4FINANCE HOLDING S.A. REPORTS RESULTS FOR THE THREE MONTHS ENDING 31 MARCH 2018

INTEREST INCOME UP 18%, ADJUSTED EBITDA €32.1 MILLION, FURTHER STRONG INSTALMENT LOAN GROWTH

24 May 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 three months ending 31 March 2018 (the 'Period').

Operational Highlights

- Online loan issuance volume during the Period grew by 11% year-on-year to €337.3 million from €302.7 million in Q1 2017.
- Instalment Loan issuance volume up 119% year-on-year to €63.0 million, with strong quarterly growth since Q1 2017.
- Single Payment Loan issuance volume stable overall at €269.2 million (down 1% year-on-year), with LatAm Single Payment Loan issuance volume more than doubling year-on-year.
- The number of online lending active customers(1) was 0.41 million in the Period compared with 0.44 million in Q1 2017.
- TBI Bank loan issuance volume during the Period grew by 22% year-on-year to €61.5 million from €50.6 million in Q1 2017.
- TBI Bank active borrowing customers reached 0.46 million, up 11% from a year ago, with 0.21 million current accounts as of 31 March 2018, up 15% from a year ago.

Financial Highlights

- Interest income up 18% year-on-year to €123.6 million in the Period compared with €104.7 million in the prior year period.
- Operating income (revenue) up 18% year-on-year to €113.1 million in the Period from €95.6 million last year.
- Adoption of IFRS 9 as of 1 January 2018, including change of customer loan write-off period to 360 DPD from 730 DPD in the online lending business. Significant impact on opening balance of gross and net receivables and equity.
- Net receivables reached €549.1 million as of 31 March 2018, up 4% compared with 1 January 2018 opening balance.
- Pre-provision operating profit up 28% year-on-year to €52.0 million in the Period compared with €40.7 million in the prior year period.
- Adjusted EBITDA was €32.1 million for the Period, down 8% year-on-year, with adjusted interest coverage of 2.2x.
- Profit before tax for the Period was €15.2 million, decreasing 10% year-on-year from €17.0 million in Q1 2017, reflecting increased impairment charges, largely due to the transition to IFRS 9.
- Cost to income ratio for the Period was 54%, vs. 58% for Q1 2017, reflecting cost discipline and faster revenue growth.
- Financial strength remains solid, with equity / assets ratio of 15% as of 31 March 2018 and equity / net receivables of 27%. Both ratios improved by 1 percentage point during the quarter from their 1 January 2018 post-IFRS 9 levels.
- Improvement in asset quality following move to 360 DPD write-off, with an overall gross NPL ratio of 19.5% as of 31 March 2018 (22.1% 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 27.2% for the Period, compared to 17.9% in Q1 2017, and in TBI Bank it was 9.8% for the Period, compared to 4.8% in Q1 2017. The increases reflect the impact of IFRS 9 and removal of 360-730 DPD online receivables.

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

Strategic Highlights

- Continued momentum in instalment loans, with particularly strong customer demand in Poland and ongoing migration of single payment loan customers to longer-term instalment products in various markets.
- Good progress with our new IT platform, designed to better support business growth, deliver faster product and scorecard innovation and facilitate IT cost reduction in the medium term, now in beta testing phase.
- Continued development of near-prime products, with the pilot in Spain progressing well, the Lithuanian near-prime lending business reaching a sustainable scale, and the pilot launch in Sweden in June.
- Further progress on funding diversification, with loan securitisation platform pilot expected to launch in July. TBI Bank annualised cost of deposit funding reduced to 1.0% in the Period from 1.5% in Q1 2017 and regulatory approval received to passport deposit license to Germany.
- Ongoing review of each market to ensure the businesses meet our financial return criteria. Decision taken to wind down Dominican Republic operations.
- CEO, Mark Ruddock has signaled his intent to step down, and will transition back to the Supervisory Board once the long-term CEO is in place in August 2018.

Mark Ruddock, CEO of 4finance, commented:

"These results evidence a strong start to the financial year, with interest income growth of 18% compared to the first quarter of 2017. This growth has been driven by an increase of over 50% in the contribution from instalment loans as we continue to successfully deploy the proceeds of last April's bond issue. Together with a healthy increase from TBI Bank operations, our portfolio rebalancing strategy has significantly diversified our product mix and provided greater visibility on future revenue. Our traditional single payment loan brands continue to evolve, with many markets migrated towards more line-of-credit like products. We continue to see promising progress in some of our newer markets, although we retain a conservative bias towards expanding before the economics are proven.

"As last year's strategic cost initiatives bear fruit, our focus on cost discipline is reflected in a cost growth which is lower than revenue growth year-on-year. Whilst we have more work to do on reducing the cost/income ratio, the reduction in quarter-on-quarter costs was encouraging. This was achieved despite our policy of expensing, rather than capitalising, tactical IT development related to our legacy platform. Finally, the 28% increase in pre-provision profits has meant we have been able to absorb the impact of moving to IFRS 9 provisioning and still maintain a solid level of profitability and EBITDA generation.

"When I agreed to step off the Supervisory Board and into the role of CEO, there were three specific initiatives we identified as being important foundations for the future of the firm: a new IT platform, the development and launch of near prime capabilities and the creation of a securitisation and funding platform. I am happy to confirm that all three are now at the point of implementation, and I am proud of the progress the company has achieved in the last year. I am confident that these initiatives, as well as our scale and financial strength, have set 4finance on a good trajectory for the future, and I look forward to working with the incoming CEO to continue to realise the potential of this business."

Contacts

Contact:	James Etherington, Head of Investor Relations
Email:	james.etherington@4finance.com / investorrelations@4finance.com
Website:	www.4finance.com

Conference call

A conference call with management to discuss these results is scheduled for **Friday, 25 May at 13:30 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 15 countries.

Leveraging a high degree of automation and data-driven insights across all aspects of the business, 4finance has grown rapidly, issuing over €5 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 13 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

	Three months ending 31 March 2018	Three months ending 31 March 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
	2018	**2017**	**2017**	**2016**
Capitalisation				
Net receivables (€m)[1]	549.1	508.5	591.2	492.3
Total assets (€m)	993.2	963.5	1,026.9	929.8
Total equity (€m)	146.1	245.9	189.4	226.1
Equity / assets ratio[2]	14.7%	25.5%	18.4%	24.3%
Equity / net receivables[3]	26.6%	48.4%	32.0%	45.9%
Adjusted interest coverage[4]	2.2x	2.6x	2.2x	3.6x
TBI Bank capital adequacy ratio[5]	27.6%	28.9%	23.2%	24.0%
Profitability				
Net interest margin:[6]				
- Online	81.0%	66.2%	66.1%	74.7%
- TBI Bank	27.8%	25.1%	26.7%	23.6%
- Overall group	62.0%	54.4%	54.1%	65.0%
Cost / income ratio[7]	54.0%	58.2%	57.8%	51.5%
Normalised Profit before tax margin[8]	12.3%	16.2%	12.7%	20.6%
Normalised Return on average equity[9]	30.1%	21.0%	14.7%	31.7%
Normalised Return on average assets[10]	4.3%	5.2%	3.4%	9.2%
Asset quality				
Cost of risk:[11]				
- Online	27.2%	17.9%	20.8%	19.6%
- TBI Bank	9.8%	4.8%	3.9%	3.1%
- Overall group	21.0%	14.1%	15.6%	17.3%
Gross NPL ratio:[12]				
- Online	22.1%	40.9%	33.5%	42.0%
- TBI Bank	14.7%	12.7%	12.7%	10.9%
- Overall group	19.5%	32.8%	26.7%	33.1%
Net impairment / interest income[13]	29.8%	22.6%	24.0%	22.8%

Definitions and Notes below. For further definitions, please see the appendix. 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.
(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 receivables (total gross receivables as of the start and end of each period divided by two).
(7) Operating costs/operating income (revenue).
(8) Profit before tax/interest income.
(9) Annualised profit from continuing operations / average equity (total equity as of the start and end of each period divided by two).
(10) Annualised profit from continuing operations / average assets (total assets as of the start and end of each period divided by two).
(11) 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.
(12) Non-performing receivables (including accrued interest) with a delay of over 90 days/gross receivables (including accrued interest).
(13) 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 three months ending 31 March 2018 and 31 March 2017. Additional reference information on the historic quarterly development of our income statement is shown in the appendix to this report.

	3 months to 31 March		
	2018 (unaudited)	2017 (unaudited)	% change
	(in millions of €)		
Interest Income	123.6	104.7	+18 %
Interest Expense	(14.9)	(13.3)	+12 %
Net Interest Income	**108.7**	**91.4**	**+19 %**
Net F&C Income	2.3	2.0	+13 %
Other operating income	2.1	2.2	(2)%
Non-Interest Income	**4.4**	**4.2**	**+5 %**
Operating Income	**113.1**	**95.6**	**+18 %**
Total operating costs	**(61.0)**	**(55.7)**	**+10 %**
Non-recurring income/(expense)	—	4.4	nm
Net FX gain/(loss)	2.4	(1.6)	nm
Depreciation and amortisation	(2.5)	(2.0)	+25 %
Pre-provision operating profit	**52.0**	**40.7**	**+28 %**
Net impairment charges	(36.8)	(23.7)	+55 %
Profit before tax	**15.2**	**17.0**	**(10)%**
Income tax expense	(4.6)	(4.6)	0 %
Net profit/(loss) after tax	**10.6**	**12.4**	**(14)%**

Interest income

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

	3 months to 31 March		
	2018	2017	% change
Online lending	*(in millions of €)*		
Total value of loans issued	337.3	302.7	+11 %
Average net receivables	314.5	322.1	(2)%
Annualised interest income / average net receivables	134%	114%	
Interest income from online lending	105.6	91.7	+15 %
Banking operations			
Average net receivables	224.5	179.1	+25 %
Annualised interest income / average net receivables	32%	29%	
Interest income from banking operations (1)	18.0	13.0	+38 %

Note (1) See appendix for full TBI Bank income statement.

Interest income for the Period was €123.6 million, a 18% increase compared with €104.7 million for the three months ending 31 March 2017. Growth in interest income from online lending was 15%, reflecting the 2% 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 compared to the prior year period, with an increased proportion of consumer lending (cash lending, point-of-sale lending and credit cards) with rates that average 45-50% p.a. compared to SME loans with average interest rates of approximately 8-14% p.a. TBI Bank also generates income which is reported separately in either the 'net fee and commission' and 'other operating income' lines.

Interest expense

Interest expense for the Period was €14.9 million, a 12% increase compared with €13.4 million for the three months ending 31 March 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 in Q4 2017 has also slightly reduced the interest expense for the Period.

Non-interest income

Non-interest income for the period was €4.4 million, a 5% increase compared with €4.2 million reported for the three months ending 31 March 2017. The increase was mainly due to the net fee and commission generated by TBI Bank, primarily fees from insurance sales to its customers.

Total operating costs

Total operating costs reported for the Period were €61.0 million, a 10% increase compared with €55.7 million reported for the three months ending 31 March 2017. The growth rate is lower than the rate of revenue growth, reflecting our focus on cost discipline and the results of strategic cost initiatives put in place during 2017. Costs for Q1 2018 include IT development spend related to our legacy platform which would have been capitalised in Q1 2017, so the ‘like for like’ cost increase in the core business is less than 6%.

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

	3 months to 31 March	
	2018	**2017**
	(in millions of €)	
Personnel costs	27.8	24.5
Marketing and sponsorship	12.9	12.8
Legal and consulting	2.0	2.5
IT expenses (including R&D)	6.3	4.0
Debt collection costs	1.8	2.1
Rent and utilities	1.9	1.9
Application processing costs	2.0	1.7
Bank services	1.2	1.0
Communication expenses	1.0	1.2
Taxes	1.0	0.9
Travel	0.4	0.5
Other	2.7	2.7
Total	**61.0**	**55.7**
Of which:		
Friendly Finance	3.7	3.1
TBI Bank	10.1	8.0
4finance excl. acquisitions	47.2	44.5

For the three months of 2018 and 2017, marketing and sponsorship costs accounted for 21% and 23% respectively, and personnel costs accounted for 46% and 44%, respectively, of total operating costs. The cost to income ratio for the Period was 54%, an encouraging improvement from 58% in Q1 2017.

Non-recurring income/(expense)

Net non-recurring income for the Period was a *de minimis* €31 thousand. For the three months ending 31 March 2017, net non-recurring income was €4.4 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 FY17 results) and rental income (business sold in Q3 2017). The net impact of foreign exchange changes are shown in separate lines.

Pre-provision operating profit

For the reasons stated above, the Group's pre-provision operating profit for the Period was €52.0 million, a 28% increase compared with €40.7 million for the three months ending 31 March 2017.

Net impairment charges on loans and receivables

Net impairment charges for the Period were €36.8 million, a 55% increase compared with €23.7 million for the three months ending 31 March 2017. The introduction of 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. In general, for an equivalent portfolio, this results in higher gross impairment charges, as well as greater portfolio sale net proceeds and recoveries. In addition to this, strong instalment loan origination during the Period and higher charges in TBI Bank's Romanian consumer portfolio contributed to higher gross provisions. The quarter-on-quarter increase of c.€2 million is relatively small, given the increases in loan portfolio through 2017.

	3 months to 31 March	
	2018	2017
	(in millions of €)	
Impairment charges on loans	49.0	28.7
Over provision on debt portfolio (portfolio sale net proceeds)	(6.7)	(2.8)
Recovery from written-off loans	(5.5)	(2.2)
Net impairment charges	**36.8**	**23.7**

Overall net impairment charges represented 30% of interest income for the Period, a slight increase from 23% last year. The net impairment charges for the online business compared to average online gross receivables, i.e. cost of risk, also increased to 27.2% in the Period from 20.8% last year. This is impacted by the reduction in gross receivables due to the move to 360 DPD write-off.

Profit before tax

For the reasons stated above, the Group's profit before tax for the Period was €15.2 million, a 10% decrease compared with €17.0 million for the three months ending 31 March 2017. The profit before tax margin was 12% for the Period, a reduction from 16% for the three months ending 31 March 2017.

Corporate income tax

The Group's corporate income tax expense was unchanged at €4.6 million for the Period, compared with €4.6 million for the three months ending 31 March 2017.

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

	3 months to 31 March	
	2018	2017
	(in millions of €)	
Current tax	8.5	11.2
Deferred tax	(4.0)	(6.6)
Total	**4.6**	**4.6**

The effective tax rate for the Period was 30%, a small increase compared with 27% for the three months ending 31 March 2017.

Profit/(loss) for the period

For the reasons stated above, profit for the Period was €10.6 million, compared with a profit of €12.4 million for the three months ending 31 March 2017.

Other financial data – EBITDA and Adjusted EBITDA

	Three Months Ended 31 March 2018	Three Months Ended March 31, 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
	2018	**2017**	**2017**	**2016**
		(in millions of €)		
Profit for the period	10.6	12.4	(16.8)	63.2
Provision for corporate income tax	4.6	4.6	27.6	17.8
Interest expense	14.9	13.3	61.9	38.7
Depreciation and amortisation	2.5	2.0	9.0	5.1
EBITDA	**32.6**	**32.3**	**81.7**	**124.9**
Adjustments	(0.5)	2.6	53.7	12.5
Adjusted EBITDA (1)	**32.1**	**34.9**	**135.4**	**137.4**

	Three Months Ended 31 March 2018	Three Months Ended March 31, 2017	Year Ended 31 December 2017	Year Ended 31 December 2016
	2018	**2017**	**2017**	**2016**
		(in millions of €)		
Summary breakdown of Adjustments to EBITDA				
Discontinued operations	—	—	—	—
Net effect of FX hedging	(2.4)	1.6	4.0	7.3
One-off costs and other prescribed adjustments	1.9	1.0	3.6	5.2
One-off write-down of intangible assets	—	—	46.1	—
Total	**(0.5)**	**2.6**	**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.

	31 March 2018 (unaudited)	1 January 2018 (post IFRS 9)	31 December 2017
		(in millions of €)	
Cash and cash equivalents, of which:	**153.8**	**154.9**	**154.9**
- Online	53.5	65.8	65.8
- TBI bank	100.3	89.2	89.2
Placement with other banks	5.7	7.0	7.0
Gross receivables due from customers	715.6	686.4	761.3
Allowance for impairment	(166.5)	(157.5)	(170.1)
Net receivables due from customers	**549.1**	**529.0**	**591.2**
Net investments in finance leases	9.3	10.5	10.5
Loans to related parties	63.1	65.7	66.6
Property and equipment	9.6	10.1	10.1
Financial assets available for sale	18.3	18.4	18.4
Prepaid expenses	8.7	10.8	10.8
Income tax assets	21.2	21.5	20.7
Deferred tax assets	37.1	33.3	29.4
Intangible IT assets	28.1	28.6	28.6
Goodwill	21.4	21.4	21.4
Other assets	67.8	57.3	57.3
Total assets	**993.2**	**968.4**	**1,026.9**
Loans and borrowings	467.2	465.0	470.2
Deposits from customers	272.8	271.0	271.0
Deposits from banks	9.4	—	—
Corporate income tax payable	17.8	19.8	19.8
Other liabilities	79.9	76.5	76.5
Total liabilities	**847.1**	**832.3**	**837.5**
Share capital	35.8	35.8	35.8
Retained earnings	147.5	135.0	188.3
Reserves	(34.3)	(32.3)	(32.3)
Total attributable equity	**149.0**	**138.5**	**191.8**
Non-controlling interests	(2.8)	(2.4)	(2.4)
Total equity	**146.1**	**136.2**	**189.4**
Total shareholders' equity and liabilities	**993.2**	**968.4**	**1,026.9**

Assets

The Group had total assets of €993.2 million as of 31 March 2018, a 3% decrease compared with €1,026.9 million as of 31 December 2017. The decrease mainly reflects the IFRS 9 adjustments to opening balances, followed by strong growth in net receivables during the Period. Loans from related parties decreased due to the early repayment in full by Piressa (the former Russian business sold in 2015) of its €5.1 million loan in March 2018 prior to maturity in May 2018.

Loan portfolio

As of 31 March 2018, the Group's net receivables equaled €549.1 million, compared with €591.2 million as of 31 December 2017, representing a decrease of €42.1 million, or 7%. Excluding the IFRS 9 opening balance adjustment, net receivables increased by €20.1 million or 4%. The increase was mainly from growth in online instalment loans. The net receivables include €14.8 million from Friendly Finance and €226.7 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 gross and net receivables and performing vs non-performing classification. Additional reference information on the historic quarterly development of our online portfolio, 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 receivables in terms of performing and non-performing loans (i.e. those more than 90 days past due), including accrued interest.

Receivables	**31 March 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 receivables								
Performing	359.2	(61.8)	297.3	77.9 %	343.2	(34.6)	308.6	66.5 %
Non-performing(1)	101.9	(76.8)	25.1	22.1 %	172.5	(114.5)	58.0	33.5 %
Online total	**461.1**	**(138.7)**	**322.4**	**100.0%**	**515.7**	**(149.1)**	**366.6**	**100.0%**
TBI Bank receivables								
Performing	217.2	(8.5)	208.6	85.3 %	214.5	(4.4)	210.1	87.3 %
Non-performing(1)	37.3	(19.3)	18.0	14.7 %	31.1	(16.6)	14.5	12.7 %
TBI Bank total	**254.5**	**(27.8)**	**226.6**	**100.0%**	**245.6**	**(21.0)**	**224.6**	**100.0%**
Overall receivables								
Performing	576.4	(70.4)	506.0	80.5 %	557.7	(39.0)	518.7	73.3 %
Non-performing(1)	139.2	(96.1)	43.1	19.5 %	203.6	(131.1)	72.5	26.7 %
Overall total	**715.6**	**(166.5)**	**549.1**	**100.0%**	**761.3**	**(170.1)**	**591.2**	**100.0%**

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 receivables by product.

	31 March 2018		**31 December 2017**	
	Amount	**% of Portfolio**	**Amount**	**% of Portfolio**
Online performing gross receivables by product:	*(in millions of €, except percentages)*			
Single Payment Loans	205.7	57.3 %	215.5	62.8 %
Instalment Loans	144.8	40.3 %	120.9	35.2 %
Line of Credit	7.9	2.2 %	5.9	1.7 %
Point of Sale Loans	0.8	0.2 %	0.8	0.2 %
Total online gross performing receivables	**359.2**	**100.0%**	**343.2**	**100.0%**

Online non-performing receivables

As of 31 March 2018, the Group's non-performing(1) online receivables were €101.9 million, a decrease of €70.6 million, or 41%, 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 an increase of €4.3 million, or 4%, over the Period. Following this write-off period change, the Group intends to report 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 the online portfolio as of 31 March 2018.

(1) Non-performing receivables (NPLs) – Receivables that are over 90 days past due.

The Group accrues interest whilst it is probable it will be received (typically up to 90 DPD for instalment loans). Non-performing accrued interest represented €11.4 million, or 11.2%, of the online NPLs. 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 receivables by product. Given the substantial impact of the change in write-off period at year-end 2017, opening balance figures are also shown.

	31 March 2018	**1 January 2018 (post IFRS 9)**	**31 December 2017**
	(in millions of €, except percentages)		
Non-performing online receivables by product:			
Single Payment Loans	64.9	65.2	116.7
Instalment Loans	34.9	29.4	52.8
Line of Credit	1.9	2.9	2.9
Point of Sales	0.2	0.1	0.1
Total non-performing online receivables	**101.9**	**97.7**	**172.5**
Allowance for NPL receivables	76.8	77.5	114.5
Allowance for NPL receivables / non-performing receivables	75 %	79 %	66 %
Overall allowance / NPL coverage ratio	136 %	138 %	86 %
Average Loss Given Default rate	78 %	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. Consequently these funds will be repaid. The first instalment of US$3 million was paid in March 2018 and the final instalment is due at the end of May 2018.

	31 March 2018	**31 December 2017**
	(in millions of €, except percentages)	
Receivable relating to prepayment	18.5	21.4
FX hedging - funds on margin	16.6	8.9
Non-current assets held for sale	4.9	7.6
Receivables from suppliers	11.8	6.2
Security deposits	1.9	1.7
Investments in associates	1.7	1.7
Derivatives	0.1	0.4
Other non-customer receivables	12.3	9.4
Total	**67.8**	**57.3**

Liabilities

The Group had total liabilities of €847.1 million as of 31 March 2018, compared with €837.5 million as of 31 December 2017, representing an increase of €9.6 million.

Loans and borrowings

As of 31 March 2018, the Group had loans and borrowings of €467.2 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 31 March 2018 and 56% of total liabilities as of 31 December 2017. The following table sets out the loans and borrowings by type as of the dates indicated.

	31 March 2018	31 December 2017
	(in millions of €)	
4finance Notes	462.2	465.4
TBI Bank	0.2	0.3
Loans from bank	0.2	0.2
Other(1)	4.6	4.3
Total loans and borrowings(2)	**467.2**	**470.2**

Notes:
(1) 'Other' consists primarily of loans to Friendly Finance.
(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 callable at 106% from May 2018 and then 104% from 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 31 March 2018, the Group had total customer deposits of €272.8 million. Banking operations contributed €259.7 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.

	31 March 2018	31 December 2017
	(in millions of €, except percentages)	
Accrued expenses	21.9	19.3
Accounts payable to suppliers	7.9	14.5
FX forward hedging liability	17.4	13.8
Taxes payable	8.3	6.9
Provisions for unused vacations	2.3	2.0
Other liabilities	22.1	20.0
Total	**79.9**	**76.5**

Equity

As of 31 March 2018, the Group's total equity amounted to €146.1 million, compared with €189.4 million as of 31 December 2017, representing a decrease of €43.3 million, or 23%. 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 31 March 2018 was 15%.

The equity to net receivables ratio as of 31 March 2018 was 27%, 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 31 March 2018 were €14.6 million. This includes TBI Bank's undrawn lending commitments of €11.0 million and financial guarantees €0.7 million as well as €3.0 million in connection with the Group's online portfolio (line of credit 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

	3 months to 31 March		12 months to 31 December
	2018	**2017**	**2017**
Cash flows from operating activities	*(in millions of €)*		
Profit before taxes	**15.2**	**17.0**	**10.7**
Adjustments for:			
Depreciation and amortization	2.5	1.7	8.3
Impairment of goodwill and intangible assets	—	—	25.9
Net (gain) / loss on foreign exchange from borrowings and other monetary items	(5.5)	0.8	(30.1)
Impairment losses on loans	49.0	28.7	136.5
Reversal of provision on debt portfolio sales	(6.7)	(2.8)	(18.9)
Write-off and disposal of intangible and property and equipment assets	0.1	0.1	11.4
Provisions	0.3	0.6	(0.2)
Interest income from non-customers loans	(2.1)	(2.2)	(9.2)
Interest expense on loans and borrowings and deposits from customers	14.9	13.3	61.9
Profit or loss before adjustments for the effect of changes to current assets and short-term liabilities	67.7	57.2	203.0
Adjustments for:			
Change in financial instruments measured at fair value through profit or loss	3.8	8.2	24.6
Increase in other assets (including TBI statutory reserve, placements & finance leases)	(7.8)	(22.1)	(16.2)
Increase in accounts payable to suppliers, contractors and other creditors	(2.3)	(2.3)	7.6
Operating cash flow before movements in portfolio and deposits	**61.5**	**41.0**	**219.0**
Increase in loans due from customers	(79.7)	(45.0)	(267.2)
Proceeds from sale of portfolio	16.0	7.1	54.2
Increase in deposits from customers	11.0	24.4	33.8
Deposit interest payments	(0.8)	(1.0)	(4.5)
Gross cash flows from operating activities	**7.9**	**26.5**	**35.3**
Corporate income tax paid	(10.2)	(10.5)	(33.6)
Net cash flows from operating activities	**(2.3)**	**16.0**	**1.7**
Cash flows used in investing activities			
Purchase of property and equipment and intangible assets	(2.1)	(4.0)	(13.1)
Loans issued to related parties	(2.3)	(0.5)	(4.3)
Loans repaid from related parties	5.4	2.3	10.9
Interest received from related parties	1.7	0.6	1.7
Acquisition of Non-controlling interests	—	—	(4.4)
Prepayment for potential investment	—	—	(20.9)
Net cash flows from investing activities	**2.7**	**(1.6)**	**(30.1)**
Cash flows from financing activities			
Loans received and notes issued	0.5	0.8	163.7
Repayment and repurchase of loans and notes	(0.1)	(4.2)	(58.0)
Interest payments	(3.4)	(13.9)	(51.6)
Costs of notes issuance and premium on repurchase of notes	—	(0.2)	(5.8)
Net cash flows used in financing activities	**(3.0)**	**(17.5)**	**22.3**
Net decrease/increase in cash and cash equivalents	**(2.7)**	**(3.1)**	**(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	0.3	(0.4)	1.0
Cash and cash equivalents at the end of the period	**129.6**	**133.5**	**131.9**
TBI Bank Minimum statutory reserve	**24.2**	**24.3**	**23.0**
Total cash on hand and cash at central banks	**153.8**	**157.8**	**154.9**

Net cash flows used in operating activities in the Period was €2.3 million compared with €16.0 million generated in the same period last year, mainly due to greater loan portfolio growth. Net cash from investing activities was €2.7 million in the Period due to the early repayment of the Piressa related party loan and lower capex during the Period. The Group's cash flows used in financing activities were relatively lower during the Period given the major bond coupon payments now fall in May and November. The Group's full year 2017 cashflow statement is also included in the table for reference.

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 three months ending 31 March 2018 and three months ending 31 March 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.

	31 March 2018	**31 March 2017**
	(unaudited, in millions of €)	***(unaudited, in millions of €)***
Interest Income	18.0	13.4
Interest Expense	(0.7)	(1.0)
Net Interest Income	**17.4**	**12.4**
Net F&C Income	2.3	2.0
Other operating income	0.1	0.1
Non-Interest Income	**2.4**	**2.2**
Operating Income	**19.8**	**14.5**
Total operating costs	**(9.6)**	**(8.0)**
Non-recurring income/(expense)	0.1	3.9
Net FX gain/(loss)	(0.2)	0.0
Depreciation and amortisation	(0.3)	(0.7)
Pre-provision operating profit	**9.9**	**9.8**
Net impairment charges	(6.1)	(2.3)
Pre-tax profit	**3.8**	**7.5**
Income tax expense	(0.6)	(1.2)
Net profit after tax	**3.2**	**6.2**

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.

	31 March 2018	**31 December 2017**
	(unaudited, in millions of €)	***(unaudited, in millions of €)***
Cash and cash equivalents	100.3	89.0
Placement with other banks	5.7	7.0
Gross receivables due from customers	256.6	247.7
Allowance for impairment	(27.8)	(21.0)
Net receivables due from customers	**228.8**	**226.7**
Net investments in finance leases	11.0	12.1
Property and equipment	5.8	5.9
Financial assets	13.3	13.6
Tax assets	1.7	0.6
Prepaid expenses	0.9	0.5
Intangible assets	2.0	1.8
Other assets	11.1	9.3
Total assets	**380.6**	**366.5**
Loans and borrowings	0.2	0.3
Deposits from customers	259.7	257.1
Corporate income tax payable	—	—
Other liabilities	16.6	15.1
Liabilities held for sale	—	—
Total liabilities	**285.8**	**272.5**
Share capital	41.7	41.7
Retained earnings	49.2	48.2
Reserves	3.9	4.0
Total equity	**94.8**	**93.9**
Total shareholders' equity and liabilities	**380.6**	**366.5**

Loan portfolio

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

	31 March 2018	31 December 2017	% Change
	(unaudited, in millions of €)	*(unaudited, in millions of €)*	
Consumer	207	201	3 %
SME (including financial leases)	62	60	3 %
Total gross receivables	**268**	**260**	**3%**
Provisions	(28)	(22)	32 %
Total net receivables	**240**	**239**	—

As of 31 March 2018, consumer loans made up 77% of TBI Bank's gross loans, up 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	11.2%	19.9%	13.3%
Provision coverage(1)	108.1%	26.3%	79.5%

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.

	31 March 2018	31 December 2017	% Change
	(unaudited, in millions of €)	*(unaudited, in millions of €)*	
Customer accounts of consumers	210	203	3 %
- Current accounts	20	18	8 %
- Term deposits	190	185	3 %
Customer accounts of SMEs	50	54	(8)%
- Current accounts	13	20	(36)%
- Term deposits	37	34	8 %

The average interest rate paid on term deposits varies by type and currency, ranging from 0.1% to 3.3%. Deposit costs decreased in Q1 2018 to 1.0%, representing lower rates in Bulgaria. The average remaining maturity of consumer term deposits is approximately 6 months.

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 31 March 2018. The capital ratios have improved since the end of 2017 following adoption of the 2016 audited profit as retained earnings.

	Standalone	Consolidated
Common equity Tier 1 ratio	26.3%	27.6%
Capital adequacy	26.3%	27.6%
Liquidity ratio	40.8%	

HISTORIC QUARTERLY RESULTS

For ease of reference, a summary income statement by quarter from Q1 2016 is presented below.

Income statement

(in millions of €)	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Interest Income	**90.3**	**92.5**	**104.5**	**105.9**	**104.7**	**108.9**	**113.5**	**120.8**	**123.6**
Interest Expense	(7.5)	(8.2)	(10.5)	(12.5)	(13.3)	(15.9)	(16.3)	(16.4)	(14.9)
Net Interest Income	**82.8**	**84.3**	**94.0**	**93.4**	**91.4**	**93.0**	**97.2**	**104.4**	**108.7**
Net F&C Income	—	—	2.1	1.1	2.0	2.4	3.2	3.0	2.3
Other operating income	1.4	2.1	1.5	1.8	2.2	2.3	2.4	2.3	2.1
Non-Interest Income	**1.4**	**2.1**	**3.5**	**2.9**	**4.2**	**4.7**	**5.6**	**5.4**	**4.4**
Operating Income	**84.1**	**86.4**	**97.5**	**96.3**	**95.6**	**97.7**	**102.8**	**109.8**	**113.1**
Total operating costs	**(41.2)**	**(41.1)**	**(49.1)**	**(53.7)**	**(55.7)**	**(56.9)**	**(54.2)**	**(64.0)**	**(61.0)**
Non-recurring income/(expense)	(0.2)	0.6	0.9	2.8	4.4	2.0	(0.6)	0.3	—
Net FX	0.9	(3.5)	(3.2)	(1.5)	(1.6)	0.9	(1.6)	(1.7)	2.4
Depreciation and amortisation	(0.8)	(0.9)	(1.5)	(1.9)	(2.0)	(2.2)	(2.2)	(2.4)	(2.5)
One-off adj. of intangible assets	—	—	—	—	—	—	—	(46.1)	—
Pre-provision operating profit	**42.8**	**41.4**	**44.7**	**42.0**	**40.7**	**41.5**	**44.3**	**(4.1)**	**52.0**
Net impairment charges	(22.9)	(22.7)	(20.7)	(23.5)	(23.7)	(23.3)	(30.1)	(34.4)	(36.8)
Pre-tax profit	**20.0**	**18.7**	**24.0**	**18.4**	**17.0**	**18.3**	**14.2**	**(38.5)**	**15.2**
Income tax expense	(3.2)	(4.3)	(5.9)	(4.4)	(4.6)	(4.6)	(4.5)	(12.5)	(4.6)
Net profit after tax	**16.7**	**14.4**	**18.1**	**14.0**	**12.4**	**13.7**	**9.7**	**(51.0)**	**10.6**
EBITDA	**28.3**	**27.8**	**36.0**	**32.8**	**32.3**	**36.4**	**32.7**	**(19.7)**	**32.6**
Adjusted EBITDA	**29.8**	**32.3**	**39.7**	**35.6**	**34.9**	**35.8**	**36.3**	**28.4**	**32.1**

Loan issuance

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Total value of online loans issued	**267.7**	**271.2**	**302.3**	**315.3**	**302.7**	**301.6**	**323.6**	**349.5**	**337.3**
Single Payment Loans	240.4	244.0	270.9	283.8	271.7	265.0	275.6	290.8	269.2
Instalment Loans	26.7	26.2	29.4	29.5	28.8	33.5	45.2	55.2	63.0
Line of Credit [(1)]	0.6	1.1	2.0	1.9	2.2	3.1	2.8	3.6	5.1
Total value of TBI Bank loans issued	**37.9**	**48.6**	**48.4**	**57.5**	**50.6**	**58.3**	**67.0**	**71.0**	**61.5**
SME	8.4	12.1	6.6	6.0	5.9	8.3	6.6	7.3	7.3
Consumer	29.5	36.5	41.8	51.4	44.8	50.0	60.4	63.8	54.3

(1) Includes Point of Sale Loans

Loan portfolio (receivables, including accrued interest)

(in millions of €)	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	1 Jan 2018 post IFRS 9	Q1 2018
Single payment loans								
- Performing	187.4	190.8	199.9	197.2	204.4	215.5	215.5	205.7
- NPL	157.7	149.6	148.3	143.1	130.5	116.7	65.2	64.9
- Total gross receivables	**345.1**	**340.4**	**348.2**	**340.3**	**334.9**	**332.2**	**280.7**	**270.6**
- Provisions	(115.5)	(119.7)	(118.0)	(113.9)	(105.4)	(101.5)	(84.1)	(82.4)
- Net receivables	**229.6**	**220.7**	**230.2**	**226.4**	**229.5**	**230.7**	**196.6**	**188.2**
- Provisions to gross receivables	33.5%	35.2%	33.9%	33.5%	31.5%	31.0%	30.0%	30.0%
- Gross NPL ratio	45.7%	43.9%	42.6%	42.0%	39.0%	35.0%	23.0%	24.0%
Instalment loans								
- Performing	80.3	81.0	82.6	87.9	101.1	120.9	120.9	144.8
- NPL	51.8	48.8	48.3	49.7	49.6	52.8	29.4	34.9
- Total gross receivables	**132.1**	**129.8**	**131.0**	**137.7**	**150.8**	**173.7**	**150.4**	**179.7**
- Provisions	(37.9)	(36.6)	(36.5)	(37.9)	(38.9)	(43.3)	(45.3)	(53.5)
- Net receivables	**94.1**	**93.3**	**94.4**	**99.8**	**111.8**	**130.4**	**105.1**	**126.2**
- Provisions to gross receivables	28.7%	28.2%	27.9%	27.5%	25.8%	25.0%	30.0%	30.0%
- Gross NPL ratio	39.2%	37.6%	36.9%	36.1%	32.9%	30.0%	20.0%	19.0%
Online receivables[(1)]								
- Performing	269.7	274.7	286.2	290.1	311.1	343.2	343.2	359.2
- NPL	210.1	199.3	197.9	193.9	182.3	172.5	97.7	101.9
- Total gross receivables	**479.8**	**474.0**	**484.1**	**484.0**	**493.4**	**515.7**	**440.8**	**461.1**
- Provisions	(154.3)	(157.6)	(156.3)	(153.9)	(147.4)	(149.1)	(134.3)	(138.7)
- Net receivables	**325.4**	**316.4**	**327.8**	**330.1**	**346.0**	**366.6**	**306.5**	**322.4**
- Provisions to gross receivables	32.2%	33.3%	32.3%	31.8%	29.9%	29.0%	30.0%	30.0%
- Gross NPL ratio	43.8%	42.0%	40.9%	40.1%	36.9%	33.5%	22.2%	22.1%
TBI Bank								
- Performing	—	170.3	171.0	180.9	204.0	214.5	214.5	217.2
- NPL	—	20.8	24.8	23.6	23.3	31.1	31.1	37.3
- Total gross receivables	**—**	**191.1**	**195.8**	**204.6**	**227.3**	**245.6**	**245.6**	**254.5**
- Provisions	—	(13.6)	(15.1)	(14.9)	(17.6)	(21.0)	(23.2)	(27.8)
- Net receivables	**—**	**177.5**	**180.7**	**189.7**	**209.7**	**224.6**	**222.4**	**226.7**
- Provisions to gross receivables	—	7.1%	7.7%	7.3%	7.7%	9.0%	9.4%	10.9%
- Gross NPL ratio	—	10.9%	12.7%	11.6%	10.2%	12.7%	12.7%	14.7%

(1) Includes Line of Credit and Point of Sale portfolios.

Additional Key Performance Indicators

	3 months to 31 March		Q4
	2018	2017	2017
Profitability			
ROAA, %* [(1)]	4.3%	5.2%	1.7%
ROAE, %* [(2)]	30.1%	21.0%	7.2%
ROATE, %	75.5%	39.1%	11.9%
Interest Income/Average Interest Earning Assets, % [(3)]	69.9%	61.5%	64.7%
Interest Income/Average Gross Loan Receivables, %	70.5%	62.4%	65.1%
Interest Income/Average Net Loan Receivables, %	91.7%	83.7%	84.1%
Interest Expense/Interest Income, %	12.1%	12.7%	13.6%
Cost Of Funds, % [(4)]	7.1%	7.5%	7.9%
Cost Of Interest Bearing Liabilities, % [(5)]	8.1%	8.3%	8.8%
Net Spread, % [(6)]	61.8%	53.2%	55.9%
Net Interest Margin on Average Gross Loan Receivables, %	62.0%	54.4%	56.3%
Net Fee & Commission Income/Total Operating Income, %	2.0%	2.1%	2.8%
Net Fee & Commission Income/Average Total Assets, %*	0.9%	0.9%	1.1%
Net Non-Interest Income/Total Operating Income,%	3.9%	4.4%	4.9%
Net Non-Interest Income/Average Total Assets,% *	1.8%	1.8%	2.0%
Recurring Earning Power,% * [(7)]	22.4%	17.9%	16.7%
Earnings Before Taxes/Average Total Assets*	6.0%	7.2%	2.8%
Efficiency			
Total Assets/Employee, (in thousands of €)*	286	277	305
Total Operating Income/Employee, (in thousands of €)	130	110	123
Total Recurring Operating Costs/Income Ratio,%	54.0%	58.2%	58.3%
Total Recurring Operating Costs/Average Total Assets, %*	24.9%	23.5%	23.6%
Total Operating Income/ Average Total Assets, %*	46.1%	40.4%	40.4%
Total Recurring Cash Costs/Average Total Assets, %* [(8)]	24.9%	23.5%	23.6%
Net Income (Loss)/Employee, (in thousands of €)*	12	14	5
Personnel Costs/Average Total Assets, %*	11.3%	10.3%	9.6%
Personnel Costs/Total Recurring Operating Costs,%	45.6%	44.0%	40.8%
Personnel Costs/Total Operating Income,%	24.6%	25.6%	23.8%
Net Operating Income/Total Operating Income, %*	46.0%	42.6%	38.2%
Net Income (Loss)/Total Operating Income,% *	9.4%	13.0%	4.1%
Profit before tax (Loss)/Interest income*	12.3%	16.2%	6.2%
Liquidity			
Net Loan Receivables/Total Assets, %*	55.3%	52.8%	54.6%
Average Net Loan Receivables/Average Total Assets, %*	55.0%	52.9%	52.9%
Average Net Loan Receivables/Average Client Balances & Deposits,%	198.2%	200.7%	216.8%
Net Loan Receivables/Total Deposits,%	201.3%	194.4%	218.8%
Net Loan Receivables/Total Liabilities, %	64.8%	70.9%	70.8%
Interest Earning Assets/Total Assets, %*	72.6%	72.0%	70.9%
Average Interest Earning Assets/Average Total Assets,%*	72.1%	71.9%	68.7%
Liquid Assets/Total Assets,%* [(9)]	16.1%	17.8%	14.9%
Liquid Assets/Total Liabilities,%	18.8%	23.8%	19.3%
Total Deposits/Total Assets,%*	27.5%	27.1%	25.0%
Total Deposits/Total Liabilities,%	32.2%	36.5%	32.4%
Total Deposits/Shareholders' Equity (Times)*	1.9x	1.1x	1.1x
Leverage (Total Liabilities/Equity), Times* [(10)]	5.8x	2.9x	3.4x
Tangible Common Equity/Tangible Assets* [(11)]	6.6%	15.7%	16.7%
Tangible Common Equity/Net Receivables	10.9%	26.3%	28.2%
Net Loan Receivables/Equity (Times)*	3.8x	2.1x	2.4x

	3 months to 31 March		Q4
	2018	2017	2017
Asset quality			
Loan Loss Reserve/Gross Receivables from Clients, %	23.3%	25.2%	22.3%
Average Loan Loss Reserve/Average Gross Receivables from Clients, %	23.1%	25.5%	22.6%
Overall Cost Of Risk, % (12)	21.0%	14.1%	18.6%
Credit Metrics			
Total Equity/Total Assets, %*	14.7%	25.5%	22.9%
Total Equity/Net Loan Receivables, %*	26.6%	48.4%	41.9%
Interest Coverage ('basic' EBITDA)	2.2x	2.4x	n/a
Adjusted Interest Coverage for the Period (13)	2.2x	2.6x	1.7x
TBI consolidated Capital Adequacy	27.6%	28.9%	23.2%
Selected Operating Data			
Total Employees	3,475	3,482	3,561

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

(8) 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

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

(10) Leverage (Total Liabilities divided by Equity) (Times)

(11) Tangible Common Equity/Tangible Assets. Tangible equity is Total Equity less Goodwill and Intangible Assets. Tangible Assets are Total Assets less Goodwill and Intangible Assets

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

(13) Adjusted Interest Coverage for the Period = 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 receivables (total gross receivables as of the start and end of each period divided by two)

Net receivables – Gross receivables (including accrued interest) less impairment provisions

Non-performing receivables (NPLs) – Receivables 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 28 February 2018.

Acquisitions and disposals

Regulatory approval was received for the acquisition of the 20% minority stake in Friendly Finance in April 2018, and the transaction is expected to close in June 2018.

In May 2018, under the new licensing regime mentioned in previous reports, the Czech National Bank approved the license in the Czech Republic for the Group's consumer business.

Changes in management

Sergio Crespo Martin-Albo has joined the Executive Committee of the Group and taken on a broader role of Chief Marketing Officer. Sergio started his career at 4finance in 2016 as Marketing and Sales Director for Spain before becoming interim Country Manager. He has over 14 years of marketing and sales professional experience and he has worked at a large non-profit Spanish insurance company Mutua Madrileña and Linea Directa Aserguardora. Mikah Martin-Cruz left the Group in May to pursue other interests.

Nicholas Jordan stepped down from the Supervisory Board of 4finance Group S.A. in April 2018. Dmitry Babichev was appointed to Supervisory Board of 4finance Group S.A. in April 2018. Following these changes, the membership of the Supervisory Board is as follows: Lado Gurgenidze (Chairman), William Horwitz, David Geovanis and Dmitry Babichev. William Horwitz has been appointed to the Audit Committee and Dmitry Babichev will chair the Asset and Liability Committee.

Group CEO, Mark Ruddock, will be returning to the Supervisory Board once the long-term CEO is in place in August 2018. A further announcement is expected to be made in June 2018 once confidentiality restrictions due to the current employment of the new appointee are released.

Changes in the ownership structure

In May 2018, a change to the shareholder structure of Tirona Limited was initiated. A transfer of four percent from Uldis Arnicans' shares to Edgars Dupats was initiated and is expected to be settled in June 2018. Following this transfer, the ultimate beneficial owners of Tirona Limited will be as follows: Uldis Arnicans: 21.5%, Edgars Dupats: 29.5% and Vera Boiko: 49% (held in trust). It is expected that further divestments of Uldis Arnicans' ownership in the business will take place in coming months and an update will be provided in the next quarterly report.

Regulatory changes

In Sweden: new regulations in the consumer finance sector were approved in Parliament in the beginning of May. The changes include the cap of annual and penalty interest at 40%, limitation on extensions and overall cost of credit cap at 100% of the amount borrowed. The new regulations come into force from 1 September 2018.

In Finland: the draft government proposal to amend online lending legislation that extends the APR cap at 30% to loans of over €2,000 was provided in May 2018. These proposed changes have been in process for some time and the Group is contributing to the ongoing consultation process.

In Romania: since the introduction of the draft bill containing new regulations on APR caps for mortgage and consumer lending in February 2018, there has been a greater opportunity for consultation and debate than initially expected. The timing and outcome of this process is currently uncertain.

In Georgia: a reduction in the APR cap from 100% to 50% p.a. is being considered, as well as additional restrictions on unsecured consumer lending based on the PTI (payment to income) ratio.

Corporate website: www.4finance.com

4finance Holding S.A.

Address: 8-10 Avenue de la Gare, L-1610, Grand Duchy of Luxembourg