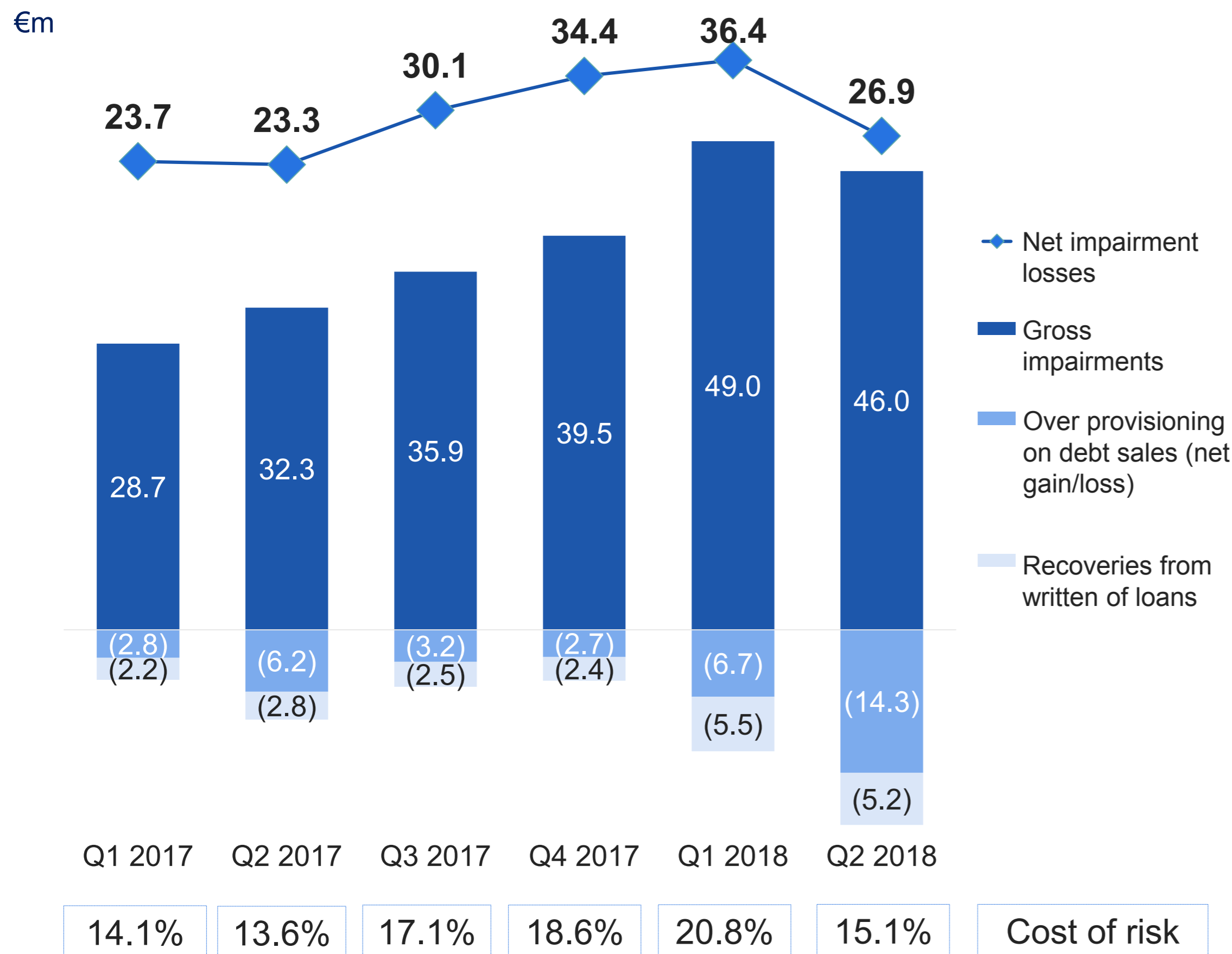
Online loans issued (1)

€m



Analysis of net impairments and cost of risk

Net impairment losses by quarter



- Significant reduction in quarterly net impairments due to greater debt sales contribution in Q2 2018
 - Demonstrates robust underlying value of loan portfolios
 - Gross impairments remain high, reflecting seasoning of strong instalment loan origination from Q1 2018 and TBI Bank Romanian consumer portfolio
- Asset quality metrics under IFRS 9 are not easily comparable to prior year periods under IAS 39
 - Net impairment / interest income 25.8% (H1 2018) vs 22.0% (H1 2017)
 - Online cost of risk 22.7% (H1 2018) vs 17.5% (H1 2017)
 - Overall cost of risk 18.2% (H1 2018, including TBI Bank)
- Focus on continuous improvement in credit underwriting and collection (especially in newer markets)
 - Integration of additional data sources
 - Faster iterations of scorecards with regular recalibration

Asset quality and provisioning

- **Gross NPL ratios significantly improved following move to 360 DPD write-off period, with coverage ratios now well over 100%**
 - Online gross NPL ratio improved to 22.0% as of June 2018 from 33.5% as of December 2017
 - Overall gross NPL ratio improved to 20.0% as of June 2018 from 26.7% as of December 2017
- Additional portfolio disclosure now provided split by loan principal and accrued interest in results report and appendix

	30 June 2018				1 January 2018 (post IFRS 9)				31 December 2017			
	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount
<i>In millions of €, except percentages</i>												
Online receivables												
Performing ⁽¹⁾	345.1	(57.1)	288.0	78.0%	343.2	(56.7)	286.4	77.8%	343.2	(34.6)	308.6	66.5%
Non-performing ⁽²⁾	97.1	(75.4)	21.8	22.0%	97.7	(77.5)	20.1	22.2%	172.5	(114.5)	58.0	33.5%
Online total	442.3	(132.5)	309.8	100.0%	440.8	(134.3)	306.5	100.0%	515.7	(149.1)	366.6	100.0%
TBI Bank receivables												
Performing ⁽¹⁾	218.2	(9.9)	208.3	83.4%	214.5	(7.0)	207.5	87.3%	214.5	(4.4)	210.1	87.3%
Non-performing ⁽²⁾	43.6	(24.5)	19.1	16.6%	31.1	(16.2)	14.9	12.7%	31.1	(16.6)	14.5	12.7%
TBI Bank total	261.8	(34.4)	227.4	100.0%	245.6	(23.2)	222.4	100.0%	245.6	(21.0)	224.6	100.0%
Overall group receivables												
Performing ⁽¹⁾	563.3	(67.0)	496.3	80.0%	557.7	(63.7)	493.9	81.2%	557.7	(39.0)	518.7	73.3%
Non-performing ⁽²⁾	140.7	(99.8)	40.9	20.0%	128.7	(93.7)	35.0	18.8%	203.6	(131.1)	72.5	26.7%
Overall total	704.0	(166.9)	537.2	100.0%	686.4	(157.5)	529.0	100.0%	761.3	(170.1)	591.2	100.0%

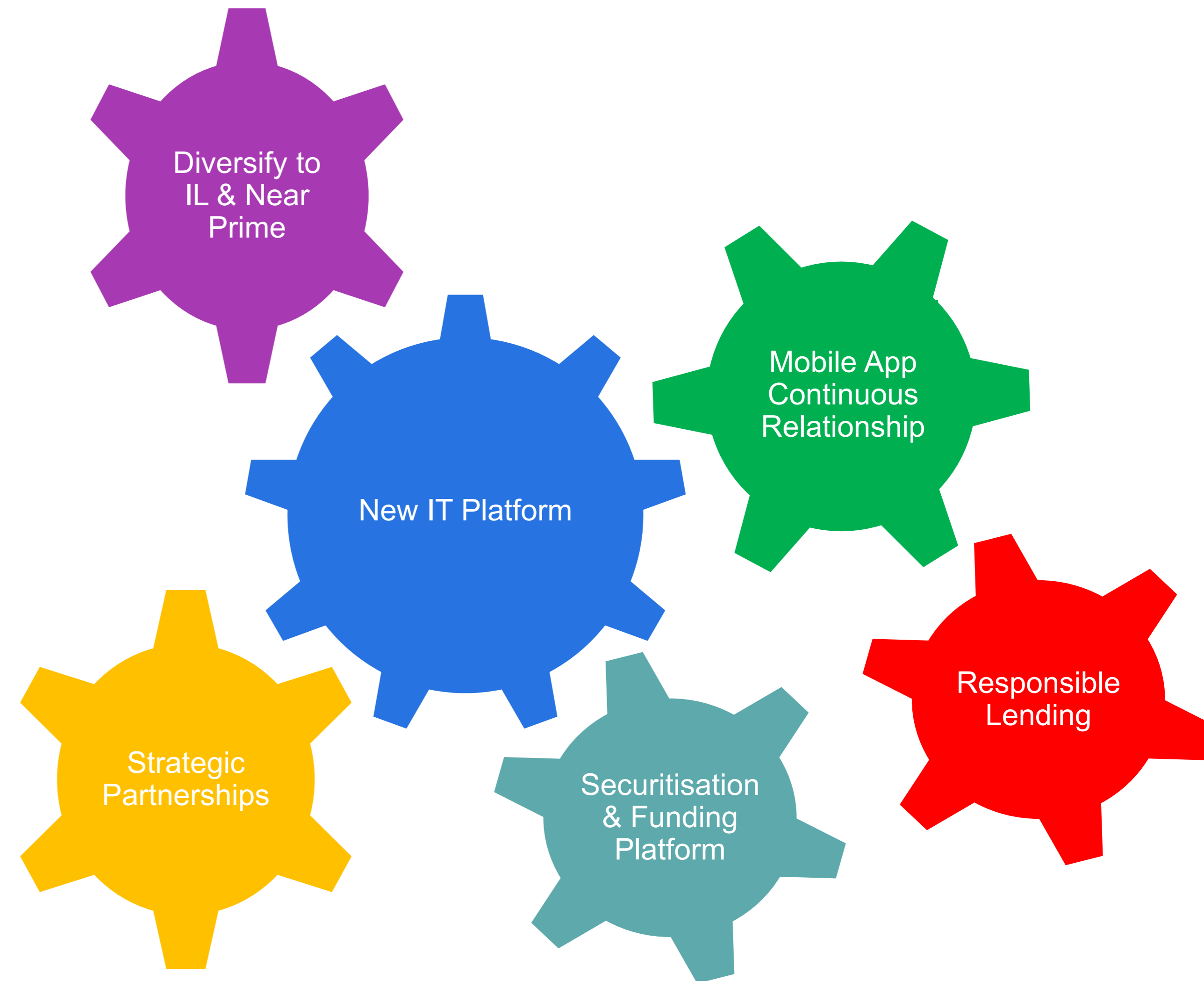
Notes:

(1) Performing receivables 0-90 DPD

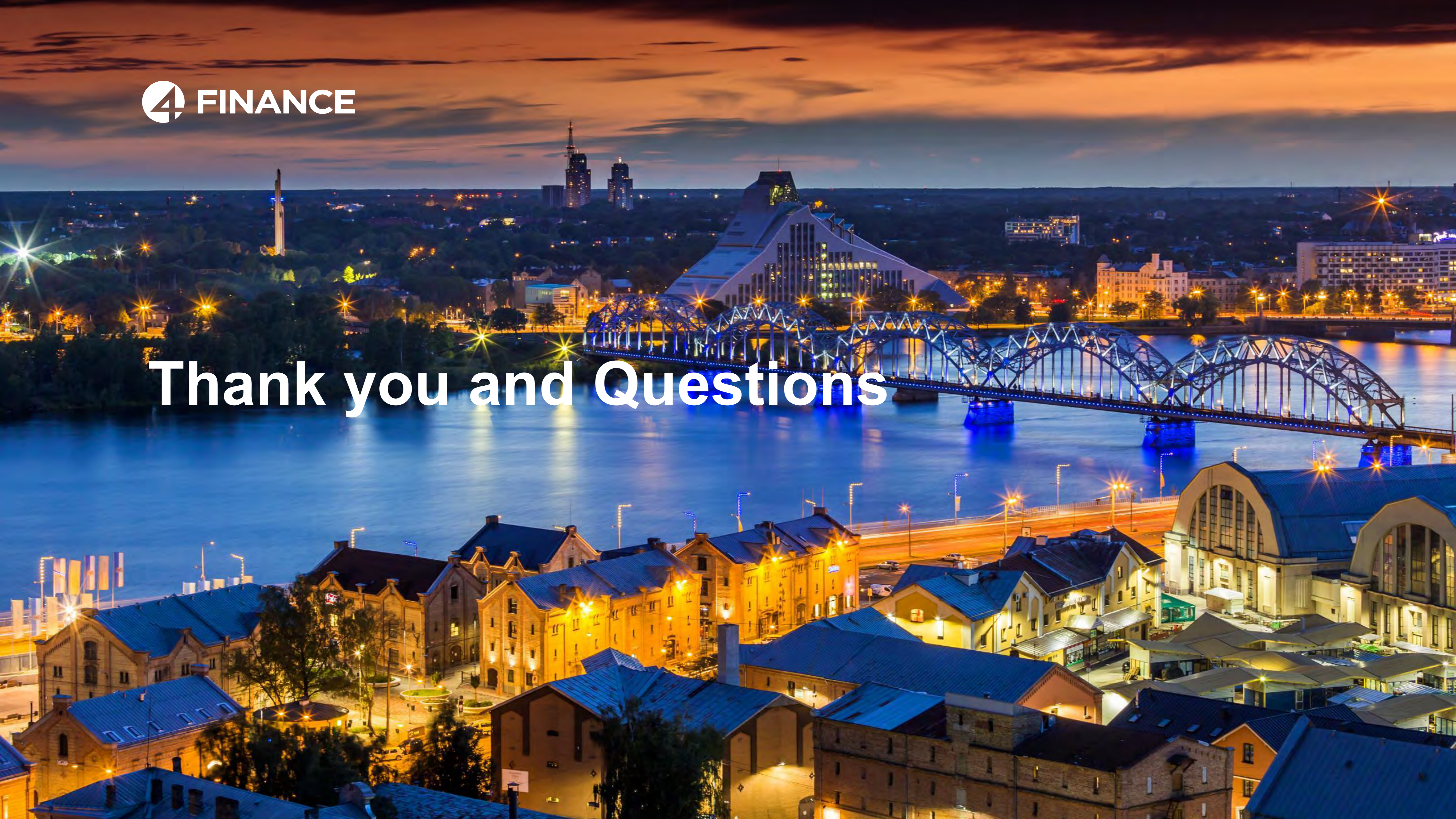
(2) Non-performing receivables 91+ DPD

Summary

- The opportunity for 4finance is significant: uniquely positioned given existing scale and experience
- Strong first half 2018 with top line growth and solid EBITDA generation
 - Improvement in cost/income ratio
 - Absorbed impact of move to IFRS 9 provisioning standard
- Refined focus as a business sets us on a good trajectory
 - New IT platform initiative well underway
 - Portfolio diversification continues, with prudent approach to roll-out
 - Pilots of near-prime products underway and securitisation platform imminent
- Smooth leadership transition and continuity of strategy



Thank you and Questions



Appendix – regulatory overview

Regulatory overview

Country	% of interest income (H1 2018)	Products ⁽¹⁾	Regulator	CB ⁽²⁾	License required ⁽³⁾	Interest rate cap ⁽¹⁾	Status
Argentina	2%	SPL	Consumer Protection Directorate	-	-	-	
Armenia	2%	LOC, IL	Central Bank of the Republic of Armenia	Yes	Yes	Nominal	
Bulgaria – Online	1%	SPL	Bulgarian National Bank	Yes	Yes	APR (inc. fees)	
Bulgaria - Bank	9%	IL, LOC, POS, SME					
Czech Republic	5%	SPL, IL	Czech National Bank	Yes	Yes	-	
Denmark	9%	LOC, IL	Consumer Ombudsman	-	-	-	
Finland	4%	SPL, LOC	Finnish Competition and Consumer Authority	-	-	APR (inc. fees) ⁽⁴⁾	New proposals on rate caps under review
Georgia	3%	SPL, IL	National Bank of Georgia	Yes	Yes	APR (inc. fees) & TCOC	
Latvia	7%	SPL, IL, LOC	Consumer Rights Protection Centre	-	Yes	Nominal, fees & TCOC	New proposals on total cost of credit under review

Notes:

(1) Abbreviations:

APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit

(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market

(3) Indicates license or specific registration requirement

(4) Rate cap applies to loans below €2,000

Regulatory overview (continued)

Country	% of interest income (H1 2018)	Products ⁽¹⁾	Regulator	CB ⁽²⁾	License required ⁽³⁾	Interest rate cap ⁽¹⁾	Status
Lithuania	2%	SPL, IL	Central Bank of Lithuania	Yes	Yes	Nominal, fees & TCOC	
Mexico	1%	SPL	National Financial Services Consumer Protection Commission	-	Yes	-	
Poland	27%	SPL, IL	Office of Competition and Consumer Protection	-	-	Nominal, fees & TCOC	
Romania – Online	1%	SPL	National Bank of Romania	Yes	Yes	-	Interest rate cap proposal being debated
Romania – Bank	6%	IL, LOC, POS, SME					
Slovakia	1%	SPL	National Bank of Slovakia	Yes	Yes	APR (inc. fees)	
Spain	17%	SPL, IL	N/A	-	-	-	
Sweden	4%	LOC, IL	Swedish Financial Supervisory Authority	Yes	Yes	Nominal & TCOC	

Notes:

(1) Abbreviations:

APR – Annual Percentage Rate; IL – Instalment loans; LOC – Line of Credit / Credit Cards; POS – Point of Sale; SPL – Single Payment Loans; SME – Business Banking (Small-Medium Sized Enterprise); TCOC – Total Cost of Credit

(2) Indicates whether the regulator is also the main banking supervisory authority in the relevant market

(3) Indicates license or specific registration requirement

Appendix – financials and key ratios

Income statement

€ m	H1 2018 (unaudited)	H1 2017 (unaudited)	% change YoY
Interest Income	245.4	213.6	+15%
Interest Expense	(30.4)	(29.2)	+4%
Net Interest Income	215.0	184.4	+17%
Net F&C Income	4.6	4.5	+3%
Other operating income	4.1	4.5	(8)%
Non-Interest Income	8.7	8.9	(2)%
Operating Income	223.7	193.3	+16%
Total operating costs	(120.0)	(112.5)	+7%
Non-recurring income/(expense)	1.2	6.4	(81)%
Net FX gain/(loss)	(12.3)	(0.7)	nm
Depreciation and amortisation	(5.0)	(4.2)	+17%
Pre-provision operating profit	87.7	82.2	+7%
Net impairment losses	(63.3)	(47.0)	+35%
Profit before tax	24.5	35.3	(31)%
Income tax expense	(7.7)	(9.2)	(16)%
Net profit/(loss) after tax	16.8	26.1	(36)%
Adjusted EBITDA	74.2	70.8	+5%

Balance sheet



€ m	30 June 2018 (unaudited)	1 January 2018 (post IFRS 9, unaudited)	31 December 2017
Cash and cash equivalents, of which:	199.4	154.9	154.9
- Online	81.8	65.8	65.8
- Bank	117.7	89.2	89.2
Placement with other banks	7.6	7.0	7.0
Gross receivables due from customers	704.0	686.4	761.3
Allowance for impairment	(166.9)	(157.5)	(170.1)
Net receivables due from customers, of which:	537.2	529.0	591.2
- Principal	509.9	502.6	556.7
- Accrued interest	27.3	26.4	34.5
Net investments in finance leases	8.8	10.5	10.5
Net loans to related parties	62.5	65.7	66.6
Property and equipment	9.2	10.1	10.1
Financial assets available for sale	18.3	18.4	18.4
Prepaid expenses	8.0	10.8	10.8
Income tax assets	19.8	21.5	20.7
Deferred tax assets	37.0	33.3	29.4
Intangible IT assets	27.9	28.6	28.6
Goodwill	21.4	21.4	21.4
Other assets	45.8	57.3	57.3
Total assets	1,002.9	968.4	1,026.9
Loans and borrowings	474.5	465.0	470.2
Deposits from customers	281.4	271.0	271.0
Deposits from banks	15.9	—	—
Corporate income tax payable	11.6	19.8	19.8
Other liabilities	69.5	76.5	76.5
Total liabilities	853.0	832.3	837.5
Share capital	35.8	35.8	35.8
Retained earnings	144.8	135.0	188.3
Reserves	(30.7)	(32.3)	(32.3)
Total attributable equity	149.9	138.5	191.8
Non-controlling interests	0.0	(2.4)	(2.4)
Total equity	149.9	136.2	189.4
Total shareholders' equity and liabilities	1,002.9	968.4	1,026.9

Cashflow summary

€ m	H1 2018 (unaudited)	H1 2017 (unaudited)	FY 2017
Operating cash flow before movements in portfolio and deposits	141.7	100.5	219.1
Net cash flows from operating activities	55.6	35.6	1.7
Net cash flows from investing activities	23.1	(5.2)	(30.0)
Net cash flows used in financing activities	(28.5)	86.5	22.2
Net (decrease)/increase in cash and cash equivalents	50.2	116.9	(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	(0.2)	(0.4)	1.0
Cash and cash equivalents at the end of the period	181.9	253.5	131.9
TBI Bank Minimum statutory reserve	17.6	24.9	23.0
Total cash on hand and cash at central banks	199.4	278.4	154.9

Key ratios – profitability

Profitability	H1 2018	H1 2017
ROAA, % * (1)	3.4%	5.1%
ROAE, % * (2)	23.4%	21.4%
ROATE, %	57.5%	39.3%
Interest Income/Average Interest Earning Assets, % (3)	69.9%	62.7%
Interest Income/Average Gross Loan Portfolio, % **	75.6%	63.1%
Interest Income/Average Net Loan Portfolio, % **	97.0%	84.3%
Interest Expense/Interest Income, %	12.4%	13.7%
Cost Of Funds, % (4)	7.2%	7.6%
Cost Of Interest Bearing Liabilities, % (5)	8.1%	8.4%
Net Spread, % (6)	61.7%	54.2%
Net interest margin, % ** (7)		
- Online	89.4%	66.1%
- TBI Bank	28.3%	26.3%
- Overall group	66.2%	54.5%
Net Fee & Commission Income/Total Operating Income, %	2.1%	2.3%
Net Fee & Commission Income/Average Total Assets, % *	0.9%	0.9%
Net Non-Interest Income/Total Operating Income, %	3.9%	4.6%
Net Non-Interest Income/Average Total Assets, % *	1.8%	1.8%
Recurring Earning Power, % * (8)	19.1%	17.0%
Earnings Before Taxes/Average Total Assets, % *	4.8%	7.0%

Notes:

* Normalised ratios 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) Net Income of the period divided by Average Total Assets for the same period

(2) 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) Interest expense of the Period divided by Average Total Liabilities for the same period

(5) 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) Interest income of the period divided by Average Interest Earning Assets for the same period less Cost of Interest Bearing Liabilities

(7) 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) Profit (Pre-discretionary bonus) before Net impairment losses of the period divided by Average Total Assets for the same period

Key ratios – efficiency

Efficiency	H1 2018	H1 2017
Total Assets/Employee, (in thousands of €) *	315	319
Total Operating Income/Employee, (in thousands of €)	141	113
Cost/Income Ratio, % ⁽¹⁾	53.6%	58.2%
Total Recurring Operating Costs/Average Total Assets, % *	24.4%	22.2%
Total Operating Income/ Average Total Assets, % *	45.4%	38.2%
Total Recurring Cash Costs/Average Total Assets, % * ⁽²⁾	24.4%	22.2%
Net Income (Loss)/Employee, (in thousands of €) *	11	15
Personnel Costs/Average Total Assets, % *	11.3%	9.5%
Personnel Costs/Total Recurring Operating Costs, %	46.4%	42.6%
Personnel Costs/Total Operating Income, %	24.9%	24.8%
Net Operating Income/Total Operating Income, % *	39.2%	42.5%
Net Income (Loss)/Total Operating Income, % *	7.5%	13.5%
Profit before tax (Loss)/Interest income, % *	10.0%	16.5%

Notes:

* *Normalised ratios 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)

All ratios are annualised where appropriate

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

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

Key ratios – asset quality

Asset Quality	H1 2018	H1 2017
Cost of Risk, % ⁽¹⁾		
- Online	22.7%	17.5%
- TBI	10.4%	5.2%
- Overall group	18.2%	13.9%
Gross NPL ratio, % ⁽²⁾		
- Online	22.0%	40.1%
- TBI	16.6%	11.6%
- Overall group	20.0%	31.6%
Loan Loss Reserve/Gross Receivables from Clients, %	23.7%	24.5%
Average Loan Loss Reserve/Average Gross Receivables from Clients, %	23.3%	25.1%
Net impairment / interest income, % ⁽³⁾	25.8%	22.0%

Notes:

All ratios are annualised where appropriate

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

(2) Non-performing receivables (including accrued interest) with a delay of over 90 days divided by gross receivables (including accrued interest)

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

Key ratios – liquidity and capitalisation

Liquidity	H1 2018	H1 2017
Net Loan Receivables/Total Assets, % *	53.6%	47.5%
Average Net Loan Receivables/Average Total Assets, % *	54.1%	50.0%
Average Net Loan Receivables/Average Client Balances & Deposits, %	193.0%	202.4%
Net Loan Receivables/Total Deposits, %	190.9%	197.1%
Net Loan Receivables/Total Liabilities, %	63.0%	62.2%
Interest Earning Assets/Total Assets, % *	71.0%	63.4%
Average Interest Earning Assets/Average Total Assets, % *	71.3%	67.3%
Liquid Assets/Total Assets, % * ⁽¹⁾	20.6%	25.9%
Liquid Assets/Total Liabilities, %	24.3%	33.9%
Total Deposits/Total Assets, % *	28.1%	24.1%
Total Deposits/Total Liabilities, %	33.0%	31.6%
Total Deposits/Shareholders' Equity, Times *	1.9x	1.0x
Leverage (Total Liabilities/Equity), Times *	5.7x	3.2x
Tangible Common Equity/Tangible Assets, % * ⁽²⁾	6.9%	14.7%
Tangible Common Equity/Net Receivables, %	11.8%	27.8%
Net Loan Receivables/Equity, Times *	3.6x	2.0x

Capitalisation and ICR	H1 2018	H1 2017
Total Equity/Total Assets, %	14.9%	23.6%
Total Equity/Net receivables, %	27.9%	49.8%
TBI Bank capital adequacy ratio, % ⁽³⁾	25.5%	26.6%
Adjusted interest coverage, Times ⁽⁴⁾	2.4x	2.4x

Notes:

* *Normalised ratios 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)

All ratios are annualised where appropriate

(1) Liquid Assets include Cash and Cash Equivalents and Placements with other banks

(2) Tangible Equity is Total Equity less Intangible Assets. Tangible Assets are Total Assets less Intangible Assets

(3) TBI Bank (Tier One Capital + Tier Two Capital) divided by Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)

(4) Adjusted EBITDA divided by interest expense

Asset quality and provisioning – loan principal

	30 June 2018				1 January 2018 (post IFRS 9)				31 December 2017			
	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount	Gross amount	Impairment allowance	Net amount	% of Gross Amount
<i>In millions of €, except percentages</i>												
Online principal												
Performing ⁽¹⁾	320.2	(50.6)	269.6	79.4%	317.7	(49.3)	268.4	79.1%	317.7	(30.2)	287.5	68.1%
Non-performing ⁽²⁾	83.3	(64.4)	18.9	20.6%	84.0	(66.4)	17.5	20.9%	148.8	(98.3)	50.5	31.9%
Online total	403.5	(115.0)	288.5	100.0%	401.7	(115.8)	285.9	100.0%	466.5	(128.6)	337.9	100.0%
TBI Bank principal												
Performing ⁽¹⁾	212.4	(9.7)	202.8	83.4%	209.0	(6.8)	202.2	87.3%	209.0	(4.3)	204.7	87.3%
Non-performing ⁽²⁾	42.4	(23.8)	18.6	16.6%	30.3	(15.8)	14.5	12.7%	30.3	(16.2)	14.1	12.7%
TBI Bank total	254.8	(33.5)	221.4	100.0%	239.3	(22.6)	216.7	100.0%	239.3	(20.5)	218.8	100.0%
Overall group principal												
Performing ⁽¹⁾	532.7	(60.3)	472.4	80.9%	526.7	(56.2)	470.6	82.2%	526.7	(34.5)	492.2	74.6%
Non-performing ⁽²⁾	125.7	(88.2)	37.5	19.1%	114.2	(82.2)	32.0	17.8%	179.1	(114.5)	64.6	25.4%
Overall total	658.3	(148.5)	509.9	100.0%	641.0	(138.4)	502.6	100.0%	705.8	(149.0)	556.7	100.0%

Notes:

(1) Performing receivables 0-90 DPD

(2) Non-performing receivables 91+ DPD

Glossary/Definitions

- **Adjusted EBITDA** – a non-IFRS measure that represents EBITDA (profit for the period plus tax, plus interest expense, plus depreciation and amortization) as adjusted by income/loss from discontinued operations, non-cash gains and losses attributable to movement in the mark-to-market valuation of hedging obligations under IFRS, goodwill write-offs and certain other one-off or non-cash items. Adjusted EBITDA, as presented here, may not be comparable to similarly-titled measures that are reported by other companies due to differences in the way these measures are calculated. Further details of covenant adjustments can be found in the relevant bond prospectuses, available on our website
- **Adjusted interest coverage** – Adjusted EBITDA / interest expense
- **Cost of risk** – Annualised net impairment loss / average gross receivables (total gross receivables as of the start and end of each period divided by two)
- **Cost / income ratio** – Operating costs / operating income
- **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 losses on loans and receivables / interest income
- **Net interest margin** – Annualised net interest income / average gross loan principal (total gross loan principal as of the start and end of each period divided by two)
- **Net receivables** – Gross receivables (including accrued interest) less impairment provisions
- **Non-performing loans (NPLs)** – Loan principal or receivables (as applicable) that are over 90 days past due
- **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)
- **Return on Average Tangible Equity** – Annualised profit from continuing operations / average tangible equity (tangible equity as of the start and end of each period divided by two)
- **Tangible Equity** – Total equity minus intangible assets
- **TBI Bank Capital adequacy ratio** – (Tier One Capital + Tier Two Capital) / Risk weighted assets (calculated according to the prevailing regulations of the Bulgarian National Bank)



Contacts

Investor Relations

investorrelations@4finance.com

Headquarters

17a-8 Lielirbes street, Riga, LV-1046, Latvia

James Etherington

Head of Investor Relations

Phone: +44 7766 697 950

E-mail: james.etherington@4finance.com

Paul Goldfinch

Chief Financial Officer

Phone: +371 2572 6422

E-mail: paul.goldfinch@4finance.com